

MICROFORUM INC.

**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2003**

DATED: JULY 18, 2003

**39 Wynford Drive, 4th Floor
Toronto, Ontario M3C 3K5**

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TABLE OF CONTENTS

ITEM 1 – THE COMPANY	1	<i>Dependence upon Key Personnel</i>	<i>15</i>
GENERAL.....	1	<i>Dependence on Proprietary Technology</i>	<i>15</i>
CORPORATE STRUCTURE.....	1	<i>Limited Profitability.....</i>	<i>16</i>
CORPORATE REORGANIZATION	2	<i>Stock Listing</i>	<i>16</i>
INTERCORPORATE RELATIONSHIPS.....	2	<i>Closing of RLP Transaction</i>	<i>16</i>
DESCRIPTION OF SHARE CAPITAL.....	2	ITEM 4 – SELECTED CONSOLIDATED	
<i>Common Shares</i>	<i>3</i>	FINANCIAL INFORMATION	17
<i>Preferred Shares.....</i>	<i>3</i>	FACTORS AFFECTING COMPARABILITY	18
<i>Other Shares to be Issued.....</i>	<i>4</i>	DIVIDEND POLICY	19
ITEM 2 – GENERAL DEVELOPMENT OF THE		ITEM 5 – MANAGEMENT’S DISCUSSION	
BUSINESS.....	5	AND ANALYSIS OF FINANCIAL	
OVERVIEW	5	CONDITIONS AND OPERATING RESULTS. 19	
SIGNIFICANT DEVELOPMENTS	5	ITEM 6 – MARKET FOR SECURITIES	20
<i>Corporate Restructuring.....</i>	<i>5</i>	ITEM 7 – DIRECTORS AND OFFICERS OF	
<i>Changes to Management and the Board of</i>		THE COMPANY	20
<i>Directors.....</i>	<i>6</i>	MANAGEMENT HISTORY	21
<i>Financing Transaction.....</i>	<i>6</i>	CORPORATE CEASE TRADE ORDERS,	
ACQUISITIONS AND CORPORATE DEVELOPMENTS..	7	BANKRUPTCIES, PENALTIES AND SANCTIONS AND	
<i>Acquisition of Home-Link Services Canada Ltd.</i>	<i>7</i>	INDIVIDUAL BANKRUPTCIES.....	22
.....	<i>7</i>	ITEM 8 – ADDITIONAL INFORMATION	22
<i>RLP Transaction.....</i>	<i>7</i>		
ACCOUNTING TREATMENT FOR THE PROPOSED			
TRANSACTION	8		
DIVESTITURES	9		
ITEM 3 – NARRATIVE DESCRIPTION OF			
THE BUSINESS	10		
CURRENT BUSINESS	10		
<i>Overview.....</i>	<i>10</i>		
<i>Sales and Marketing</i>	<i>11</i>		
<i>Technology</i>	<i>11</i>		
<i>Competition</i>	<i>11</i>		
FUTURE BUSINESS.....	12		
<i>Overview.....</i>	<i>12</i>		
<i>Description of the ICON Software.....</i>	<i>12</i>		
<i>Reasons for the Transaction</i>	<i>13</i>		
<i>Required Approvals</i>	<i>13</i>		
REVENUES FROM CONTINUING OPERATIONS FOR			
THE YEARS ENDED FEBRUARY 28, 2003 AND			
FEBRUARY 28, 2002	14		
FACILITIES.....	14		
HUMAN RESOURCES.....	14		
RISK FACTORS.....	14		
<i>Future Capital Needs and Uncertainty of</i>			
<i>Additional Financing</i>	<i>14</i>		
<i>Competition</i>	<i>15</i>		
<i>Dependence on Key Customers & Suppliers</i>	<i>15</i>		

Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars.

Investors should take note that certain statements in this Annual Information Form are forward-looking and may not give full weight to all of the potential risks and uncertainties. These forward-looking statements include statements that are subject to risks and uncertainties. Forward-looking statements are subject by their nature to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. Any forward-looking statements speak only as of the date made. The Company is not undertaking to update any information in this Annual Information Form until the effective date of its future reports required by applicable securities laws.

**MICROFORUM INC.
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2003**

ITEM 1 – THE COMPANY

General

Microforum Inc. ("Microforum" or the "Company") provides software solutions and strategic consulting services for businesses. The Company was incorporated on February 27, 1987, by Articles of Incorporation pursuant to the *Business Corporations Act* (Ontario). By Articles of Amendment effective November 9, 1995, the Company subdivided its issued and outstanding common shares on a 200 for 1 basis and by Articles of Amendment effective November 20, 1995, the Company deleted its "private company" restrictions. By Articles of Amendment dated September 11, 1996, the Company amended its share capital to provide for the issuance of an unlimited number of common shares (the "Common Shares") and an unlimited number of preference shares ("Preferred Shares"), issuable in series. By Articles of Amendment dated September 11, 2002, the Company amended its share capital to provide for the issuance of up to 1,280,000 series A preferred shares (the "Series A Preferred Shares") and up to 20,000,000 series B preferred shares (the "Series B Preferred Shares").

The Company's head office is located at 39 Wynford Drive, 4th Floor, Toronto, Ontario, M3C 3K5, telephone: (416) 386-6001, Internet site: www.microforum.com. The contents of the Company's web site are not incorporated by reference into this Annual Information Form.

Corporate Structure

The Company owns all of the issued and outstanding shares of Home-Link Services Canada Ltd. ("Home-Link"), Microforum Communications Inc. ("Microforum Communications") and Microforum Financial Services Inc. ("Microforum Financial Services"), each of which are incorporated under the laws of Ontario. Microforum Communications and Microforum Financial Services are inactive and will be dissolved. See "Item 1 – The Company – Corporate Reorganization.

Microforum has amended its governing documents as follows:

Articles of Amendment	Purpose
November 20, 1995	To delete the restrictions on the issuance, transfer and ownership of shares in the Company. To remove the "private company" restrictions.
September 11, 1996	To cancel all of the Class "A" Common Shares, Class "A" Special Shares, Class "B" Special Shares, Class "C" Special Shares, Class "D" Special Shares, Class "E" Preferred Shares, and Class "F" Special Shares.

Articles of Amendment	Purpose
	<p>To declare that the authorized capital of the Company, after giving effect to the foregoing, shall consist of an unlimited number of Preferred Shares and an unlimited number of Common Shares.</p> <p>To provide for the issuance of an unlimited number of Preferred Shares, issuable in series.</p>
March 1, 2000	To amalgamate certain of the Company's wholly-owned material subsidiaries pursuant to the <i>Business Corporations Act</i> (Ontario) with the Company and to carry on business as "Microforum Inc."
September 1, 2000	To continue one of the Company's wholly-owned subsidiaries from the <i>Business Corporations Act</i> (Nova Scotia) to the <i>Business Corporations Act</i> (Ontario) and on September 1, 2000 to subsequently amalgamate this wholly-owned subsidiary with the Company pursuant to the <i>Business Corporations Act</i> (Ontario) and to carry on business as "Microforum Inc."
September 11, 2002	To provide for the issuance of up to 1,280,000 Series A Preferred Shares and up to 20,000,000 Series B Preferred Shares.

Corporate Reorganization

In order to simplify the Company's corporate structure, the Company will file Articles of Dissolution to wind-up Microforum Communications and Microforum Financial Services, both of which are inactive.

Intercorporate Relationships

Trilon Bancorp Inc., an affiliate of Brascan Financial Corporation (collectively, "Brascan Financial"), holds a total of 41,322,628 Common Shares, representing 48.0% of the issued and outstanding Common Shares, and 1,280,000 Series A Preferred Shares and 20,000,000 Series B Preferred Shares, representing all of the issued and outstanding Series A Preferred Shares and Series B Preferred Shares. Brascan Financial acquired the Preferred Shares in connection with the Company's purchase of Home-Link and concurrent financing transaction. See "Item 2 – General Development of the Business – Acquisitions and Corporate Developments – Acquisition of Home-Link".

