PROSPECTUS
DATED JUNE 27, 2000

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, the securities may not be offered or sold in the United States except in transactions exempt from registration under such laws and this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of such securities within the United States.

New Issue

(minacs) WORLDWIDE

MINACS WORLDWIDE INC.

Cdn.$16,119,870
19,634,100 Common Shares and
9,817,050 Common Share Purchase Warrants
issuable upon the exercise of 19,634,100 Special Warrants

and

3,300,000 Common Shares
issuable upon the exercise of 3,300,000 Additional Special Warrants.

Minacs Worldwide Inc. (together with its subsidiaries the "Company" or "Minacs") by this prospectus (the "Prospectus") hereby qualifies for distribution:

1. up to 19,634,100 common shares of the Company (the "Common Shares") and up to 9,817,050 common share purchase warrants of the Company (the "Purchase Warrants") issuable upon exercise of 19,634,100 special warrants (the "Special Warrants"), and

2. up to 3,300,000 Common Shares issuable upon exercise of 3,300,000 additional special warrants (the "Additional Special Warrants").

The Special Warrants were previously issued on March 8th, 21st and 24th, 2000 pursuant to a special warrant indenture, dated as of March 8, 2000 as amended by a supplement dated as of March 20, 2000 (the "Special Warrant Indenture"), between the Company and Montreal Trust Company of Canada (the "Trustee") to investors pursuant to exemptions available under the *Securities Act* (Ontario), the *Securities Act* (Nova Scotia) and the *Securities Act* (Alberta), and the respective regulations thereunder as applicable. The Additional Special Warrants were previously issued on March 8, 2000 to an investor pursuant to an exemption available under the *Securities Act* (Ontario) and the regulations thereunder as applicable.

	Number	**Price to Public**	**Agents' Commission (1)(2)**	**Net Proceeds to the Company(3)(4)**
Per Special Warrant	1	$0.70	$0.042	$0.658
Total Special Warrants	19,634,100	$13,743,870	$764,400	$12,979,470
Per Additional Special Warrant	1	$0.72	$0.043	$0.677
Total Additional Special Warrants	3,300,000	$2,376,000	$142,560	$2,233,440
Total Offering		$16,119,870	$906,960	$15,212,910

Notes:

1. Octagon Capital Corporation and Thomson Kernaghan & Co. Limited (together, the "Agents") have been paid a commission of 6% of the gross proceeds of the sale of 18,200,000 Special Warrants. The commission of 6% was not payable on the 342,100 Special Warrants sold by Minacs to employees of Minacs. The commission of 6% was payable on the 3,300,000 Additional Special Warrants. No commission or fee will be paid to the Agents by the Company in connection with the distribution of the Common Shares and Purchase Warrants issuable upon the exercise of the Special Warrants and the Additional Special Warrants. The Agents received $142,560 of the fee by certified cheque. In respect of the balance of the Agents' fee, the Agents' chose to invest such amount in Special Warrants on the terms described above. See "Plan of Distribution and Description of Offered Securities".
2. The Company has granted to the Agents non-assignable broker warrants entitling the Agents to acquire, for no additional consideration, options (the "Compensation Options"). The Compensation Options issued in connection with the Special Warrants entitle the Agents to acquire 1,274,000 units at $0.70 per unit each unit being comprised of one fully paid and non-assessable Common Share and one-half Purchase Warrant. Each Purchase Warrant entitles the Agents to acquire one Common Share at a price of $0.90. The Compensation Options issued in connection with the Additional Special Warrants entitle the Agents to acquire 231,000 Common Shares at $0.72 per Common Share. See "Plan of Distribution and Description of Offered Securities".
3. After deducting the Agents' commission but before deducting expenses of this issue, estimated to be approximately $450,000, and before accounting for the Compensation Options.
4. The net proceeds are available for immediate use by the Company. See "Use Of Proceeds".
5. The Company is hereby qualifying for distribution up to 19,634,100 Common Shares and up to 9,817,050 Purchase Warrants issuable upon the exercise of 19,634,100 Special Warrants. The Company is also qualifying for distribution up to 3,300,000 Common Shares issuable on the exercise of 3,300,000 Additional Special Warrants. In connection with the Special Warrants, the Company is qualifying up to an additional 1,963,410 Common Shares and up to an additional 981,705 Purchase Warrants, if any, issuable if a receipt for this Prospectus is not obtained from the Securities Commissions of each of Ontario, Alberta and Nova Scotia (collectively, the "Filing Provinces") on or before July 6, 2000 (the "Clearing Date"). In addition, the Company is qualifying up to 1,075,000 Compensation Options.

6. The 3,300,000 Additional Special Warrants were purchased by and issued to a numbered company controlled by Ms. Dorothy Millman. Ms. Millman is the Vice-Chair and a Director of Minacs.

The issue price of $0.70 per Special Warrant and $0.72 per Additional Special Warrant was determined by a negotiation between the Company and the Agents based on the trading price of the Common Shares of the Company on The Toronto Stock Exchange (the "TSE") at the time of the closing of the Special Warrants and other market considerations.

Each Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share and one-half Purchase Warrant on or before 5:00 p.m. (Toronto time) on the earlier of: (i) five business days after the date upon which a receipt for this Prospectus ("Final Receipt") has been obtained from the Securities Commissions in each of the Filing Provinces; and (ii) March 7, 2001 (the time at which the first of such events occurs is hereinafter referred to as the "Expiry Date"). Any Special Warrant not exercised prior to the Expiry Date shall be deemed to have been exercised by the holder thereof without any further action on the part of the holder, immediately upon the Expiry Date. Each whole Purchase Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.90 until 5:00 p.m. (Toronto time) on the date that is 24 months following the Expiry Date.

Each Additional Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share on or before 5:00 p.m. (Toronto time) on the Expiry Date. Any Additional Special Warrant not exercised prior to the Expiry Date shall be deemed to have been exercised by the holder thereof without any further action on the part of the holder, immediately upon the Expiry Date.

The Common Shares of the Company trade on the TSE under the symbol "MXW". On February 8, 2000, the last trading date before the Company obtained price protection from the TSE, the closing price of the Common Shares on the TSE (as reported by the TSE) was $0.55. The closing price of the Common Shares on the TSE (as reported by the TSE) on March 8, 21 and 24 was $1.35, $1.02 and $1.09, respectively, and on June 26, 2000 was $0.80. **There is no market through which the Purchase Warrants qualified by this Prospectus may be sold and holders of Purchase Warrants may not be able to dispose of the Purchase Warrants on a timely basis.**

There are certain risk factors which should be carefully considered by investors. See "Risk Factors".

After giving effect to the exercise of the Special Warrants and the Additional Special Warrants, but prior to exercise of any Purchase Warrants or the Compensation Options, the effective price of $0.70 per Common Share for Special Warrants and $0.72 per Common Share for Additional Special Warrants exceeds the net tangible book value per Common Share as at December 31, 1999 (taking into account Common Share issuances to April 8, 2000), by $0.61 per share (representing a dilution factor of 86.86%). See "Dilution".

The Company is unlikely to pay dividends on the Common Shares in the foreseeable future.

The percentage of Common Shares beneficially owned, directly or indirectly, by directors, senior officers and control persons of the Company, collectively, is 74.5% of the Common Shares issued and outstanding prior to the exercise of the Special Warrants, the Additional Special Warrants and the Compensation Options and will be 65.2% after giving effect to the exercise of the Special Warrants, the Purchase Warrants and Additional Special Warrants, assuming no Common Shares are issued pursuant to the exercise of the Compensation Options.

If a receipt for this Prospectus is not obtained from the Securities Commission of each of the Filing Provinces on or prior to 5:00 p.m. (Toronto time) on the Clearing Date, each holder of Special Warrants in a Filing Province shall be entitled to receive, upon the exercise or deemed exercise of the Special Warrants, 1.1 Common Shares and 0.55 Purchase Warrants for every Special Warrant then held by such holder (in lieu of one Common Share and one Purchase Warrant otherwise receivable) at no additional cost (the "Penalty Provision"). See "Plan of Distribution and Description of Offered Securities".

Certain of the Special Warrants were sold to employees of the Company at a price of $0.70 per Special Warrant. The remainder of the Special Warrants and the Additional Special Warrants were sold to investors on a private placement basis pursuant to an agency agreement between the Company and the Agents (the "Agency Agreement") dated March 8, 2000, at a price of $0.70 per Special Warrant and $0.72 per Additional Special Warrant.

Certificates representing the Common Shares and the Purchase Warrants will be available for delivery within 15 days following the exercise of Special Warrants and Additional Special Warrants.

Certain legal matters in connection with the offering will be passed upon for the Company by Miller Thomson LLP, Barristers and Solicitors, Toronto, Ontario and for the Agents by McCarthy Tétrault LLP, Barristers and Solicitors, Toronto, Ontario.

Octagon Capital Corporation **Thomson Kernaghan & Co. Limited**

TABLE OF CONTENTS

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read in conjunction with the more detailed information and financial data and statements, including the notes thereto, appearing elsewhere in this Prospectus. An investor should carefully review the entire contents of this Prospectus and consult his or her legal and other professional advisors having relevant expertise. All figures in this Prospectus are expressed in Canadian dollars except where indicated otherwise.

(minacs) WORLDWIDE

The Business and History of the Company

Minacs Worldwide Inc. provides outsourced customer relationship services, specializing in contact centre operations and e-customer care solutions. The Company utilizes various communications technologies including telecommunications and the Internet in the delivery of its services and solutions. The Company has provided services including multilingual inbound, outbound, and blended customer contact handling services, as well as e-business and Internet customer relationship solutions, for customers which have included major and multinational companies in the automotive, technology, packaged goods, financial services and retail industries, as well as the government sector. With approximately 1800 employees and approximately 1400 workstations situated in advanced contact centre facilities in Ontario and Nova Scotia in Canada, and Michigan in the United States, Minacs is able to provide clients with flexible customer care solutions. Clients may choose to locate their customer contact centres on-site at their own locations managed by Minacs, or in Minacs-operated facilities.

On July 20, 1999 The Minacs Group Inc. completed the acquisition of Phonettix Intelecom Ltd. ("Phonettix"), a call centre outsourcing company listed on the TSE.

Under the terms of The Minacs Group Inc.'s acquisition of Phonettix, 99,991,428 common shares of Phonettix were issued to the shareholders of The Minacs Group Inc. in return for all of the outstanding equity of The Minacs Group Inc. Articles of Amendment were filed on July 21, 1999 changing the company name from Phonettix Intelecom Ltd. to Minacs Worldwide Inc.

DETAILS OF THE OFFERING

Offering:	The Company is hereby qualifying for distribution up to 19,634,100 Common Shares and up to 9,817,050 Purchase Warrants issuable upon the exercise of 19,634,100 Special Warrants. The Company is also qualifying for distribution up to 3,300,000 Common Shares issuable on the exercise of 3,300,000 Additional Special Warrants. In connection with the Special Warrants, the Company is qualifying up to an additional 1,963,410 Common Shares and up to an additional 981,705 Purchase Warrants, if any, issuable if a receipt for this Prospectus is not obtained from the Securities Commissions of each of Filing Provinces on or before the Clearing Date. In addition, the Company is qualifying up to 1,075,000 Compensation Options.
Special Warrants and Additional Special Warrants:	Each Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share and one-half Purchase Warrant on or before 5:00 p.m. (Toronto time) on the earlier of: (i) five business days after the date upon which a receipt for this Prospectus has been obtained from the Securities Commissions in each of the Filing Provinces; and (ii) March 7, 2001 (the time at which the first of such events occurs is hereinafter referred to as the "Expiry Date"). Any Special Warrant not exercised prior to the Expiry Date shall be deemed to have been exercised by the holder thereof without any further action on the part of the holder, immediately upon the Expiry Date. Each whole Purchase Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.90 until 5:00 p.m. (Toronto time) on the date that is 24 months following the Expiry Date. Each Additional Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share on or before 5:00 p.m. (Toronto time) on the Expiry Date. Any Additional Special Warrant not exercised prior to the Expiry Date shall be deemed to have been exercised by the holder thereof without any further action on the part of the holder, immediately upon the Expiry Date.
Offering Price:	$0.70 per Special Warrant and $0.72 per Additional Special Warrant. No amount is payable upon the exercise of the Special Warrants or the Additional Special Warrants.
Penalty Provisions:	If a receipt for this Prospectus is not obtained from the Securities Commission of each of the Filing Provinces, on or prior to July 6, 2000, each holder of Special Warrants shall be entitled to receive, upon exercise or deemed exercise of the Special Warrants, 1.1 Common Shares and 0.55 Purchase Warrants for every Special Warrant then held by such holder (in lieu of one Common Share and 0.50 of a Purchase Warrant otherwise receivable) at no additional cost. See "Plan of Distribution and Description of Offered Securities".

Use of Proceeds: Net cash proceeds totaling $15,212,910 (before deducting expenses of the issue) from the issue and sale of the Special Warrants and the Additional Special Warrants will be used to fund the international growth and expansion of the Company, and to finance the launch of the advanced e-business and integrated customer relationship management (CRM) solutions scheduled to be implemented later this year. In addition, the proceeds will strengthen the Company's financial position and will be applied to the general corporate purposes of the Company. Specifically, $4 million will be applied to CRM solutions; $4 million will be applied to the Company's working capital; and the balance will be used to reduce Minacs' debt financings.

Dividend Record: The Company does not anticipate that it will pay any dividends in the foreseeable future. See "Dividend Record".

Risk Factors: An investment in the Common Shares offered hereby involves certain risks which should be carefully considered by investors, including dependence on key personnel; a competitive industry; dependence on key customers; liquidity and the ability to raise additional funds; the ability to complete strategic acquisitions; the ability to maintain growth; dilution; technological obsolescence; proprietary technology and intellectual property rights; reliance upon a quality labour force; dependence on providers of telecommunications services; foreign exchange exposure; reliance upon future financing; and year 2000 issues. See "Risk Factors".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information as at and for each of the years ending December 31, 1999, 1998 and 1997 has been derived from the Company's audited Consolidated Financial Statements and Notes thereto. The Consolidated Financial Statements are prepared on the basis of Canadian generally accepted accounting principles. The Consolidated Financial Statements are included elsewhere in this Prospectus and this selected financial information should be read in conjunction with "Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Results".

Statements of Operations and Retained Earnings

	Years Ended December 31		
	1999	**1998**	**1997** (1)
	(in thousands of dollars Canadian, except share data)		
Revenue	$67,668	$35,978	$14,900
Gross Profit	26,560	14,159	4,684
Earnings Before Interest, Taxes, Depreciation and Amortization	5,673	2,845	693
Net Earnings Before Minority Interest for the Period	602	1,057	172
Basic Net Earnings Per Share (2)	$0.01	$0.01	$0.00
Weighted Average Number of Shares Outstanding(2)	111,310,048	99,991,428	99,991,428

Consolidated Balance Sheets

	As At December 31		
	1999	**1998**	**1997**
	(in thousands of dollars Canadian)		
Current assets	$12,976	$6,709	$2,178
Goodwill	$2,868	--	--
Capital Assets	17,356	4,135	2,309
Total Assets	43,734	11,187	4,808
Bank Indebtedness	$12,054	$1,617	--
Term Debt	11,320	649	572
Total Liabilities	41,945	9,426	4,042
Shareholders' equity	$1,789	$1,761	$766

Notes:

(1) Figures for 1997 are 8 months' results due to the change in the fiscal year-end from April 30 to December 31.

(2) The earnings per share amounts and weighted average number of shares outstanding for 1998 and 1997 have been adjusted to reflect the acquisition of Phonettix.

GLOSSARY OF TERMS

Certain capitalized words and terms used in this Prospectus are defined below:

"ACD"	means Automatic Call Distributor. A device that automatically answers calls and puts them in a pre-specified order in a line of waiting calls, delivers the calls to the customer service representative who has been free (or idle) the longest or to the next representative who becomes available and provides detailed reports on the call transaction, including how many calls were connected to the system, how may calls reached a representative, how long the longest call waited for a representative and the average length of each call.
"**CTI**"	means Computer Telephone Integration. A term for connecting a computer (single workstation or file server on a LAN) to a telephone switch and having the computer issue commands to the switch to move calls through the system.
"**EAP**"	means Employee Assistance Program. A program which assists employees in dealing with sensitive, personal and work related issues.
"**E-Business**"	means conducting business electronically over the Internet.
"**Fax-on-Demand**"	means a fax system that allows a caller to select and retrieve documents and/or information to be sent to a remote fax machine.
"**IVR**"	means Interactive Voice Response. A system which allows information to be input and/or retrieved from a database through either a telephone keypad or the spoken word.
"**Internet**"	means the worldwide network that connects thousands of public and private data networks and millions of users.
"**LAN**"	means Local Area Network. A system connecting a set of computers and peripherals over short distances. It allows users of multiple computers to use the same files and share printers.
"**PBX**"	means Private Bank Exchange. A phone system used by a variety of businesses and similar to the central office switch of the phone company. PBX users have the ability to dial out themselves, without the intervention of an operator to patch the call through for them.
"**Server**"	means a computer, or a software package, that provides a specific kind of service to clients running their own software on other computers. It may be used as a repository and distributor of data, or can act as the gatekeeper controlling access to voicemail, e-mail or fax services.

HISTORY OF THE COMPANY

The Minacs Group Inc. was founded by Elaine Minacs in 1981 in Ontario, Canada. A United Kingdom company was established in 1996 and a United States company in 1997. The Minacs Group Inc. was originally organized as a temporary staffing agency (which was sold in 1996) and was expanded to serve the customer service and contact centre needs of its major clients. Focused on the customer relationship solutions market, The Minacs Group Inc. has been providing contact centre services since 1986.

The History of and the Acquisition of Phonettix Intelecom Ltd.

Barrington Properties Limited was incorporated by articles of incorporation under the laws of the Province of Alberta, on April 23, 1987. By articles of amendment dated December 22, 1987, Barrington Properties Limited changed its name to Barrington Enterprises Limited ("Barrington"). Pursuant to a share exchange effective July 29, 1994, Barrington acquired all of the shares of Phonettix. On August 4, 1994, Barrington changed its name to Phonettix Intelecom Ltd. and consolidated all of the issued and outstanding common shares on the basis of four old common shares for one new common share by articles of amendment. On April 19, 1996, Phonettix was continued from the Province of Alberta to the Province of Ontario and on August 31, 1996 and in 1997 was amalgamated with certain of its subsidiaries. The common shares of Phonettix were listed on the TSE in September, 1996.

On July 20, 1999, The Minacs Group Inc. completed the acquisition of Phonettix, a customer contact centre outsourcing company. Under the terms of The Minacs Group Inc.'s acquisition of Phonettix, 99,991,428 common shares of Phonettix were issued to the shareholders of The Minacs Group Inc. in return for all of the outstanding equity of The Minacs Group Inc. Articles of Amendment were filed on July 21, 1999 changing the company name from Phonettix Intelecom Ltd. to Minacs Worldwide Inc. The Common Shares of Minacs trade on the TSE under the stock symbol "MXW".

Subsequent to the acquisition of Phonettix, Minacs Intellicom Inc., a wholly owned subsidiary of The Minacs Group Inc., was amalgamated with The Minacs Group Inc. on November 30, 1999. The amalgamated company continued under the name Minacs Intellicom Inc. Immediately following the amalgamation, the operations of Minacs Intellicom Inc. were wound up into its parent company, Minacs Worldwide Inc.

Minacs' headquarters is located at 505 Cochrane Drive, Markham, Ontario L3R 8E3. For details on Minacs' facilities, see "Facilities and Employees".

BUSINESS OVERVIEW

Industry Background

The customer contact centre industry facilitates direct communication between companies and their current and prospective customers. Contact centres provide a centralized mechanism for organizations to coordinate the handling of both inbound and outbound communications with their customers, suppliers, vendors and the public at large. These communications are handled in multiple media such as telephone, fax, e-mail correspondence and the Internet.

Changes in consumer lifestyles resulting from a demand for convenience coupled with the development of advanced technologies and applications which enable companies to meet their business and customer relationship strategies has brought about the need for companies to integrate customer contact centres into their business operations.

The Role of Outsourcing

Outsourcing is the chosen solution for many companies. The ability to outsource call centres has enabled companies to focus their attention more fully on their core business while providing a direct means of effectively reaching their customer base.

Categorized simply, there are four types of outsourcing that companies may elect to use. They include:

- one-off outsourcing
- set-up outsourcing
- transitional outsourcing
- long-term outsourcing

One-off Outsourcing

One-off outsourcing tends to occur only under extraordinary circumstances such as during periods of large-scale direct response promotions or for the recall of defective products. As one-off outsourcing does not have to be fully integrated into a company's structural organization due to its short-term duration, it is usually easier and faster to coordinate.

Set-up Outsourcing

Set-up outsourcing is usually used for two purposes: to test the viability of having a contact centre operation and to reduce the risk of problems during the initial stages of setting up an in-house contact centre. Once implemented, some companies prefer to bring the contact centre in-house while others continue to outsource on a long-term basis.

