CONSOLIDATED FINANCIAL STATEMENTS

BRAINHUNTER INC.

(Formerly TrekLogic Technologies Inc.)

Year Ended September 30, 2004

BRAINHUNTER INC.
(Formerly TrekLogic Technologies Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

TABLE OF CONTENTS

AUDITORS' REPORT

To the shareholders of
Brainhunter Inc. (formerly TrekLogic Technologies Inc.)

We have audited the consolidated balance sheets of **BRAINHUNTER INC. (formerly TrekLogic Technologies Inc.)** as at September 30, 2004 and 2003 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "Clancy & Company LLP"

Toronto, Ontario
December 13, 2004

Chartered Accountants

BRAINHUNTER INC.
(formerly TrekLogic Technologies Inc.)

CONSOLIDATED BALANCE SHEET

As at September 30,	2004	2003
ASSETS		
Current assets		
Accounts receivable	**$ 12,957,254**	$ 8,851,358
Investment tax credits and income taxes recoverable (note 3)	**1,245,514**	785,296
Deposits and prepaid expenses	**352,661**	208,161
Future income tax asset (note 6)	**750,000**	1,000,000
	15,305,429	10,844,815
Capital assets (note 4)	**4,339,612**	3,178,864
Due from related parties (note 5)	**1,277,825**	442,803
Future income tax asset (note 6)	**3,340,612**	3,391,012
Goodwill and other intangibles (note 7)	**12,765,783**	2,881,643
	$ 37,029,261	$ 20,739,137
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 8)	**$ 5,920,652**	$ 110,818
Accounts payable and accruals	**6,136,110**	4,826,076
Current portion of long-term debt (note 9)	**435,000**	1,745,425
Deferred revenue	**104,966**	66,396
	12,596,728	6,748,715
Long-term debt (note 9)	**848,749**	1,252,898
Non-controlling interest (note 10)	**-**	60,761
Commitments and contingencies (note 14)		
Shareholders' equity		
Capital stock (note 11)	**20,646,480**	10,129,346
Retained earnings	**2,937,304**	2,547,417
	23,583,784	12,676,763
	$ 37,029,261	$ 20,739,137

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

(signed) "John McKimm" Director

(signed) "James Penturn" Director

BRAINHUNTER INC.
(formerly TrekLogic Technologies Inc.)

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the year ended September 30,	2004	2003
Revenue	**$ 68,893,460**	$ 22,281,605
Cost of revenues (note 12)	**54,869,138**	15,631,700
Gross margin	**14,024,322**	6,649,905
Expenses		
Other staffing costs (note 12)	**7,362,507**	3,239,117
General, selling, and administrative	**2,849,310**	1,557,527
	10,211,817	4,796,644
Earnings before interest, amortization, income taxes and non-controlling interest	**3,812,505**	1,853,261
Interest expense, net	**327,548**	153,685
Amortization	**1,421,498**	506,067
Earnings before income taxes and non-controlling interest	**2,063,459**	1,193,509
Income taxes	**340,400**	239,000
Earnings before non-controlling interest	**1,723,059**	954,509
Non-controlling interest	**-**	59,598
Net earnings	**1,723,059**	894,911
Retained earnings, beginning of the year	**2,547,417**	1,652,506
	4,270,476	2,547,417
Shares purchased for cancellation, excess of cost over book value	**1,333,172**	-
Retained earnings, end of the year	**$ 2,937,304**	$ 2,547,417
Earnings per share		
Basic	**$ 0.04**	$ 0.03
Diluted	**$ 0.04**	$ 0.03

The accompanying notes are an integral part of these consolidated financial statements.