Description of Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series of which there are 86,092,180 Common Shares, 1,280,000 Series A Preferred Shares and 20,000,000 Series B Preferred Shares issued and outstanding as fully paid and non-assessable shares as of July 18, 2003. Following the closing of the RLP Transaction (described herein), Brascan Financial (including its affiliate, Royal LePage Real Estate Services Ltd. ("RLP")) will hold 41,322,628 Common Shares, 1,280,000 Series A Preferred Shares, 20,000,000 Series B Preferred Shares (plus an additional 2,000,000 Series B Preferred Shares upon conversion of the Debenture), 18,500,000 Series C Preferred Shares and 3,500,000 Series D Preferred Shares (convertible into up to 87,500,000 Non-Voting Common Shares on the basis of 25 Non-Voting Common Shares for each Series D Preferred Share), representing 48.0% of the issued and outstanding Common Shares and 100% of each of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares. Brascan Financial will also hold a five-year convertible debenture of the Company in the principal amount of \$2,000,000 (the "Debenture"), bearing interest at prime, payable quarterly in arrears and

convertible into up to 2,000,000 Series B Preferred Shares on the basis of one Series B Preferred Share for each \$1.00 of principal of the Debenture.

The following summary of the provisions of the Company's share capital is qualified by the detailed provisions of the articles of the Company.

Common Shares

The holders of Common Shares are entitled, subject to the rights of holders of Preferred Shares and any other shares ranking senior to the holders of Common Shares, to dividends if, as and when declared by the board of directors of the Company (the "Board of Directors"), to one vote per share at meetings of shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series. Prior to the issue of any such series, the directors are required to fix the number, designation and the rights attaching to the shares of such series. With respect to dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, the Preferred Shares of each series will rank on parity with the Preferred Shares of every other series and are entitled to preference over the Common Shares. The Preferred Shares of any series also are entitled to such other preferences over the Common Shares and the shares of any other class ranking junior to the Preferred Shares as may be fixed by the directors.

By Articles of Amendment dated September 11, 2002, the Company amended its share capital to provide for the issuance of up to 1,280,000 Series A Preferred Shares and up to 20,000,000 Series B Preferred Shares.

The Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preferred Shares with the first such quarterly dividend accruing on December 31, 2002 and thereafter on March 31, June 30 and September 30 of each year. In addition, the Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 0.64% of the consolidated pre-tax income of the Company of the amount arrived at by applying the formulae below, with the first such annual dividend accruing on February 28, 2003: (i) the Company's annual consolidated net income before tax calculated in accordance with Canadian generally accepted accounting principles ("GAAP") and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends paid on the Series A Preferred Shares or Series B Preferred Shares (*i.e., if the RLP Transaction is consummated, to be amended to include "or the Series C Preferred Shares or the Series D Preferred Shares"*), whether or not declared or paid, accruing during the year; multiplied by (iii) the fraction which has the numerator the total issued and outstanding Series A Preferred Shares as at the last day of the subject financial year, and which has as its denominator 1,280,000. The Series A Preferred Shares are redeemable by the Company at any time after December 1, 2004 upon payment of the sum of \$1.00 for each share to be redeemed.

The Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series B Preferred Shares with the first such quarterly dividend accruing on December 31, 2002 and thereafter on March 31, June 30 and September 30 of each year. In addition, the Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 10% (*i.e., if the RLP Transaction is consummated, to be amended to "11%"*) of the consolidated pre-tax income of the Company by applying the formulae below, with the first such annual dividend accruing on February 28, 2003: (i) the Company's annual consolidated net income before tax calculated in accordance with GAAP and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends paid on the Series A Preferred Shares or Series B Preferred Shares (*i.e., if the RLP Transaction is consummated, to be amended to include "or the Series C Preferred Shares or the Series D Preferred Shares"*), whether or not declared or paid, accruing during the year; multiplied by (iii) the fraction which has the numerator the total issued and outstanding Series B Preferred Shares as at the last day of the subject financial

year, and which has as its denominator 20,000,000 (*i.e., if the RLP Transaction is consummated, to be amended to "22,000,000"*). The Series B Preferred Shares are redeemable by the Company at any time after December 1, 2004 upon payment of the sum of \$1.00 for each share to be redeemed.

Other Shares to be Issued

In connection with the proposed RLP Transaction (as described herein), the Company will issue 18,500,000 Series C Preferred Shares and 3,500,000 Series D Preferred Shares.

The Series C Preferred Shares will entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.50% of the redemption value of the Series C Preferred Shares with such quarterly dividend accruing on December 31, 2003 and thereafter on March 31, June 30 and September 30 of each year. In addition, the Series C Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 7.5% of the consolidated pre-tax income of the Company by applying the formulae below, with the first such annual dividend accruing on February 28, 2004: (i) the Company's annual consolidated net income before tax calculated in accordance with GAAP and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends accruing on the Series A Preferred Shares or Series B Preferred Shares or Series C Preferred Shares or Series D Preferred Shares, whether or not declared or paid; multiplied by (iii) the fraction which has the numerator the total issued and outstanding Series C Preferred Shares as at the last day of the subject financial year, and which has as its denominator 18,500,000. Provided the Company has previously redeemed the Series A Preferred Shares and Series B Preferred Shares, the Company may redeem the Series C Preferred Shares at any time after December 1, 2005 upon payment of the sum of \$1.00 for each share to be redeemed. The Company will enter into an agreement with the holders of the Series C Preferred Shares to use its reasonable commercial efforts to seek a listing for the Series C Preferred Shares on a recognized Canadian stock exchange, upon written request by the holders of the Series C Preferred Shares, exercisable at any time after five years from the date of issuance of the Series C Preferred Shares.

The Series D Preferred Shares will entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential non-cumulative annual dividend of 3.50% payable at the discretion of the Board of Directors with the first such dividend payable (if declared) on the last day of February in each year by the Board of Directors. The holder of the Series D Preferred Shares shall have the right, exercisable at any time and from time to time to convert each Series D Preferred Shares into 25 Non-Voting Common Shares, subject to adjustment. The Series D Preferred Shares shall automatically convert into Non-Voting Common Shares on the basis of one Series D Preferred Shares into 25 Non-Voting Common Shares in the event that the Cumulative Net Income (as defined herein) exceeds \$20,000,000. Provided the Company has previously redeemed the Series A Preferred Shares and the Series B Preferred Shares, the Company may redeem the Series D Preferred Shares at any time after December 1, 2005 upon payment of the sum of \$1.00 for each share to be redeemed. Upon receipt of a notice from the Company to redeem all or any portion of the Series D Preferred Shares, the holder of each Series D Preferred Share shall have the right, exercisable at any time not less than five days prior to such redemption date, to convert such number of Series D Preferred Shares as are subject to the redemption notice. For purposes herein, "Cumulative Net Income" means the consolidated net income before tax calculated in accordance with GAAP and shown on the Company's consolidated financial statements for the period commencing September 30, 2003.

The holders of Non-Voting Common Shares will be entitled, subject to the rights of holders of Preferred Shares and any other shares ranking senior to the holders of Non-Voting Common Shares, to the same rights as holders of Common Shares and shall rank on parity with the Common Shares with respect to dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event that any offer is made to holders of Common Shares that is not concurrently made to purchase Non-Voting Common Shares that is identical to the offer to purchase Common Shares with respect to price per share, percentage of outstanding shares for which the offer is made and in all other material respects ("Exclusionary Offer"), and greater than 50% of the holders of the outstanding Common Shares (inclusive of Common Shares owned immediately prior to the Exclusionary Offer), tender to such offer then, the Company shall use its best efforts to cause the offeror to extend the Exclusionary Offer to holders of Non-Voting Common Shares on the same terms and conditions. The Company will enter into an agreement with the holders of the Non-Voting Common Shares to use its reasonable commercial

efforts to seek a listing for the Non-Voting Common Shares on a recognized Canadian stock exchange, upon written request by the holders of the Non-Voting Common Shares, exercisable at any time after five years from the date of issuance of the Non-Voting Common Shares.

ITEM 2 – GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Company provides software solutions and strategic consulting services for businesses. Through the acquisition of Home-Link, the Company provides a one-stop shopping service for home buyers and sellers, offering move and home-related services throughout the customer's purchasing and selling cycle, coordinated by a proprietary CRM software system and call center. Using its licensed software, Home-Link provides a highly automated solution through a number of different communication channels, including personalized web pages, email, phone and fax. Home-Link's website is www.home-link.ca. The contents of the website are not included by reference into this Circular.

Home-Link's business-to-business-to-consumer business model provides for multi-channel service delivery to its clients aggregated customer base and then sells services to those customers through a network of product and service suppliers. Home-Link service offering is designed to appeal to multiple parties associated with a residential real estate transaction. Home-Link's pricing model includes fees from real estate agents and brokers and transactional-based revenues from service providers. See "Item 3 – Narrative Description of the Business – Current Business".

