

SeaMiles Limited
Consolidated Financial Statements
September 30, 2007
(Unaudited)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended September 30, 2007.

SeaMiles Limited
Consolidated Financial Statements
September 30, 2007
(Unaudited)

Contents

Consolidated Financial Statements

Balance Sheets	2
Statements of Deficit	3
Statements of Operations	4
Statements of Cash Flows	5
Summary of Significant Accounting Policies	6 - 8
Notes to Financial Statements	9 - 14

SeaMiles Limited
Consolidated Balance Sheets
Unaudited
(in Canadian Dollars)

	September 30 2007	December 31 2006
Assets		
Current		
Cash	\$432,728	\$276,582
Accounts receivable	2,003,359	1,890,062
Deposits and prepaid expenses	1,392,116	1,463,189
Escrow bank account (Note 1)	16,518,078	12,638,637
	<u>20,346,281</u>	<u>16,268,470</u>
Deferred costs (Note 2)	36,111	24,333
Property held for development (Note 3)	3,220,000	5,382,438
Equipment (Note 4)	210,972	160,799
Trademarks	6,904,453	6,879,902
	<u>\$30,717,817</u>	<u>\$28,715,942</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$2,202,582	\$2,240,108
Due to related parties	252,969	256,281
Notes payable	608,829	130,515
Current portion of mortgages payable (Note 5)	2,024,900	1,509,085
Current portion of other long-term debt (Note 6)	130,148	153,814
Deposits	16,526,104	12,672,536
	<u>21,745,532</u>	<u>16,962,339</u>
Mortgages payable (Note 5)	604,470	1,000,000
Other long-term debt (Note 6)	687,414	919,983
Convertible debentures (Note 7)	3,000,000	3,000,000
	<u>26,037,416</u>	<u>21,882,322</u>
Shareholders' equity		
Share capital (Note 8)	17,151,485	16,585,047
Contributed surplus	817,760	869,385
Deficit	(13,288,844)	(10,620,812)
	<u>4,680,401</u>	<u>6,833,620</u>
	<u>\$30,717,817</u>	<u>\$28,715,942</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SeaMiles Limited
Consolidated Statements of Deficit
Unaudited
(in Canadian Dollars)