BRAINHUNTER INC.
(formerly TrekLogic Technologies Inc.)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30,	2004	2003
Cash provided by (used in):		
Operating activities		
Net earnings	**$ 1,723,059**	$ 894,911
Adjustments for items not affecting cash:		
Amortization	**1,421,498**	506,067
Future income taxes	**300,400**	234,000
Non-controlling interest	**-**	59,598
	3,444,957	1,694,576
Net change in non-cash working capital items (note 13)	**(2,579,425)**	(3,105,869)
	865,532	(1,411,293)
Financing activities		
Issuance of common shares	**11,435,590**	6,983,976
Issuance of series A preferred shares	**-**	2,378,045
Purchase of common shares for cancellation	**(2,251,628)**	-
Advances to related parties	**(835,022)**	(218,566)
Repayments by related parties	**-**	22,041
Proceeds from long-term obligations	**-**	1,838,555
Repayment of long-term obligations	**(1,714,574)**	(428,570)
	6,634,366	10,575,481
Investment activities		
Business acquisitions, net of cash acquired and bank indebtedness assumed	**(11,119,250)**	(9,597,959)
Purchase of capital assets and capitalized software development costs	**(2,190,482)**	(85,315)
	(13,309,732)	(9,683,274)
Decrease in cash	**(5,809,834)**	(519,086)
Cash (bank indebtedness) - beginning of year	**(110,818)**	408,268
Bank indebtedness - end of year	**$ (5,920,652)**	$ (110,818)

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of Brainhunter Inc. (formerly TrekLogic Technologies Inc.) and from their respective dates of acquisition of control, its wholly owned subsidiaries, collectively referred to herein as the "Company". All significant intercompany balances and transactions have been eliminated on consolidation.

Revenue recognition

The Company provides computer and engineer consultant placements to customers based on written agreements. Revenue from contracts that are earned over a period of time is recognized monthly when clients are billed for hours worked at agreed rates. Other one-time fees earned for individual placements are recognized in the month the individual commences the new job.

The Company enters into written contracts with customers to complete specific software consulting projects. Customer billings are prepared monthly based on hours worked and agreed rates, at which time revenue is recognized. To a significantly lesser degree certain other contracts are fixed-price, for which revenue is recognized monthly using the percentage of completion basis, based on management estimates.

The Company markets third-party software for which customers are billed upon delivery. The Company also supplies consulting and training services related to the software, for which revenue is recognized when these services are provided.

The Company earns revenue from software licenses for in-house developed software that is deferred and amortized over the term of the license. Software implementation revenue is recognized in the period the implementation is completed.

Service revenue on fixed price contracts is recognized on a percentage-of-completion basis whereby revenue is recorded at the estimated net realizable value of work completed to date. Estimated losses on contracts in progress are recognized when known. Deferred revenue represents amounts billed in advance of satisfying the related service.

Goodwill

Goodwill represents the excess of the purchase price of businesses acquired over the fair value of the underlying net identifiable assets acquired or liabilities assumed. The Goodwill balance is not amortized but is tested for impairment on an annual basis. Goodwill is written down for any impairment in value that is not considered temporary.

Intangibles

Intangible assets, comprising trademarks, tradenames, internet domain addresses, and patented technology are being amortized on a straight-line basis over their estimated period of benefit which varies from two to five years.

During 2004 the unamortized value of the intangibles in the accounts was written off, since the subsidiaries that they relate to are inactive. The charge to the consolidated statement of earnings and retained earnings was $391,764.

Capital assets

Capital assets are recorded at cost, less related investment tax credits. Amortization is provided for over the estimated useful lives of the related assets at the following annual rates and methods:

Furniture and office equipment	-	20% declining balance
Computer equipment	-	30% declining balance
Computer software	-	100% declining balance
Leasehold improvements	-	Straight-line over the lease term
Developed software	-	Straight-line over 5 years.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values and tax value of assets and liabilities and for the benefit of tax losses that are carried forward to offset future years' current taxes payable if they are likely to be realized.

The Company establishes a valuation allowance against future income tax assets if, based upon available information, it is more likely than not that some of or all of the future income tax assets may not be realized.

Stock-based compensation plan

The Company is following the adoption of new standards for stock-based compensation, which requires that a fair value-based method of accounting be applied to all stock-based payments. This recommendation allows the Company to continue its existing policy of treating all other employee and director stock options as capital transactions (the settlement method), but requires pro forma disclosure of net income and per share information as if the Company has accounted for these stock options under the fair value method (note 11(f)).

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at year end. Items in the statement of earnings and retained earnings are translated into Canadian dollars using exchange rates in effect on the transaction dates. Gains and losses from translation are included in earnings for the current year.