Subject to receipt of requisite shareholder approvals to be obtained at the annual meeting of shareholders of the Company scheduled on September 5, 2003 (the "2003 Shareholders Meeting"), the Company will acquire all right title and interest to the ICON Software platform, a proprietary software solution to manage home relocations, together with certain license rights from a related party. See "Item 2 – General Development of the Business – Significant Developments – RLP Transaction" and Item 3 – Narrative Description of the Business – Future Business".

Significant Developments

The following is a description of significant developments of the Company during the last three fiscal years:

Corporate Restructuring

The Company initiated plans commencing early in fiscal 2001 to discontinue certain of its operations and restructure its remaining operations to concentrate on providing e-business solutions. The Board of Directors approved a formal plan on November 22, 2000 to dispose of the strategic marketing and advertising and public relations businesses. The Company's strategy was to restore itself to financial break-even in the short-term and retain only those businesses that management believed would be capable of becoming profitable in the near term. The Company implemented a cost reduction program in December, 2000 that included closure of the Company's remote offices in New York, Seattle and Halifax and drastically reduced its work force in a series of cost reduction initiatives during this period as well as through attrition and reductions from the sale of under-performing business units.

The collapse of the technology market commenced in the summer of 2001 and significantly worsened by the fall of 2001. As a result, demand for the Company's technology services decreased dramatically, negatively impacting the Company's sales. In addition, bad debts from Internet start-ups and other "new economy" clients increased. Notwithstanding significant cost reductions in personnel and offices, the continued downturn in the technology sector compounded with the events of September 11, 2001 adversely impacted the Company's ability to maintain financial solvency.

Notwithstanding management initiatives to rationalize operations, the Company concluded that, in the existing economic climate, it was necessary and in the best interests of its stakeholders to institute restructuring proceedings under the *Companies Creditors Arrangement Act* (Canada) ("CCAA") to seek to remedy its inability to generate profit in its current state and to seek to create a viable capital structure on a go forward basis which would serve as a

base from which to consider new and profitable business initiatives. The Company obtained protection of the Ontario Superior Court of Justice (the CCAA Court") on January 29, 2002 and Ernst & Young Inc. was appointed as monitor. The principal reasons for seeking CCAA protection were:

- surplus capacity of its services, developed over the two previous years in an effort to meet expected market demand;
- demand in the technology sector declining dramatically in the second half of calendar year 2001 and continuing to date;
- the Company having a number of fixed long-term obligations such as its real property lease obligations and other capital and operating expenditures, which, as a result of decreased demand for its services and a corresponding decline in its revenues, it was unable to meet; and
- notwithstanding considerable restructuring efforts, including staffing reductions and strategic business realignment, the Company was not able to continue as a going concern as then structured due to its inability to meet its then present and future obligations.

The Company's objectives were to temporarily preserve its asset and customer base. In the absence of a court-supervised process, management of the Company believed that it was unlikely to survive and that a liquidation of its business would be inevitable. The Company did not believe that such a liquidation would be in the best interest of its stakeholders, as it would lead to reduced values and would not enable a strategic plan to be developed and implemented, and it is only through such a strategic plan could there be any prospect of recovery for its stakeholders.

On June 5, 2002, the Company obtained the permission of the CCAA Court to deliver its Plan of Arrangement and Compromise (the "CCAA Plan") to the Company's creditors together with a management proxy circular and disclosure statement on June 7, 2002. In accordance with the CCAA Plan, unsecured creditors of the Company were offered to receive 50% of the value of their claim in cash and secured creditors of the Company were offered to receive 100% of the value of their claim up to \$25,000 in cash and 50% of the value of their claim in excess of \$25,000, if any, in cash. The meetings for secured and unsecured creditors were held on June 25, 2002. Each of the creditor classes approved of the CCAA Plan, which was sanctioned by the CCAA Court on July 12, 2002. The Company's CCAA protection was lifted on August 7, 2002 following the passing of a 21-day stay period.

Changes to Management and the Board of Directors

Over the past fiscal year, the Company has undergone significant changes to its senior management personnel and its Board of Directors. As a result of the completion of the acquisition of Home-Link and concurrent financing transaction with Brascan Financial (as described below), Steven Schofield resigned as President and Chief Executive Officer and a director of the Company on September 13, 2003 and was replaced by Simon P. Dean. On January 6, 2003, Kevin Cash was appointed Chief Financial Officer of the Company replacing Michel Beland who resigned as Chief Financial Officer on January 6, 2003. Jason D. Meretsky resigned as General Counsel of the Company on January 6, 2003, but continues to hold the office of Secretary and a director of the Company. See "Item 7 – Directors and Officers".

Financing Transaction

Contemporaneously with the acquisition of Home-Link on September 13, 2002, Trilon Bancorp Inc., an affiliate of Brascan Financial subscribed for 20,000,000 Series B Preferred Shares in exchange for \$20 million. The proceeds were raised to fund the Company's working capital needs and general corporate purposes. See "Item 1 – The Company – Description of Share Capital – Preferred Shares" for a description of the Series B Preferred Shares.

Acquisitions and Corporate Developments

Acquisition of Home-Link Services Canada Ltd.

On September 13, 2002 and October 21, 2002, the Company acquired 49% and the remaining 51% of the outstanding shares, respectively, of Home-Link from Brascan Financial, for a purchase price of \$5,700,000 payable by the issuance of 41,322,628 Common Shares and 1,280,000 Series A Preferred Shares. Immediately following the completion of the transaction on September 13, 2002, Joseph S. Freedman, Simon P. Dean, Jason D. Meretsky and Craig Wallace were added to the Board of Directors and each of the former directors of the Company with the exception of Donald W. Paterson resigned.

RLP Transaction

Subject to receipt of the requisite shareholder approvals to be obtained at the 2003 Shareholders Meeting, the Company will acquire from RLP, the following assets:

ICON Software – a real-time software application platform to manage all aspects of a home relocation transaction. See "Item 3 – Narrative Description of the Business – Future Business – Description of ICON Software" for a description of the ICON Software.

RLP License – the Company will enter into a transferable and renewable license with RLP or its designee for a period commencing on the date of closing of the RLP Transaction and ending on March 31, 2010 (the "Initial Term") providing RLP with the exclusive right to use the ICON Software in the North American relocation business marketplace in exchange for a monthly fee (the "License Fee") equal to: (i) \$500 per file for the first 10,000 files opened in each year; (ii) \$400 per file for the next 10,000 files opened in each year; and (iii) \$250 per file for each file opened in excess of 20,000 files in each year of the RLP License, multiplied by the number of new files opened in the ICON Software by RLP in the month then most recently ended. The term "file" is defined in the RLP License as the relocation of an individual including all of the transactions and services provided in connection with such relocation. The RLP License will be renewable at the expiration of the Initial Term, at the option of RLP for successive two-year terms. During the Initial Term and any renewal periods, RLP will covenant and agree to exclusively use the ICON Software for managing its North American employee relocation business and will not purchase, license, use or otherwise contract with any third party competitors of the ICON Software for a software system to manage RLP's North American employee relocation business.

RLP shall be entitled to receive, at no additional cost, maintenance and technological support, bug remediation and any normal course upgrades to the ICON Software that are generally released to licensees of the ICON Software by the Company within 60 business days of such release. RLP may request that the Company make specific upgrades or modifications to the ICON Software to accommodate the requirements of RLP or its clients. During the Initial Term, provided the Company and RLP agree on the scope and parameters of any such development project, the Company will make such development changes requested by RLP on a cost plus 20% basis.

The Company will enter into a non-competition agreement wherein it will agree not to compete with RLP in North America and will not license, sell or otherwise distribute the ICON Software to any person whose primary business is or is connected to employee relocations in North America without the prior written consent of RLP. The ICON Software (including source and object code) shall be placed in a third party escrow account, subject to typical terms and conditions to be set forth in an escrow agreement, at the expense of RLP, to be released upon certain events including, but not limited to, bankruptcy, insolvency, liquidation or winding-up of the Company, the sale of all or substantially all of the Company's business, the termination of support or development by the Company of the ICON Software or in the event of a sale of all or substantially all of RLP's business to an arms-length third party purchaser ("Third Party Purchaser"). In the event of such third party sale, RLP shall have the right to transfer its rights to the Third Party Purchaser on a royalty-free basis solely in connection with RLP's existing home relocation business, provided that RLP continues to pay the License Fees to the Company for the remainder of the Initial Term or the then current renewal term, as applicable. In the case of a third party sale, the License Fee will be calculated based on the average number of files opened per month over the twelve month period preceding such sale.