Transitional Outsourcing

Transitional outsourcing is the temporary use of an outsourcing firm while the infrastructure of an in-house call centre in being redeveloped due to an increase in its call-handling capabilities or purely due to a relocation of a company's location.

Long-term Outsourcing

Long-term use of outsourcing may entail the outsourcing of an entire contact centre operation due to the in-house contact centre reaching capacity or, the hours of operation are above and beyond those manageable in-house.

Trends Impacting the Industry

From Customer Contact Centres to Customer Relationship Management Solutions

The customer contact centre industry is continuously expanding as companies seek more effective methods of servicing customers, and marketing their products and services.

According to industry analysts IDC, the North American contact centre industry generated approximately US$17 billion in revenues in 1998 and is expected to have generated even more for 1999. These revenues encompass the handling of customer contacts through all means of multiple media. However, the development of technology, and the growth in prospective customers has increased the market potential, as companies move from handling customer contacts to managing customer relationships.

Customer Relationship Management (CRM) is a comprehensive solution to customer contact handling, and a solution which is approached by various companies and industries from different perspectives. Increasingly, companies are realizing the economic advantages of managing one-to-one relationships with their customers at every stage. CRM is a discipline incorporating the application of software technologies, with the goal of reducing the sales cycle and selling costs, increasing revenue, identifying new markets and channels for expansion, and improving customer value, satisfaction and retention. Though the philosophy is not new, CRM has evolved significantly due to the availability of sophisticated technologies, providing businesses with the infrastructure to deliver CRM as a competitive advantage.

The Consolidation of Outsourcers

Currently, the outsourced contact centre industry consists mainly of smaller outsourcing companies and numerous in-house operations. With the growth of the Internet and the need for larger, more technologically enabled centres, the contact centre industry appears to be moving into a phase of consolidation.

Deregulation

Deregulation of certain industries in North America and developing foreign markets presents a significant opportunity for contact centre outsourcers. In the last decade, many nations' governments loosened their control over certain industries, determining that private firms could more effectively manage these markets, including telecommunications, financial services and utilities. Historically, competition in these industries was controlled, with the result that the business processes were characterized by high cost of service and low customer service levels. Heightened competition due to deregulation, coupled with increased access to information through the Internet, has empowered consumers with new choices. Today, consumers can access a variety of service providers, and demand higher levels of service.

Facing this new era of increased competition, leading companies are choosing to differentiate themselves through customer relationship solutions, including customer services delivered in a contact centre environment.

Globalization

Many large companies with global operations need a strategic partner to find, acquire, develop and maintain quality customer relationships around the world, on a cost-effective basis. Major contracts are increasingly being awarded to outsourcers who can serve a global customer base from a network of locally operated contact centres.

Minacs' Customer Relationship Management Solutions

Effective Customer Relationship Management (CRM) is viewed by Minacs as the creation, maintenance, and enhancement of the personal experience between the client and their customers, throughout every stage of the client-customer relationship.

A multi-million dollar investment in technology, coupled with a workforce dedicated to maximizing every customer interaction, has enabled the development of Minacs' CRM solutions. The technology implemented by Minacs collects and analyzes demographic and historical preference profiles that drive customer acquisition, retention, loyalty initiatives and campaigns across marketing, sales and service areas of an organization. Minacs' CRM solutions have created a market advantage; by implementing Minacs' CRM solutions, clients have the opportunity to increase sales and satisfaction, as they build stronger, long-lasting, mutually profitable relationships with their customers.

Minacs provides the design, development, and management of database solutions that deliver relevant information back to the client, often to support clients' marketing initiatives.

Minacs' Products and Services

Minacs' CRM solutions are unique to every client. Clients may elect to have any or all of the following products and services integrated into their own CRM solution 24 hours a day, 7 days a week.

Inbound Response Handling

Inbound response handling is the process by which a contact (Internet-based, telephone, traditional mail or facsimile) from a client's customer is received, identified, routed to a Minacs customer service representative and processed. The results of this contact are captured for continued customer relationship management, order processing, customer service and data management. Typically, a customer calls a toll-free number (or initiates contact via the Internet) to request product or service information, to place an order for an advertised product or service, or to obtain assistance regarding a previous order or service. To handle these functions effectively, Minacs utilizes Automated Call Distributors (ACD) and digital switches to identify each inbound call and immediately route the call to a trained customer service representative. Minacs has provided such support for large automotive, financial services, educational, government, packaged goods, retail and customer service industries at both on and off-site locations which include/have included the following services:

> *Customer Service/Customer Loyalty*
> Through its customer contact centres, Minacs provides product information to consumers to support marketing initiatives, handle customer complaints and determine the financial obligations of its clients, as well as resolving issues expeditiously to ensure customer loyalty. Minacs also conducts customer satisfaction surveys and mystery shopper programs on behalf of its clients.
>
> *Technical Support & Help Desk Solutions*
> Minacs provides a variety of help desk applications, particularly drawing upon its extensive experience in the automotive industry, where it provides technical support to automotive technicians at client dealerships. For its automotive industry clients, Minacs employs licensed mechanics, with hands-on experience, to provide support in French and English in Canada and in Spanish and English in the United States.

Order Desk Sales

Minacs designs, implements and manages customer order desks and remote sales applications for its client base through the telephone and Internet. Minacs' customer service representatives are trained to engage in cross-selling, up-selling, and to provide advice on product lines and services of its clients and are capable of processing customer orders via the telephone, fax, e-mail and the Internet.

Information Dissemination

Minacs' customer contact centres provide extensive information to customers in support of clients' marketing initiatives, in addition to handling customer complaints and inquiries. Information is disseminated to the clients' customers through customer service representatives, Interactive Voice Response (IVR), e-mail, fax-on-demand, the Internet as well as traditional mail.

Outbound Services

Outbound marketing as a component of CRM solutions entails initiating a call (or other contact method) to a current or potential customer. This instrumental and cost-effective communication method supports customer loyalty programs, the promotion of new products or services, the validation of information and customer feedback. Outbound telephone marketing refers to direct sales activities or customer service activities that commence when Minacs places calls to parties targeted by the client to offer products and services, to obtain information, and to welcome or win-back customers on behalf of the client.

Blended Services

Blended services (those services combining both inbound and outbound solutions) are becoming increasingly popular for businesses embracing the customer relationship solutions model. Companies may outsource their complete customer service, sales and account management functions, as well as customer relationship management processes, to include both inbound and outbound communications. Minacs considers itself to be in a position to deliver solutions encompassing every aspect of the client-customer relationship.

Pay-Per-Use Services

Minacs has developed and continues to support a 1-900 pay-per-use service in order to assist clients in decreasing the overall cost of maintaining a CRM solution. The pay-per-use model was designed to charge the customer base of the client, on a price per minute basis, for the use of the service. Minacs acts as an intermediary between the telecommunications company and the client and is responsible for the overall management of the revenues generated. Any revenue surplus is reinvested into the CRM solution of the client in order to enhance the ongoing services.

Minacs is also a provider of 800/888/877 toll-free numbers to clients' customers which are utilized primarily for order taking and information dissemination. Clients are charged on a cost-per-call basis for this service.

Interactive Voice Response (IVR)

The Company offers custom designed dialogic-based Interactive Voice Response (IVR) solutions. Each IVR is designed to the individual customer's requirements. Scalability, ease of management, and monitoring are prime objectives in the development of each solution. The Company's IVRs allow callers to access pre-recorded messages through a fixed set of data, and solutions include 1-800 and 1-900 routing, routing back to a customer service representative, and statistical call tracking to enable reporting on a variety of collected data.

Database Management

Comprehensive data enables companies to strengthen their market positions. Minacs' CRM solutions provide the design, development, and management of a database to deliver meaningful and relevant information to clients. Minacs works closely with clients to identify critical information, ensuring that valuable data is captured, stored and retained for future use. Data warehousing and mining solutions ensure that raw data is turned into actionable intelligence.

Appointment Scheduling
Minacs has developed scheduling solutions for its clients. One application allows appointments to be booked at a site of the caller's choice through an IVR. Another application allows appointments to be booked via the Internet through the client's Web site. Minacs' customer services representatives confirm appointments and handle any related inquiries, documentation, security confirmations, and troubleshooting.

Direct Marketing Response
Minacs handles inbound calls and processes incoming mail in response to clients' direct marketing programs. The Company's expertise in contact management and contact centre operations allows it to successfully handle the unpredictable, fluctuating and often large volume of responses generated by clients' direct marketing initiatives.

E-mail Handling
Minacs' technology infrastructure allows for effective e-mail handling. Intelligent e-mail routing ensures that emails are answered in the priority in which they are received, and automatic reply functionality notifies senders immediately that their e-mails have been received.

Multilingual Capabilities
Minacs retains qualified staff to recruit and test for multilingual capability in prospective employees. Minacs handles customer contacts in 13 languages, offering solutions that integrate automated systems and live representatives. Language capabilities include English, French, German, Spanish, Italian, Cantonese, Mandarin, Polish, Korean, Portuguese, Dutch, Hindi and Punjabi.

Fulfillment and Mailroom Services
As part of its full suite of services, Minacs provides clients with a complete fulfillment operation. Information captured from customers is downloaded to the fulfillment division, and information is disseminated through personalized correspondence with accompanying product information and/or client product distribution support as required. Information and products are automatically sent in the most cost-effective manner while meeting client requirements. Minacs maintains a dedicated facility to assemble and send outgoing packages.

Field Sales and Services
Minacs offers a field sales and services operation allowing clients to expand their CRM by placing sales representatives in the public arena, both regionally and nationally, to promote client products and information. The services available include; credit card marketing, mystery shopper surveys, trade show representation and direct product sales and services.

Quality

Minacs is dedicated to continuous improvement and total quality management as a proactive business methodology. The Minacs quality commitment is considered a strategic competitive advantage. In 1993, the Company's founder was named Canadian Woman Entrepreneur of the Year for Quality by Ernst & Young, and in 1996 the Minacs was the first customer contact centre outsourcer in North America to attain ISO 9001 Registration. The Minacs quality program includes successful semi-annual external and ongoing internal audits, streamlined, efficient operations, and rigorous monitoring, traceability and accountability.

Research and Development

Minacs assists in building strong and profitable relationships between clients and their customers by linking customers to organizations and the entire World Wide Web, through a "virtual contact" centre. To create these virtual contact centres, Minacs cost-effectively integrates voice, video, fax and IVR over Internet-ready platforms. To remain competitive, Minacs must continue to invest in its R&D programs.

The integration of advanced technologies in customer contact centre operations is an economical alternative for Minacs' clients, mostly due to the reduced start-up development costs. In addition, an environment of flexibility is provided, with minimal agent training. These benefits stem from customized solutions developed by Minacs.

To maximize the client's investment, Minacs uses switching technology, standards-based enterprise servers, and modern workstations. Typically, complex contact centres demand ever-increasing bandwidth to meet evolving communications requirements. Minacs' R&D investment program help ensure that this bandwidth is available.

Minacs' R&D strategy includes partnering with developers of ACD, Web, IVR, computer-telephony integration (CTI), switching, database, and other technologies. Minacs strives to offer the very latest in advanced customer contact centre technology. Today, the leading technologies for customer relationship centres include IVR, computer telephony, predictive modeling, intelligent routing, fax on demand, and Web technology.

Minacs has determined that, in order to continue to provide competitive offerings and to deliver the CRM solutions its clients expect, the Company must continue to apply approximately 5% of its revenues to R&D initiatives. In 1999, the Company's R&D budget included strategic investments in technologies related to e-business and sophisticated Web-enabled contact centres.

Competition

While Minacs is one of the larger Canadian providers of outsourced customer relationship solutions and contact centre services, it faces direct competition from traditional U.S.-based competitors such as Sitel Company, Convergys Company, Teletech Holdings Inc, APAC Customer Service Inc, and Telespectrum Worldwide Inc. Local competition includes established firms such as Watts Communications Ltd., as well as ClientLogic Corporation and Omega Direct Response Inc.

The competitive arena changes when very large contracts go through the procurement process. In recent times, Minacs has been in direct competition with leading IT outsourcers/consultants such as IBM, EDS, and Arthur Andersen, as well as some major telecommunication carriers.

Minacs expects the market to continue its trend of consolidation and considers the acquisitions component of its growth strategy an important factor in capitalizing on this trend.

Competitive Advantages

Minacs has been successful in winning CRM opportunities with clients who view their customer contact centres as strategic opportunities; such as when a decision to outsource is based on the premise to service customers more effectively, and on building profitable relationships with customers across all stages of the customer lifestyle. Minacs invests substantial resources in competitive intelligence and believes that it presents a number of competitive advantages.

Some of the advantages that differentiate Minacs from its competitors include: the Company's extensive experience in delivering customer relationship solutions for large companies; the Company's established history in customer care; the Company's total focus on CRM solutions rather than offering these solutions as ancillary services; the Company's investment in advanced technology; the Company's ISO 9001 registration and its commitment to total quality across its programs; the Company's flexibility in customizing solutions and its ability to grow with its clients; the Company's multi-language capabilities; the Company's research and development commitment that ensures it keeps pace with technological capabilities of larger concerns; and the Company's employee turnover rate averaging 10-20% in a market characterized by turnover as high as 300%.

Business Strategy

In 1999, approximately 75% of capital expenditures related to investments in telephony equipment and computer technology with the balance invested to support the business expansion. Although Minacs intends to continue to invest in technology initiatives to enhance its CRM solutions, the proportion of capital expenditures both as an absolute amount and as a percentage of revenues is expected to decrease during 2000.

Strategies including the closure of under-utilized facilities and the relocation of client programs to more efficiently structured operating locations have been implemented to assist in bringing the profitability of the recently acquired business up to an appropriate level. The restructuring and optimization is largely complete.

Minacs' business strategy also includes the following initiatives designed to increase revenues and net income.

- to target clients within high-growth/high-volume market sectors
- to expand globally
- to actively continue with strategic acquisitions

Targeting High-Growth High-Volume Market Sectors

Minacs' current sales and marketing strategy is designed to penetrate the technology, manufacturing, remote shopping, telecommunications, utilities, government and financial services sectors. With the rapid introduction of new technology enabling a greater potential for global e-business CRM solutions, Minacs believes that each of these sectors provide an opportunity for high-growth and large volume outsourcing services. Concentrated efforts are being placed into researching these sectors' current needs and projected CRM goals, and providing them with a focused, clearly defined CRM solution.

Global Expansion
Minacs plans to expand across the global market. With a client base of over 40, the majority of which are of a national or multinational nature, Minacs believes there is a significant opportunity to provide global coverage for those clients managing operations and CRM solutions both in and outside North America. It is anticipated that the growth of Minacs' existing client base coupled with the provision of CRM solutions to new clients, will propel Minacs into the European, Latin American and Asia-Pacific markets in the near future.

Strategic Acquisitions
With domestic and international expansion being a key component of Minacs' business strategy, and the requirement from clients for Minacs to be a strategic partner in locating, acquiring, developing and maintaining customer relationships on a global basis, Minacs will continue to evaluate strategic acquisitions of existing call centre outsourcers. Minacs has developed a list of key acquisition requirements including client base, technology, location and compatibility with its operations and strategic goals. Minacs works through foreign investment agencies and economic development groups to maintain strategic contacts in order to develop the most appropriate environment in which to set up an operation.

Phonettix Intelecom Ltd.
Minacs completed the acquisition of Phonettix on July 20, 1999. The acquisition represented a unique opportunity for Minacs to acquire the business of a complementary customer contact operation. At the time of the acquisition, Phonettix was operating from three centres located in Toronto, Ontario, Montreal, Quebec and Halifax, Nova Scotia. Changes in the customer base of Phonettix and in its contact volumes had made these operations unprofitable.

Prior to the acquisition, the Phonettix customer base was focused on outbound programs and did not overlap with that of Minacs whose business was predominately focused on in-bound customer care and technical help programs for large clients. The acquisition has therefore allowed Minacs to establish a broader customer base, along with an expanded range of available services to obtain future business.

Subsequent to the acquisition on July 20, 1999, the acquired business operations were rationalized with the Toronto, Ontario, and Montreal, Quebec operations being closed, and the client business being transitioned to the Halifax, Nova Scotia location.

The strategic decision to acquire Phonettix included significant business advantages, such as: increased scope and presence in the contact centre industry; improved economies of scale; access to tax loss carry forwards; access to new client opportunities; obtaining a significant presence in Nova Scotia; and the addition of outbound service capability. Also, the acquisition provided access to the public capital markets through the Phonettix listing on The Toronto Stock Exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion and analysis should be read in conjunction with the consolidated financial statements of Minacs Worldwide Inc., and Phonettix Intelecom Ltd. included under "Consolidated Financial Statements". All dollar amounts are in Canadian dollars.

MINACS WORLDWIDE INC.

Major Events Impacting the Business - Minacs Worldwide Inc.:

- Acquisition of Phonettix in 1999
- Strong growth in sales (1999 showed an 88% increase over 1998, 1998 had a 141% increase over 1997) of the Company's core services and solutions
- Continued growth in the customer contact centre outsourcing market, with increasing trend toward customer relationship management and services
- In 1999, restructuring and optimization of combined business proceeded through second half of the year; by year end the restructuring was largely completed
- The new Board of Directors was appointed in 1999
- The Minacs management team was expanded in 1999
- Significant turnkey contract is awarded by largest customer, requiring major investments in technology and CRM capabilities, beginning in the second quarter of 1999
- Major US contract is awarded by largest customer, requiring the development of US facilities and corporate presence in 1998

Acquisition of Phonettix Intelecom Ltd.

On July 20, 1999, The Minacs Group Inc. completed the reverse takeover of Phonettix, a call centre outsourcing company listed on the TSE (the "Transaction"). Under the Transaction, 99,991,428 common shares of Phonettix were issued to the shareholders of The Minacs Group Inc. in return for all of the outstanding equity of The Minacs Group Inc. Phonettix was an Alberta incorporated company, which was continued under the Ontario *Business Corporations Act* on April 19, 1996. Articles of Amendment were filed on July 21, 1999 changing the company name from Phonettix Intelecom Ltd. to Minacs Worldwide Inc. The Company's name change was approved by shareholders as part of the Transaction.

Fiscal Year Period

Following the Transaction, the Company established its fiscal year-end to be December 31. The Minacs Group of companies previously had a December 31 year-end. The Phonettix group of companies previously reported on an August 31 year-end. As a result, historical comparisons are consistent with the principal business entities of the consolidated group. In 1997, The Minacs Group Inc. changed its fiscal year end from April 30 to December 31. The results for this period are shown as 8 month results.

Operating Results for the Year Ended December 31, 1999, Compared to 1998 and 1997

Revenues

Revenues for the fiscal year ended December 31, 1999 were $67.6 million, an increase of 88% over revenues in 1998 of $35.9 million. The increase in revenues is attributed predominantly to organic growth in the business, with $8.8 million, or 13% of revenues, attributed to the acquisition of Phonettix. Revenues for the fiscal year ended December 31, 1998 increased significantly over revenues for 1997 which were $14.9 million for the 8 month period. This increase in revenues is attributed predominantly to the addition of major US based business with the largest customer, and other organic growth in the business. During both years, Minacs added new client programs to its operations, as well as expanded certain of its business with existing clients.

Minacs' operations in the United States continue to contribute a significant portion of business, with revenues in the United States totaling $27.6 million in 1999. This represents an increase of 128% over revenues in the United States in 1998, which were $12.1 million. Revenues in the United States in 1999 accounted for 41% of the Company's overall revenue versus 33% in 1998. The US business was founded in 1998 to service the requirements of the Company's largest customer.

Direct Expenses
Direct expenses were $41.1 million in 1999 compared to $21.8 million in 1998 and $10.2 million in 1997. Direct expenses include costs associated with the implementation and ongoing operations of the Company's customer relationship solutions programs for its clients. These expenses include the wages and benefits of customer service representatives, telephone and other communications fees, and certain marketing expenses. As a percentage of revenues, direct expenses in both 1999 and 1998 were 61% of revenues, and were 69% in 1997. The Company carefully monitors its direct expenses to ensure that its operations are conducted as efficiently as possible, and aims to provide salaries and benefits in-line with industry norms.

Gross Profit
In 1999, gross profit amounted to $26.5 million, an increase of 88% over 1998's gross profit of $14.1 million. In 1997, gross profit was $4.6 million. As a percentage of revenue, the Company's gross margin in 1999 was 39%, unchanged from 1998, but up from 31% in 1997. The Company is committed to maintaining a gross margin of approximately 40% going forward.