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the allowance for potentially uncollectible accounts receivable, accrued liabilities, the length of product cycles and the related useful life of capital assets, providing for the recovery of investment tax credits, and providing for a valuation allowance for future income tax credits and the classification of the current year's benefit expected to be realized all of which are based on management's best estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on financial statements of changes in estimates in future periods could be significant. Actual results could differ from those estimates.

Research and development

Research and development costs are expensed as incurred unless the development costs meet certain criteria under generally accepted accounting principles in Canada for deferral and amortization. During 2004, $1,462,949 of costs less the related investment tax credits of $142,542 have been deferred and charged to developed software that is classified with the capital assets.

Investment tax credits

Investment tax credits relating to qualifying research and development expenditures are recorded as a reduction from the expenditures or assets to which they relate and there is reasonable assurance that the investment tax credits will be realized.

Financial instruments and foreign exchange risk

Accounts receivable, investment tax credits recoverable and income taxes payable, and accounts payable and accruals constitute instruments that approximate fair value due to the near term maturity.

The Company sells primarily to large, well-established customers.

The Company is exposed to risk due to fluctuations in the exchange rate of the U.S. dollar.

2. Acquisitions

The following business acquisitions occurred during the year:

Prolink Consulting Inc.

Effective October 1, 2003, the Company acquired 100% of the shares of Prolink Consulting Inc. ("Prolink"), an information technology staffing company. Consideration for the purchase, totalling $1,857,675, consisted of 550,000 common shares of the Company with a deemed value of $2 per share, 355,000 common share purchase warrants valued at $191,974, net cash of $457,311, and transaction costs of $108,390. All shares have escrow periods of up to three years tied to management contracts and performance criteria.

Sirius Consulting Group Inc.

Effective November 1, 2003, the Company acquired 100% of the shares of Sirius Consulting Group Inc. ("Sirius"), an information technology staffing company. Consideration for the purchase, totalling $5,741,818, consisted of a $1.0M two-year transferable convertible note at an interest rate tied to the 90-day treasury bills rate, exercisable at $3.00 per common share of the Company, 250,000 common share purchase warrants valued at $143,231, net cash of $4,123,739, and transaction costs of $474,848. The convertible note has quarterly repayment terms over a two-year period.

InBusiness Solutions Inc.

During 2004, the Company acquired all of the remaining common shares of InBusiness Solutions Inc. ("InBusiness"), an information technology staffing and services company. In 2003, the Company had acquired 62.3% of the issued and outstanding shares of InBusiness for $2,000,000 in cash plus transaction costs of $37,433. The additional interest was acquired in 2004 for a total cash consideration of $4,782,855 and transaction costs of $219,948.

2003 Acquisitions

Management establishes the purchase price allocation taking into account all relevant information at the time of preparing these consolidated financial statements. Goodwill adjustments relating to the 2003 acquisitions were realized during the year in the amount of $81,912.

The purchase price components for the 2004 transactions were as follows:

	Prolink $	**Sirius** $	**InBusiness** $	**Total** $
Cash consideration	457,311	4,123,739	4,782,855	9,363,905
Share consideration	1,291,974	143,231	-	1,435,205
Convertible note	-	1,000,000	-	1,000,000
Transaction costs	108,390	474,848	219,948	803,186
Purchase prices	1,857,675	5,741,818	5,002,803	12,602,296

The purchase prices for the 2004 transactions have been allocated to identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as follows:

	Prolink $	Sirius $	InBusiness $	Total $
Working capital	484,768	1,002,875	991,946	2,479,589
Capital assets	67,750	74,146	-	141,896
Long-term debt	(20,040)	-	-	(20,040)
Net identifiable assets acquired	532,478	1,077,021	991,946	2,601,445
Total purchase price	1,857,675	5,741,818	5,002,803	12,602,296
Goodwill	1,325,197	4,664,797	4,010,857	10,000,851

The operating results relating to these transactions have been included in the consolidated financial statements from the effective acquisition dates.

The following business acquisitions occurred during the year ended September 30, 2003:

Brainhunter.com Ltd.