For the nine months ended September 30	2007	2006
Deficit, beginning of period	(\$10,620,812)	(\$7,176,441)
Net loss for the period	<u>(2,668,032)</u>	<u>(1,432,341)</u>
Deficit, end of period	<u>(\$13,288,844)</u>	<u>(\$8,608,782)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SeaMiles Limited
Consolidated Statements of Operations
Unaudited
(in Canadian Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Revenue				
Loyalty program revenue	\$2,914,957	\$2,310,492	\$8,527,284	\$4,588,557
Rental income	-	185,512	-	490,920
	<u>2,914,957</u>	<u>2,496,004</u>	<u>8,527,284</u>	<u>5,079,477</u>
Expenses				
Loyalty program	2,765,468	2,136,602	7,732,625	4,077,899
Management fees	-	106,500	-	243,917
Selling, general and administrative	122,988	92,362	476,286	278,442
Interest on long-term debt	82,769	245,870	252,676	642,795
Bank charges and interest	30,810	8,542	78,821	118,401
Amortization of equipment	10,112	12,824	27,892	22,723
Amortization of deferred costs	18,898	84,197	34,000	157,481
Income producing properties	-	11,125	-	33,853
Amortization of income producing properties	-	75,233	-	218,362
Stock based compensation	73,313	371,700	73,313	717,945
	<u>3,104,358</u>	<u>3,144,955</u>	<u>8,675,613</u>	<u>6,511,818</u>
Loss before undernoted	(189,401)	(648,951)	(148,329)	(1,432,341)
Write down of property held for development (Note 9)	79,296	-	2,519,703	-
Net loss for the period	(\$268,697)	(\$648,951)	(\$2,668,032)	(\$1,432,341)
Loss per share (Note 10)	(\$0.02)	(\$0.06)	(\$0.24)	(\$0.16)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SeaMiles Limited
Consolidated Statements of Cash Flows
Unaudited
(in Canadian Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Cash provided by (used in)				
Operating activities				
Net loss for the period	(\$268,697)	(\$648,951)	(\$2,668,032)	(\$1,432,341)
Items not affecting cash				
Amortization of income producing properties	-	75,233	-	218,362
Amortization of deferred costs	18,898	84,197	34,000	157,481
Amortization of equipment	10,112	12,824	27,892	22,723
Stock based compensation	73,313	371,700	73,313	717,945
Accretion of liability component of convertible debt	-	-	-	(14,225)
Write down of property held for development	79,296	-	2,519,703	-
Changes in non-cash operating assets and liabilities				
Accounts receivable	(22,033)	(229,813)	(113,297)	(295,703)
Deposits and prepaid expenses	75,374	(13,920)	71,073	22,779
Accounts payable and accrued liabilities	(757,135)	235,394	(37,526)	(136,422)
Escrow bank account	(1,375,263)	(2,169,543)	(3,879,441)	(3,679,692)
Deposits	1,337,188	2,239,648	3,853,568	3,640,450
	<u>(828,947)</u>	<u>(43,231)</u>	<u>(118,747)</u>	<u>(778,643)</u>
Investing activities				
Additions to income producing properties	-	753	-	(20,417)
Additions to property held for development	(79,296)	(115,626)	(357,265)	(1,067,429)
Purchase of equipment	5,507	(74,686)	(78,065)	(84,033)
Purchase of trademarks	(3,055)	-	(24,551)	-
Loan receivable	-	-	-	398,419
Acquisition of Seamiles	-	(20,427)	-	(5,221,379)
	<u>(76,844)</u>	<u>(209,986)</u>	<u>(459,881)</u>	<u>(5,994,839)</u>
Financing activities				
Proceeds from convertible debt	-	-	-	3,000,000
Proceeds from mortgages payable	-	-	620,000	1,750,000
Repayment of mortgages payable	(3,130)	(26,320)	(499,715)	(503,868)
Payment to related parties	(33,593)	(48,682)	(3,312)	(133,292)
Proceeds from issue of share capital	386,500	27,500	441,500	4,375,400
Deferred costs	(30,120)	(106,818)	(50,778)	(174,252)
Deferred costs capitalized to additions to property held for development	-	-	5,000	-
Repayment of other long-term debt	(85,897)	(7,253)	(256,235)	(19,773)
Notes payable	(43,208)	302	478,314	(103,140)
	<u>190,552</u>	<u>(161,271)</u>	<u>734,774</u>	<u>8,191,075</u>
Increase (decrease) in cash during the period	(715,239)	(414,488)	156,146	1,417,593
Cash (bank indebtedness), beginning of period	1,147,967	1,829,620	276,582	(2,461)
Cash, end of period	\$432,728	\$1,415,132	\$432,728	\$1,415,132
Supplementary cash flow information				
Interest paid	\$93,225	\$254,412	\$289,705	\$761,196

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SeaMiles Limited
Summary of Significant Accounting Policies
September 30, 2007
Unaudited
(in Canadian Dollars)

Nature of Business

The Company is engaged in the cruise based loyalty program in both the United States of America and Canada through its SeaMiles and SeaPoints programs respectively and real estate and resort development in the Muskoka region in Ontario, Canada. The SeaMiles and SeaPoints programs provide its commercial partners with loyalty marketing services and offers its members the ability to accumulate SeaMiles and SeaPoints respectively through its partner network. Accumulated SeaMiles and SeaPoints may be redeemed for cruise travel rewards from the Company's wholly-owned subsidiary Seamiles, LLC ("Seamiles") and OVS in the United States and from Encore Cruises in Canada.

Basis of Consolidation

The consolidated financial statements include the accounts of all subsidiaries with inter-company transactions and balances eliminated on consolidation. All of the Company's subsidiaries are wholly-owned and are considered to be fully-integrated operations.