Selling, General and Administrative Expenses
Selling, general and administrative expenses in 1999 were 31% of revenues, or $20.8 million, compared to $11.3 million, or 31% of revenues for 1998, and $3.9 million or 27% of revenues for 1997. Selling, general and administrative expenses in 1999 increased primarily due to the Company's growth in revenues, and the additional operating costs of its expanded facilities. As part of its growth strategy, the Company added significant resources in the marketing and sales, information systems and finance areas of the organization in the second half of the year. These resources will assist the Company in achieving its growth targets for the coming year. In order to improve net earnings, the Company closely monitors its operating expenses. In the second half of the year, the Company expended approximately $1.0 million in the restructuring of the acquired business. Restructuring included the closure of Phonettix' Montreal, Quebec and Toronto, Ontario facilities, and the relocation of client programs into the Company's Halifax, NS facility. The increase in operating costs as a percentage of sales in 1998 versus 1997 was primarily due to the significant expansion of the business and the addition of facilities in the United States.

Earnings Before Interest, Taxes, Depreciation & Amortization
In 1999, the Company earned $5.6 million in EBITDA (earnings before interest, taxes, depreciation and amortization), or 8.4% of revenues, representing an increase of 99% over the $2.8 million (7.9% of revenues) in EBITDA in 1998. EBITDA for 1998 increased 310% over the $0.6 million (4.6% of revenues) in 1997. The improvement in EBITDA is the result of increased revenues and demand for the Company's services.

Depreciation & Amortization
Depreciation and amortization expense in 1999 increased to $3.2 million, up from $0.7 million in 1998, and $0.3 million in 1997. This increase is due to the addition of $16.3 million in capital assets in 1999, and $2.6 million in 1998. The investments in capital assets were made to support the significant growth in revenues, implementation of new customer relationship solutions capabilities,

and to expand the operating sites in Halifax, NS and Richmond Hill, ON (1999), and Auburn Hills, MI (1998). In 1999, the Company re-estimated the useful life of its net fixed assets, resulting in an incremental charge to depreciation of $0.6 million.

The amortization of goodwill and deferred expenses contributed to this expense in 1999. The goodwill stemming from the acquisition of Phonettix was $3.0 million and is being amortized on a straight-line basis over 10 years. Deferred expense from the development and implementation of the customer relationship solutions technologies at one of the Company's client sites is being amortized over the term of the contract. The impact on amortization expense of these two items was $0.2 million in 1999, compared to nil in 1998 and 1997.

Interest
Interest relates to the interest incurred on Minacs' long-term debt and operating loans. In 1999, interest amounted to $0.9 million, compared to $0.3 million in 1998, and $0.1 million in 1997. Reliance on bank borrowings expanded in 1999 to $23.3 million by year-end, compared to $2.0 million in 1998, and $0.5 million in 1997. The borrowings were applied to fund the acquisition of Phonettix, the investment in capital assets and for general corporate purposes.

During the course of 1999, the Company's term borrowings were moved to a current basis following negotiation of additional borrowing facilities between the Company and its bank.

Income Taxes
Income taxes, including current and future, were $0.6 million in 1999, compared to $0.7 million in 1998, and $0.1 million in 1997. The Company's effective income tax rate was approximately 42.4% in 1999 compared to 40% in 1998, and 39% in 1997. The increase in the effective tax rate in 1999 is due to the earnings in certain business units not being offset by business losses in the others. Prior to the end of 1999, a corporate reorganization was completed to address this issue and to provide access to the acquired business' tax loss carry forwards. The total tax loss carry forwards acquired in the reverse takeover of Phonettix exceed $24.0 million, while the tax benefit on $16.0 million ($7.0 million benefit) was recognized as an asset at the time of the acquisition.

Net Earnings
For 1999, net income was $0.6 million, or $0.01 per share. These financial results include the operations of Phonettix, and the impact of that company's operating loss, from July 20, 1999. In 1999, approximately $1.0 million was spent in the rationalization of the acquired business. Additionally, the Company re-estimated the useful life of its net fixed assets, resulting in an incremental charge to depreciation of $0.6 million. Excluding these charges, net income would have been $2.2 million, or $0.02 per share. This compares to net income of $0.9 million, and $0.01 per share, in 1998, and net income in 1997 of $0.1 million ($0.00 per share). The decrease in net income in 1999 relates predominantly to the impact of Phonettix' operating results.

Impact of Phonettix Acquisition on Ongoing Operations of Minacs Worldwide Inc.
In 1999, approximately $1.0 million was expended in the rationalization of the business operations of Phonettix. In addition, for the period July 20, 1999 to December 31, 1999, this operating unit incurred a further net loss of ($0.1) million which was reflected in the consolidated earnings of Minacs Worldwide Inc.

Liquidity and Financial Resources
The Company's primary capital requirements have involved capital expenditures and working

capital. The Company has met its liquidity needs through operating activities and long and short term debt. Subsequent to year-end, the Company augmented its financial resources with a Special Warrants equity offering and by refinancing its senior debt.

In January 2000, the Company entered into agreements covering the Sale and Leaseback of specific capital assets totaling $4.6 million. The effect of these transactions was to reduce bank borrowings by $3.1 million, and accounts payable by $1.5 million, and to reduce capital assets by $4.6 million, subsequent to the year-end.

On February 29, 2000, the Company entered into a non-binding letter of intent with a major Canadian financial institution to refinance its senior debt, with $15.0 million in operating facilities and $30.0 million in long-term committed revolving and acquisition facilities.

Following negotiation and review, it was agreed that the debt facility be revised and placed on a non-syndicated basis. The Company and the Toronto-Dominion Bank entered into a binding letter of commitment covering the terms of a secured credit facility totaling $30,000,000 on May 19, 2000. The borrowing facility is made up of $15,000,000 under a revolving four year term loan (operating facility), and a $15,000,000 extendable revolving term loan (extendible facility). The security for the facility includes general security agreements covering all of the assets of the Company and of the assets of the Company's wholly-owned subsidiary, The Minacs Group (USA) Inc. and a pledge by the Company of all of the shares of The Minacs Group (USA) Inc.

To support the Company's significant revenue growth, capital expenditures of $12.0 million were made in 1999, compared to $2.5 million in 1998. These capital expenditures reflect the implementation of major new customer relationship solutions capabilities, the expansion of the Company's Halifax, NS and Richmond Hill, ON facilities, and $4.3 million of fixed assets acquired through the Phonettix acquisition. The investment in technology improvements and advancements are delivering greater efficiencies for Minacs, as well as providing the backbone for leading edge customer interaction services that are raising the Company's competitive capabilities.

As at December 31, 1999, the Company had a working capital deficit of $27.8 million. As at the same period in 1998, the working capital deficit was $1.1 million. The increase in the working capital deficit is the result of the acquisition of Phonettix, the significant investments in fixed assets, and the bank borrowings being moved to a demand basis. The proceeds from this Special Warrants offering, funds provided under existing debt facilities, and cash flows from operations are expected to provide Minacs with the liquidity to meet its anticipated cash needs for at least the next year. Future acquisitions may require additional debt or equity financing.

PHONETTIX INTELECOM LTD.

Major Events Impacting the Business – Phonettix Intelecom Ltd.:

- Sales declined from 1997 to 1998 by 13%, due to the loss of certain material customer contracts
- Phonettix was subsequently acquired through a reverse takeover by The Minacs Group Inc. in 1999
- In the fiscal period immediately preceding the acquisition (September 1, 1998 to July 19, 1999) extraordinary reorganization costs of $12.8 million were recognized to address significant balance sheet revaluations, and to recognize certain specific liabilities
- In 1998, the Board of Directors was substantially restructured
- The President was replaced by a founder of a group of predecessor companies

Operating Results for the Year Ended August 31, 1998, Compared to 1997 and 1996

Revenues

Revenues for the fiscal year ended August 31, 1998 were $29.9 million, a decrease of 13% over revenues in 1997 of $34.5 million. The decrease in revenues is attributed predominantly to the loss of certain key business contracts in the year. Revenues for 1997 increased 27% over revenues reported for 1996 of $27.1 million

Operating Expenses

Operating expenses were $28.4 million in 1998 compared to $32.0 million in 1997 and $25.9 million in 1996. Operating expenses include costs associated with the implementation and ongoing operations of the Company's customer relationship solutions programs for its clients (direct expenses), as well as corporate expenses such as sales, general and administration. As a percentage of revenues, operating expenses in 1998 were 95% of revenues versus 93% in 1997 and 96% in 1996.

Net Earnings (Loss)

For 1998, the net loss was ($11.2) million after restructuring costs and unusual items of $5.8 million and writedown of goodwill of $4.4 million. In the period in 1999 up to the acquisition by Minacs Group, the net loss was $(16.7) million after deduction of restructuring and unusual items of $12.8 million. Net income for 1997 and 1996 was $1.2 million and $0.4 million respectively.

Operating Results For The Period Ended July 19, 1999

Net Loss

The net loss of ($3.8) million for the period ended July 19, 1999, prior to restructuring costs and unusual items, is due to the following:

a) Revenues for the period ended July 19, 1999 were $20.3 million, reflecting a continued decline caused by the loss of key business contracts in the previous year. On an annualized basis, the decrease in revenues compared to the year ended August 31, 1998 was 24%.

b) Operating Expenses were $21.7 million for the period ended July 19, 1999, exceeding revenues by $1.4 million. This represented a decrease of 15% when compared on an annualized basis to the year ended August 31, 1998. As a percentage of revenues, operating expenses were 106% for the period ended July 9, 1999 versus 95% for the year ended August 31, 1998.

c) The impact of amortization and interest charges of $2.4 million in the period (1998 - $2.4 million).

Restructuring and Unusual Items

Of the total charge of $12.8 million relating to restructuring costs and unusual items (see further discussion below), $8.3 million was incurred during the period ended July 19, 1999 and $4.5 million remained as a provision at the end of the period. At December 31, 1999 the provision had been reduced to $3.3 million.

Provision For Restructuring and Unusual Items

The provision for restructuring and unusual items of $4.5 million at July 20, 1999, was comprised of the following key components:

a) Provisions totaling $1.7 million made for redundant leased facilities not to be used subsequent to July 19, 1999. These lease commitments were effective for a period of 6.5 years and lease payments were planned throughout fiscal 2001. These commitments were terminated effective June 30, 2000 resulting in an extraordinary gain of $1.0 million.

b) Additional provision for the clawback of previously received provincial grants, totaling $1.1 million, for locations closed prior to July 19, 1999. It is anticipated that this matter will be settled in 2000.

c) Severances and other costs directly related to restructuring activities. These matters were substantially completed in 1999.

INTELLECTUAL PROPERTY AND OTHER PROPRIETARY RIGHTS

Minacs provides technically complex integrated business solutions to its clients. Minacs describes its approach as being a leading-edge integrator of proven hardware and software. In addressing the strategic business requirements of its customers, Minacs develops proprietary processes and integration frameworks for the integration of proven software and hardware inputs, and client legacy systems.

To facilitate the rapid and cost effective implementation of Multi Media Contact Management Centres based on best of breed technologies from leading hardware, software and system suppliers, such as CISCO, Lucent and Siebel, Minacs has developed proprietary integration processes and technology.

Minacs has developed and implemented technology (eContact) that integrates CRM software with PBX/ACD switches and Interactive Voice Response systems. To facilitate information sharing on processes and activities, Minacs has developed and uses a common rules based reporting and billing platform. Using application program interfaces, this structure pulls information from disparate systems and databases into an encrypted format that supports web based self-service reporting and billing. Minacs has formed a strategic partnership with a software developer, Active Software, to facilitate seamless integration of these diverse databases and application platforms.

Minacs relies primarily upon a combination of copyright and trade secret laws and license agreements to establish and protect Minacs' proprietary rights in its processes and technology. The source codes for Minacs' processes and technology are protected both as trade secrets and as unpublished copyrighted works.

FACILITIES AND EMPLOYEES

Facilities

Minacs operates customer contact centres both on-site at clients' locations, and off-site in leased facilities. Minacs' customer contact centres are designed to high ergonomic standards, integrating advanced customer contact management technology infrastructures. The following table discloses the approximate number of employees, the facilities' primary functions and other facility information as at the date of this Prospectus.

Location	Approximate Number of Employees	Primary Function	Square Feet	Lease Expiry
505 Cochrane Drive, Markham, ON,	75	Head Office	15,206	10 / 2001
1190 Barrington Street, Halifax, NS	650	Customer Contact Centre	30,612	09 / 2004
915 Sandy Beach Rd. Pickering, ON	250	Customer Contact Centre	18,500	01 / 2004
1800 Opdyke Court, Auburn Hills, MI USA	275	Customer Contact Centre	33,665	04 / 2004
2 East Beaver Creek Rd. Richmond Hill, ON	100	Customer Contact Centre	24,500	03 / 2005
427 Laurier Avenue (1) Ottawa, ON	-	Customer Contact Centre	17,200	08 / 2009
1815 Ironstone Manor, Pickering, ON	30	Human Resources, Fulfillment	6,543	12 / 2003
71 Albert Street, Oshawa, ON	20	Training Facility	3,050	12 / 2009
Client locations	378	Customer Contact Centre and Other Services	-	-

Note: (1) The Company entered into the lease for this facility in order to capitalize upon an opportunity to acquire a technologically enabled call centre facility on favourable lease terms.

Employees

As at May 31, 2000, Minacs employed approximately 1,800 people, located in Canada and the United States.

Minacs goes beyond the minimum legislative standards in employee work conditions and employee relations. Its Human Resources department develops and ensures understanding and compliance with these policies, which are published and available to each employee. The Company believes that its comprehensive employee programs are one of the reasons for its very low employee turnover rate which averages 10% to 20% in an industry which historically has a high turnover rate.

The goals of the Company's compensation system are to attract, retain, motivate and maximize the performance of the desired work force. This system operates within the constraints of sound financial management and legal requirements. The Human Resources team continually researches industry standards to ensure fairness and competitiveness.

Minacs has long adopted pay equity to ensure internal equity is achieved and maintained. The Company provides a flexible benefits program, whereby employees are able to select a plan most beneficial to their lifestyle. As part of its complete benefits program, Minacs fully supports a confidential, voluntary Employee Assistance Program. The Company provides and maintains a safe and healthy environment for all employees, which is in compliance with legislative requirements and industry standards. A cross-departmental Joint Health and Safety Committee is maintained, and health and safety is a compulsory module of initial training for all employees.

Minacs encourages a tolerant workplace that fosters employee satisfaction and involvement. The Company follows all applicable legislation, including the Ontario Human Rights Code, and facilitates mandatory human rights initial training and ongoing workshops for every employee. Discrimination is not accepted in any way, including discrimination on the following bases: race, ancestry, place of origin, ethnic origin, colour, creed, citizenship, sex, sexual orientation, age, marital status, family status, and handicap.

PRINCIPAL SHAREHOLDERS

The following table sets forth the shareholdings of those persons who, as of the date of this Prospectus, own of record or are known to the Company to own beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Common Shares both before and after giving effect to the exercise of the Special Warrants and the Additional Special Warrants, without taking into consideration the Common Shares issuable upon the exercise of the Purchase Warrants or the Compensation Options:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Outstanding Common Shares After Giving Effect to the Exercise of Special Warrants and Additional Special Warrants(1)
Elaine Minacs Toronto, Ontario	Registered and Beneficial	90,991,428	61.5%

Note:

(1) Assumes that there are 148,015,052 Common Shares outstanding as a result of the issuance of 22,934,100 Common Shares upon the exercise of the Special Warrants and upon exercise of the Additional Special Warrants, but does not include Common Shares issuances upon the exercise of the Purchase Warrants or Compensation Options.

DIRECTORS AND OFFICERS

The following table sets forth the name, municipality of residence and office with Minacs and principal occupation of each director and officer of Minacs. The principal occupation within the last five years of each director and officer of Minacs is also set out below.

Name and Municipality of Residence	Office Held	Principal Occupation
JOHN F. BANKES Toronto, Ontario	Chair of the Board	Managing Director, Artemis Management Group Inc. (merchant bank)
GOVERNOR JAMES J. BLANCHARD Beverly Hills, Michigan	Director	Partner, Verner, Liipfert, Bernhard, McPherson & Hand (attorneys)
WILLIAM A. DIMMA Toronto, Ontario	Director	Corporate Director
ANTHONY KEENAN Richmond Hill, Ontario	Director	President and Chief Executive Officer, Tiger North America Inc. (fulfillment company)
RONALD J. KITCHEN Oshawa, Ontario	Director Corporate Secretary	Managing Partner, Kitchen, Kitchen, Simeson and McFarlane (barristers and solicitors)
DOROTHY MILLMAN Toronto, Ontario	Director	Vice Chair Minacs Worldwide Inc.
ELAINE MINACS Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer Minacs Worldwide Inc.
DEREK RIDOUT Toronto, Ontario	Director	Corporate Director
GAIL COOPER Toronto, Ontario	Senior Vice President, Human Resources and Training	Senior Vice President, Human Resources and Training, Minacs Worldwide Inc.
DUNCAN COWIE Aurora, Ontario	Vice President and Chief Financial Officer	Vice President and Chief Financial Officer, Minacs Worldwide Inc.

Name and Municipality of Residence	Office Held	Principal Occupation
JASON CRAINE Toronto, Ontario	Vice President, Market Planning	Vice President, Market Planning, Minacs Worldwide Inc.
LYELL FARQUHARSON Mississauga, Ontario	Chief Operating Officer	Chief Operating Officer, Minacs Worldwide Inc.
ERIC GREENWOOD Aurora, Ontario	Chief Information Officer	Chief Information Officer, Minacs Worldwide Inc.
MEDA MITCHELL Pickering, Ontario	Vice President, Sales and Marketing	Vice President, Sales and Marketing, Minacs Worldwide Inc.
GEOFF OAKIE Whitby, Ontario	Vice President, Controller	Vice President, Controller, Minacs Worldwide Inc.
NEIL URQUHART Newmarket, Ontario	Vice President, Human Resources	Vice President, Human Resources, Minacs Worldwide Inc.

During the past five years, each of the directors of Minacs have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for: Governor James Blanchard who, prior to April, 1996 was U.S. Ambassador to Canada; Anthony Keenan who, between July, 1998 and October, 1999 was the Chief Executive Officer of Interwood Marketing Group and prior thereto was President and Chief Executive Officer of the Direct Marketing and Home Shopping division of MDC Corporation Inc.; Ms. Dorothy Millman who, prior to July, 1999 was President of Phonettix and; Derek Ridout who, prior to June, 1999 was the President and Chief Executive Officer of Silcorp Inc. The principal occupations of the officers of Minacs during the last five years are listed under “Management and Key Personnel”.

Aggregate Ownership of Common Shares

As at the date hereof, the directors and senior officers of the Company, as a group, own beneficially, directly or indirectly, 93,150,517 Common Shares (being 74.5% of the issued and outstanding Common Shares). After the exercise of the Special Warrants and the Additional Special Warrants, the directors and senior officers, as a group, will own beneficially, directly or indirectly 96,450,517 Common Shares (being 65.2% of the issued and outstanding Common Shares), assuming that no Common Shares are issued pursuant to the exercise of the Purchase Warrants or the Compensation Options.

MANAGEMENT AND KEY PERSONNEL

The officers of the Company are as follows:

Elaine Minacs, President and Chief Executive Officer

Elaine Minacs has been the President and Chief Executive Officer of Minacs since the acquisition of Phonettix by The Minacs Group Inc. in July, 1999. She founded The Minacs Group Inc. in 1981 and continued as President until the acquisition.

Ms. Minacs has been nationally recognized for her continuing commitment to quality, as evidenced by her winning the 1993 Canadian Woman Entrepreneur of the Year Award in the Quality Plus category, and her nomination in 1994 for the Entrepreneur of the Year Award sponsored by Ernst & Young.

Ms. Minacs is a founding member and chair of the executive council of the Durham Region Manufacturers Association, and a founding member of the Durham Region Personnel Association. In the past, Ms. Minacs has served on the board of directors of Big Brothers, the Oshawa Chamber of Commerce, Durham College and Oshawa General Hospital Capital Campaign.

Gail Cooper, Senior Vice President, Human Resources and Training

As Senior Vice President, Human Resources and Training for Minacs, Ms. Cooper has responsibility for human resources, training and recruiting strategies. Ms. Cooper has been with Minacs since 1988 and has been instrumental in implementing new call centre applications for customer service, marketing, and help desk programs, including several programs for a large automotive client.

Her experience with Minacs includes having held the position of Director of Client Services, where she ensured that client communication strategies were developed and implemented, and was responsible for overall operations for all call centre activities. Ms. Cooper created and implemented a behavioral quality achievement program in all Minacs' business units to ensure quality measurement and effective customer interaction.

Prior to joining Minacs, Ms. Cooper held progressive management positions in companies such as Cadbury Schweppes and Fisher Scientific Ltd. Ms. Cooper received her Management Certification from the University of Toronto.

Duncan Cowie, Vice President and Chief Financial Officer

Duncan Cowie joined Minacs on August 31, 1999 as Vice President and Chief Financial Officer.