Asset Recovery License – The Company will enter into a five-year, non-transferable and renewable license with Asset Recovery, a division of RLP, to use certain modules of the ICON Software in exchange for a monthly license fee equal to \$50 per administrative file and \$100 per home sale file, multiplied by the number of new files opened in the ICON Software by RLP in the month then most recently ended.

Wynford Lease – The Company will enter a lease with RLP (the "39 Wynford Drive Lease") in respect of 2,000 square feet of office space at 39 Wynford Drive, Toronto, Ontario (currently the Company's head office) for a period that is the earlier of (i) the date of termination of the RLP License and (ii) upon 30 days prior written notice.

Employment Arrangements – The Company will enter into employment agreements with eight employees of RLP who are required for the development and support of the ICON Software. The terms of employment will be substantially similar to those upon which such persons are presently employed by RLP, which are at market.

The purchase price for the RLP Transaction is \$24,000,000, payable as to \$2,000,000 by the issuance of the Debenture, as to \$18,500,000 by the issuance of 18,500,000 Series C Preferred Shares and as to \$3,500,000 by the issuance of 3,500,000 Series D Preferred Shares (convertible into up to 87,500,000 Non-Voting Common Shares on the basis of 25 Non-Voting Common Shares for each Series D Preferred Share). The holder of the Debenture shall have the right, exercisable at any time prior to repayment of the Debenture, to convert all or any portion thereof into Series B Preferred Shares on the basis of each \$1.00 of principal outstanding pursuant to the Debenture shall be converted into one Series B Preferred Share, subject to adjustment. See "Item 1 – The Company – Description of Share Capital – Other Shares to be Issued" for a description of the Series C Preferred Shares, Series D Preferred Shares and Non-Voting Common Shares.

The purchase agreement for the RLP Transaction will provide the Company with a mechanism to claw-back the consideration paid to RLP at any time following the date of approval by the Board of Directors of the audited financial statements for the year ended February 28, 2007 in the event that the Company does not generate sufficient cumulative revenue from the RLP License and the Asset Recovery License. In the event that (the "Deficient Amount") (i) the product of 90% of the Cumulative Licensing Revenue (as defined below) is less than (ii) the aggregate of the "Consideration Paid" (as defined below), the Company shall have the right to cancel such number of Series C Preferred Shares, Series D Preferred Shares, Non-Voting Common Shares, Convertible Debenture and Series B Preferred Shares (in that order) in an amount equal to the Deficient Amount. In no event shall the Company redeem an amount in excess of 18,500,000 Series C Preferred Shares, 3,500,000 Series D Preferred Shares (or, upon conversion thereof, up to 87,500,000 Non-Voting Common Shares) and 2,000,000 Series B Preferred Shares (upon conversion of the Convertible Debenture).

For purposes herein, the term "Cumulative Licensing Revenue" means the sum of (i) one (1) times the gross revenue calculated in accordance with Canadian GAAP from the RLP License and Asset Recovery License for the period commencing on the date of closing and ending on March 31, 2006; plus (ii) two (2) times the gross revenue calculated in accordance with Canadian GAAP relating to the RLP License and Asset Recovery License for the period April 1, 2006 to March 31, 2007. For purposes herein, the term "Consideration Paid" means \$24.0 million plus all interest and cash dividends paid on the securities issued by the Company on the effective date of the RLP Transaction from such date to March 31, 2006 plus two (2) times the interest and cash dividends paid on such securities from April 1, 2006 to March 31, 2007.

In connection with the Transaction, the Company will enter into a Share Pledge Agreement whereby RLP will pledge the consideration paid to RLP pursuant to the RLP Transaction in support of its obligations pursuant to the purchase agreement.

Accounting Treatment for the Proposed Transaction

The Company will use the purchase method of accounting to give effect to the RLP Transaction. As required by Canadian generally accepted accounting principles, a non-monetary related party transaction that represents the culmination of the earnings process, that is not in the normal course of operations, should be measured at the exchange amount when both of the following criteria are satisfied: (a) the change in the ownership interests in the item transferred is substantive; and (b) the exchange amount is supported by independent evidence. As the

Company has satisfied both criteria, the exchange amount of the RLP Transaction must be recorded at the fair value of the consideration given up by the Company. As concluded in the independent valuation report obtained in connection with the RLP Transaction, in the opinion of the valuator, as of July 14, 2003, the value of the consideration paid by the Company is between \$17,000,000 and \$19,000,000. Consequently, the purchase price of the RLP Transaction will be recorded at the fair value as determined by the independent valuator. The value attributed to the securities forming the consideration paid by the Company, will reflect the fair value of the consideration.

Divestitures

Similar to many other technology companies, in the period preceding the recent downturn in the technology sector, the Company, in order to stake a position and meet market demands, made acquisitions and investments. The Company's growth was driven by acquisition of market share in the field of Internet solutions. Growth has proven difficult to sustain since the market has deteriorated.

As a result of the Company's restructuring, the Company completed the following divestitures and corporate developments during fiscal 2003, being the latest year of operation:

- On March 1, 2002, the Company completed the arms-length sale of substantially all of the assets of its Deployed Consulting Services Group (the "DCS Assets") to Cognicase Inc. ("Cognicase"), effective January 31, 2002 (the "DCS Asset Purchase Agreement"), for a purchase price of \$2 million, which was satisfied by the issuance of 196,329 common shares of Cognicase (the "Cognicase Shares") to the Company. The Company sold the Cognicase Shares following the four month restriction on resale at an average price of \$2.81 per share. The DCS Assets consisted of certain fixed assets, customer contracts, and the continued retention of 10 employees and 15 independent contractors of the Company. The DCS Asset Purchase Agreement was approved by the CCAA Court on March 18, 2002 pursuant to the Company's CCAA proceedings.
- In March 2002, the Company closed its Enterprise Solutions Group business as it was no longer viable. The Enterprise Solution Business sold, implemented and supported third-party enterprise resource management software, namely Navision®, for small and medium sized clients. Prior efforts by the Company to sell this business unit proved unsuccessful.
- On April 3, 2002, the Company entered into an agreement with its principal creditor, the landlord at 150 Ferrand Drive (the "Ferrand Drive Premises"), in respect of an amendment to the terms of its initial lease. Under the terms of its initial lease (the "Ferrand Drive Initial Lease"), the Company had leased 83,335 square feet of space at the Ferrand Drive Premises for a period of 10 years commencing September 1, 2000 at a base rental rate of \$11.20 per square foot for the first year of the lease, \$14.20 per square foot for the second and third years of the lease, \$15.20 for the fourth and fifth years of the lease and \$16.20 for years 6 through 10 of the lease, plus additional rent which was \$13.24 per square foot. Pursuant to an agreement dated April 3, 2002 between the Company and the Ferrand Drive Landlord (the "Ferrand Drive Landlord CCAA Agreement"), the Ferrand Drive Landlord entered into the Ferrand Drive Supplemental Lease with the Company, which provided for, among other things, the surrender as of April 1, 2002 by the Company of all but 20,000 square feet of space, which was leased until July 31, 2002 and thereafter surrendered. In consideration of the Ferrand Drive Landlord entering into the Ferrand Drive Supplemental Lease and releasing all claims against the Company under the Ferrand Drive Initial Lease in respect of the payment and other obligations of the Company with respect to the Surrendered Premises, the Company paid \$500,000 to the Ferrand Drive Landlord, plus \$10,000 in respect of the removal of external signage, plus \$10,000 in respect of legal costs, and issued 1,000,000 Common Shares to the Ferrand Drive Landlord on June 7, 2002. The Ferrand Drive Landlord agreed not to file a proof of claim in connection with the Company's CCAA proceedings and approved of the terms and conditions of the CCAA Plan. The Ferrand Drive Landlord CCAA Agreement and the Ferrand Drive Supplemental Lease were approved by the CCAA Court on April 12, 2002 pursuant to the Company's CCAA proceedings.