Revenue Recognition

Revenue from the SeaMiles loyalty program is derived from the sale of a MasterCard or VISA card to its members, from the sale of SeaMiles through MasterCard or VISA card purchases, breakage and interest on its escrow account. Revenue from the sale of SeaMiles are recorded net of costs, in accordance with Abstract 123 of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"), "Reporting Revenue Gross as a Principal Versus Net as an Agent," when the collection of the sales proceeds is reasonably assured and other material conditions of the exchange are met. Gross proceeds received on the resale of SeaMiles net of the commissions earned, are included in deposits in the attached consolidated balance sheet until remitted. Breakage represents the estimated SeaMiles that are not expected to be redeemed by members. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns as adjusted for changes to any terms and conditions that affect members' redemption practices. The current breakage factor is 17%. Changes in the breakage factor are accounted for as follows: in the period of change, the deferred revenue balance is adjusted as if the revised estimate had been used in prior periods with the offsetting amount recorded as an adjustment to revenue; and for subsequent periods, the revised estimate is used. Breakage is recognized rateably over a period of 30 months, the estimated life of a SeaMile.

Revenue from rental income is recognized on a straight-line basis over the term of the rental agreement.

Foreign Currency Translation

Monetary assets and liabilities are translated at currency exchange rates in effect at the balance sheet date. Revenue and expenses are translated at average rates prevailing during the year. Translation gains and losses for the year are reflected in the statement of operations.

Cash

Cash consists of cash in bank accounts.

SeaMiles Limited
Summary of Significant Accounting Policies
September 30, 2007
Unaudited
(in Canadian Dollars)

Escrow Bank Account

In conjunction with the sale of SeaMiles and SeaPoints, the Company has established a redemption reserve to fund redemptions. The amount to be held in the reserve, as well as the types of securities it may be invested in, are based on policies established by management, which will be reviewed periodically.

Deferred Costs

Financing costs related to the issue of debt securities are deferred and amortized over the term of the debt.

Property Held for Development

Property held for development includes properties held for future development. The Company capitalizes all costs relating to the acquisition, development and construction of these properties. The Company reduces the cost of the property held for development for any ancillary revenues earned.

Equipment

Equipment is stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment:	20% diminishing balance basis
Furniture and fixtures:	20% diminishing balance basis
Leasehold improvements:	amortized over the term of the lease
Website development:	30% diminishing balance basis

Trademarks

The Company capitalizes all trademark application costs. The trademarks have been determined to have an indefinite life. If the trademark applications are not renewed or abandoned, they will be charged to operations immediately.

Income Producing Properties

Land is recorded at cost which includes development and carrying costs. Other income producing properties are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Building:	4% diminishing balance basis
Furniture and fixtures:	20% diminishing balance basis
Paving:	8% diminishing balance basis

Impairment of Long-Lived Assets

The Company reviews long-lived assets such as property, equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset.

SeaMiles Limited
Summary of Significant Accounting Policies
September 30, 2007
Unaudited
(in Canadian Dollars)

Stock-Based Compensation

The Company grants stock options to officers, directors, employees and consultants pursuant to a stock option plan. The Company accounts for the stock-based compensation using the fair value as at the grant date. Under this method, compensation expense related to option grants is recorded in the consolidated statement of operations over the vesting period of the options. The compensation expense amount is based on the fair value of the option as estimated using the Black-Scholes option pricing model. The assumptions used in calculating the value of the stock options include management's best estimate, as of the date of grant, of the expected share price volatility over the term of the stock option and expected option life. As such, the amounts reported as compensation expense are subject to measurement uncertainty as the expense amount may vary significantly based on the assumptions used.

Income Taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are realized.

Income(loss) per Share

Income(loss) per share is calculated based on the weighted average number of shares outstanding during the year. The treasury stock method is used for the calculation of the dilutive effect of stock options.

Financial Instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and their carrying values approximate fair values.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

1. Escrow Bank Account

The escrow bank account consists of funds invested in a U.S. money market fund comprising a portfolio of high quality U.S. treasury securities maturing in 180 days or less.