Prior to joining Minacs, Mr. Cowie was the Chief Financial Officer and Vice President, Business and Corporate Development for the Hospital for Sick Children from 1996 to 1999. Prior to 1996 Mr. Cowie held a number of executive positions at Molson Breweries, where he was responsible for such areas as strategic and business planning, the financial aspects of sports and entertainment, mergers and acquisitions, marketing, and taxation.

Mr. Cowie holds a Bachelor of Commerce Honours degree from Queen's University; as well, he holds both a Chartered Accountant designation and a Tax Specialist designation.

Jason Craine, Vice President, Market Planning

As Vice President, Marketing, Mr. Craine's mandate includes the development and execution of corporate strategy, the introduction of new services into the Company's service and product marketing mixes, managing the corporate brand and competitive intelligence, and measuring the impact of sales strategies and segmentation efforts across all lines of business.

Having been with Minacs for the past four years, Mr. Craine has held progressive positions within the Company. As Vice President, Market Planning, Mr. Craine secured significant new business initiatives resulting in revenues for the Company. More recently, as Director of eBusiness Solutions, he was responsible for bringing a new suite of web-enabled contact centre services to market.

Prior to joining Minacs, Mr. Craine completed a B.A. from the University of Guelph and has performed post-graduate work at Centennial College and the School of Business at Queen's University at Kingston.

Lyell Farquharson, Chief Operating Officer

Mr. Farquharson has held the position of Chief Operating Officer for Minacs since March, 2000. Mr. Farquharson oversees both the Operations and Information Technology departments, and is responsible for providing leadership, client services, and the ongoing development of customer-focused technology and e-commerce solutions for clients that are both comprehensive and innovative.

Mr. Farquharson brings to his current position with Minacs extensive experience in the services, manufacturing, and distribution sectors. Having been the President and Chief Operating Officer for The Rider Group prior to joining Minacs, Mr. Farquharson was in a leadership position of a company that was twice recognized as being one of the Fifty Best Managed Private Companies in Canada.

Mr. Farquharson holds his Chartered Accountant designation, as well as his Bachelor of Business Management degree.

Eric Greenwood, Chief Information Officer

Eric Greenwood has been the Chief Information Officer for Minacs since November, 1999. In this role, Mr. Greenwood is directly responsible for internal and external Systems integration, deployment and support. He has a team of more than 50 dedicated professionals committed to ensuring that Minacs' clients are able to take advantage of leading-edge and emerging technologies.

Mr. Greenwood brings to the position twenty years' of experience in technology and consulting. Prior to joining Minacs in November, 1999, Mr. Greenwood was Technology Director NAIC at Nortel Networks and was responsible for re-engineering Nortel Networks' Human Resources administrative processes and systems. Prior to joining Nortel in 1999, Mr. Greenwood was a senior consultant, practice director with Watson Wyatt Worldwide and was responsible for the management of all external systems, consulting and development in Canada.

Mr. Greenwood has a Masters Degree in Econometrics and an Honours B.A. in Economics. He has made numerous presentations and written a number of articles on administrative processes, systems and development methodologies.

Dorothy Millman, Vice Chair

Ms. Millman has been the Vice-Char of Minacs since the Phonettix acquisition on July 20, 1999. As founder of a large Canadian outsource call centre, she brings a combination of marketing expertise and in-depth knowledge of sales and management to her role.

Dorothy launched The DMS Market Services 27 years ago from her home, after years of service in sales, sales management, customer service and administration with such market leaders as Bell Canada, Xerox and Equifax Canada.

DMS Market Services was merged with Phonettix in 1995. In November 1998, Dorothy took on the additional role of CEO and positioned the company to merge with The Minacs Group Inc. on July 20th, 1999, forming Minacs Worldwide Inc.

Meda Mitchell, Vice President, Sales and Marketing
Ms. Mitchell has been the VP of Sales and Marketing for Minacs since 1990. In her role, she provides direction for the Company as it works toward accomplishing its corporate sales and marketing objectives. Ms. Mitchell's responsibilities include supporting sales initiatives, analyzing and defining marketing strategies and tactics, and creating schedules and controls for implementation of programs in accordance with Company goals and objectives.

Prior to joining Minacs, Ms. Mitchell gained comprehensive experience in the U.S. as Marketing Communications Manager for a high technology division of Saab-Scania Combitech, a division of Saab-Scania, as well as holding previous managerial positions with a large home builder and a large manufacturing organization.

Ms. Mitchell is a member of the Canadian Public Relations Society, the Canadian Institute of Marketing, and the Canadian Direct Marketing Association. She holds a B.S. degree in Business Education and a M.B.A. in Marketing/Finance from California State University Los Angeles.

Geoff Oakie, Vice President, Controller
Geoff Oakie joined Minacs in August, 1999 and is Vice President, Controller. In this capacity, Mr. Oakie is responsible for the development of business systems, processes and structures designed to support the Company's domestic and international business expansion plans.

Prior to joining Minacs, Mr. Oakie held the position of Treasurer and Director of Finance from 1995 to 1999 for Mackie Automotive Systems, a leading global supplier of sequencing, assembly and just-in-time delivery of automotive parts.

Mr. Oakie is a member of the Treasury Management Association of Canada and holds a degree in Economics from Laurentian University in Sudbury, Ontario.

Neil Urquhart, Vice President, Human Resources
Mr. Urquhart joined Minacs in February, 2000 and is Vice President, Human Resources. In this capacity, Mr. Urquhart is responsible for all aspects of Human Resources including recruitment, retention, compensation, training and development, employee relations and organization design. One of his key mandates as Minacs continues to expand is the enhancement of intellectual capital and a corporate culture of success.

Mr. Urquhart brings to the position a strong background in human resources management. Prior to joining Minacs, Mr. Urquhart was Vice President, Human Resources and Organization Effectiveness for The Rider-BTI Travel Group from 1997 to 1999. He also held the position of Director of Human Resources at Torpharm Inc. and Borden Catelli Grocery & Foodservice Products Group from 1996 to 1997 and in 1995 respectively.

Mr. Urquhart holds his Certified Human Resources Professional designation, advanced standing in the CMA program and a B.A. from Queen's University.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation of Directors

Directors of Minacs receive an annual retainer of $21,000 for their service as Directors. The annual retainer is generally comprised of three components: a cash retainer, Minacs Common Shares, and options to purchase Minacs Common Shares under the Directors' Share Purchase Plan (the "Directors' Plan) discussed below. This compensation structure for Directors is designed to align the interests of the Directors with the return to Minacs shareholders.

The Chair of each Committee of the Board receives an additional annual retainer of $3,000 for his or her services as such. No fees are paid for attendance at Board or Committee meetings. Directors are reimbursed for expenses incurred in attending Board and Committee meetings or otherwise in the performance of their duties to the Company.

The Chair of the Board receives an additional annual retainer of $53,000 in respect of his services as non-executive Chair. This compensation is in addition to other fees to which the Chair of the Board would ordinarily be entitled as a member of the Board of Directors.

In November, 1999, the Company established the Directors' Plan for Directors who are not officers or employees of the Company. Under the Directors' Plan, Directors are permitted to elect that: (1) the total fees to which they are entitled be paid; and/or (2) the total Minacs Common Shares which they are allotted as part of their annual retainer, be paid in the form of deferred share units under the Directors' Plan. For a Director who elects to participate, the number of deferred share units equal to the sum of: (1) the number of Common Shares that could be purchased on the open market for a dollar amount equal to the applicable percentage of that Director's fee and (2) the number of Common Shares allotted to that Director as part of his or her annual retainer, is credited to an account maintained by the Company for that Director under the Directors' Plan. Deferred share units will be paid to the Director no later that December 31 of the year following the calendar year in which the Director ceases to serve as a Director of the Company.

In addition to the foregoing, Minacs' Directors (other than those Directors who are employees of the Company) are entitled to receive special remuneration at the rate of $1,500 (or US$1,000) *per diem* for providing special services to the Company. These special services are provided at the request of the Board of Directors, any Committee of the Board of Directors or the Chief Executive Officer, and are beyond those services ordinarily required of a Director of the Company. Where the particular services provided by a Director command a higher fee in the marketplace, the above-mentioned *per diem* compensation may be increased. The Governance & Nominating Committee of the Board of Directors monitors these special arrangements to ensure that the Company is receiving these services on commercially acceptable terms.

Summary Compensation Table for Executive Officers

The following table sets forth information concerning compensation earned by the Company's CEO and the other four most highly compensated individuals (the "Named Executive Officers"), for the fiscal year ended December 31, 1999:

		Annual Compensation			Long-term Compensation			
					Awards		Pay-Outs	
Name and Principal Position	Fiscal Year Ending	Salary	Bonus	Other Annual Compensation	Securities Under Options Granted	Restricted Shares or Restricted Share Units	LTIP Pay-Outs	All Other Compensation
Elaine Minacs (1) President and CEO	1999	$137,500	---	$355	---	---	---	---
Dorothy Millman (2) Vice Chair	1999 1998 1997	$201,538 $120,000 $120,000	--- --- ---	$7,735 --- ---	--- 50,000 50,000	--- --- ---	--- --- ---	$207,199 $88,805 $88,805
Duncan Cowie (3) Vice President & Chief Financial Officer	1999	$58,333	$23,333	$3,194	200,000	---	---	---
Gail Cooper (4) Senior Vice President Human Resources and Training	1999	$57,083	---	$2,884	100,000	---	---	---
Eric Greenwood (5) Chief Information Officer	1999	$12,500	---	---	50,000	---	---	---

Notes:

(1) Ms. Minacs has served as the President and Chief Executive Officer from July 20, 1999. The 1999 amount represents the compensation earned by Ms. Minacs from July 20, 1999 to December 31, 1999.s. Cooper has served the Company as Senior Vice President, Human Resources and Training from July 20, 1999. The 1999 salary amount represents compensation earned by Ms. Cooper for the period July 20 to December 31, 1999.

(2) Until September, 1998, Ms. Millman was President at which time she retired and received a retirement allowance of $207,199 pursuant to an employment agreement. The retirement allowance was paid in fiscal 1999. Ms. Millman became President and Chief Executive Officer on November 16, 1998 and continued in that position until July 19, 1999. Other compensation for 1997 and 1998 represents premiums paid by Phonettix for life insurance in accordance with the purchase agreement under which Phonettix acquired the shares of The DMS Group of Companies in October, 1995.

(3) Mr. Cowie joined the Company as Vice President and Chief Financial Officer on August 31, 1999. The 1999 salary amount represents compensation earned by Mr. Cowie for the period August 31 to December 31, 1999.

(4) Ms. Cooper has served the Company as Senior Vice President, Human Resources and Training from July 20, 1999. The 1999 salary amount represents compensation earned by Ms. Cooper for the period

July 20 to December 31, 1999.

(5) Mr. Greenwood joined the Company as Chief Information Officer on November 23, 1999. The 1999 salary amount represents the compensation earned by Mr. Greenwood for the period November 23 to December 31, 1999.

Option Grants During the Most Recently Completed Financial Year

The options for Common Shares granted to the Named Executive Officers during the most recently completed financial year are described in the table below. All such options were granted under the Stock Option Plan. Except as described below, 25% of the total number of options granted to each individual becomes exercisable on each of the first four anniversary dates of the date of grant. See "Options to Purchase Securities" for a description of the Stock Option Plan.

Name	No. of Common Shares under Options Granted	% of Total Options Granted to Employees in Financial Year	Exercise Price Per Share	Market Value of Common Shares on Date of Grant (1)	Expiration Date
Gail Cooper	100,000	2.1%	$0.43	$0.43	October 28, 2009
Duncan Cowie	200,000	4.1%	$0.43	$0.43	October 28, 2009
Eric Greenwood (2)	50,000	1.0%	$0.43	$0.37	November 25, 2009

Notes:

(1) The market value of Common Shares on the date of the grant is the closing market price of the Common Shares on the TSE on the trading day preceding the grant.

(2) On April 4, 2000, additional options to purchase 50,000 Common Shares were granted to Eric Greenwood. The exercise price per share is, and the market value of each Common Share on the date of grant (being the closing price on the TSE on the trading day preceding the grant) was, $0.86 per share. The options expire on April 3, 2010.

(3) Options to purchase 1,650,000 Common Shares were granted to Dorothy Millman on February 29, 2000 in conjunction with the private equity placement. The exercise price per share is, and the market value of each Common Shares on the date of the grant (being the closing price on the TSE on the trading day preceding the grant) was, $0.90 per share. The options vest on May 29, 2000 and expire on February 28, 2002.

Pension and Retirement Plans and Payments Made Upon Termination of Employment

The Company does not currently have in place any pension or retirement plan. With the exception of the two payments described below, Minacs has not provided any compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as an officer of the Company, in connection with or related to the retirement or resignation of such person; and the Company has provided no compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. A lump sum payment of $134,555 was made to Mr. Allan Jurgens, the Chief Financial Officer of the Company until July, 1999, with respect to the change of control of the Company. A payment of $207,199 was made to Ms. Dorothy Millman as a retirement allowance pursuant to an employment agreement as described under footnote (2) to the "Summary Compensation Table for Executive Officers".

All Minacs officers are provided, pursuant to their employment contracts with the Company, monetary compensation in the event of the termination of their employment. Each of these agreements contains provisions relating to the termination of employment, with or without cause, by providing notice or pay in lieu of notice for a specified period, for each officer, ranging from *Employment Standards Act* (Ontario) requirements to a maximum of 18 months.

Employment and Management Contracts

All of the officers currently employed by the Company, with the exception of Ms. Elaine Minacs, have an employment agreement with the Company, all for indefinite terms. These agreements provide for a base salary (reviewed annually and increased at the discretion of the CEO of the Company), a maximum annual bonus and provisions relating to benefits and perquisites, confidentiality and non-solicitation obligations, and provisions relating to the termination of employment with or without cause.

OPTIONS TO PURCHASE SECURITIES

The Board of Directors and the Shareholders of the Company have adopted the Third Amended Stock Option Plan (the "Stock Option Plan") pursuant to which the Board of Directors may allocate non-transferable options to purchase Common Shares to directors, officers, consultants and employees of the Company. The aggregate number of Common Shares to be issued upon the exercise of all options granted under the Stock Option Plan and the aggregate number of Common Shares to be issued to any one individual upon exercise of options granted under the Stock Option Plan shall not exceed the maximum number of Common Shares permitted to be issued under the rules of any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction.

The Stock Option Plan provides that the exercise price of the Common Shares covered by each option shall be determined by the Board of Directors or a Committee thereof and shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed or by any regulatory body having jurisdiction.

As at the date of this Prospectus, options to purchase a total of 6,438,000 Common Shares have been granted and are currently outstanding pursuant to the Stock Option Plan.

Subject to regulatory approval, the Company proposes to issue in consideration of past services rendered, approximately 180,000 Common Shares out of the reserve for the Stock Option Plan, to non-management employees.

The following table sets out at June 27, 2000 the information specified with respect to the outstanding options to purchase Common Shares held by executive officers and directors and employees of Minacs Worldwide Inc. and its subsidiaries. All such options were issued under the Stock Option Plan or predecessors to that plan.

	No. of Common Shares Under Options Granted	Exercise Price ($per Common Share)	Expiry Date
Executive Officers and Directors of Minacs Worldwide Inc.	(1)2,750,000	0.43	October 28, 2009
	50,000	0.43	November 25, 2009
	50,000	0.90	February 24, 2010
	(2)1,650,000	0.90	February 28, 2002
Other Employees of Minacs Worldwide Inc.	200,000	0.86	April 3, 2010
	1,498,000	0.43	October 28, 2009
	10,000	0.43	November 25, 2009
	50,000	0.86	April 3, 2010
	50,000	0.65	April 25, 2010
Other Employees of Subsidiaries of Minacs Worldwide Inc. (3)	130,000	0.43	October 28, 2009

Notes:

1. 2,000,000 of these Common Shares are under an option granted to Artemis Management Group Inc., a company controlled by John Bankes, Chair of the Board, on October 29, 1999 in lieu of compensation for services provided by Artemis Management Group Inc. to Minacs in regard to the acquisition of Phonettix by The Minacs Group Inc.
2. These options were granted to Ms. Dorothy Millman, Vice-Chair, on February 29, 2000 in conjunction with the private equity placement. The options vest on May 29, 2000.
3. There are no executives or directors of subsidiaries of Minacs Worldwide Inc. that hold options to purchase Common Shares.
4. The closing price on the TSE of the Common Shares on June 26, 2000 was $0.80.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who is or, at any time during the most recently completed financial year, was a director, executive officer or senior officer of the Company, nor their associates, is or has been since the beginning of the last completed financial year, indebted to the Company (other than for routine indebtedness), nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company. The President and Chief Executive Officer of the Company is indebted to the Company in respect of an interest-free secured housing loan which falls within the definition of routine indebtedness.

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. As of the date hereof, there are a total of 125,080,952 Common Shares outstanding. See “Capitalization”.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 125,080,952 are issued and outstanding as fully paid and non-assessable and, 12,450,000 are reserved for issuance upon exercise of stock options granted to directors, officers, employees and consultants (see “Options to Purchase Securities” and “Compensation of Directors and Executive Officers”).

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares to be outstanding on the completion of this offering will be fully paid and non-assessable.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares, none of which, as at the date hereof, are issued and outstanding. The preferred shares may be issued from time to time in one or more series, each consisting of a number of preferred shares as determined by the Board of Directors of the Company who may also fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of preferred shares. The preferred shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, rank on a parity with the preferred shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the preferred shares, except as specifically provided in the conditions of any such shares. The Board of Directors of the Company has authorized Series 1 Shares and Series 2 Shares which are described below, none of which are issued and outstanding.

Series 1 Shares

The holders of Series 1 Shares are entitled to one vote per share at all meetings of Shareholders of the Company. The holders of the Series 1 Shares are entitled to non-cumulative dividends if and when declared by the Board of Directors and shall rank equally as to dividends with the Series 2 Shares and Common Shares of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series 1 Shares shall rank equally with the holders of the Series 2 and the Common Shares. The Series 1 Shares are retractable at a price of $3.00 per Series 1 Share and are also convertible into Common Shares of the Company.

Series 2 Shares

The holders of Series 2 Shares are entitled to one vote per share at all meetings of Shareholders of the Company. The holders of the Series 2 Shares are entitled to non-cumulative dividends if and when declared by the Board of Directors and shall rank equally as to dividends with the Series 1 Shares and Common Shares of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series 2 Shares shall rank equally with the holders of the Series 1 and the Common Shares. The Series 2 Shares are convertible into Common Shares of the Company.

USE OF PROCEEDS

The net cash proceeds from the issue and sale of the Special Warrants, the Additional Special Warrants and the Compensation Options will be used to fund the international growth and expansion of the Company, and to finance the launch of the advanced e-business and integrated customer relationship management (CRM) solutions scheduled to be implemented later this year. In addition, the proceeds will significantly strengthen the Company's financial position and will be applied to the general corporate purposes of the Company.

The net cash proceeds from the sale of the Special Warrants and the Additional Special Warrants was $15,212,910 after the Agents' commission but before deducting expenses estimated to be $450,000.

Approximately $4 million of the proceeds will be applied to CRM solutions, approximately $4 million will be applied to the Company's working capital and the balance will be used to reduce Minacs' debt facilities.

CAPITALIZATION

(in thousands of dollars Canadian)

The following table sets forth the capitalization of the Company, at the dates indicated and after giving effect to this Offering. This table should be read in conjunction with the "Consolidated Financial Statements of the Company".

	Outstanding As at Dec 31/1999 (audited)	**Outstanding As at March 31/2000 (1)(5)** (unaudited)	**Outstanding as at March 31/2000 (2)(4)(5)** (unaudited)	**Outstanding as at March 31/2000 after giving effect to this Offering (2)(3)(4)(5)** (unaudited)
Debt (6)				
Bank Indebtedness	$12,054	$15,494	$3,093	$3,093
Term Debt	$12,459	$11,648	$9,286	$9,286
Shareholders' Equity				
Common Shares	$424	$424	$424	$15,187
(Authorized: unlimited)	*125,080*	*125,080*	*125,080*	*148,015*
Special Warrants			$12,596	
			19,634	
Additional Special Warrants			$2,167	
			3,300	
Purchase Warrants				
				(9,817)
Retained Earnings (7)	$1,384	$1,384	$1,384	$1,384
TOTAL CAPITALIZATION	$26,321	$28,950	$28,950	$28,950

Notes:

(1) Prior to giving effect to the purchase of the Special Warrants and Additional Special Warrants.

(2) After giving effect to the sale of the 19,634,100 Special Warrants and 3,300,000 Additional Special Warrants exercisable into 22,934,100 Common Shares and 9,817,050 Purchase Warrants, after deducting the Agents' commissions and the estimated expenses of the Offering.