- On April 26, 2002, the Company completed the arms-length sale of substantially all of the assets (the "PPL Assets") of its PPL Marketing Services business (the "PPL Asset Purchase Agreement") to 1224164 Ontario Inc. ("1224164"), effective as of April 15, 2002, for a purchase price of \$10. In addition, 1224164 assumed all of the obligations associated with the retainer of 60 employees of the Company employed in connection with PPL, its lease at 6050 Tomken Road (the "PPL Lease"), and equipment and vehicle leases entered into in connection with the operation of PPL. The PPL Assets consisted of equipment, permits, licences, books and records, contracts, intellectual property, certain accounts receivables and work-in-process in connection with PPL. As part of the transaction, the Company retained certain accounts receivable of \$750,000 as of April 15, 2002, which were collected for its own account. The PPL Asset Purchase Agreement was approved by the CCAA Court on May 8, 2002 pursuant to the Company's CCAA proceedings.
- In connection with sale of PPL, the Company and the landlord of the PPL Lease (the "PPL Landlord") entered into an agreement dated May 1, 2002 (the "PPL Repairs Agreement"), pursuant to which the Company paid the PPL Landlord the sum of \$100,000 in satisfaction of certain repair obligations of the Company pursuant to the PPL Lease, which totalled approximately \$387,000. In exchange, the PPL Landlord, 1224164 and the Company entered into an assignment agreement (the "PPL Lease Assignment Agreement") pursuant to which the PPL Landlord consented to the assignment of the PPL Lease from the Company to 1224164 effective May 1, 2002, and the PPL Landlord released the Company in respect of all of its payment and other obligations under the PPL Lease. The PPL Repairs Agreement and the PPL Lease Assignment Agreement were approved by the CCAA Court on May 8, 2002 pursuant to the Company's CCAA proceedings.
- On July 12, 2002, the Company entered into an asset purchase agreement to sell substantially all of the remaining assets comprising its CALMS business to White Clarke North America Inc. ("White Clarke") for a net purchase price of \$210,000 plus an earn-out of \$350,000 payable in equal amounts over a two-year period, subject to attainment of net profit conditions. The Company places a low likelihood on realizing the earn-out amounts as only \$10,000 has been earned by the Company to date. As part of the transaction, the Company retained a limited co-ownership interest in the CALMS software solution and entered into a non-competition agreement with White Clarke in respect of certain businesses. The Company retained for its own account certain accounts receivable relating to the business. White Clarke agreed to assume certain contractual obligations associated with the work-in-process as well as the continued employment of approximately 25 CALMS employees. This transaction received CCAA Court approval on July 18, 2002 and closed on July 18, 2002.

ITEM 3 – NARRATIVE DESCRIPTION OF THE BUSINESS

Current Business

Overview

The Company provides software solutions and strategic consulting services for businesses. Through the acquisition of Home-Link, an early-stage company founded in 2000, the Company provides a one-stop shopping service for home buyers and sellers, offering move and home-related services throughout the customer's purchasing and selling cycle, coordinated by a proprietary CRM software system and call-center. Using its licensed software, Home-Link provides a highly automated solution through a number of different communication channels, including personalized web pages, email, phone and fax. Home-Link's website is www.home-link.ca. The contents of the website are not included by reference into this Annual Information Form.

Home-Link's business-to-business-to-consumer business model provides for multi-channel service delivery to its clients aggregated customer base and then sells services to those customers through a network of product and service suppliers. Home-Link service offering is designed to appeal to multiple parties associated with a residential real estate transaction, including brokers, licensed real estate agents and financial institutions. Home-Link's pricing model includes generating fees from real estate agents and brokers and transactional-based revenues from service

providers as well as fees generated from financial institutions for outsourced CRM services related to increased mortgage retention.

Following the Company's sale of its CALMS Solutions Group on July 18, 2002, the Company retained limited co-ownership rights to its proprietary CALMS software, a proprietary web-enabled solution for automating an organization's credit origination process from application to credit scoring, from workflow management to funding, subject to certain non-competition restrictions. The Company has retained the services of White Clarke to scope the implementation of the CALMS solution with its Home-Link business in order to provide mortgage origination and referral services.

Sales and Marketing

Management focussed its efforts in 2001 on developing and implementing a Canadian version of the CARE II software (as described below), establishing its national call centre, identifying and establishing relationships with suppliers of services, and introducing its service on an exclusive basis with RLP. Upon refining its business model and understanding the demand for its services, Home-Link commenced marketing of its services to the residential brokerage community at large in 2002.

Home-Link intends to continue its deployment by establishing new real estate agent and broker participation throughout the country with a concentration on key urban areas and larger real estate brokerages within the industry. Identification of national suppliers is crucial to the success of the Home-Link service and Home-Link will continue its efforts to sign new channel partners. National sales are focussed on moving services (e.g. van and truck lines, moving material, junk removal), transaction/products (e.g. security, insurance, renovation), and move-in day bundle services (e.g. telephone, cable, ISP, newspaper, locksmith). Other CRM technology-based services will be developed to utilize Home-Link's software capabilities focussing initially on Canadian financial institutions.

Technology

On April 24, 2003, the Company entered into an exclusive, perpetual, royalty-free and irrevocable license for use in Canada of the CARE II proprietary CRM software and assignment of all Canadian Home-Link trademarks from HomeCard Company, Inc. ("HomeCard"), an arms-length third party, for a one-time fee of U.S.\$100,000. There are no transaction fees payable by Home-Link and Home-Link is required to incur the cost of supporting and upgrading this technology. The Company's arrangement with HomeCard replaces its prior licensing arrangements dated September 27, 2000 with Home-Link Services Inc., a non-related Delaware company.

The core CARE proprietary CRM software product is in its second major release (*i.e.*, CARE™ II Software version 1). Management believes that the physical architecture is robust and scalable and capacity should not be an issue.

Competition

The U.S. market for the aggregation of real estate ancillary services is highly competitive. While management believes that there are no Canadian competitors who possess the same sophistication of model focused on home servicing as Home-Link, initiatives by large financial institutions such as Canadian chartered banks, who may be considering launching certain home servicing initiatives, could result in a significant competitive threat. Such an initiative by a large financial institutions would provide the greatest competition to Home-Link due to the timely capturing of the customers through their financial products and the level of trust, security, brand awareness and credibility these institutions enjoy in the marketplace. One of North America's largest real estate services companies, is also well positioned to capitalize on a home services venture through leveraging its current real estate relationships. See "Item 3 – Narrative Description of the Business – Risk Factors – Competition".

Future Business

Overview

Subject to receipt of the requisite shareholder approvals to be obtained at the 2003 Shareholders Meeting, the Company will acquire all right title and interest to the ICON Software platform, a proprietary software solution to manage employee relocations, together with certain license rights from a related party. See "Item 2 – Significant Developments – RLP Transaction" for a description of the proposed transaction.

The ICON Software platform combines proprietary and licensed applications to manage RLP's relocations business. As of the date hereof, RLP relies on the ICON Software to manage employee relocations for approximately 400 corporate clients, including many of Canada's largest companies. RLP services approximately 22,000 new relocation files per year, in part derived from its contract dated December 18, 2002 with the Government of Canada in respect of the Treasury Board Secretariat, the Royal Canadian Mounted Police and the Department of National Defense (the "Government Contract") and the balance from its corporate client base. Management believes that the ICON Software represents a key differentiator and was fundamental to RLP winning a five-year renewal of its prior Government Contract. Commencing in December 2002, RLP retained the Company to upgrade certain functionality of the ICON Software, which is expected to be completed by July, 2003.

Description of the ICON Software

The ICON Software is a customized software application providing feature-rich, real-time capabilities to all parties involved in an employee relocation transaction, including clients, transferees and suppliers. The ICON Software manages all aspects of an employee relocation including tracking of timelines and material events, expense relocation processing, and management of client relocation policies and procedures.

The financial functionality in the ICON Software architecture is provided through customized integration with Solomon Financial, a Microsoft enterprise resource management software solutions. This state-of-the-art accounting package ensures all financial data is accurately tracked and properly balanced. The enterprise reporting features of the ICON Software is built using Crystal Reports, an industry-leading technology enabling timely and accurate internal and external reporting. The system provides for up to 125 different reports delivered directly to the user's desktop.

Built using Microsoft technologies and architecture, the ICON Software is highly compatible and adaptable with client systems providing for quick and efficient data transfer with clients and suppliers. The core features of the ICON Software system include:

- **Wide Area Capabilities** – In order to ensure that the ICON Software is delivered effectively to multiple highly distributed locations across Canada, the U.S. and internationally, by using the most suitable technologies available for specific areas in order to meet the specialized business requirements of its clients.
- **Management Controls** – The ICON Software employs multiple firewall protection to ensure that its client's data is fully secure and private. In addition, processes (supported by applications and systems) have been developed, tested and implemented to address network change requests and asset classification and control.
- **On Line Expense Claim Submission** – The ICON Software provides an on-line secure, easy to use relocation expense claim module allowing for a fast and accurate expense claims processing that is accessible 24 hours a day from any location.
- **Policy Compliance Module** – The ICON Software is designed to manage and control client relocation policy issues. The system automates and formalizes the process, the procedures and the flow of information for complex issues and requests or events that require input from a variety of people.