Effective April 1, 2003, the Company acquired all of the issued and outstanding shares of Brainhunter.com Ltd. ("Brainhunter"), a web-enabled end-to-end recruitment technology platform. Consideration for the purchase, totalling $4,083,831, consisted of 2,186,110 Series A preferred shares of the Company valued at $1,093,055, three-year vendor-take-back notes totalling $1,298,749 of which $840,367 is paid in cash as a percentage of revenue over time and $458,382 is paid in Company common shares at the prevailing market price at maturity, net cash of $1,643,527, and transaction costs of $48,500.

ProTec Employment Services Limited

Effective August 1, 2003, the Company acquired all of the issued and outstanding shares of ProTec Employment Services Limited, operating as "ProTec Global Staffing ("ProTec"), an engineering and industrial staffing company. Consideration for the purchase, totalling $1,570,293, consisted of 1,000,000 common shares of the Company valued at $1,200,000, a promissory note for $300,000, 101,000 common share purchase warrants of the Company valued at $48,055 and transaction costs of $22,238. Additionally, a contingent consideration may be incurred of up to $500,000 in cash and additional warrants based on certain income benchmarks, through September 30, 2007.

Advanced Solutions Group Inc.

Effective July 1, 2003, the Company acquired all of the issued and outstanding shares of Advanced Solutions Group Inc. ("Advanced"), an information technology solutions company. Consideration for the purchase, totalling $254,269, consisted of 100,000 common shares of the Company valued at $135,000, 50,000 common share purchase warrants of the Company valued at $5,865, net cash of $82,608, and transaction costs of $30,796.

Other acquisition

On June 27, 2003, the Company acquired the information technology ("IT") assets of Thinkpath Inc. ("Thinkpath"). These assets include the ongoing business of contract IT staffing and the use of the Thinkpath brand in Canada for IT staffing. The assets were acquired for $200,000 cash, a promissory note for $60,000, and transaction costs of $19,136.

The purchase price components for the 2003 transactions were as follows:

	Brainhunter $	InBusiness $	ProTec $	Advanced and Other $	Total $
Cash consideration	1,643,527	2,000,000	-	282,608	3,926,135
Share consideration	1,093,055	-	1,248,055	140,865	2,481,975
Promissory notes	1,298,749	-	300,000	60,000	1,658,749
Transaction costs	48,500	37,433	22,238	49,932	158,103
Purchase prices	4,083,831	2,037,433	1,570,293	533,405	8,224,962

The purchase prices for the 2003 transactions have been allocated to identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as follows:

	Brainhunter $	InBusiness $	ProTec $	Advanced and Other $	Total $
Working capital (deficiency)	(106,544)	(1,842,285)	(140,083)	131,099	(1,957,813)
Capital assets	445,968	1,232,915	162,167	16,848	1,857,898
Developed software	2,000,000	-	-	-	2,000,000
Future income tax asset (liability)	1,744,407	2,452,205	-	(2,600)	4,194,012
Long-term debt	-	-	(37,483)	(1,459)	(38,942)
Non-controlling interest	-	288	-	-	288
Net identifiable assets (liabilities) acquired	4,083,831	1,843,123	(15,399)	143,888	6,055,443
Total purchase price	4,083,831	2,037,433	1,570,293	533,405	8,224,962
Goodwill	-	194,310	1,585,692	389,517	2,169,519

The estimate of fair value for developed software relating to the Brainhunter purchase was determined by management using traditional valuation approaches.

The operating results relating to these acquisitions have been included in the consolidated financial statements from the effective acquisition dates.

3. Investment tax credits and income taxes recoverable

At September 30, 2004, the Company has available investment tax credits of $1,225,899, that have been recognized in the accounts. These credits may be used to reduce future income taxes payable. The balances reflected at the balance sheet dates are also summarized as follows:

	2004	2003
Investment tax credits recoverable	**$ 1,225,899**	$ 943,724
Income taxes recoverable (payable)	**19,615**	(158,428)
Investment tax credits and income taxes recoverable	**$ 1,245,514**	$ 785,296

4. Capital assets

	Cost	**Accumulated Amortization**	**Net Book Value 2004**	Net Book Value 2003
Computer equipment	**$ 2,987,581**	**$ 2,284,942**	**$ 702,639**	$ 700,060
Furniture and office equipment	**1,387,110**	**908,073**	**479,037**	412,980
Leasehold improvements	**716,600**	**237,650**	**478,950**	192,752
Computer software	**685,310**	**634,693**	**50,617**	73,072
Developed software	**3,320,407**	**692,038**	**2,628,369**	1,800,000
	$ 9,097,008	**$ 4,757,396**	**$ 4,339,612**	$3,178,864

Amortization of the capital assets totalled $1,029,734 (2003 - $506,067) for the current year.