(3) After giving effect to the issue of the 22,934,100 Common Shares offered by the Company hereunder and after deducting the Agents' commissions and the estimated expenses of the Offering. See “Plan of Distribution and Description of Offered Securities”.
(4) Excludes the possible issuance of up to 11,959,050 Common Shares upon the exercise of the Purchase Warrants and the Compensation Options.
(5) Excludes the possible issuance of Common Shares upon the exercise of stock options pursuant to the incentive stock option plan of the Company and the Common Shares that may be issued to certain non-management employees of the Company, as referred to in “Options to Purchase Securities”.
(6) The term debt is inclusive of the Company’s obligations under capital leases. See Note 17 in the Financial Statements for details relating to the Company's obligations pursuant to its leased premises.
(7) As at December 31, 1999, the Company had retained earnings of $1,383,742.

PRIOR SALES OF SECURITIES

On July 12, 1999, the holders of Common Shares of Phonettix approved the issuance of 99,991,428 Common Shares in satisfaction of the purchase price for all of the issued and outstanding shares of The Minacs Group Inc. and Minacs Intellicom Inc. pursuant to the share purchase agreement made as of May 7, 1999 between Phonettix, 1314383 Ontario Limited, The Minacs Group Inc., 950321 Ontario Limited, Minacs Intellicom Inc. and Elaine Minacs. 90,991,428 Common Shares were issued to Elaine Minacs and 9,000,000 Common Shares were issued to 950321 Ontario Limited. All of the shares of 950321 Ontario Limited are beneficially owned by The Minacs Family Trust. Elaine Minacs is neither a trustee nor a beneficiary of such trust. Based on the purchase price of $28,500,000, the 99,991,428 Common Shares were issued for $0.28 per Common Share.

On August 11, 1999, Allan Jurgens exercised options to purchase 16,667 Common Shares at $0.36 per share. On November 10, 1999, Jim Grant exercised options to purchase 75,000 Common Shares at $0.20 per share.

TRADING HISTORY

The outstanding Common Shares of the Company are listed on the TSE and trade under the symbol "MXW". The following table sets forth the high and low closing prices, and volume of the Common Shares for the periods noted as reported by the TSE:

PERIOD	HIGH ($)	LOW ($)	VOLUME OF COMMON SHARES
2000			
June (to June 26th)	$0.80	$0.70	165,610
May	1.00	0.65	445,230
April	1.06	0.60	966,491
March	1.53	0.85	3,846,101
February	1.30	0.50	5,753,783
January	0.58	0.45	324,169
1999			
December	0.55	0.40	232,800
November	0.45	0.35	240,161
October	0.50	0.35	145,454
Third Quarter			
July 20 - September 30 (1)	0.62	0.47	936,006
July 1 – July 19 (2)	0.60	0.45	260,527
Second Quarter	0.83	0.27	1,312,387
First Quarter	0.45	0.28	530,020
1998			
Fourth Quarter	0.55	0.19	637,784
Third Quarter	0.62	0.25	145,584
Second Quarter	1.14	0.61	975,438
First Quarter	2.10	1.10	1,318,192

Notes:

(1) The effective date of the acquisition of control of Phonettix was July 20, 1999. On that date the trading symbol for the Company's Common Shares became "MXW". Prior to that date, the trading symbol was "PXT".

(2) The last day preceding the date of this Prospectus on which there was trading in the Common Shares of the Company was June 26, 2000. The closing trading price on that day was $0.80.

DIVIDEND RECORD

The Company's business strategy is to re-invest its earnings to support the growth of the business. In 1999, as one of the steps preceding the Phonettix acquisition, a predecessor company paid a dividend to prepare the corporate group for the merger.

Currently, the Company does not pay dividends and does not anticipate paying dividends in the foreseeable future. Management and the Board of Directors will periodically review the Company's dividend policy.

ESCROWED SHARES

Pursuant to the terms of an escrow agreement (the "Escrow Agreement") entered into on July 20, 1999, among Minacs, 1351715 Ontario Limited (the "Security Holder") and Montreal Trust Company of Canada, acting as escrow agent (the "Escrow Agent"), 45,495,714 Common Shares (the "Escrowed Shares") of Minacs held by 1351715 Ontario Limited, a company controlled by Elaine Minacs, were placed in escrow with the Escrow Agent. The Escrow Agreement provides that the Escrow Agent will release one third of the Escrowed Shares on each anniversary date of the date of the issuance of the Escrowed Shares, commencing July 20, 2000.

The 45,495,714 Common Shares held in escrow by the Escrow Agent represented 36.4% of the outstanding Common Shares prior to this offering. The Common Shares under escrow represent 30.7% of the Common Shares outstanding after giving effect to this offering (assuming that no Common Shares are issued pursuant to the exercise of the Purchase Warrants or the Compensation Options).

PLAN OF DISTRIBUTION AND DESCRIPTION OF OFFERED SECURITIES

On March 8, 2000, the Company completed the private placement of an aggregate of 19,292,000 Special Warrants and 3,300,000 Additional Special Warrants pursuant to certain prospectus exemptions under applicable securities legislation, at prices of $0.70 per Special Warrant and $0.72 per Additional Special Warrant. On March 21st, 2000 and on March 24th, 2000, the Company completed the issuance of 342,100 Special Warrants to employees of the Company pursuant to certain prospectus exemptions under applicable securities legislation at a price of $0.70 per Special Warrant. The gross proceeds for the issuance of the foregoing securities was $16,119,870. The issuance of the Additional Special Warrants and the Special Warrants (other than the Special Warrants issued to employees) was pursuant to the Agency Agreement among Octagon Capital Corporation, Thomson Kernaghan & Co. Limited and the Company. Pursuant to the Agency Agreement, the Agents, on a private placement basis, offered to sell, on a reasonable best efforts basis up to 18,200,000 Special Warrants at a price of $0.70 per Special Warrant and up to 3,300,000 Additional Special Warrants at a price of $0.72 per Additional Special Warrant. In addition, the Agency Agreement required the Company to pay the Agents a fee of 6% of the gross proceeds of the sale of the Special Warrants and the Additional Special Warrants sold by the Agents, such that the Agents received an aggregate fee of $906,960 (the "Fee"). On closing of the private placement the Agents chose (i) to receive $142,500 of the Fee in cash; and (ii) to re-invest the balance ($764,400) in Special Warrants issued by the Company. Such Special Warrants were issued on the same terms as the Special Warrants and are governed by the Special Warrant Indenture (as defined below). The 1,092,000 Common Shares and 546,000 Purchase Warrants issued on the exercise of the Special Warrants and Purchase Warrants, respectively, are hereby qualified for distribution.

The Company is hereby qualifying for distribution up to 19,634,100 Common Shares and up to 9,817,050 Purchase Warrants issuable upon the exercise of 19,634,100 Special Warrants. The Company is also qualifying for distribution up to 3,300,000 Common Shares issuable on the exercise of 3,300,000 Additional Special Warrants. In connection with the Special Warrants, the Company is qualifying up to an additional 1,963,410 Common Shares and up to an additional 981,705 Purchase Warrants, if any, issuable if a receipt for this Prospectus is not obtained from the Securities Commissions of each of Ontario, Alberta and Nova Scotia (collectively, the "Filing Provinces") on or before July 6, 2000 (the "Clearing Date"). In addition, the Company is qualifying up to 1,075,000 Compensation Options.

Special Warrants and Additional Special Warrants

The Special Warrants were issued pursuant to the special warrant indenture dated March 8, 2000, as amended (the “Special Warrant Indenture”), between the Company and the Trustee, as trustee thereunder. The Company has appointed the principal offices of the Trustee at 151 Front Street West, Suite 605, Toronto, Ontario M5J 2N1, as the location at which Special Warrants may be surrendered for exercise or exchange. Each Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share and one-half of a Purchase Warrant on or before 5:00 p.m. (Toronto time) on the earlier of: (i) five business days after the date upon which a receipt for this Prospectus has been obtained from the Securities Commissions in each of the Filing Provinces; and (ii) March 7, 2001 (the time at which the first of such events occurs is hereinafter referred to as the “Expiry Date”). Any Special Warrant not exercised prior to the Expiry Date shall be deemed to have been exercised by the holder thereof without any further action on the part of the holder, immediately upon the Expiry Date. Each Purchase Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.90 until 5:00 p.m. (Toronto time) on the date that is 24 months following the Expiry Date. Since the date of issuance, no Special Warrants have been exercised.

Each Additional Special Warrant entitles the holder thereof to acquire (subject to adjustment as hereinafter provided), at no additional cost, one Common Share on or before 5:00 p.m. (Toronto time) on the Expiry Date.

Pursuant to the Special Warrant Indenture, the Company agreed that in the event that a receipt for this Prospectus is not obtained from each of the Securities Commissions dated on or prior to the Clearing Date, each holder of Special Warrants in a Filing Province shall be entitled within ten business days from the Clearing Date, to receive, upon the exercise or deemed exercise of the Special Warrants, 1.1 Common Shares and 0.55 Purchase Warrants for every Special Warrant then held by such holder (in lieu of one Common Share and one-half of a Purchase Warrant otherwise receivable), at no additional cost.

All of the Special Warrants issued and outstanding are fully paid and non-assessable, and the Common Shares and Purchase Warrants issuable upon the exercise of the Special Warrants will, when issued in accordance with the terms and conditions of the Special Warrant Indenture, be fully paid and non-assessable. Holders of Special Warrants who wish to exercise their Special Warrants and acquire Common Shares and Purchase Warrants thereunder should complete the exercise forms on the Special Warrant certificates and deliver the certificates and the executed exercise forms to the Trustee at its principal office at 151 Front Street West, Suite 605, Toronto, Ontario M5J 2N1.

All of the Additional Special Warrants issued and outstanding are fully paid and non-assessable, and the Common Shares issuable upon the exercise of the Additional Special Warrants will, when issued in accordance with their term, be fully paid and non-assessable. Holders of Additional Special Warrants who wish to exercise their Additional Special Warrants and acquire Common Shares thereunder should complete the exercise forms on the Additional Special Warrant certificates and deliver the certificates and the executed exercise forms to the Company at its principal office at 505 Cochrane Drive, Markham, Ontario L3R 8E3.

Any Common Shares and Purchase Warrants issued in exchange for Special Warrants or Additional Special Warrants exercised prior to the issuance of a receipt for the Prospectus by the Securities Commission of the Province in which the holder is resident will be subject to resale restrictions under applicable securities legislation.

The Special Warrants and the Additional Special Warrants and the Common Shares and Purchase Warrants to be issued upon the exercise of the Special Warrants and the Additional Special Warrants have not been, and will not be, registered under the *Securities Act of 1933*, as amended (the "U.S. Securities Act"), and accordingly, may not be offered or sold within the United States or to a U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act. The Agents have agreed that, except for transactions exempt from the registration provisions of the U.S. Securities Act, they will not offer or deliver the Common Shares and Purchase Warrants offered hereby within the United States. In addition, until 40 days after the commencement of the distribution of Common Shares and Purchase Warrants hereunder, any offer or sale of Common Shares or Purchase Warrants within the United States by any dealer (whether or not participating in the distribution hereunder) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

The foregoing is subject to the detailed provisions of the Special Warrant Indenture. Copies of the Special Warrant Indenture may be reviewed at the location identified under "Material Contracts".

Purchase Warrants

The Purchase Warrants will be issued in registered form under, and will be governed by the share purchase warrant indenture, dated as of March 8, 2000, as amended (the "Warrant Indenture") between the Company and the Trustee, as trustee thereunder. The Company has appointed the principal offices of the Trustee at 151 Front Street West, Suite 605, Toronto, Ontario M5J 2N1, as the location at which Purchase Warrants may be surrendered for exercise or exchange.

Each Purchase Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of $0.90 per Common Share until 5:00 p.m. (Toronto time) on the date that is 24 months following the Expiry Date (the "Warrant Expiry Date").

The Warrant Indenture provides that the exercise price per Common Share is subject to adjustment if certain events occur any time from and including March 8, 2000 and prior to 5:00 p.m. on the Warrant Expiry Date such events including, without limitation, a subdivision or consolidation of the Common Shares, the issuance of Common Shares as a dividend or otherwise (other than a dividend in the ordinary course), or the reclassification or redesignation of the Common Shares into other securities.

No adjustment to the exercise price of the Purchase Warrants will be required to be made unless the cumulative effect of such adjustments would change the exercise price of the Purchase Warrants by at least one percent. No adjustment shall be made in the number of Common Shares purchasable upon exercise of a Purchase Warrant unless it would result in a change of at least one hundredth of a share.

The Company has also covenanted in the Warrant Indenture that, during the period in which the Purchase Warrants are outstanding, it will give notice to the Trustee and holders of Purchase Warrants of certain stated events at least fourteen days prior to the record date of such event.

The Company shall not be required, upon the exercise of any Purchase Warrants, to issue fractions of Common Shares. In lieu of fractional Common Shares, the Company shall pay to the holder who would otherwise be entitled to receive fractional Common Shares, an amount equal to the current market price as defined in the Warrant Indenture multiplied by an amount equal to the fractional interest of Common Shares such holder would otherwise be entitled to receive upon such exercise, provided that the Company shall not be required to make any payment that is less than $5.00.

Reference is made to the Warrant Indenture for the full extent of the attributes of the Purchase Warrants. A copy of the Warrant Indenture will be available for examination at the head office of the Company during the period of distribution and for a period of 30 days thereafter.

Common Shares

The Company is qualifying a maximum of 37,226,265 Common Shares pursuant to this Prospectus. The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares outstanding on completion of this Offering will be fully paid and non-assessable. See "Description of Share Capital".

Brokers' Warrants

Pursuant to Brokers' Warrants dated March 8, 2000, the Corporation is obligated to issue to the Agents, for no additional consideration, options ("Brokers' Special Warrant Options") entitling the Agents to acquire for $0.70 per unit up to 1,274,000 units ("Brokers' Special Warrants") each Brokers Special Warrant consisting of one Common Share and one-half of a Purchase Warrant. This represents 7% of the total number of Special Warrants sold, other than the Special Warrants sold by the Company to its employees. These Brokers' Special Warrants are exercisable at any time prior to 5:00 p.m. (Toronto time) on March 7, 2002 and are deemed to be exercised on the Expiry Date.

Pursuant to Brokers' Warrants dated March 8, 2000, the Corporation is obligated to issue to the Agents, for no additional consideration, options ("Brokers' Additional Special Warrant Options") entitling the Agents to acquire up to 231,000 Common Shares at $0.72 per Common Share. This represents 7% of the total number of Additional Special Warrants sold. These Brokers' Additional Special Warrants are exercisable at any time prior to 5:00 p.m. (Toronto time) on March 7, 2002 and are deemed to be exercised on the Expiry Date.

Brokers' Options

The Brokers' Special Warrant Options are exercisable at any time prior to 5:00 p.m. (Toronto time) on March 7, 2002 for up to 1,274,000 units each unit consisting of one Common Share and one-half of a Purchase Warrant, upon payment of $0.70 per unit. Each whole Purchase Warrant shall entitle the holder to acquire one Common Share for $0.90 exercisable at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the Expiry Date.

The Brokers' Additional Special Warrant Options are exercisable at any time prior to 5:00 p.m. (Toronto time) on March 7, 2002 for up to 231,000 Common Shares upon payment of $0.72 per Common Share.

Allocation of Purchase Price

The price of each Special Warrant is allocated on a reasonable basis between the Common Share and the one-half of one Purchase Warrant that form the Special Warrant. The Company will allocate $0.70 of the Special Warrant price to the Common Share, and $0.00 of the Special Warrant price to the one-half of one Purchase Warrant. This allocation is considered by the Company to be reasonable; however, such allocation will not be binding on Canada Customs and Revenue Agency.

DILUTION

The dilution of the investment of the subscribers for the Common Shares issuable on exercise of the Special Warrants and the Additional Special Warrants, based on the net tangible book value of the assets of the Company before the sale of the Special Warrants and the Additional Special Warrants, and after giving effect to issuances of Common Shares on exercise of the Special Warrants and the Additional Special Warrants, but without giving effect to the exercise of Purchase Warrants, the Compensation Options or issued and outstanding stock options, is set forth below:

Offering Price	$0.70
Net tangible book value before the sale of Special Warrants and Additional Special Warrants(1)	$(1,078,571)
Net tangible book value after the sale of Special Warrants and Additional Special Warrants (2)(3)	$13,684,339
Net tangible book value per Common Share prior to the sale of Special Warrants and Additional Special Warrants	$ (0.009)
Net tangible book value per Common Share after the sale of Special Warrants and Additional Special Warrants	$ 0.092
Dilution to subscribers per Common Share issuable on the exercise of Special Warrants and the Additional Special Warrants	$ 0.608
Percentage of dilution per Common Share issuable on the exercise of Special Warrants and the Additional Special Warrants	86.86%

Notes:

(1) Based on December 31, 1999 audited balance sheet included in this Prospectus.
(2) Includes Common Shares issuable on exercise of Special Warrants and Additional Special Warrants. Assumes the Penalty Provision does not apply and no exercise of Purchase Warrants, the Compensation Options or stock options.
(3) After deducting Agents' commission and the estimated related expenses of the sale of the Special Warrants and the Additional Special Warrants.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the two years prior to the date hereof, other than in the ordinary course of business, are as follows:

1. Agency Agreement dated March 8, 2000 among the Company, Octagon Capital Corporation and Thomson Kernaghan & Co. Limited. See “Plan of Distribution and Description of Offered Securities”.

2. Special Warrant Indenture dated March 8, 2000 and supplement thereto dated March 20, 2000, between the Company and Montreal Trust Company of Canada.

3. Warrant Indenture dated March 8, 2000 and supplement thereto dated April 3, 2000 between the Company and Montreal Trust Company of Canada.

4. Escrow Agreement dated July 20, 1999 between the Company and Montreal Trust Company of Canada.

5. Share Purchase Agreement dated May 7, 1999 between Phonettix Intelecom Ltd., 1314383 Ontario Ltd., The Minacs Group Inc., 950321 Ontario Ltd., Minacs Intellicom Inc. and Elaine Minacs.

6. Contract for Services in Canada with General Motors of Canada dated July 1,1999.

7. Contract for Services in the United States with General Motors Corporation, STG Headquarters dated May 7, 1998.

Copies of these contracts (with the exception of the General Motors contracts which cannot be disclosed for confidential reasons), will be available for inspection during normal business hours at the head office of the Company at 505 Cochrane Drive, Markham, Ontario L3R 8E3 during the course of the distribution and for a period of 30 days thereafter.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The 3,300,000 Additional Special Warrants were purchased by and issued to a numbered company controlled by Ms. Dorothy Millman, Ms. Millman is the Vice Chair and a Director of Minacs. In conjunction with the purchase and sale of the 3,300,000 Additional Special Warrants, Minacs issued to Ms. Millman options to purchase 1,650,000 Common Shares at $0.90 per share under the Stock Option Plan.

On October 29, 1999, an option under the Stock Option Plan was granted to Artemis Management Group Inc., a company controlled by John Bankes, Chair of the Board of Directors, to acquire 2,000,000 Common Shares at $0.43 per share. This grant was in lieu of compensation for services provided by Aretmis Management Group Inc. to Minacs with respect to the acquisition of Phonettix by The Minacs Group Inc. The option vests in respect of 25% of the Common Shares on each of the first four anniversary dates of the grant. The option terminates on October 28, 2009.

In fiscal 1999, Minacs paid rent of $22,369 to 1351715 Ontario Ltd. for the use of certain premises. Ms. Elaine Minacs owns all of the shares of 1351715 Ontario Ltd. which in turn controls the Company. See "Principal Shareholders".

RISK FACTORS

The Company faces risks and uncertainties common to all customer relationship solutions providers, and mitigates these risks in a number of ways as detailed below. Prospective investors should carefully review the following factors, together with the other information set forth elsewhere in this Prospectus:

Dependence on Key Personnel

The success of Minacs will be largely dependent on the personal efforts of certain key personnel, including members of senior management. The loss of the services of any such persons could have a material adverse effect on Minacs' business and prospects. Minacs' future success also depends, for the most part, on its key sales, marketing, product development, financial and operational personnel, and its ability to continue to attract, motivate and retain highly qualified employees including technical, managerial and sales and marketing personnel. Minacs expects to continue to expand the number of employees engaged in sales, marketing, operations, development and systems integration in the near future.

Competitive Industry

Minacs faces competition from organizations that have substantially greater capital resources and are recognized as leaders in the industry. The customer contact centre industry has undergone significant consolidation where a few key players will likely emerge to hold significant market share.

There can be no assurance that additional competitors with greater resources than Minacs will not enter the industry or that Minacs' clients will not choose to conduct more of their customer contact centre activities internally.

Customer Contact Centres

In addition to competition from other outsource providers, Minacs faces the prospect of potential customers making the strategic decision to retain their customer contact centre activities internally.