2. Deferred Costs

	September 30 2007	December 31 2006
Deferred costs	\$71,778	\$40,000
Accumulated amortization	(35,667)	(15,667)
	\$36,111	\$24,333

3. Property Held for Development

During the nine months ended September 30, 2007, interest of \$149,878 (2006 - \$125,497) and financing costs of \$7,500 (2006 - \$6,667) were capitalized to property held for development.

During the quarter ended June 30, 2007, the Company recorded a write down of \$2,440,407 against the book value of the property held for development. During the third quarter ended September 30, 2007, costs of \$79,296 incurred for property held for development were written down. See Note 9.

4. Equipment

	Accumulated	September 30	December 31
Cost	Amortization	2007	2006
		Net Book Value	Net Book Value
Computer equipment	\$56,547	\$28,095	\$ 22,920
Furniture and fixtures	24,877	4,563	16,927
Leasehold improvements	75,507	8,618	66,446
Website development	143,694	48,377	54,506
	\$300,625	\$210,972	\$160,799

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

5. Mortgages Payable

	September 30 2007	December 31 2006
Prime, due November 2007, monthly payments of \$508 principal and interest, secured by a mortgage on land	\$ -	\$75,828
10%, due January 2008, interest only, monthly, secured by a mortgage on land	1,000,000	1,000,000
10%, due November 2007, interest only, monthly, secured by a mortgage on land	487,500	487,500
8.5%, due April 2007, monthly payments of \$1,591 principal and interest, secured by a mortgage on land	-	195,757
12%, due October 2007, interest only, monthly, secured by a second mortgage on land	525,000	750,000
Prime, due June 2010, monthly payments of \$712 principal and interest, secured by a mortgage on land	119,394	-
Prime, due June 2010, monthly payments of \$1,424 principal and interest, secured by a mortgage on land	238,788	-
Prime, due June 2010, monthly payments of \$1,543 principal and interest, secured by a mortgage on land	258,688	-
	<u>2,629,370</u>	<u>2,509,085</u>
Less: Current portion	<u>2,024,900</u>	<u>1,509,085</u>
	<u>\$604,470</u>	<u>\$1,000,000</u>

6. Other Long-term Debt

	September 30 2007	December 31 2006
Note payable, non-interest bearing, due February 2010, monthly principal payments of \$3,000	\$78,406	\$116,942
Note payable, non-interest bearing, no fixed repayment date, amount will not be repaid in next 12 months	118,381	138,659
Other long-term debt, non-interest bearing, repayable monthly in varying amounts based on previous loyalty program commitments	620,775	818,196
	<u>817,562</u>	<u>1,073,797</u>
Less: Current portion	<u>130,148</u>	<u>153,814</u>
	<u>\$687,414</u>	<u>\$919,983</u>

The note payable due February 2010 was discounted at an interest rate of 8% per annum.

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

7. Convertible Debentures

	<u>September 30</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
10% Convertible debentures	<u>\$3,000,000</u>	<u>\$3,000,000</u>

The convertible debentures have a two year term and bear interest at a coupon rate of 10%, payable monthly. The debentures are convertible into common shares at the rate of \$3.00 per share at the sole option of the lenders for the entire term expiring no later than April 30, 2008. If all of the debentures are converted, it will result in the issuance of 1,000,000 common shares. The debentures are secured by a general security agreement and mature on April 30, 2008.

Convertible debentures are presented in the financial statements in their component parts, by assigning to the equity component, the residual amount after deducting from the debenture as a whole, the amount separately determined for the debt component. The debt component has been calculated using the present value of the required interest and principal payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued.