5. Due from related parties

	2004	2003
Loans to shareholders, collateralized by pledges of Company shares	**$ 947,127**	$ 259,105
Unsecured loans to related parties	**330,698**	183,698
	$1,277,825	$ 442,803

$200,000 of the balance of loans to shareholders bears interest at 5%, accumulated monthly to be repaid in full by March 31, 2005.

The balance of amounts due from related parties are non-interest bearing with no stated terms of repayment.

6. Future income tax asset

The future income tax asset is comprised of and summarized as follows:

	2004	2003
Future income tax assets		
Non-capital loss carryforwards	**$6,864,226**	$6,807,073
Difference between book value and tax basis of capital assets	**(876,117)**	(234,064)
Share issue costs and other	**504,000**	225,600
	6,492,109	6,798,609
Valuation allowance for future income tax assets	**(2,145,497)**	(2,307,597)
Total future income tax assets	**4,346,612**	4,491,012
Less: Future income tax liabilities		
Investment tax credits	**256,000**	100,000
Net future income tax assets	**$4,090,612**	$4,391,012
Presented as:		
Current future income tax asset	**$ 750,000**	$1,000,000
Long-term future income tax asset	**3,340,612**	3,391,012
	$4,090,612	$4,391,012

The valuation allowance for future income tax assets consists primarily for loss carryforwards of a subsidiary for which the benefit is unlikely useable against future taxable income due to existing tax rules.

The following table reconciles the difference between the income taxes that would result from the combined Federal and Ontario Provincial statutory tax rates being applied to pre-tax income and the income taxes actually provided for in the accounts:

	2004	2003
Earnings before income taxes and non-controlling interest	**$2,063,459**	$1,193,509
Current tax provision at the combined Federal and Provincial statutory tax rate of 36.2% (2003 - 37.6%)	**747,000**	448,759
Increase (decrease) resulting from:		
Permanent differences	**(232,500)**	46,161
Benefit of previously unrecognized tax losses	**(162,100)**	(255,920)
Other	**(12,000)**	-
	$ 340,400	$ 239,000

The provision for income tax is as follows:

	2004	2003
Current	**$ 40,000**	$ 5,000
Future	**300,400**	234,000
	$ 340,400	$ 239,000

7. Goodwill and other intangibles

Goodwill and other intangibles are summarized as follows:

	Goodwill	Intangibles	Total
Balance, September 30, 2002	$ 514,470	$ -	$ 514,470
Acquisitions (note 2)	2,169,519	-	2,169,519
InBusiness trademarks, tradenames and patented technology	-	756,446	756,446
Less, accumulated amortization	-	(364,682)	(364,682)
Less, elimination on consolidation	(194,110)	-	(194,110)
Balance, September 30, 2003	2,489,879	391,764	2,881,643
Acquisitions (note 2)	10,000,851	-	10,000,851
Adjustments to 2003 acquisitions	81,912	-	81,912
Adjustment for elimination of non-controlling interest in InBusiness	193,141	-	193,141
Write-down of intangibles	-	(391,764)	(391,764)
Balance, September 30, 2004	$12,765,783	$ -	$12,765,783

8. Bank indebtedness

	2004	2003
Cash	$ 1,693,208	$ 2,357,677
Outstanding cheques	(925,860)	(888,495)
Bank operating loan	(6,688,000)	(1,580,000)
	$ (5,920,652)	$ (110,818)

At September 30, 2004, the Company has a revolving demand bank credit facility of $7 million, bearing interest at prime plus 1.5%. The credit facility is collateralized by a general security agreement that constitutes a first charge over all the assets of the Company. On October 29, 2004 the facility was increased to $10 million.