Dependence on Key Customers

Minacs has historically relied upon a small number of large clients for a significant percentage of its revenues. There can be no assurance that Minacs will continue to retain its large clients or be able to secure the business of a significant number of new clients. In addition, the timing of programs from large clients can result in significant quarter-to-quarter variations in revenue and profit. The Company believes it has reduced its exposure to this risk by spreading its business with its major client and related affiliated companies over approximately 40 separate contracts, all of which have different start and end dates and cover different services. Minacs' future success will depend on its continued ability to successfully manage its relationship with its key clients and to diversify its client base. Management's near-term objective is that no one contract represents more than 20% of the Company's revenues. In 1999, Minacs was engaged under approximately 40 separate contracts with General Motors and certain of its affiliates, the total representing approximately 62% of Minacs' revenue for the period.

Liquidity and Ability to Raise Additional Funds

Minacs' credit facility with its bank includes covenants and events of default, which impose operating and financial limitations on the Company, including requirements to maintain certain financial ratios.

Minacs intends to continue to invest in CRM solutions to pursue its growth strategy. This planned investment will partially depend on access to adequate funding. Following this offering, Minacs will be adequately funded through fiscal 2000. However, there is no guarantee that such additional funding as may be required will continue to be available to the Company on acceptable terms in the future.

Ability to Complete Strategic Acquisitions

An element of Minacs' growth strategy is to pursue strategic acquisitions that either expand or complement its business. There can be no assurance that Minacs will be able to identify acceptable acquisition candidates on favourable terms or in a timely manner. Minacs may require additional debt or equity financing for future acquisitions. Minacs may issue Common Shares or other securities to pay for such acquisitions which could result in dilution to shareholders. Although Minacs has demonstrated the successful integration of Phonettix, there is also no assurance that Minacs can successfully integrate additional acquisitions into its business or that any acquired business will be profitable.

Ability to Manage Growth

Minacs has rapidly expanded its operations in the past several years, and the continued growth of Minacs may place a significant strain on Minacs' management and operations. Minacs' future performance and profitability will depend in part on its ability to continue to successfully implement enhancements to its management systems and to adapt those systems, as necessary, to respond to changes in its business.

Dilution

Investors will incur immediate dilution of pro forma net tangible book value of 86.86%. There can be no assurance that Minacs will not require additional funds to support its working capital requirements or for other purposes, in which case Minacs may seek to raise such additional funds through public or private equity financings or from other sources. There can be no assurance that such additional financings will be available or that, if available, such financings will be obtained on terms favourable to Minacs and will not result in additional dilution to Minacs' shareholders. In addition, Minacs may issue Common Shares in connection with the acquisition of other businesses, technology or products, or the hiring of employees. The terms of such issuances may be dilutive to Minacs' shareholders. See "Dilution".

Technological Obsolescence

Advances in new forms of customer contact services and technologies, such as the development of interactive multi-medium technologies including the Internet, could have an adverse effect on customer relationship solutions companies that do not keep pace with such developments. Minacs has established a technology task force; which focuses on e-business and Internet-enabled contact centre technologies, to assist in assuring the Company keeps pace with technological developments.

Proprietary Technology and Intellectual Property Rights

The Company relies principally on trade secret and trade mark law, as well as confidentiality procedures, non-disclosure agreements and other contractual arrangements to protect its proprietary technology. There can be no assurance that such measures will be adequate to protect to Company from infringement by others of its technologies or that the Company will be effective in preventing misappropriation of its proprietary rights. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of Canada.

Litigation may be necessary to protect the Company's intellectual property rights, to determine the scope of the proprietary rights of others or to defend against claims of infringement. Although the Company is not currently involved in any such litigation with respect to intellectual property rights, infringement claims against software developers are likely to increase as the number of functionally similar products in the market increases. There can be no assurance that third-party claims, with or without merit, alleging infringement will not be asserted against the Company in the future. Such assertions can be time consuming and expensive to defend and would require the Company to discontinue the use of certain software processes, to incur significant litigation costs and expenses and to develop or acquire non-infringing technology or to obtain licenses for the alleged infringing technology. There can be no assurance that the Company will not be able to develop or acquire alternative technologies or to obtain such licenses or, if such licenses were obtainable, that the terms thereof would be commercially acceptable to the Company.

The market for the Company's services is characterized by rapid technological developments, evolving industry standards and customer demands as well as the possibility of new and competitive technology and enhancements.

Reliance Upon Quality Labour Force

The customer relationship solutions business is labour intensive and, though Minacs has maintained one of the lowest employee turnover rates in the industry, its industry is characterized by high personnel turnover. There can be no assurance that Minacs will not experience high turnover in the future or that Minacs' labour costs will not increase. Some of the Company's activities require highly trained employees. A higher turnover rate would increase the Company's recruiting and training costs, and may negatively impact its growth. In addition, there can be no assurance that Minacs will be able to continue to hire and retain a sufficient number of qualified personnel.

Dependency on Providers of Telecommunication Services

Minacs' business is materially dependent upon services provided by local and long distance telephone companies. Although deregulation continues to have a significant effect on decreasing the price of these services, it should be noted that rate increases imposed by these companies would increase the Company's operating expenses and adversely affect its operating margins. In addition, any significant interruption in telephone service would adversely affect Minacs, and the inability of telephone companies to provide Minacs with greater capacity would adversely affect the Company's growth.

Foreign Exchange Exposure

Minacs conducts business in the United States and Canada. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar could have a material adverse effect on Minacs' business, financial condition and results of operations. Minacs does not currently engage in hedging or other activities to minimize exposure to exchange rate fluctuations. Management believes that the Company has a sufficient natural hedge in its business operations. Minacs continues to analyze the currency-related risks that it faces and may engage in hedging transactions to limit its exposure to such risks.

Reliance Upon Future Financing

In order to maintain adequate liquidity, and in order to fund its plans for strategic acquisitions, the Company will be reliant upon securing financing which may come from a combination of equity or other financings. There can be no assurances as to the achieveability of obtaining financing. Failure to complete these financings may compromise the ability of the Company to achieve its corporate objectives.

Year 2000 Issues

The year 2000 issue arises from computer programs that use only two digits to record the year. On January 1, 2000, when the year was designated as "00", Minacs did not suffer any materially adverse effects with respect to the operation of its internal information or with respect to software or information systems provided by third parties. There is no guarantee though, that to the extent that Minacs relies upon external suppliers, the Company will not in the future experience problems related to the year 2000 issue.

LEGAL PROCEEDINGS

There are no legal proceedings involving the Company or its assets as of the date of this Prospectus which management of the Company believes to be material and adverse to the Company, nor are any such proceedings known by the Company to be contemplated.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed on behalf of the Company by Miller Thomson LLP, Barristers and Solicitors, Toronto, Ontario and on behalf of the Agents by McCarthy Tétrault, Barristers and Solicitors, Toronto, Ontario.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Company are Deloitte & Touche LLP at 181 Bay Street, Suite 1400, BCE Place, Toronto, Ontario, M5J 2V1.

The registrar and transfer agent of the Company is Montreal Trust Company of Canada at 151 Front Street West, Suite 605, Toronto, Ontario, M5J 2N1.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant who acquires a Common Share and a Purchase Warrant upon the exercise or deemed exercise of a Special Warrant or a holder of an Additional Warrant who acquires a Common Share upon the exercise or deemed exercise of an Additional Special Warrant, in each case as provided for in this Prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this Prospectus or any amendment thereto containing a misrepresentation, the holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant or Additional Special Warrant, as the case may be, but also of the private placement transaction pursuant to which the Special Warrant or Additional Special Warrant was initially acquired, and shall be entitled, in connection with such rescission, to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant or Additional Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant or Additional Special Warrant subscriber, such permitted assignee shall have the same rights as the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant or an Additional Special Warrant under section 130 of the *Securities Act* (Ontario), section 137 of the *Securities Act* (Nova Scotia), and section 168 of the *Securities Act* (Alberta).

CONSOLIDATED FINANCIAL STATEMENTS

The following auditors' reports and financial statements are included in the Prospectus:

1. Consolidated balance sheets of Minacs Worldwide Inc. as at December 31, 1999, 1998 and 1997 and the consolidated statements of operations and retained earnings and cash flows for the Company for the years then ended, together with the auditors' report thereon dated February 14, 2000, except as to note 1 dated February 29, 2000.
2. Unaudited pro forma consolidated statement of operations of Minacs Worldwide Inc. for the 12 months ended December 31, 1999.
3. Consolidated balance sheets of Phonettix Intelecom Ltd. as at December 31, 1998, 1997 and 1996 and the consolidated statements of operations and retained earnings and cash flows for Phonettix for the years then ended, together with the auditors' report thereon dated January 13, 1999.
4. Unaudited consolidated balance sheet of Phonettix Intelecom Ltd. as at July 19, 1999 and the consolidated statements of operations and retained earnings and cash flows for Phonettix for the period then ended.

Consolidated Financial Statements of

MINACS WORLDWIDE INC.

December 31, 1999, 1998 and 1997

Auditors’ Report

To the Directors of
Minacs Worldwide Inc.

We have audited the consolidated balance sheets of Minacs Worldwide Inc. as at December 31, 1999, 1998 and 1997, and the consolidated statements of operations and retained earnings and cash flows for each of the years in the two year period ended December 31, 1999 and the eight months ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999, 1998 and 1997, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 1999 and the eight months ended December 31, 1997 in accordance with Canadian generally accepted accounting principles.

Signed “DELOITTE & TOUCHE LLP”
Chartered Accountants

Toronto, Ontario
February 14, 2000
Except as to Note 1, February 29, 2000

Minacs Worldwide Inc.
Consolidated Balance Sheets
(Cdn $)

	As at December 31		
	1999	**1998**	**1997**
ASSETS			
CURRENT ASSETS			
Cash	$ 27,454	$ 123,781	$ 377,171
Accounts Receivable	12,155,578	4,796,884	1,211,452
Note Receivable	-	500,000	500,000
Prepaid Expenses	772,735	1,268,143	68,668
Current portion of loan receivable (Note 6)	20,520	20,520	20,520
	12,976,287	6,709,328	2,177,811
LOAN RECEIVABLE (Note 6)	258,234	278,754	265,074
FUTURE INCOME TAXES (Note 2)	7,123,810	-	-
DEFERRED EXPENSES (Note 8)	2,718,138	-	20,570
OTHER ASSETS	433,882	63,522	35,702
CAPITAL ASSETS (Note 1 and 5)	17,356,035	4,135,240	2,308,679
GOODWILL (Note 7)	2,868,009	-	-
Total Assets	**$ 43,734,395**	**$ 11,186,844**	**$ 4,807,836**
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness (Note 1 and 9)	$ 12,054,300	$ 1,617,351	-
Accounts Payable and Accrued Liabilities (Note 1)	13,644,706	4,799,442	$ 2,457,120
Accrued Restructuring Costs	3,360,554	-	-
Deferred Revenue	-	12,390	-
Income Taxes Payable	-	689,585	176,760
Current portion of Long-Term Debt (Note 1 and 10)	11,320,214	380,385	359,040
Current portion of obligations under Capital Leases (Note 12)	390,080	305,374	217,027
	40,769,854	7,804,527	3,209,947
NON-CONTROLLING INTEREST	-	156,479	35,197
FUTURE INCOME TAXES	295,036	97,311	73,030
DUE TO RELATED PARTIES (Note 14)	131,585	264,756	306,743
OBLIGATIONS UNDER CAPITAL LEASES (Note 12)	748,482	834,477	203,538
LONG-TERM DEBT (Note 10)	-	268,151	212,937
	41,944,957	9,425,701	4,041,392
SHAREHOLDERS' EQUITY			
Share Capital (Note 11)	424,318	246,848	246,848
Cumulative Translation Adjustment	(18,622)	59,207	-
Retained Earnings	1,383,742	1,455,088	519,596
	1,789,438	1,761,143	766,444
Total Liabilities & Shareholders' Equity	**$ 43,734,395**	**$ 11,186,844**	**$ 4,807,836**

On behalf of the Board:

"*Elaine Minacs*"
Elaine Minacs
Director

"*Anthony Keenan*"
Anthony Keenan
Director

Minacs Worldwide Inc
Consolidated Statements of Operations and Retained Earnings
(Cdn $)

	Year Ended December 31		8 Months
	1999	1998	1997
Revenues	$ 67,668,260	$ 35,977,955	$ 14,899,643
Direct Expenses	41,108,172	21,818,658	10,215,758
Gross Profit	26,560,088	14,159,297	4,683,885
Selling, General and Administrative Expenses	20,887,393	11,313,946	3,991,291
Earnings before Interest, Depreciation and Amortization	5,672,695	2,845,351	692,594
Depreciation and Amortization	3,222,105	748,871	310,161
Interest	957,441	339,080	98,291
Earnings before Income Taxes and Undernoted Items	1,493,149	1,757,400	284,142
Loss on Sale of Investment	257,902	-	-
Earnings before Income Taxes	1,235,247	1,757,400	284,142
Provision for Income Taxes			
Current	434,555	677,212	116,650
Future	199,192	23,414	(4,840)
	633,747	700,626	111,810
Net Earnings before Non-controlling Interest	601,500	1,056,774	172,332
Non-controlling Interest	-	121,282	25,317
Net Earnings for the Period	601,500	935,492	147,015
Retained Earnings - Beginning of Period	1,455,088	519,596	451,598
Dividends Paid	672,846	-	(79,017)
Retained Earnings - End of Period	$ 1,383,742	$ 1,455,088	$ 519,596
Earnings per Share (Note 16)	$ 0.01	$ 0.01	$ 0.00

Minacs Worldwide Inc.
Consolidated Statements of Cash Flows
(Cdn $)

	Year Ended December 31		8 Months
	1999	**1998**	**1997**
OPERATING ACTIVITIES			
Net earnings for the period	$ 601,500	$ 935,492	$ 147,015
Items not affecting cash:			
Deferred Income Tax	-	-	(4,840)
Depreciation and Amortization	3,222,105	748,871	310,161
Future Income Taxes	199,192	23,414	-
Changes in working capital balances	(1,323,643)	(1,929,760)	671,259
	2,699,154	(221,983)	1,123,595
INVESTING ACTIVITIES			
Other Assets	475,365	17,707	24,265
Deferred Expenses	(2,730,528)	32,960	-
Capital Assets	(12,029,538)	(2,575,432)	(295,330)
Acquisition of Non-Controlling Interest	156,479	-	-
Investment in Phonettix Intelecom Ltd	(1,227,593)	-	-
	(15,355,815)	(2,524,765)	(271,065)
FINANCING ACTIVITIES			
Long-term Debt and Capital Leases	2,775,231	876,007	(98,989)
Bank Indebtedness	10,436,949	1,617,351	-
Options Excercised	21,000	-	-
Dividend	(672,846)	-	(79,017)
	12,560,334	2,493,358	(178,006)
DECREASE IN CASH AND CASH EQUIVALENTS	(96,327)	(253,390)	674,524
CASH AND CASH EQUIVALENTS- BEGINNING OF PERIOD	123,781	377,171	(297,353)
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 27,454	$ 123,781	$ 377,171
SUPPLEMENTAL DISCLOSURE			
Income Taxes Paid	$ 2,168,333	$ 126,178	$ 35,409

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The financial statements have been presented on the going concern basis which contemplates the realization of the Company's assets and the discharge of its obligations, in the normal course of the business in the foreseeable future. The Company had profitable operations for the two years ended December 31, 1999 and 1998 and the eight month period ending December 31, 1997.

At December 31, 1999 the working capital deficiency was $27,793,567. Subsequent to the 1999 year end, the Company took a number of actions to diversify and expand its capital structure which result in the improvement of the working capital ratio. These included the following:

- In January 2000, the Company entered into agreements covering the Sale and Leaseback of specific capital assets totaling $4,665,391. The effect of these transactions was to reduce bank borrowings by $3,109,343, and accounts payable by $1,556,048, and to reduce capital assets by $4,665,391, subsequent to the year-end. The additional lease payment commitments have not been reflected in Note 17 to the financial statements.

- On February 10, 2000, the Company signed an engagement letter with Octagon Capital Corporation to raise $12,600,000 through a Special Warrants offering. The Special Warrants will be exercisable into units comprising one common share of the Company plus one-half common share purchase warrant. Full purchase warrants are exercisable at $0.90 for a 24-month period. At February 25, 2000, orders to purchase were in excess of the full amount, and the offering was expanded to approximately $15,050,000 (21.5 million Special Warrants).

- On February 29, 2000, the Company entered into a non-binding letter of intent with a major Canadian financial institution to refinance its senior debt, with $15,000,000 in operating facilities and $30,000,000 in long-term committed revolving and acquisition facilities.

The proceeds from these transactions will be applied to improve working capital, reduce current bank borrowings and to reduce the current portion of long term debt.

2. ACQUISITION OF PHONETTIX INTELECOM LTD.

On July 20, 1999, Phonettix Intelecom Ltd. and The Minacs Group Inc. entered into an agreement whereby Phonettix Intelecom Ltd. acquired a 100% interest in The Minacs Group Inc. In return for its shares in The Minacs Group Inc., the shareholders of The Minacs Group Inc. were issued 99,991,428 common shares of Phonettix Intelecom Ltd.

As a result of the issuance of 99,991,428 common shares of Phonettix Intelecom Ltd., the former shareholders of The Minacs Group Inc. control Phonettix Intelecom Ltd. through ownership of 80% of the common shares.

Subsequent to the acquisition, on July 20, 1999, Phonettix Intelecom Ltd. was continued under the name Minacs Worldwide Inc. Effective November 30, 1999, The Minacs Group Inc. was amalgamated with its subsidiary, Minacs Intellicom Inc., and continued as Minacs Intellicom Inc.

Legally, Minacs Worldwide Inc. is regarded as the parent company, however, according to generally accepted accounting principles, since the former shareholders of The Minacs Group Inc. now control Minacs Worldwide Inc. after the acquisition, Minacs Intellicom Inc. (previously The Minacs Group Inc.) is identified as the acquirer and Minacs Worldwide Inc. is treated as the acquired company. These consolidated financial statements are issued under the name Minacs Worldwide Inc. but are considered a continuation of the financial statements of Minacs Intellicom Inc. (previously The Minacs Group Inc.). Being the acquiring company, the net assets of The Minacs Group Inc. are included in the consolidated balance sheet at their book value, and the net assets of Minacs Worldwide Inc. are included at their fair market value.

The cost of the purchase allocated to the net assets of Minacs Worldwide Inc. (formerly Phonettix Intelecom Ltd). as at the date of acquisition was:

Net Liabilities assumed	**$ 8,899,367**
Acquisition costs	**1,227,593**
	$ 10,126,960
Less cost allocated to issuance of shares	**-**
	$ 10,126,960
Allocated to:	
Goodwill	**$ 3,003,150**
Future Income Taxes	**7,123,810**
	$ 10,126,960

The purchase price was paid through the assumption of net liabilities and issuance of 99,991,428 common shares.

3. NATURE OF BUSINESS

The Company is incorporated under the laws of Ontario. Through multiple locations in both Canada and the United States, it provides multi-medium customer relationship management services as an integral part of its clients' operations. The Company manages customer contacts via telephone, interactive voice response (IVR), fax, Internet, e-mail and traditional mail, through the provision of out-sourcing services and through contact management services.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. As at December 31, 1999, the subsidiaries of the Company are: Minacs Intellicom Inc., The Minacs Group (USA) Inc., Minacs Limited (U.K.), 1171120 Ontario Limited, Millman Insurance Limited, Direct Advantage Ltd., DMS Market Services (Maritimes) Inc., Direct Advantage Ltd. (UK), Phonettix Intelecom Ltd. (Ireland), Millman Advertising Limited, Phonettix Intelecom Healthcare Technologies Ltd., and Phonettix Intelecom Ltd. (UK).

Capital assets

Capital assets are recorded at cost. Depreciation and amortization is provided on an annual basis as follows:

Automotive equipment	Straight line over 5 to 7 years
Computer equipment	Straight line over 3 to 5 years
Computer software	Straight line over 3 to 5 years
Furniture and equipment	Straight line over 7 to 10 years
Leasehold improvements	Straight line over lease term and one renewal period
Telephone equipment	Straight line over 5 to 7 years
Call centre equipment	Straight line over 7 to 10 years

Goodwill

Goodwill is amortized using the straight-line method over 10 – 25 years.

Deferred expenses

Deferred expenses relate to the costs incurred in the development of applications and process efficiencies, prior to their being brought into production under various contracts. Amortization is provided on a straight-line basis over the term of the contract (generally 3 to 5 years).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future income taxes

The Company has adopted the new Canadian Institute of Chartered Accountants standard for accounting for income taxes. The new standard requires the use of the asset and liability method for accounting for the tax effect of temporary differences between the carrying amount of the Company's assets and liabilities. Temporary differences arise when the realization of an asset or settlement of a liability would give rise to either an increase or a decrease in the Company's income taxes payable for the year or later period.