- **Capture a Complete Set of Data** – The ICON Software includes a custom-designed data tracking system with built-in controls to ensure a comprehensive set of data is captured. The foundation of the system is the ICON Software SQL 2000 Database, a complex relational database designed to provide comprehensive information to all stakeholders in the relocation process.
- **Accuracy** – One of the primary objectives of the ICON Software is to produce accurate, meaningful and timely information. At the foundation of accuracy is the SQL database itself, which include tools that enhance and enforce data accuracy and integrity. Wherever possible, processes are automated against predefined business rules, leading to accurate and comprehensive data.
- **Track Administrative Actions** – The administrative actions conducted by all levels of RLP staff, on behalf of the transferee and the client, are intrinsically linked to the overall functionality of the ICON Software. Every function and activity taken in respect of a relocation under the ICON Software can be tracked, analyzed and reported on.
- **Provide Relevant Financial Accounting Information** – A fundamental component of the ICON Software is sound accounting principles grounded in a robust Solomon accounting system. All client billing, invoicing, receipts, payables and interest are managed by this system. The system provides real-time interactive and customized financial reports.

Reasons for the Transaction

The Company believes that the Transaction will result in a number of benefits, including those described below.

- **Proven Revenue Generating Technology** – Relying exclusively on the ICON Software, RLP has a demonstrated track record and a history of producing revenue. On December 18, 2002, RLP renewed its Government Contract to provide home relocation services to the Treasury Board Secretariat, the Royal Canadian Mounted Police and the Department of National Defence for a further five-year period. RLP relies on the ICON Software to manage employee relocations for approximately 400 corporate clients, including many of Canada's largest companies.
- **Complementary Technology** – The ICON Software is complementary to certain components of the Company's Home-Link CARE II Software, a proprietary customer relationship management (CRM) software solution, allowing the Company to build a comprehensive software suite to be marketed to service providers in the residential real estate market.
- **Potential Cost Savings** – The costs associated with the further development, testing and support of the Company's Home-Link CARE II Software may be shared with those associated with the ICON Software, generating potential cost savings for the Company.
- **Platform for Growth** – Upon the closing of the Transaction, the Company plans to license the ICON Software in markets outside of North America to employee relocation departments of governments and large corporations.

Required Approvals

The RLP Transaction constitutes a "related party transaction" for the Company for the purposes of Ontario Securities Commission Rule 61-501 entitled "Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions" and Commission des valeurs mobilières du Québec Policy No. Q-27. Accordingly, shareholder approval of the RLP Transaction (which resolution includes the authorization to create the Non-Voting Common Shares) must be passed at the 2003 Shareholders Meeting by (i) two-thirds of the votes cast by holders of the Common Shares and (ii) a majority of the votes cast by minority shareholders of the Company, in each case present in person or represented by proxy of every affected class of securities of the Company, in each case voting separately as a class. By letter dated June 19, 2003, Cole Valuation Partners Limited was engaged to prepare a

valuation of the purchased assets and the consideration being conveyed as part of the RLP Transaction. See "Item 1 – The Company – Description of Share Capital – Other Shares to be Issued".

Revenues from Continuing Operations for the years ended February 28, 2003 and February 28, 2002

	February 28, 2003		February 28, 2002		Change	
	\$000	%	\$000	%	\$000	%
Home-Link	240	5	–	0	240	100
Software Development and Licensing	4,218	95	5,509	31	1,291	(23)
Disposed Businesses	–	0	12,290	69	12,290	(100)
	<u>4,458</u>	<u>100</u>	<u>17,799</u>	<u>100</u>	<u>(13,341)</u>	<u>(75)</u>

Recognized revenue from Home-Link was \$0.2 million in fiscal 2003 compared with no revenue in fiscal 2002 as this business was acquired on September 13, 2002 and October 21, 2002, respectively.

Recognized revenues from CALMS Solutions were \$4.2 million, a decrease from \$5.5 million in fiscal 2003 as compared to fiscal 2002.

There are no revenues from disposed businesses in fiscal 2003 as compared with revenues from disposed businesses in fiscal 2002 of were \$12.3 million. This reduction is the combined effect of the reduced business activities and the disposition of certain businesses during the prior year.

Facilities

By lease dated as of February 2000 (the "41 Wynford Drive Lease"), Home-Link leased 5,575 square feet of office space at 41 Wynford Drive, Toronto, Ontario (the "Wynford Premises") from RLP for a five-year term commencing on May 1, 2001 and expiring on April 30, 2006. Home-Link has the right to terminate the 41 Wynford Drive Lease effective June 1, 2004, upon satisfaction of certain terms of the 41 Wynford Drive Lease. The 41 Wynford Drive Lease provides for a rental cost of \$24,000 per annum in years 1 and 2 and thereafter \$28,000 per annum in years 3, 4, and 5, plus additional rent (*i.e.*, approximately \$10.40 per square foot).

Human Resources

As of July 18, 2003, the Company employed 21 employees in its Home-Link business and management. All of these employees are located in Toronto at its premises at 39 Wynford Drive and 41 Wynford Drive. The Company is not a party to any collective bargaining agreements. Following the completion of the RLP Transaction, the Company will employ an additional eight persons previously employed by RLP to manage its ICON Software. See "Item 2 – General Developments of the Business – Significant Developments – RLP Transaction".

Risk Factors

The Company's business is subject to a number of risk factors, including those risk factors set forth below:

Future Capital Needs and Uncertainty of Additional Financing

The Company may need to raise additional funds in the future in order to take advantage of its growth opportunities. These opportunities may require a more rapid expansion or acquisitions of complementary businesses or

technologies, the development of new products and other responses to competitive pressures. There can be no assurance that additional financing will be available on terms favourable to the Company, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of strategic opportunities, develop new products and services or otherwise respond to competitive pressures.

Competition

The U.S. market for the aggregation of real estate ancillary services is highly competitive. While the Company believes that there are no Canadian competitors who possess the same sophistication of model focused on home servicing as the Company with their relocations software platform and Home-Link business, initiatives by large financial institutions could result in a significant competitive threat. These large financial institutions would be able to capture customers through their financial products and the level of trust, security, brand awareness and credibility these institutions enjoy in the marketplace. Existing or future competitors may develop or offer services that are comparable or superior to the Company at a lower price, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Key Customers & Suppliers

The implementation of technology systems to administer relocation services requires considerable time to sell to prospective purchasers and to implement. The Company anticipates that a significant portion of its future revenue from the ICON Software will be derived from transaction fees from RLP. There can be no assurance that the Government Contract will be renewed on favourable terms or at all at its scheduled expiration, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Upon closing of the Transaction, the Company will establish a small sales force to license the ICON Software in markets outside of North America with an emphasis on government employee relocations and large multinational companies. There can be no assurances that the Company will be successful in entering into such contracts or on favourable terms.

Sales cycles for adoption of the Home-Link service by real estate agents and brokers requires considerable time. Initial introduction of the Company's Home-Link service was exclusively focussed on RLP real estate brokerages and accordingly, a significant amount of current revenue from real estate brokerages is generated from RLP. The loss of RLP's business could have an adverse impact on the Company's results of operations and may impede the Company's ability to introduce this service across Canada. Sales efforts in 2002 have generated some momentum, but national supplier sales are still in start-up mode. There can be no assurances that such contracts will be entered and/or renewed on favourable terms or at all at their scheduled expiration, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence upon Key Personnel

The Company competes for qualified personnel and if qualified professionals cannot be attracted, motivated and retained, the business and results of operations and financial condition of the Company could be materially adversely affected.

Dependence on Proprietary Technology

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology, namely its Canadian licensing rights to Home-Link's CARE II CRM software and ownership rights to the ICON Software to be acquired in connection with the Transaction. The Company generally enters into non-disclosure agreements with employees and customers and historically has restricted access to its software products' source codes. The Company regards its source code as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as unpublished copyrighted works. In a few cases, the Company has provided copies of source codes for certain products to customers and strategic partners, for the purpose of special customization for identified projects. In these cases, the Company relies on non-disclosure and other contractual provisions to protect its proprietary rights.