9. Long-term debt

Long-term debt consists of the following:

	2004	2003
Promissory note, non-interest bearing, payable quarterly at the lesser of 2% of net sales of Brainhunter or $75,000	**$ 465,367**	$ 765,367
Brainhunter acquisition obligation payable March 10, 2006 in common stock of the Company based on the weighted average trading price for previous twenty days or in cash, however the holders have the right to refuse a cash offer and elect to accept shares	**458,382**	458,382
Promissory note, non-interest bearing, payable quarterly at $15,000, with final payment due June 27, 2004	**60,000**	60,000
Obligation to parties related to the ProTec acquisition, repaid during 2004	**-**	276,848
Promissory note, non-interest bearing, payable yearly beginning October 2004, at the greater of $75,000 or a formula based on ProTec's income	**300,000**	300,000
Sirius acquisition convertible note obligation, bearing interest tied to the 90-day treasury bills rate, repayable in equal quarterly principal payments of $125,000, and at the holders' option, convertible into common shares of the Company at a price of $3.00 per share	**625,000**	-
In accordance with the Sirius purchase agreement, the above noted obligation is fully provided for with funds held in trust. At September 30, 2004, the obligation was fully provided for by Government Treasury bills	**(625,000)**	-
InBusiness convertible debenture, bearing interest at 6% calculated monthly, converted to InBusiness shares during the year end purchases by the Company (note 2)	**-**	986,075
Bank term loan, at prime plus .75%, repayable in equal monthly principal payments of $4,167, repaid during 2004	**-**	79,153

Acquisition obligation, non-interest bearing, with monthly payments of $12,083, repaid during 2004	-	72,498
	1,283,749	2,998,323
Less current portion	**435,000**	1,745,425
	$ 848,749	$1,252,898

The promissory notes were issued to assist in financing the Brainhunter, ProTec and Thinkpath acquisitions.

Anticipated long-term debt payment obligations are as follows:

2005	-	$ 435,000
2006	-	698,749
2007	-	75,000
2008	-	75,000
		$1,283,749

10. Non-controlling interest

Non-controlling interest was the non-controlling shareholders interest of 37.7% in InBusiness.

In 2004 this interest was purchased (note 2).

11. Capital stock

(a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares
Unlimited number of non-cumulative, non-redeemable, non-retractable, convertible, voting Series A Preferred Shares

(b) The following tables summarize the capital stock activity since September 30, 2002:

	Common shares	
	Number of shares	**Amount**
Balance at September 30, 2002	20,911,398	$ 767,325
Shares issued by private placements, net of issue costs	11,515,214	5,415,521
Shares issued and fair value of warrants pursuant to ProTec acquisition	1,000,000	1,248,055
Shares issued and fair value of warrants pursuant to Advanced acquisition	100,000	140,865
Warrants exercised	444,925	179,535
Balance at September 30, 2003	33,971,537	7,751,301
Shares issued by private placements, net of issue costs	5,555,556	9,254,535
Shares issued and fair value of warrants pursuant to Prolink acquisition	550,000	1,291,974
Warrants and options exercised	2,260,539	735,286
Fair value of warrants issued pursuant to Sirius acquisition	-	143,231
Fair value of options awarded to non-employee consultant	-	10,564
Purchased for cancellation pursuant to normal course issuer bid	(1,999,600)	(918,456)
Balance at September 30, 2004	40,338,032	$ 18,268,435

	Series A Preferred Shares	
	Number of shares	**Amount**
Shares issued pursuant to Brainhunter acquisition	2,186,110	$ 1,093,055
Shares issued by private placements, net of issue costs	2,428,571	1,284,990
Balance at September 30, 2003 and 2004	4,614,681	$ 2,378,045
Total capital stock	44,952,713	$20,646,480

The Series A preferred shares are convertible at the discretion of the holder at any time into one common share for each preference share held, and are voting.

Normal course issue bid:

On May 4, 2004, the Company announced its intention to make a Normal Course Issue Bid through the Toronto Stock Exchange to purchase up to 2,029,009 common shares or 5% of the outstanding common stock of the Company on the date of the announcement. At September 30, 2004, the Company had purchased 1,999,600 shares at a total cost of $2,251,628. The excess cost over book value of the shares purchased was applied to retained earnings.

