

Unaudited Consolidated Balance Sheet

Columnar amounts expressed in thousands of dollars

	March 31, 2004	December 31, 2003
ASSETS		
Cash	\$ 1,357	\$ 1,685
Short-term investments	285	150
Accounts receivable and other	12,538	15,064
Real estate for development and sale	8,697	9,835
Work-in-progress	14,955	11,464
Capital assets, net book value	3,203	3,211
Advances and investments in affiliates	1,382	909
Prepaid Expenses	304	355
Goodwill	623	623
	\$ 43,344	\$ 43,296
LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,974	\$ 10,257
Long-term debt payable	6,752	6,761
Financing payable	6,676	5,800
Deferred revenue	13,004	11,897
Land and property development service costs	1,238	1,351
	\$ 36,644	\$ 36,066
Future income tax liability	94	176
Non-controlling interest	100	246
	\$ 36,838	\$ 36,488
SHAREHOLDERS' EQUITY		
Unrealized gain on exchange	12	12
Share capital	7,251	7,251
Retained earnings	(757)	(455)
	\$ 6,506	\$ 6,808
	\$ 43,344	\$ 43,296

Unaudited Consolidated Statement of Income and Retained Earnings

Columnar amounts expressed in thousands of dollars, except for per share amounts

	Three Months Ended March 31	
	2004	2003
REVENUE		
Construction	\$ 4,806	\$ 4,370
Land & Housing	2,243	1,112
Project Development	-	271
Rental properties	64	85
Interest and other	29	31
	\$ 7,142	\$ 5,869
EXPENSES		
Cost of construction	\$ 4,656	\$ 3,975
Cost of land & housing	1,915	933
Cost of Project Development	-	-
Rental properties operating costs	18	10
General and administrative costs		
- construction	291	346
- corporate overhead	175	188
- land development	98	56
- project development	69	-
- rental property mortgage interest	18	-
- mezzanine financing interest	67	-
Non-controlling interest	106	37
	\$ 7,413	\$ 5,545
Income (loss) before other expenses and income taxes	\$ (271)	\$ 324
Other expenses		
Interest on debenture	150	150
Amortization	65	40
	\$ 215	\$ 190
Income (loss) before income taxes	(486)	134
Income tax (recovery) expense	(184)	51
Net income (loss)	\$ (302)	\$ 83
Retained earnings, beginning of period	(455)	(148)
Retained earnings, end of period	\$ (757)	\$ (66)
Earnings per share, basic and diluted	\$ (0.03)	\$ 0.01
Outstanding shares	10,516,524	10,516,524

Unaudited Consolidated Statement of Cashflow

Columnar amounts expressed in thousands of dollars

	Three Months ended March 31	
	2004	2003
Operating Activities		
Net Income	\$ (302)	\$ 83
Add back items not affecting cash		
Amortization	65	40
Future income tax recovery	(81)	
	\$ (318)	\$ 123
Changes in non-cash working capital	(453)	(5,907)
Non-controlling interest	106	37
	\$ (665)	\$ (5,747)
Financing Activities		
Proceeds (repayment) of mezzanine financing	457	(2,480)
Advances (repayment) of financing	411	(471)
Advances (to) from affiliates	(473)	5,349
	\$ 395	\$ 2,398
Investing Activities		
Investment in marketable securities	-	(1,949)
Acquisition of capital assets	(58)	(18)
Disposition of capital assets	-	-
	\$ (58)	\$ (1,967)
Net increase (decrease) in cash, end of period	\$ (328)	\$ (5,316)
Cash - beginning of period	1,685	6,284
Cash - end of period	\$ 1,357	\$ 968

**Notes To the Unaudited Financial Statements
Three Months Ended March 31, 2004**

Columnar amounts expressed in thousands of dollars

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim consolidated financial statements of NewNorth have been prepared in accordance with the recommendations of the handbook of the Canadian Institute of Chartered Accountants and are consistent with those used in the audited consolidated financial statements as at and for the period ended December 31, 2003. These interim financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles ("Canadian GAAP") applicable to annual financial statements and, therefore, they should be read in conjunction with the audited consolidated financial statements.