Despite the Company's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company's products or otherwise obtain and use information that the Company regards as proprietary.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which the Company's may in the future be used do not protect the Company's products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements that may in the future be entered into by the Company, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and the Company is required to negotiate limits on these provisions from time to time.

There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of its technology or independent development by others of technologies that are substantially equivalent or superior to the Company's technology. The Company could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that the assertion of such claims will not result in litigation or that the Company would prevail in such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to the Company. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Company and divert management's attention and resources from the Company's operations. Any infringement claim or litigation against the Company could, therefore, materially adversely affect the Company's business, results of operations and financial condition.

Limited Profitability

The Company has reported net losses and losses from continuing operations in each of the last three fiscal years. Home-Link is an early stage company that is currently implementing its development strategy throughout major Canadian markets. There can be no assurance that cash flow from operations in future periods will be sufficient to fund operations or that Home-Link will be profitable.

Stock Listing

As a result of the Company's inability to meet the continued listing requirements, the TSX de-listed the Common Shares effective August 29, 2002. In connection with the acquisition of Home-Link and concurrent financing transaction with Brascan Financial, the Company indicated that it would seek a listing for the Common Shares on a recognized Canadian stock exchange with twelve to eighteen months of the closing date of the transaction. There can be no assurance as to whether the Company will be able to list its Common Shares on a recognized Canadian stock exchange or, if Common Shares are listed, an active and liquid trading market will develop.

Closing of RLP Transaction

The Company's ability to complete the proposed RLP Transaction is subject to a number of conditions including receipt of the requisite shareholder approvals to obtained at the 2003 Shareholders Meeting. There can be no assurance the shareholders of the Company will approve of the RLP Transaction or, if approved, that the RLP Transaction will be consummated by the Company on reasonable terms.

ITEM 4 – SELECTED CONSOLIDATED FINANCIAL INFORMATION

All consolidated financial information is in Canadian dollars:

	<u>Years ended February 28</u>		
	2003	2002	2001
	(Canadian dollars in thousands, except per share data)		
Sales	\$4,458	\$17,799	\$26,707
Gross Profit	\$745	\$4,302	\$8,368
Loss from Continuing Operations before gain on disposition of business units, gain from acceptance of CCAA Plan, amortization and write-down of property, plant and equipment and intangible assets, amortization and impairment of goodwill, loss on investments and equity accounted investments and income taxes	(\$4,941)	(\$13,284)	(\$17,689)
Loss from Continuing Operations	(\$6,434)	(\$23,342)	(\$53,852)
	<u>Years ended February 28</u>		
	2003	2002	2001
Basic Loss per Share:	(Canadian dollars in thousands, except per share data)		
From Continuing Operations before amortization and goodwill	(\$0.11)	(\$0.26)	(\$0.44)
From Continuing Operations	(\$0.12)	(\$0.54)	(\$1.31)
From Discontinued Operations	\$ –	\$0.01	(\$0.48)
Basic earnings (loss) for year	(\$0.12)	(\$0.53)	(\$1.79)
Total Assets	\$26,790	\$11,724	\$47,937
Long-term Debt	\$ –	\$ –	\$683

The following is a summary of certain of the financial information of the Company for each of the eight quarters ending February 28, 2003:

<u>Quarterly Results of Operations 2003</u>				
<u>(unaudited)</u>				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Canadian dollars in thousands, except per share data)				
Sales	\$828	\$2,724	\$84	\$822
Income (Loss) from Continuing Operations	(\$2,908)	\$749	(\$2,559)	(\$1,716)
Income from Discontinued Operations	\$ –	\$ –	\$ –	\$125
Net Profit (Loss)	(\$2,908)	\$749	(\$2,559)	(\$1,591)
Income (Loss) per Share:				
Basic	(\$0.07)	\$0.02	(\$0.04)	(\$0.03)

<u>Quarterly Results of Operations 2002</u>				
<u>(unaudited)</u>				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Canadian dollars in thousands, except per share data)				
Sales	\$4,806	\$7,735	\$3,202	\$2,056
Loss from Continuing Operations	(\$8,199)	(\$3,679)	(\$9,385)	(\$2,079)
Income from Discontinued Operations	Nil	Nil	\$648	\$189
Net Loss for the Period	(\$8,199)	(\$3,679)	(\$8,737)	(\$2,115)
Loss per Share:				
Basic	(\$0.19)	(\$0.08)	(\$0.21)	(\$0.045)

Factors Affecting Comparability

The Company initiated plans in fiscal 2001 to discontinue certain of its operations and restructure its remaining operations. See "Item 2 – General Development of the Business – Divestitures and Corporate Developments". Therefore, comparability is not considered meaningful and is not provided. In addition, the Board of Directors approved a formal plan on November 22, 2000 to dispose of the Strategic Marketing and Advertising and Public

Relations segments. The disposition of the Strategic Marketing segment was completed on April 15, 2002 and given effect as of the end of the current fiscal year. The disposition of the Advertising and Public Relations segment was completed on February 13, 2001. The Company disposed of its remaining business pursuant to its restructuring under CCAA in fiscal 2003 except for certain limited co-ownership rights associated with its CALMS software. The results from discontinued operations have been reported separately in the financial statements. The financial information contained above for fiscal 2003, fiscal 2002 and fiscal 2001 reflect the continued and discontinued operations. See "Item 2 – General Development of the Business – Significant Development – Corporate Restructuring" and see "Item 4 – Selected Consolidated Financial Information – Factors Affecting Comparability".

Reference is made to Item 5 of this Annual Information Form entitled "Management's Discussion and Analysis of Financial Condition and Operating Results".

Dividend Policy

The Company does not anticipate paying cash dividends in the foreseeable future on its Common Shares, but intends to retain future earnings for reinvestment in its business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors, subject to compliance with any contractual restrictions, and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

The Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 0.64% of the consolidated pre-tax income of the Company, with the first such annual dividend accruing on February 28, 2003. See "Item 1 – The Company – Description of Share Capital – Preferred Shares".

The Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 10% of the consolidated pre-tax income of the Company (*i.e., if the RLP Transaction is consummated and the Debenture converted, to be amended to "11%"*), with the first such annual dividend accruing on February 28, 2003. See "Item 1 – The Company – Description of Share Capital – Preferred Shares".

Upon consummation of the RLP Transaction, the Series C Preferred Shares will entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential non-cumulative quarterly dividend of 2.50% of the redemption value of the Series C Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 7.5% of the consolidated pre-tax income of the Company, with the first such annual dividend accruing on February 28, 2004. See "Item 1 – The Company – Description of Share Capital – Other Shares to be Issued".

Upon consummation of the RLP Transaction, the Series D Preferred Shares will entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential non-cumulative annual dividend of 3.50% of the redemption value of the Series D Preferred Shares payable at the discretion of the Board of Directors with such dividend payable (if declared) on the last day of February in each year to be set by the Board of Directors from time to time at the Board of Directors meeting immediately following the end of the Company's fiscal year. See "Item 1 – The Company – Description of Share Capital – Other Shares to be Issued".

ITEM 5 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The section entitled "Management's Discussions and Analysis of Financial Conditions and Results of Operation" contained in the Company's 2003 Annual Report, which will be mailed out to shareholders of the Company on July 18, 2003, is hereby incorporated by reference. A copy of this document is available on Company's web site and may also be obtained from the Company upon written request to the Secretary of the Company and has been filed and is available on SEDAR (www.sedar.com).

ITEM 6 – MARKET FOR SECURITIES

None of the Common Shares, Series A Preferred Shares and Series B Preferred Shares are currently listed for trading on a stock exchange, nor will the Non-Voting Common Shares, Series C Preferred Shares and Series D Preferred Shares upon issuance be listed for trading on a stock exchange upon the issuance thereof. The Common Shares were de-listed from the TSX on August 29, 2002 due to the Company's inability to meet the TSX's continued listing requirements. Brascan Financial and the Company have agreed to seek a listing for the Common Shares on a Canadian stock exchange within 12 to 18 months of the closing date of the acquisition of Home-Link and concurrent financing transaction by Brascan Financial on September 13, 2002.