(c) Escrowed shares

Shares held in escrow at September 30, 2004 are as follows:

(i) 433,334 common shares relating to the original reverse takeover transaction, will be released July 22, 2005.

(ii) 750,000 common shares relating to the ProTec acquisition. Released at 300,000 common shares per year, with final release February 2007.

(d) Options

On January 27, 2000, the Company established a stock option plan for its original directors and officers, reserving for issuance 280,000 shares. The options vested August 23, 2000 and expire August 22, 2005 at a price of $0.20 per common share. To date, no options have been exercised.

During 2002, the Company established a stock option plan for its employees and directors, exercisable at $0.30 per share, expiring on July 22, 2007. Director shares vest 25% immediately on issue, 25% six months from date of issue, 25% twelve months from date of issue and 25% eighteen months from date of issue. Employee options can be exercised as to 1/3 after one year and a further 1/3 after years two and three.

During 2004, the Company amended the stock option plan for its employees and directors. Under the terms of the plan the Company reserved for issuance a total of 5,220,000 shares.

The following table summarizes the stock option activity for 2003 and 2004:

	2004			2003		
	Number of shares	Range	Weighted average price	Number of shares	Range	Weighted average price
Outstanding- opening	4,382,340	$0.20-0.71	$ 0.45	1,769,940	$0.20-0.30	$ 0.28
Granted	270,000	1.35	1.35	2,612,400	0.35-0.71	0.57
Exercised	142,396	0.30	0.30	-	-	-
Outstanding- ending	4,509,944	$0.35-1.35	$ 0.51	4,382,340	$0.20-0.71	$ 0.45
Exercisable- end of year	2,069,197	$0.20-1.35	$ 0.44	770,166	$0.20-0.30	$ 0.26

The following table presents the exercise price and remaining life of the outstanding options as at September 30, 2004:

Options outstanding			Options exercisable
Exercise price	Number	Remaining life (years)	Number
$ 0.20	280,000	0.89	280,000
0.30	1,347,544	2.81	850,898
0.35	412,400	1.41	137,466
0.50	1,000,000	3.75	333,333
0.71	1,200,000	3.79	400,000
1.35	270,000	2.62	67,500
	4,509,944		2,069,197

(e) Warrants

The following table summarizes the warrant activity for 2003 and 2004:

	2004			2003		
	Warrants	Range	Weighted average price	Warrants	Range	Weighted average price
Outstanding- opening	4,267,718	$0.30-2.09	$ 0.68	1,799,996	$ 0.30	$ 0.30
Granted	1,188,335	0.81-2.11	1.75	2,912,647	0.35-2.09	0.88
Exercised	2,143,143	0.30-0.70	0.33	444,925	0.30-0.50	0.37
Expired	10,002	0.30	0.30	-	-	-
Outstanding- ending	3,302,908	$0.35-2.11	$ 1.30	4,267,718	$0.30-2.09	$ 0.68
Exercisable- end of year	2,697,908	$0.35-2.11	$ 1.17	2,884,625	$0.30-0.50	$ 0.36

The following table presents the exercise price and remaining life of the outstanding warrants as at September 30, 2004:

Warrants outstanding			Warrants exercisable
Exercise price	**Number**	**Remaining life (years)**	**Number**
$ 0.35	736,430	0.23	736,430
0.50	345,000	0.56	345,000
0.70	257,143	0.69	257,143
0.81	175,000	2.09	175,000
1.80	50,000	1.00	50,000
1.85	355,000	2.29	-
1.88	283,335	1.34	283,335
1.96	250,000	2.32	-
2.09	726,000	2.06	726,000
2.11	125,000	2.09	125,000
	3,302,908		2,697,908

(f) Pro forma stock-option disclosure:

For companies electing not to adopt the fair value measurement for stock-based compensation, CICA Handbook Section 3870 requires the disclosure of pro forma net income and net income per share information. A summary of the pro forma disclosure of the impact on the consolidated statements of earnings is presented as follows:

	2004	2003
Net earnings, as reported	**$ 1,723,059**	$ 894,911
Compensation expense related to fair value of stock options	**(248,292)**	(509,357)
Pro forma earnings	**$ 1,474,767**	$ 385,554
Pro forma earnings per share:		
Basic	**$ 0.03**	$ 0.01
Diluted	**$ 0.03**	$ 0.01

The fair value of each option has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions used: dividend yield of 0%, expected volatility of 30%, risk-free rates of return from 2.85% to 4.15% and expected life of the options from two to four years. The pro forma effect of options granted prior to October 1, 2002 has not been included.