Future income taxes are recorded at the income tax rates, which are expected to apply when the future tax liability is settled or the future income tax asset is realized. Valuation allowances are established when necessary to reduce future income tax assets to the amount expected to be realized. Income tax expense consists of the income taxes payable for the period and the change in future income tax assets and liabilities

Revenue recognition

Income is recognized as earned over the terms of the related contracts.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign exchange translation

The Company has translated foreign currency assets and liabilities into Canadian dollars at the exchange rate prevailing at December 31. Foreign currency translation gains and losses are accumulated in a separate component of shareholders' equity.

Gains and losses relating to foreign exchange transactions during the course of the year are translated at the average exchange rate prevailing during the year, and included in the determination of income for the year.

Stock Options

The Company does not record compensation expense upon the granting or exercising of stock options.

5. CAPITAL ASSETS

	1999			1998	1997
	Cost	**Accumulated Depreciation And Amortization**	**Value**	**Net Book Value**	**Net Book Value**
Land	$ -	$ -	$ -	$ 246,438	$ 183,218
Buildings	-	-	-	374,253	232,860
Automotive equipment	23,399	23,399	-	15,856	22,652
Computer equipment	5,327,588	1,803,514	3,524,074	833,857	770,085
Computer software	2,881,112	868,863	2,012,249	271,141	161,088
Furniture and equipment	3,138,219	867,175	2,271,044	754,153	422,756
Leasehold improvements	4,262,586	851,067	3,411,519	318,184	344,402
Telephone equipment	5,501,034	481,427	5,019,607	271,788	47,751
Call centre equipment	1,275,904	158,362	1,117,542	1,049,570	120,556
	$22,409,842	**$ 5,053,807**	**$ 17,356,035**	**$ 4,135,240**	**$ 2,305,368**

Included in these figures are the Assets under Capital Leases, with a net book value of $1,139,713 (1998 - $ 1,206,791, 1997 - $ 1,097,786)

During 1999 the remaining economic life of the capital assets were re-estimated, resulting in an incremental charge to depreciation of approximately $600,000.

6. LOAN RECEIVABLE

	1999	1998	1997
Interest free housing loan to an officer and shareholder, repayable $20,520 annually	**$ 278,754**	**$ 299,274**	**$285,594**
Less: Current portion	**20,520**	**20,520**	**20,520**
	$ 258,234	**$ 278,754**	**$265,074**

7. GOODWILL

	1999	1998	1997
Goodwill	**$ 3,003,150**	**$ -**	**$ -**
Less: Accumulated amortization	**135,141**	**-**	**-**
	$ 2,868,009	**$ -**	**$ -**

8. DEFERRED EXPENSES

	1999	1998	1997
Deferred expenses	$ 2,826,990	$ 240,201	$ 240,201
Less: Accumulated amortization	108,852	240,201	219,631
	$ 2,718,138	$ -	$ 20,570

9. BANK INDEBTEDNESS

Bank indebtedness includes the following demand operating loans:

	Interest	1999	1998	1997
Minacs Worldwide Inc.	Prime + 1.5%	$ 11,040,000	$ 630,000	-
The Minacs Group (USA) Inc.	Prime + 0.5%	1,014,300	824,820	-
		$ 12,054,300	$ 1,457,820	-

These loans are secured as described in Note 10.

10. LONG-TERM DEBT

The Company has entered into a general security agreement with its bank providing the bank with a security interest in its assets as collateral for the long-term debt and bank indebtedness (Note 9). In addition, the Company has guaranteed the loans of its subsidiaries. In December 1999 the Bank extended additional term and operating facilities totaling $2,600,000. Following this date, the term facilities, while continuing under the below noted schedule, were moved to a demand basis (see Note 1).

	1999	1998	1997
Minacs Worldwide Inc. -			
Term loan, repayable at $319,441 monthly plus interest at a chartered bank's prime rate plus 1.5% to 2.25%;	$ 11,299,015	$ 373,794	
Mortgage, repayable $2,086 principal and interest monthly, bearing interest at 7.5% maturing October, 2013;	-	223,646	
Term loan, repayable $12,000 monthly plus interest at a chartered bank's prime rate plus 1.25%, payable on demand;	-	-	$ 193,251
Demand installment loan, repayable $13,900 monthly plus interest at a chartered bank's prime rate plus 1.25% payable on demand;	-	-	263,700
Term loan, repayable $4,020 monthly plus interest at a chartered bank's prime rate plus 1.25%, payable on demand;	-	-	115,026
The Minacs Group (USA) Inc. -			
Bank loan, repayable at $2,539 monthly including interest at 7.23%, maturing September 30, 2000;	21,199	51,096	-
	11,320,214	648,536	571,977
Less: Current portion	11,320,214	380,385	359,040
	$ -	$ 268,151	$ 212,937

Based upon the existing repayment terms, principal repayments required on long-term debt for the next five years are as follows:

2000	$ 4,059,910
2001	3,601,558
2002	2,308,746
2003	1,350,000
2004	-
	$ 11,320,214

11. SHARE CAPITAL

a) Authorized Share Capital

The authorized capital stock of Minacs Worldwide Inc. consists of:

Unlimited number of preferred shares issuable in series

Unlimited number of common shares.

The authorized capital stock of The Minacs Group Inc. consists of:

1,495,000 Class A Special shares, voting, 8% non-cumulative, redeemable and retractable at the amount paid-up

251,619 Class B special shares, non-voting, 8% non-cumulative, redeemable and retractable at $1 per share

Unlimited number of common shares

(b) Issued Share Capital

	NUMBER	*Amount*
December 31, 1997		
Class A special shares – The Minacs Group Inc.	**1,495,000**	**$ 8**
Class B special shares – The Minacs Group Inc.	**251,619**	**246,720**
Common shares – The Minacs Group Inc.	**200**	**120**
December 31, 1998	**1,746,819**	**$ 246,848**
The Minacs Group Inc.		
– (reverse takeover of Phonettix Intelecom Ltd.)	**(1,746,819)**	**-**
Minacs Worldwide Inc. (previously Phonettix Intelecom Ltd.)	**24,997,857**	**-**
Minacs Intellicom Inc. (previously The Minacs Group Inc.) - acquisition of non-controlling interest	**-**	**156,479**
Shares issued in reverse takeover (Note 2)	**99,991,428**	**-**
Stock Options exercised	**91,667**	**21,000**
December 31, 1999	**125,080,952**	**$ 424,318**

11. SHARE CAPITAL (continued)

c) Transactions during the years ended December 31, 1998 and 1997:

There were no share transactions for The Minacs Group Inc. during the years ended December 31, 1998 and 1997.

d) Transactions during the year ended December 31, 1999:

i) The issued and outstanding shares of The Minacs Group Inc. (1,746,819 Class A and B special shares and common shares) were converted to the issued and outstanding shares of Minacs Worldwide Inc. (previously Phonettix Intelecom Ltd.) (24,997,857 common shares). The share capital of the Company at the time of the reverse takeover transaction is The Minacs Group Inc. share capital amount of $246,839.

ii) The minority interest in The Minacs Group Inc. was acquired in the reverse takeover transaction for a value of $156,479.

iii) 99,991,428 common shares of Minacs Worldwide Inc. (previously Phonettix Intelecom Ltd.) were issued in the reverse takeover transaction (see Note 2).

iv) During the year 91,667 shares were issued pursuant to the exercise of stock options.

(d) Stock Option Plan:

As at December 31, 1999, the Company's stock option plan allows for grants with an exercise price based on the market price at the time of granting.

	Options Issued and Outstanding
December 31, 1998	-
Options Assumed on Acquisition of Phonettix Intelecom Ltd.	**799,500**
Transactions Post-Acquisition	
Granted	**4,848,000**
Less: Exercised	**(91,667)**
Cancelled	**(356,583)**
December 31, 1999	**5,199,250**

Options granted prior to the acquisition date (and outstanding after that date), by Phonettix Intelecom Ltd., totaling 799,500, had been granted to employees, consultants, officers and directors. These options expire from January 2001 to January 2004, at prices that range from $0.55 to $2.60

11. SHARE CAPITAL (continued)

Options granted following the acquisition date, by Minacs Worldwide Inc., totaling 4,848,000, had been granted to employees, consultants, officers and directors. These options expire in October 2009, and are priced at $0.43.

As at December 31, 1999, options for 5,199,250 shares were granted and outstanding. These options expire from January 2001 to October 2009. The total outstanding options range in price from $0.43 to $2.60, with a weighted average exercise price of $0.47.

12. OBLIGATIONS UNDER CAPITAL LEASES

Interest on obligations under capital leases accrues at various rates ranging from 6.14% to 8.75%. The following is a schedule of future minimum lease payments for these capital leases:

2000	**$ 463,466**
2001	**374,891**
2002	**346,434**
2003	**95,154**
2004	**-**
Total minimum lease payments	**1,279,945**
Less amount representing interest	**141,383**
Present value of net minimum lease payments	**1,138,562**
Less amounts due within one year	**390,080**
	$ 748,482

13. INCOME TAXES

At December 31, 1999 the Company had loss carry forwards of approximately $24,738,000. These are available for utilization against future taxable income, and expire as follows:

2000	$1,062,000
2001	176,000
2002	992,000
2003	2,138,000
2004	14,000
2005	5,380,000
2006	14,976,000
	$24,738,000

The Company has recognized the tax effect of $16 million of the loss carry forwards on its balance sheet. The remaining balance is subject to a valuation allowance.

14. DUE TO RELATED PARTIES

The amount due to an officer and director is interest free, unsecured and has no specific terms of repayment.

15. RELATED PARTY TRANSACTIONS

Minacs Worldwide Inc. is related to 1351715 Ontario Limited which is the controlling shareholder of the Company. The Company is also affiliated with 950321 Ontario Limited and Minacs Services Inc. since the family trust which controls the affiliated companies is related to the shareholders of this Company. In 1999, the Company paid rent to 1351715 Ontario Limited for the use of certain facilities as noted below. In 1997 the Company received administration and management fee revenue from 950321 Ontario Limited and Minacs Services Inc, as shown below.

	1999	1998	1997
Rent	**$22,369**	**N/A**	**N/A**
Administration and management fee revenue	**N/A**	**N/A**	**$31,500**

16. EARNINGS PER SHARE

Fully diluted earnings per share has not been presented as the effects of the stock options would be anti-dilutive. The earnings per share for 1998 and 1997 have been adjusted to reflect the reverse takeover.

17. COMMITMENTS

The Company has leased premises with minimum annual lease payments for the next five years as follows:

2000	**$1,453,101**
2001	**1,471,476**
2002	**1,418,313**
2003	**1,418,313**
2004	**1,350,412**

18. SEGMENTED FINANCIAL INFORMATION

The Company has significant operations in both Canada and the US. In both markets, revenues are recognized from advanced contact centre applications.

	CANADA	US	TOTAL
Revenues	**$ 40,003,255**	**$ 27,665,005**	**$ 67,668,260**
Capital Assets and Goodwill	**$ 17,385,312**	**$ 2,838,732**	**$ 20,224,044**

19. RISK MANAGEMENT

The Company is exposed to financial risks that arise from fluctuations in interest rates, foreign currency exchange rates and from credit risks as the result of non-performance by counterparties.

Interest rate risk

The Company's external long-term debt (see Notes 9 and 10) is at floating interest rates, and as a result, the Company is exposed to changes in interest rates. Increases or decreases in these rates could impact the Company's earnings.

Foreign exchange risk

The Company is exposed to foreign exchange risk from fluctuations in foreign currency rates. Increases or decreases in these rates could impact the Company's earnings.

Credit risk

The Company is exposed to credit risk from customers in the normal course of business. Given the Company's stringent credit policy and its client base, the Company does not anticipate any collection problems.

Economic Dependence

The Company derives a significant portion of its revenue from contracts with three customers.

20. UNCERTAINTIES DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to be certain that all the aspects of the

Year 2000 Issue affecting the entity, including those related to customers, suppliers, or other third parties, will have been fully resolved.

21. GOVERNMENT CONTRIBUTION

In the year ended August 31, 1997 Phonettix Intelecom Ltd. entered into an agreement to receive aggregate contributions of up to $3,500,000 from Connections Nova Scotia. The contribution is receivable over a period ending December 31, 2000, based on the creation of certain job levels in the province of Nova Scotia. Post the July 20, 1999 acquisition date an amount of $250,218 receivable was accrued and offset against direct and operating costs.

22. CONTINGENCY

The Company and its subsidiaries have been named in a number of routine litigation matters. The Company believes that it has provided adequately for these matters and accordingly their ultimate disposition is not expected to have a material effect on its consolidated earnings or financial position.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

Unaudited Pro Forma Consolidated Statement of Operations of

MINACS WORLDWIDE INC.

For The Year Ended December 31, 1999

Compilation Report

To the Directors of
Minacs Worldwide Inc.

We have reviewed, as to the compilation only, the accompanying pro forma consolidated statement of operations of Minacs Worldwide Inc. for the year ended December 31, 1999 which has been prepared for inclusion in the Prospectus qualifying the issuing of shares upon the exercise of special warrants. This pro forma consolidated statement of operations gives effect to the acquisition of Phonettix Intelecom Ltd. by The Minacs Group Inc. as if it had occurred immediately prior to January 1, 1999.

In our opinion, the pro forma statements of operations of Minacs Worldwide Inc. has been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

Signed "DELOITTE & TOUCHE LLP"
Chartered Accountants

Toronto, Ontario
April 29, 2000

Minacs Worldwide Inc.
Pro Forma Unaudited Consolidated Statement of Operations
(Cdn $)

	Minacs Worldwide Inc. for the year ended December 31, 1999	Phonettix Intelecom Ltd. for the Period January 1 to July 19, 1999	Notes	Adjustments	Pro Forma Minacs Worldwide Inc. and Phonettix Intelecom Ltd. for the year ended December 31, 1999
Revenues	$67,668,260	$14,222,436		-	$81,890,696
Expenses	61,995,565	14,764,776		-	76,760,341
Earnings before Interest, Depreciation and Amortization	5,672,695	(542,340)		-	5,130,355
Depreciation and Amortization	3,222,105	1,202,519	2(ii)	162,670	4,587,294
Interest	957,441	374,772		-	1,332,213
Earnings (Loss) before Income Taxes and Undernoted Items	1,493,149	(2,119,631)		(162,670)	(789,152)
Corporate Reorganization Costs	-	12,431,605	2(i)	12,031,605	400,000
Loss on Sale of Investment	257,902	-		-	257,902
Earnings before Income Taxes	1,235,247	(14,551,236)		11,868,935	(1,447,054)
Provision for Income Taxes					
Current	434,555	-		-	434,555
Future	199,192	-		-	199,192
	633,747	-		-	633,747
Net Earnings (Loss) for the Year	$601,500	($14,551,236)		$11,868,935	($2,080,801)

MINACS WORLDWIDE INC.
Notes to the Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 1999

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

This unaudited pro forma consolidated statement of operations has been presented to reflect the combined financial results of Minacs Worldwide Inc. ("Minacs") and Phonettix Intelecom Ltd. ("Phonettix").

The unaudited pro forma consolidated statement of operations for the year ended December 31, 1999 has been prepared by the management of Minacs and is based on the following financial statements which have been prepared in accordance with generally accepted accounting principles (GAAP):

a) The audited combined statement of operations of Minacs for the year ended December 31, 1999; which include the results of Phonettix from July 20, 1999; and

b) The unaudited combined statement of operations of Phonettix for the period from January 1, 1999 to July 19, 1999.

The business combination as reflected in this pro forma consolidated statement of operations should be read in conjunction with the notes thereto included in the historical consolidated statements of Minacs. The pro forma operating results may not be indicative of the results that actually would have occurred if the business combination had been in effect on the dates indicated.

The unaudited pro forma consolidated financial statements reflect certain reclassification entries to disclose information for Minacs on a basis consistent with the modified historical consolidated financial statements of Phonettix.

2. PRO FORMA ASSUMPTIONS

The unaudited pro forma consolidated statement of operations give effect to the above business combination as if it had occurred effective immediately prior to January 1, 1999 and give effect to the following;

(i) Restructuring charges of $12,031,605 incurred as a result of the acquisition by Minacs have been excluded as an expense.

(ii) Amortization expense has been increased by $162,670 to reflect the additional amortization of goodwill for the period from January 1, 1999 to July 19, 1999.

Consolidated Financial Statements of

PHONETTIX INTELECOM LTD.

August 31, 1998, 1997 and 1996

AUDITORS' REPORT

To the Directors of Phonettix Intelecom Ltd.

We have audited the consolidated balance sheets of Phonettix Intelecom Ltd. as at August 31, 1998, 1997 and 1996, and the consolidated statements of (loss) earnings and deficit and of changes in financial position for each of the years in the three year period then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 1998, 1997 and 1996, and the results of its operations and changes in financial position for each of the years in the three year period then ended in accordance with Canadian generally accepted accounting principles.

Signed “DELOITTE & TOUCHE LLP”
Chartered Accountants
Toronto, Ontario

January 13, 1999

Phonettix Intelecom Ltd.
Consolidated Balance Sheets
(Cdn $)

	As at August 31		
	1998	**1997**	**1996**
ASSETS			
CURRENT ASSETS			
Cash	$ -	$ 74,975	$ 2,926,453
Accounts Receivable	3,446,852	5,176,462	4,930,187
Inventories	136,972	134,473	562,237
Prepaid Expenses	106,130	536,588	409,514
	3,689,954	5,922,498	8,828,391
INCOME TAXES RECOVERABLE	-	-	76,000
OTHER ASSETS (Note 4)	882,514	821,192	-
CAPITAL ASSETS (Note 2 and 5)	11,437,283	11,722,513	3,595,900
GOODWILL (Note 6)	971,701	5,533,595	5,746,781
Total Assets	**$ 16,981,452**	**$ 23,999,798**	**$ 18,247,072**
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness (Note 7)	$ 1,919,652	$ -	$ -
Accounts Payable and Accrued Liabilities	4,136,920	3,949,662	3,761,006
Deferred Revenue	52,608	240,849	126,764
Current portion of Long-Term Debt (Note 8)	525,000	225,000	157,431
	6,634,180	4,415,511	4,045,201
LONG-TERM DEBT (Note 8)	4,375,000	4,075,000	-
	11,009,180	8,490,511	4,045,201
SHAREHOLDERS' EQUITY			
Series 2 preferred shares (Note 9)	1,125,000	1,125,000	2,250,000
Capital Stock (Note 9)	16,141,796	14,458,787	13,259,648
Deficit	(11,294,524)	(74,500)	(1,307,777)
	5,972,272	15,509,287	14,201,871
Total Liabilities & Shareholders' Equity	**$ 16,981,452**	**$ 23,999,798**	**$ 18,247,072**

On behalf of the Board:

"Elaine Minacs"	*"Anthony Keenan"*
Elaine Minacs	Anthony Keenan
Director	Director

Phonettix Intelecom Ltd.
Consolidated Statements of (Loss) Earnings and Deficit
(Cdn $)

	Years Ended August 31		
	1998	1997	1996
Revenues	$ 29,934,713	$ 34,567,736	$ 27,154,189
Expenses:			
Operating	28,443,686	32,078,051	25,949,165
Depreciation and Amortization	2,037,261	1,212,270	686,186
Interest	452,057	44,138	56,152
	30,933,004	33,334,459	26,691,503
(Loss) Earnings before Undernoted Items	(998,291)	1,233,277	462,686
Restructuring costs (Note 10)	5,850,936	-	592,611
Writedown of goodwill (Note 6)	4,370,797	-	-
Gain on sale of investment	-	-	(274,613)
	10,221,733	-	317,998
Earnings (Loss) before Income Taxes	(11,220,024)	1,233,277	144,688
Provision for Income Taxes	-	-	-
Net (Loss) Earnings for the Year	(11,220,024)	1,233,277	144,688
Deficit - beginning of year	(74,500)	(1,307,777)	(1,452,465)
Deficit - end of year	$ (11,294,524)	$ (74,500)	$ (1,307,777)
(Loss) Earnings per Share	$ (0.75)	$ 0.09	$ 0.02
Fully Diluted (Loss) Earnings per Share	$ (0.75)	$ 0.08	$ 0.01
Weighted average common shares outstanding	14,999,969	13,674,653	8,782,512

Phonettix Intelecom Ltd.
Consolidated Statements of Changes in Financial Position
(Cdn $)

	Years Ended August 31		
	1998	**1997**	**1996**
OPERATING ACTIVITIES			
Net earnings (Loss) for the year	$ (11,220,024)	$ 1,233,277	$ 144,688
Items not affecting cash:			
Depreciation and Amortization	2,037,261	1,212,270	686,186
Writedown of goodwill	4,370,797	-	-
Writedown of capital assets	1,785,804	-	-
Net changes in other non-cash balances related to operations	2,156,586	433,156	(1,636,670)
	(869,576)	2,878,703	(805,796)
INVESTING ACTIVITIES			
Notes receivable	-	-	304,200
Other Assets	(159,386)	(821,192)	-
Capital Assets	(3,248,674)	(9,032,391)	(3,686,204)
Goodwill	-	(93,306)	(5,900,455)
Disposal of Investment	-	-	129,061
	(3,408,060)	(9,946,889)	(9,153,398)
FINANCING ACTIVITIES			
Long-term Debt	600,000	4,142,569	(12,189)
Issue of Series 1 preferred shares	-	-	1,000,000
Redemption of Series 1 preferred shares	-	-	(1,000,000)
Issue of warrants	-	-	8,986,287
Exercise of warrants	-	-	(8,986,287)
Issue of common shares	1,683,009	1,199,139	10,334,720
Conversion of series 2 preferred shares	-	(1,125,000)	-
Series 2 preferred shares	-	-	2,250,000
Increase (decrease) in loan payable	-	-	(60,000)
	2,283,009	4,216,708	12,512,531
DECREASE IN CASH AND CASH EQUIVALENTS	(1,994,627)	(2,851,478)	2,553,337
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	74,975	2,926,453	373,116
(BANK INDEBTEDNESS) CASH AND CASH EQUIVALENTS - END OF YEAR	$ (1,919,652)	$ 74,975	$ 2,926,453

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

The Company was incorporated in 1987 under the Alberta Business Corporations Act and was continued under the Business Corporations Act (Ontario) effective April 19, 1996.