ITEM 7 – DIRECTORS AND OFFICERS OF THE COMPANY

The following table and notes thereto state the names and municipalities of residence of all the directors and officers of the Company, their respective principal occupations, business or employment within the five preceding years, their beneficial ownership of Common Shares and, with respect to the directors, the year in which they became directors of the Company. Each of the directors set forth below have been nominated by the Company for election as a director at the annual meeting of shareholders scheduled on September 5, 2003:

<u>Name and municipality of residence</u>	<u>Position and/or office with Microforum</u>	<u>Present principal occupation if different from office held</u>	<u>Period during which served as a director</u>	<u>Microforum Shares beneficially owned or controlled as at July 18, 2003⁽⁴⁾</u>
Kevin Cash	Chief Financial Officer	Chief Financial Officer, Royal LePage Real Estate Services Ltd.	–	Nil
		Chief Financial Officer, Brascan Business Services		
Simon P. Dean	Chief Executive Officer, President and Director	Chief Executive Officer, Royal LePage Real Estate Services Ltd.	Since September 13, 2002	Nil
		Managing Partner, Brascan Business Services		
Joseph S. Freedman.....	Chairman of the Board and Director	Vice President, Brascan Financial Company	Since September 13, 2002	Nil
Jason D. Meretsky	Secretary and Director	Solicitor, Goodman and Carr LLP	Since September 13, 2002	130,000
Donald W. Paterson ⁽¹⁾⁽²⁾⁽³⁾	Director	President, Cavandale Company	Since 1996	111,747
Craig Wallace ⁽¹⁾⁽²⁾⁽³⁾	Director	President and Chief Executive Officer, AOL Canada Inc.	Since September 13, 2002	Nil

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee

- (3) Member of the Special Committee established on April 21, 2003 to consider the RLP Transaction
- (4) As of July 18, 2003, the current directors and senior officers of the Company and its subsidiaries as a group owned beneficially, directly and indirectly, 241,747 Common Shares representing 0.37% of the issued and outstanding Common Shares and no Series A Preferred Shares or Series B Preferred Shares. Brascan Financial holds 41,322,628 Common Shares, 1,280,000 Series A Preferred Shares and 20,000,000 Series B Preferred Shares, representing 48.0% of the issued and outstanding Common Shares and 100% of each of the Series A Preferred Shares and Series B Preferred Shares. Following the closing of the RLP Transaction, Brascan Financial will hold 41,322,628 Common Shares, 1,280,000 Series A Preferred Shares, 20,000,000 Series B Preferred Shares (plus an additional 2,000,000 Series B Preferred Shares upon conversion of the Debenture), 15,000,000 Series C Preferred Shares and 7,000,000 Series D Preferred Shares (convertible into Non-Voting Common Shares on the basis of 9.35 Non-Voting Common Shares for each Series D Preferred Share), representing 48.0% of the issued and outstanding Common Shares and 100% of each of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.

Management History

The following is a brief biography of each of the current directors and officers of the Company as well as a description of their respective principal occupations during the past five years:

Kevin Cash – Chief Financial Officer. Mr. Cash was appointed as Chief Financial Officer of the Company on January 6, 2003. Mr. Cash also holds the position of Senior Vice President and Chief Financial Officer of RLP and Chief Financial Officer of Brascan Business Services involving a number of business lines encompassing business-to-business activities centered around mortgage lending and moving services, and the business-to-consumer residential real estate franchise and brokerage activities of RLP (1999 - present). Prior to joining Brascan Business Services, Mr. Cash was Director of Finance at Canbras Communications Corp., a publicly held subsidiary of Bell Canada International providing cable and telephone systems in Brazil (1997 - 1999), Regional Controller Eastern Canada – Shaw Communications (1995 - 1996), and Director of Finance at CUC Communications, a company providing cable and network services in Ontario and cable and telephony systems in England (1987 - 1995).

Simon P. Dean – Director and President and Chief Executive Officer. Mr. Dean was appointed to the Board of Directors and as President and Chief Executive Officer of the Company on September 13, 2002. Mr. Dean is currently Chief Executive Officer of RLP and Managing Partner of Brascan Business Services. Mr. Dean joined RLP as President in January 1995. Prior to joining RLP, Mr. Dean was President and Chief Executive Officer of three retail organizations owned by Rogers Communications Inc. and Executive Vice President of Cantel, Canada's national cellular service provider. Prior to joining Rogers in 1988, Mr. Dean had been President of Mattel Canada Inc. Mr. Dean holds a B.A. in Economics (York University, Toronto) and an M.B.A. (University of Western Ontario, London).

Joseph S. Freedman – Chairman of the Board of Directors. Mr. Freedman was appointed to the Board of Directors on September 13, 2002. Mr. Freedman is currently Vice President, Brascan Financial Company having held this position since May 2002. Previously Mr. Freedman was the Vice President, Corporate Development and General Counsel of Clearpulse Inc., a developer of non-invasive health monitoring technology and e-health solutions (2000 – 2001). Prior to joining Clearpulse, Mr. Freedman practiced corporate and securities law with Goodman and Carr LLP (1997-2000) specializing in venture capital and other private equity transactions as well as public company mergers and acquisitions. Mr. Freedman completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School as well as an honours economics degree from the University of Alberta. Mr. Freedman was called to the bar in 1996 and is a member of the Law Society of Upper Canada.

Jason D. Meretsky – Director and Secretary. Mr. Meretsky was appointed to the Board of Directors on September 13, 2002. Mr. Meretsky joined the Company in February 1999 as Senior Manager, Business and Legal Affairs and became Vice-President, General Counsel and Secretary on January 31, 2000. Mr. Meretsky resigned as General Counsel on January 6, 2003 and currently practices corporate and securities law with Goodman and Carr LLP. Mr. Meretsky completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School. Mr. Meretsky was called to the bar in 1996 and is a member of the Law Society of Upper Canada.

Donald W. Paterson – Director. Mr. Paterson was first elected to the Board of Directors in 1996. Since 1989, Mr. Paterson has been the President and founder of Cavandale Company, a strategic corporate consulting firm that specializes in providing corporate consulting services to emerging growth companies largely in the technology sector. Prior thereto, Mr. Paterson was a director and Vice-President at Wood Gundy Inc., a major Canadian investment dealer where he was principally involved in the identification and financing of emerging growth companies.

Craig Wallace – Director. Mr. Wallace was appointed to the Board of Directors on September 13, 2002. Mr. Wallace is President and Chief Executive Officer of AOL Canada Inc. (2003 – present) as well as a Co-founder and General Partner of IceAngels LLP, an early stage venture capital firm (1999 – present). In his capacity at IceAngels, he also served as Chief Executive Officer of Clearpulse Inc., a developer of non-invasive health monitoring technology and e-health solutions (2000 - 2001). Prior to founding IceAngels, Mr. Wallace was President of PCDOCS/Fulcrum Inc., a worldwide leader in Internet-based knowledge management, document management and information retrieval (1998 - 1999). Previously, Mr. Wallace was employed at iSTAR Internet Inc. as President and Chief Executive Officer (1997 - 1998) and Executive Vice-President, Corporate Development (1996). Mr. Wallace held several senior management positions at Microsoft Canada including National Sales Manager, Director of Marketing and Director of the Enterprise Customer Unit (1989 – 1996). Mr. Wallace is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Toronto. Mr. Wallace is a member of the Canadian Institute of Chartered Accountants and Institution of Chartered Accountants of Ontario.

Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions and Individual Bankruptcies

The Company confirms that, to the best of its knowledge, information and belief and after due inquiry, no proposed director, officer or promoter of the Company is, or within the five years prior to the date of this Annual Information Form has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days; or, (ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer. In addition, no proposed director, officer or promoter of the Company has, within the five years prior to the date of this Annual Information Form, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

No proposed director, officer or promoter of the Company has, within the 10 years prior to the date of this Annual Information Form, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud.

ITEM 8 – ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities of the Company and interests of insiders in material transactions, as appropriate, is contained in the management information circular dated July 17, 2003 prepared in connection with the 2003 Shareholders Meeting. Additional financial information is provided in the Company's comparative financial statements for the fiscal year ended February 28, 2002 contained in the Company's 2003 Annual Report to Shareholders.

The Company will also provide to any person upon request to the Secretary of the Company at:

39 Wynford Drive, 4th Floor, Toronto, Ontario M3C 3K5
Facsimile: (416) 446-0050 / Email: information@microforum.com

- (a) when securities of the Company are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of the Company's securities:
- (i) one copy of the Company's most recent annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
 - (ii) one copy of the comparative financial statements of the Company for its most recently completed financial year, together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;
 - (iii) one copy of the Company's information circular in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference in the preliminary short form prospectus or short form prospectus and are not required to be provided under clauses (i), (ii) or (iii) above.
- (b) at any other time, one copy of any of the documents referred to in clauses (i), (ii) or (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Company.