The Company has assumed no forfeiture rate, as adjustments for actual forfeitures are made in the year they occur. The weighted average grant date fair value of options issued in the year ended September 30, 2004 was $0.04 (2003 - $0.33).

(g) Supplemental information on weighted average number of shares outstanding.

	2004	2003
Weighted average number of shares outstanding		
Basic	**42,765,432**	27,833,970
Diluted	**48,788,949**	31,390,277

12. Research and development expenses

Some of the Company's expenses qualify for research and development investment tax credits. Those credits which are expected to be received with reasonable certainty are accounted for as reductions in the related expenses, as follows:

	2004	2003
Costs of revenues	**$55,319,356**	$16,050,619
Anticipated recovery from investment tax credits	**(450,218)**	(418,919)
Costs of services, net	**$54,869,138**	$15,631,700
Other staffing costs	**$ 7,466,537**	$ 3,263,498
Anticipated recovery from investment tax credits	**(104,030)**	(24,381)
Other labour costs, net	**$ 7,362,507**	$ 3,239,117

13. Net change in non-cash working capital items

The net changes in non-cash working capital items are as follows:

	2004	2003
Accounts receivable	**$ 122,644**	$ (1,126,138)
Investment tax credits, net of taxes payable	**(621,577)**	(493,664)
Current assets of discontinued operations	**-**	135,970
Deposits and prepaid expenses	**(96,869)**	145,796
Accounts payable and accruals	**(1,943,473)**	(1,242,109)
Deferred revenue	**(40,150)**	(525,724)
	$ (2,579,425)	$ (3,105,869)

14. Commitments and contingencies

(a) Operating leases

The Company is committed to premise and equipment lease payments as follows:

2005	-	$ 950,241
2006	-	854,674
2007	-	637,471
2008	-	637,471
2009	-	519,798
Thereafter	-	2,771,420

(b) Legal claims

During the normal course of business activity, certain of the Company's subsidiaries are involved in litigation actions.

These actions relate to InBusiness acquisition activities and former employees and suppliers. Management believes that adequate provision has been made where required.

(c) Allowance for doubtful accounts

In the normal course of business activity the Company has provided credit to a customer where the ultimate collection is undeterminable. The maximum possible loss on this account is $240,000. At September 30, 2004, the Company has not recorded a provision for this account since the balance is within normal terms, the customer is profitable and management believes this balance will be paid through a restoration of the customers financial solvency or through the sale of the customer's business.

15. Segmented information

The Company operated during the year in two reportable segments, namely "Staffing" and "Solutions". Staffing involves the placement of computer and engineering personnel generally under the supervision of the customer, whereas Solutions involves the implementation of solutions that meet a customer's specific business needs.

The Company evaluates performance and allocates resources based on earnings before income taxes. The Company does not segregate assets between Staffing and Solutions. The accounting policies of the segments are the same as those described in Note 1.

September 30, 2004	**Staffing**	**Solutions**	**Total**
Revenue	$61,627,282	$ 7,266,178	$68,893,460
Earnings before interest, amortization, income taxes and non-controlling interest	$ 2,127,194	$ 1,685,311	$ 3,812,505

September 30, 2003	**Staffing**	**Solutions**	**Total**
Revenue	$15,732,092	$ 6,549,513	$22,281,605
Earnings before interest, amortization, income taxes and non-controlling interest	$ 688,066	$ 1,165,195	$ 1,853,261

The Company's revenues are earned in North America with 9% from the United States (2003 - 21%).

All capital assets are attributable to operations located in Canada.

16. Comparatives

Certain consolidated statement of earnings and retained earnings comparative figures have been changed to conform with the current year's presentation.