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and to make disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

Due to seasonality, the operating results for the three months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2004.

2. ACCOUNTS RECEIVABLE

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>
Construction receivables	\$ 7,734	\$ 9,717
Land and property development receivables	3,856	3,103
Other receivables	948	2,244
	<hr/>	<hr/>
	\$ 12,538	\$ 15,064
	<hr/> <hr/>	<hr/> <hr/>

3. REAL ESTATE FOR DEVELOPMENT AND SALE

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>
Land held for development and sale	\$ 3,782	\$ 3,106
Properties held for development and sale	4,915	6,729
	<hr/>	<hr/>
	\$ 8,697	\$ 9,835
	<hr/> <hr/>	<hr/> <hr/>

4. ADVANCES AND INVESTMENTS IN AFFILIATES

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>
Advances to (from) subsidiaries	\$ 1,377	\$ 904
Investment in subsidiaries	5	5
	<hr/>	<hr/>
	\$ 1,382	\$ 909
	<hr/> <hr/>	<hr/> <hr/>

Advances to subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

NEWNORTH PROJECTS

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>
Construction trade payables	\$ 3,458	\$ 4,001
Holdbacks payable	2,244	2,279
Other payables	1,081	1,269
Land and property development payables	1,885	2,629
Lot deposits payable	300	73
Accrued liabilities	6	6
	<hr/>	<hr/>
	\$ 8,974	\$ 10,257
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCING PAYABLE

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>
Bank loans payable	\$ 3,834	\$ 3,444
Mezzanine financing payable	2,842	2,386
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	\$ 6,676	\$ 5,800
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7. SEGMENTED INFORMATION

Three Months Ended March 31, 2004

	Rental Properties	Construction	Project Development	Land and housing	Foreign Operations	Corporate and Eliminations	Total
Sales	\$ 64	\$ 4,806	\$ -	\$ 2,243	\$ -	\$ -	\$ 7,113
Interest and other	0	1	-	6	-	22	29
Total revenues	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	64	4,807	-	2,249	-	22	7,142
Cost of sales	-	4,656	-	2,021	-	-	6,677
General and administrative	-	291	-	98	69	175	633
Rental operating costs	18	-	-	-	-	-	18
Interest	18	-	-	-	-	67	85
Total expenses	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	36	4,947	-	2,119	69	242	7,413
Income before Other Items and income tax	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	28	(140)	-	130	(69)	(220)	271
Bad Debt - construction	-	-	-	-	-	-	-
Interest on debenture	-	-	-	-	-	150	150
Amortization	23	42	-	-	-	-	65
Income before income taxes	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5	(182)	-	130	(69)	(370)	(486)
Income taxes recovery	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-	184	184
Net income	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5	(182)	-	130	(69)	(186)	(302)
Identifiable assets	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,857	23,157	1,882	6,160	-	7,288	43,344

Three Months Ended March 31, 2003

	Rental Properties	Construction	Project Development	Land and housing	Corporate and Eliminations	Total
Sales	85	4,370	271	1,112	-	5,838
Interest and other	-	16	-	3	12	31
Total revenues	85	4,385	271	1,115	12	5,869
Cost of sales	-	3,975	-	969	-	4,945
General and administrative	-	346	-	56	188	590
Rental operating costs	10	-	-	-	-	10
Total expenses	10	4,321	-	1,025	188	5,545
Income before Other Items and income tax	75	64	271	90	(176)	324
Interest on debenture	-	-	-	-	150	150
Amortization	3	38	-	-	-	40
Income before income taxes	72	26	271	90	(326)	134
Income taxes	-	-	-	-	51	51
Net income	72	26	271	90	(376)	83
Identifiable assets	3,594	15,809	-	6,293	4,273	29,970