8. Share Capital

Authorized:

Unlimited number of voting common shares

Unlimited number of non-voting common shares

Issued: common shares and common share purchase warrants

	<u>Number of</u>		<u>\$</u>	
	<u>Voting</u> <u>Common</u> <u>Shares</u>	<u>Common</u> <u>Share</u> <u>Purchase</u> <u>Warrants</u>	<u>Voting</u> <u>Common</u> <u>Shares</u>	<u>Equity</u> <u>Component</u> <u>of Convertible</u> <u>Debt</u>
Balance as at December 31, 2006	11,271,399	612,498	\$16,585,047	\$ -
Expired common share purchase warrants	-	(612,498)	-	-
Issued through the exercise of stock options	165,000	-	306,438	-
Issued through private placement	130,000	-	260,000	-
Balance as at September 30, 2007	<u>11,566,399</u>	<u>-</u>	<u>\$17,151,485</u>	<u>\$ -</u>

Notes:

- a) In April 2007, the Company raised \$27,500 from the exercise of 25,000 stock options at a price of \$1.10 per share.
- b) In June 2007, the Company raised \$27,500 from the exercise of 25,000 stock options at a price of \$1.10 per share.
- c) In July 2007, the Company raised \$126,500 from the exercise of 115,000 stock options at a price of \$1.10 per share.
- d) In September 2007, the Company completed a private placement of 130,000 common shares at a price of \$2.00 per share for net proceeds of \$260,000.

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

8. Share Capital (continued)

Stock Options

The Company has a stock option plan (the "Plan") for its directors, senior officers, employees and consultants under which the Company may grant options to acquire a maximum of 10% of its issued and outstanding common shares of the Company. These options are non-transferable and are valid for a maximum of five years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors and the Company at the time of the grant, subject to all regulatory requirements.

The Company has the following stock options to its officers, directors and certain consultants outstanding as at September 30, 2007:

<u>Date of Grant</u>	<u>Stock Options (#)</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
May 12, 2006	410,000	\$3.50	May 12, 2008
August 24, 2006	150,000	\$3.25	August 24, 2008
August 21, 2007	345,000	\$2.00	August 21, 2009
	<u>905,000</u>		

The fair value of the stock options granted were based on the Black-Scholes model for pricing options.

Note:

In July 2007, 135,000 stock options of the Company expired.

9. Write Down of Property Held for Development

During the quarter ended June 30, 2007, management reviewed the book value of its property held for development. As a result of this review, management determined that a decline in the value of the property has occurred and has recorded a write down in the amount of \$2,440,407 against the book value of the property. During the third quarter ended September 30, 2007, costs of \$79,296 incurred for property held for development were written down. The book value of the Company's property held for development at September 30, 2007 is \$3,220,000.

10. Loss per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the three and nine months ended September 30, 2007, which is 11,445,692 (2006 – 11,251,290) and 11,336,729 (2006 – 8,708,200) shares respectively. Fully diluted loss per share for the three and nine months ended September 30, 2007 and 2006 have not been presented since the potential conversions of convertible debentures and warrants outstanding are anti-dilutive.

11. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for the services.

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

12. Segmented Financial Information

The results of operations are reported under two segments: loyalty program and real estate. These segments reflect how the Company is managed and how operations are classified for planning and measuring performance. The loyalty program earns income by providing loyalty marketing services. The real estate segment earns rental income from commercial properties. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The table below is a summary of financial information by segment for the past two years.

	For the Nine Months Ended September 30					
	Loyalty Program		Real Estate		Consolidated	
	2007	2006	2007	2006	2007	2006
Revenue	\$8,527,284	\$4,588,557	\$ -	\$490,920	\$8,527,284	\$5,079,477
Segment earnings	\$727,338	\$462,655	(\$2,522,246)	(\$422,204)	(\$1,794,908)	\$40,451
Corporate expenses					(873,124)	(1,472,792)
Net loss for the period					(\$2,668,032)	(\$1,432,341)
Identifiable assets	\$27,159,744	\$18,221,446	\$3,439,721	\$12,737,996	\$30,599,465	\$30,959,442
Corporate assets					118,352	1,135,890
Total assets					\$30,717,817	\$32,095,332
Bank charges and interest	\$43,444	\$21,300	\$1,330	\$567,982	\$44,774	\$589,282
Corporate bank charges and interest					286,723	171,914
					\$331,497	\$761,196

	For the Three Months Ended September 30					
	Loyalty Program		Real Estate		Consolidated	
	2007	2006	2007	2006	2007	2006
Revenue	\$2,914,957	\$2,310,492	\$ -	\$185,512	\$2,914,957	\$2,496,004
Segment earnings	\$114,357	\$147,446	(\$79,415)	(\$115,173)	\$34,942	\$32,273
Corporate expenses					(303,639)	(681,224)
Net loss for the period					(\$268,697)	(\$648,951)
Bank charges and interest	\$21,871	\$9,651	\$118	\$169,684	\$21,989	\$179,335
Corporate bank charges and interest					91,590	75,077
					\$113,579	\$254,412

SeaMiles Limited
Notes to Consolidated Financial Statements
September 30, 2007
Unaudited
(in Canadian Dollars)

13. Income Taxes

The difference between the effective tax rate of 36.12% and the actual rate of Nil% is attributable to the fact that no future tax asset has been recorded for available loss carryforwards as their ultimate utilization is uncertain.

14. Commitments and Contingencies

a) Lease Commitments:

The Company is committed to future minimum annual lease payments on certain non-cancelable operating leases as follows:

2007	\$49,000
2008	173,000
2009	173,000
2010	173,000
thereafter	583,000

b) Under an agreement between Seamiles and Carnival Cruise Lines ("Carnival"), Seamiles has certain financial obligations which it must meet on an annual basis. Seamiles has met its obligations to date under this agreement.

c) Pursuant to a settlement agreement dated September 26, 2005, Seamiles was liable to its former president/former member for \$787,500 U.S. for alleged damages arising under various state and federal lawsuits. This settlement amount was non-interest bearing and was payable as follows: 5 payments of \$17,500 U.S. payable on a quarterly basis commencing September 2006; 10 annual payments of \$70,000 U.S. commencing September 2008. Seamiles was both a plaintiff and defendant in the various settled lawsuits arising in Miami-Dade County, Florida (United States). Seamiles subsequently filed a motion in the settled litigation to enforce the settlement agreement and terminate any future payments owed under the settlement agreement. On December 14, 2006, the Court ruled in favor of Seamiles, thereby terminating the \$787,500 U.S. liability. The matter is now on appeal, which should be resolved in 2007. Subsequent to the termination of the \$787,500 U.S. liability, an individual claiming an indirect ownership interest in Seamiles through a company owned and controlled by Seamiles' former president/former member, filed suit in Miami-Dade County against Seamiles and its former president/former member seeking compensation for the reasonable value of his alleged indirect interest in Seamiles. No amount has been ascribed to the claim as of yet. Seamiles has rejected the claim, as SeaMiles Limited (through its wholly owned subsidiary) was a *bona fide* purchaser for value of one hundred percent of the membership interests of Seamiles, LLC. Furthermore, the claimant signed the September 26, 2005 settlement agreement acknowledging that he owned no interest in Seamiles, LLC. Whether the claimant's signature on the signature page of the September 26, 2005 settlement agreement defeats his claim is an open question which will be resolved in the pending appeal between Seamiles and its former president/former member. The trial court ruled that Seamiles' former president/former member made misrepresentations in the September 26, 2005 settlement agreement and that the claimant did not knowingly sign the September 26, 2005 settlement agreement. If this holding is reversed on appeal, the claimant's claim is worthless. If the holding is affirmed on appeal, Seamiles may not be able to argue that the claimant is bound by the September 26, 2005 settlement agreement, however, Seamiles has other defenses to the claimant's claim.

d) There is currently a legal proceeding in connection with the renovations of a real estate development property held by one of the Company's subsidiaries with a vendor regarding a Claim for Lien, pursuant to Section 39 of the Ontario Construction Lien Act, against the property. The amount of the claim is approximately \$331,000. This court matter is currently under settlement negotiations and has not been concluded.

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.