The Company's principal business is the operation of independent contract call centres through managing and conducting large scale response handling via telephone, fax, mail, fulfillment, outbound direct sales and customer service and field marketing programs. In addition, the Company develops Interactive Information Systems (I.I.S.) and advanced interactive voice response application software solutions for third parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenues from call centre sales are recognized as the services are provided. The Company recognizes revenues from sales of interactive information systems and services at the time a contract is signed, custom system specifications, where applicable, are defined and agreed upon, and the system has been shipped or services rendered. In the event the Company anticipates more than a normal time period between shipment and completion of other obligations (installation and systems testing), revenue recognition is deferred until all remaining obligations are completed. Revenues from software licenses and maintenance agreements are deferred and recognized over the term of the agreement.

Inventories

Inventories, primarily systems components, are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Capital Assets

Capital assets are recorded at cost, net of investment tax credits, and are amortized using the following rates:

Furniture and fixtures	Straight-line over the term of the lease of rental premises
Computer hardware	Straight-line over 5 years
Computer software	Straight-line over 5 years
Telecommunications equipment	Straight-line over 10 years
Leasehold improvements	Straight-line over the term of the lease plus one renewal option
Rental equipment	Straight-line over 5 years

Research and Development

All research costs net of tax credits are expensed as incurred. Costs of developing new technologies and related services that meet criteria for deferral are deferred during their development phase. Deferred development costs are amortized over their useful lives on a straight-line basis for a period not to exceed 5 years. When an impairment in value exists, the carrying value is adjusted.

Goodwill

Goodwill is amortized using the straight-line method over 20 years. The Company assesses future operating earnings on a regular basis to estimate the net recoverable value of goodwill. When an impairment in value exists, the carrying value of goodwill is adjusted.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the consolidated financial statements. Management's estimates include a provision for restructuring costs and the recoverability of certain assets. Actual results could differ from these estimates.

3. BUSINESS COMBINATIONS

On April 15, 1997 the Company acquired the assets of a voice response company. The business acquisition was accounted for by the purchase method, resulting in goodwill of $ 93,306.

4. OTHER ASSETS

Other assets consist of pre-operating costs relating to the call centre in Nova Scotia which are being amortized over a period of five years.

	Cost	Accumulated Amortization	Net Book Value
1998	$980,578	$98,064	$882,514
1997	$821,192	$ -	$821,192
1996	$ -	$ -	$ -

5. CAPITAL ASSETS

	1998		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 1,865,899	$ 506,743	$ 1,359,156
Computer hardware	3,619,384	1,507,421	2,111,963
Computer software	2,298,139	794,474	1,503,665
Telecommunications equipment	2,476,869	321,054	2,155,815
Leasehold improvements	2,903,514	294,323	2,609,191
Rental equipment	314,487	115,302	199,185
Deferred development costs	1,498,308	-	1,498,308
	$ 14,976,600	$ 3,539,317	$11,437,283

During the year, deferred development costs were written down to $1,498,308 to reflect management's estimate of net recoverable value.

	1997		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 1,649,957	$ 366,224	$ 1,283,733
Computer hardware	3,370,209	1,077,536	2,292,673
Computer software	1,921,091	592,281	1,328,810
Telecommunications equipment	2,156,607	115,223	2,041,384
Leasehold improvements	2,861,580	112,055	2,749,525
Rental equipment	314,487	55,742	258,745
Deferred development costs	1,767,643	-	1,767,643
	$ 14,041,574	$ 2,319,061	$ 11,722,513

	1996		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 880,845	$ 269,762	$ 611,083
Computer hardware	1,516,115	678,179	837,936
Computer software	721,790	407,047	314,743
Telecommunications equipment	669,141	22,305	646,836
Leasehold improvements	305,495	35,990	269,505
Deferred development costs	915,797	-	915,797
	$ 5,009,183	$,413,283	$ 3,595,900

6. GOODWILL

	1998	1997	1996
Opening	$ 5,533,595	$ 5,746,781	$ 5,900,455
Goodwill on acquisition	-	93,306	-
Write down of goodwill	(4,370,797)	-	-
Accumulated amortization	(191,097)	(306,492)	(153,674)
Net book value	$ 971,701	$ 5,533,595	$ 5,746,781

Primarily as a result of significant customer losses during 1998, management has written down goodwill to its estimated recoverable value resulting in a charge against income of $4,370,797.

7. BANK INDEBTEDNESS

At December 31, 1998, the Company was in violation of bank covenants and subsequently entered into a forbearance agreement which allows the Company to retain its credit facilities to September 1, 1999. The forbearance agreement includes numerous additional financial, operational and performance covenants that the Company must achieve throughout the term of the agreement. (See Note 20c) Any violation of the terms and conditions of the forbearance agreement will cause all bank indebtedness and long term debt to become immediately due and payable and allow the bank to exercise its security rights. Under such circumstances, the Company may not be able to obtain replacement financing or equity, and accordingly, may not realise the carrying value of its assets.

The Company has available a bank facility up to the amount of $5,000,000 bearing interest at prime plus ½ %. As at August 31, 1998 $1,919,652 was drawn on this facility (1997 – nil, 1996 – nil). The purpose of this facility is to finance current operating expenditures and to temporarily finance the acquisition of program and technological upgrades to call centres.

8. LONG TERM DEBT

	1998	1997	1996
(a) $2,500,000 Bank term loan payable, bearing interest at a rate of prime + 1 %, payable in monthly instalments of $ 25,000 commencing December 1, 1997, increasing to $ 50,000 December 1, 1998, and again to $75,000 December 1, 1999, secured by furniture and equipment	$ 2,275,000	$ 2,500,000	-
(b) $3,500,000 Bank term loan payable, bearing interest at a rate of prime + 1 %, payable annually over the next four years on receipt of government contributions, secured by furniture and equipment. (Note 15).	2,625,000	1,800,000	-
(c) Finance contact bearing interest at 10%	-	-	157,431
	4,900,000	4,300,000	157,431
Current portion	525,000	225,000	157,431
Non current portion (Notes 7 and 20c)	$ 4,375,000	$ 4,075,000	$ -

Principal repayments required on long term debt are as follows:

1999	$ 525,000
2000	4,375,000
	$ 4,900,000

Interest on long-term debt for the year ended August 31, 1998 was $ 441,331 (1997 - $ 44,138, 1996 - $56,152).

9. CAPITAL STOCK

a) The authorised capital stock of the Company consists on an unlimited number of preferred shares issuable in series and an unlimited number of common shares. The Series 1 preferred shares are voting, participating, convertible into common shares on a one for one basis, with a minimum conversion value of $3 and retractable for $3 at the option of the holder. The Series 2 preferred shares are voting, participating and convertible into common shares on a one for one basis, with a minimum conversion value of $3. As at August 31, 1998 500,000 (1997 – 500,000, 1996 - nil) Series 2 preferred shares were outstanding.

b)

	Common Shares	
	Number	**$**
August 31, 1995	**7,198,200**	**$2,924,928**
October 31, 1995 (e)(i)	666,667	853,333
May 7, 1996 (e)(ii)(iii)	1,562,500	1,940,000
June 4, 1996 (e)(iv)	-	-
June 4, 1996 (e)(iv)	166,667	30,000
August 7, 1996 (e)(v)	3,557,000	7,046,286
Issuance under E.S.O.P. (e)(v)	299,666	195,101
August 31, 1996	**13,450,700**	**$13,259,648**
May 4, 1997 (d)(i)	588,235	1,125,000
Issuance under E.S.O.P. (d)(ii)	84,500	96,600
Issue costs	-	(22,461)
August 31, 1997	**14,123,435**	**$14,458,787**
October 31, 1997 (c)(i)	1,050,000	1,680,000
Issuance under E.S.O.P. (c)(ii)	5,000	3,009
August 31, 1998	**15,178,435**	**$16,141,796**

(c) During the year ended August 31, 1998 the following transactions occurred:

i) On October 31, 1997, Series 1 warrants were exercised resulting in the issuance of 1,050,000 common

ii) shares at a value of $1,680,000.

iii) During the year 5,000 common shares were issued pursuant to the Company stock option plan.

(d) During the year ended August 31, 1997 the following transactions occurred:

i) On May 4, 1997 500,000 Series 2 preferred shares were converted into 588,235

ii) common shares at a value of $1,125,000.

iii) During the year 84,500 shares were issued pursuant to the Company stock option plan.

(e) During the year ended August 31, 1996 the following transactions occurred:

i) On October 31, 1995, the Company issued 666,667 common shares and 333,333 Series I preferred shares as partial consideration for the shares of The DMS Group of Companies.

ii) On October 31, 1995, the Company completed a financing whereby 1,562,500 special warrants were issued for proceeds of $2,000,000 less issue costs of $60,000. Each special warrant entitled the holder thereof at no additional cost to receive:

- 1 common share of the Company;

- 0.64 Series 1 warrants;
- 0.5 Series 2 warrants; and
- in certain circumstances, 0.032 Series 3 warrants.

The special warrants were deemed to be exercised on May 7, 1996.

The holder of each Series 1 warrants is entitled to purchase one common share at the price of $1.60 per common share on or before October 31, 1997. Upon exercise of the Series 1 warrants the holder would be entitled to 1 million common shares of the Company.

The holder of each Series 2 warrant was entitled to purchase one common share at the price of $1.28 per common share at any time after March 31, 1996 and on or before October 31, 1997. The Series 2 warrants were cancelled as alternative financing was obtained by the Company.

The Series 3 warrants were issuable as the special warrants were not qualified by way of a prospectus by April 30, 1996. The holder of each Series 3 warrant is entitled to purchase one common share (50,000 shares in total) at a price of $1.60 per common share before October 31, 1997.

iii) On May 7, 1996, 100,000 Series 1 preferred shares were retracted at $3.00 per share for a total consideration of $300,000.

iv) On June 4, 1996, 133,333 Series 1 preferred shares were retracted at $3.00 per share for a total consideration of $400,000 and 100,000 were converted into 166,667 common shares.

v) On June 19, 1996, 3.557,000 special warrants were issued for proceeds of $8,003,250 before issue costs of $956,694. On August 7, 1996, 3,557,000 special warrants were converted to common shares.

vi) During 1996, 299,666 shares were issued pursuant to the Company stock option plan.

(f) As at August 31, 1998, the Company's stock option plan allows for grants with an exercise price based on the market price at the time of granting. These may be granted by the Compensation Committee of the Board. As at August 31, 1998, options for 1,135,350 shares had been granted to employees, consultants, officers and directors. These options expire from July 1999 to August 2003. The total outstanding options range in price from $ 0.55 to $ 2.75, with a weighted average exercise price of $0.91.

10. RESTRUCTURING COSTS AND UNUSUAL ITEMS

As a result of a strategic evaluation and planned reorganization of its operations, the Company incurred restructuring costs. These costs include expenses related to the suspension of operations at the Bathurst, New Brunswick call centre such as severances, employee relocation and termination costs, costs of moving equipment, and the charge for the writedown of capital assets. The restructuring costs and unusual items also include severances and benefits for salaried staff, legal and consultancy fees necessary to reduce overhead and operating costs.

Through these re-engineering efforts the Company identified certain assets which were considered to be no longer recoverable from the operations and the amount includes a charge for the writedown of those assets.

11. INCOME TAXES

(a) Income taxes have been provided for using a combined basic federal and provincial tax rate of 44.69%. In 1997 and 1996, prior years losses were applied resulting in no taxable income and an effective tax rate of nil.

(b) At August 31, 1998 the Company had loss carry forwards for which no benefits have been recognized in these financial statements in the amount of approximately $10,212,000. These are available for utilization against future taxable income, and expire as follows:

2000	$ 1,062,000
2001	176,000
2002	992,000
2003	2,138,000
2004	14,000
2005	5,830,000
	$ 10,212,000

12. EARNINGS PER SHARE

Fully diluted earnings reflect the effects of stock options, warrants and convertible preferred shares outstanding.

13. NET CHANGES IN OTHER NON-CASH BALANCES RELATED TO OPERATIONS

	1998	1997	1996
Accounts receivable	$ 1,729,610	$ (246,275)	$(3,924,686)
Inventories	(2,499)	427,764	(321,383)
Income taxes recoverable	-	76,000	69,576
Prepaid expenses and sundry assets	430,458	(127,074)	(354,635)
Accounts payable and accrued liabilities	187,258	188,656	2,944,150
Deferred revenue	(188,241)	114,085	(49,510)
	$ 2,156,586	$ 433,156	$(1,636,670)

14. COMMITMENTS AND CONTINGENCIES

(a) The Company is committed with respect to operating leases for office premises and equipment expiring at various dates to the year 2007. The future minimum annual payment under the terms of such leases for the years ended August 31 are as follows:

1999	$ 1,847,164
2000	1,685,944
2001	1,633,794
2002	1,568,016
2003	1,595,873
	8,330,791
Thereafter	4,292,171
	$ 12,622,962

(b) The Company and its subsidiaries face the possibility of routine litigation incidental to its business, and to assessment and reassessment of income and other taxes by various taxing authorities. The Company believes it has provided adequately for these matters and accordingly their ultimate disposition will not have a material effect on its consolidated earnings or financial position.

15. GOVERNMENT CONTRIBUTION

In the year ended August 31, 1997 the Company entered into an agreement to receive a contribution for $3,500,000 from Connections Nova Scotia. The contribution is receivable over four years in the amount of $875,000 annually, based on the creation of certain job levels in the province of Nova Scotia. During the year, $875,000 has been received and used to repay the Company's bank term loan (note 8(b)) and has been offset against operating expenses. No additional amount has been accrued for these contributions for the year ended August 31, 1998.

16. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Cash, accounts receivable, accounts payable and deferred revenue are all short term in nature, and as such, carrying value approximates fair value. Long term debt is at variable rates and therefore carrying value approximates fair value.

Concentration of Credit Risk

At year end, a significant portion, 65 % (1997 – 40 %, 1996 – 32%) of the Company's accounts receivable are from 3 (1997 – 3, 1996 - 2) customers. The Company believes there is minimal risk associated with the collection of these amounts, as such amounts are receivable from large established telecommunications companies and large financial institutions. The balance of accounts receivable is widely distributed among other customers.

Interest Rate

The Company is subject to risk of interest rate fluctuations. As a result the cashflow and profitability are affected by interest rate changes.

17. SEGMENTED INFORMATION

The Company operates predominantly in the call centre business and accordingly has not provided segmented information.

18. UNCERTAINTIES DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all the aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

20. SUBSEQUENT EVENTS

(a) On October 29, 1998 the remaining 500,000 series 2 preferred shares were converted into 4,661,134 common shares at a value of $1,098,000.

(b) On November 16, 1998, the Board of Directors and the Chief Executive Officer resigned in favour of a new Board of Directors and Chief Executive Officer. To effect this change, the Company incurred approximately $435,000 in fees and severance charges which have been recorded subsequent to the year end.

(c) On January 13, 1999, an amendment was made to the Company's Credit Facility Agreement dated April 28, 1997, as amended by an agreement dated December 17, 1997. The Bank has agreed to forbear from enforcing its security rights, subject to the achievement of financial operational and performance covenants until September 1, 1999. This agreement amends the rate of interest on all credit facilities to prime plus 2.5%. In consideration for this forbearance the Company has agreed, at the Bank's option, to pay $225,000 or to issue an equivalent number of common shares with a value equal to the rate prescribed in a future equity financing (Note 7).

Unaudited Consolidated Financial Statements of

PHONETTIX INTELLECOM LTD.

July 19, 1999

Phonettix Intelecom Ltd.
Consolidated Balance Sheet
(Unaudited)

		July 19, 1999
ASSETS		
CURRENT		
Accounts Receivable Trade	$	2,299,126
Accounts Receivable Other		210,208
Prepaid expenses and other assets		56,479
Total Current Assets		2,565,813
OTHER ASSETS		403,034
CAPITAL ASSETS (Note 4)		4,278,221
Total Assets	**$**	**7,247,068**
LIABILITIES AND CAPITAL DEFICIENCY		
CURRENT		
Bank indebtedness (Note 5)	$	3,003,708
Accounts Payable Trade		1,683,569
Accounts Payable Other and Accrued Liabilities		2,297,686
Accrued Restructuring Costs		4,561,139
Deferred revenue		63,333
Current portion of long-term debt (Note 5)		4,537,000
Total Current Liabilities		16,146,435
CAPITAL DEFICIENCY		
Capital stock		19,151,781
Deficit		(28,051,148)
Liabilities and Capital Deficiency	**$**	**7,247,068**

On behalf of the Board:

“*Elaine Minacs*”
Elaine Minacs
Director

“*Anthony Keenan*”
Anthony Keenan
Director

PHONETTIX INTELECOM LTD.
Consolidated Statements of Operations
(Unaudited)

		Period September 1, 1998 To July 19, 1999
REVENUES	$	20,377,271
EXPENSES		
Operating		21,781,183
Amortization		1,929,204
Interest		555,905
Loss Before Undernoted Items		(3,889,021)
Restructuring costs and unusual items		12,867,605
Loss before income taxes		(16,756,626)
Income taxes		-
Loss for the period	$	(16,756,626)
Basic loss per share	$	(0.80)
Total Number of Shares per Report at end of period		21,056,081
Earnings Per Share - Basic	$	(0.80)
- Fully Diluted	$	(0.80)

PHONETTIX INTELECOM LTD.
Consolidated Statements of Changes in Financial Position
(Unaudited)

		Period September 1, 1998 To July 19, 1999
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the period	$	(16,756,626)
Items not affecting cash:		
Amortization		1,929,204
Writedown of goodwill		921,640
Writedown of capital assets		5,875,195
Net changes in other non-cash balances related to operations (Note 10)		5,540,339
		(2,490,248)
INVESTING ACTIVITIES		
Capital assets		(115,793)
		(115,793)
FINANCING ACTIVITIES		
Long-term debt		(363,000)
Conversion of series 2 preferred shares		(1,125,000)
Issue of common shares		3,009,985
		1,521,985
DECREASE IN CASH		(1,084,056)
BANK INDEBTEDNESS - BEGINNING OF PERIOD		(1,919,652)
BANK INDEBTEDNESS - END OF PERIOD	$	(3,003,708)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACQUISITION OF PHONETTIX INTELECOM LTD.

On July 20, 1999, Phonettix Intelecom Ltd. and The Minacs Group Inc. entered into an agreement whereby Phonettix Intelecom Ltd. acquired a 100% interest in The Minacs Group Inc. In return for its shares in The Minacs Group Inc., the shareholders of The Minacs Group Inc. were issued 99,991,428 common shares of Phonettix Intelecom Ltd.

As a result of the issuance of 99,991,428 common shares of Phonettix Intelecom Ltd., the former shareholders of The Minacs Group Inc., control Phonettix Intelecom Ltd. through ownership of 80% of the common shares. Accordingly the transaction was accounted for as a reverse takeover with Phonettix Intelecom being the acquired Company.

Subsequent to the acquisition, on July 20, 1999, Phonettix Intelecom Ltd. was continued under the name Minacs Worldwide Inc. These financial statements reflect the results of Phonettix Intelecom up to the date of acquisition by The Minacs Group Inc.

2. NATURE OF ACTIVITIES

The Company was incorporated in 1987 under the Alberta Business Corporations Act and was continued under the Business Corporations Act (Ontario) effective April 19, 1996.

The Company's principal business is the operation of independent contract call centres through managing and conducting large scale response handling via telephone, fax, mail, fulfilment, outbound direct sales and customer service and field marketing programs. In addition, the Company develops Interactive Information Systems (I.I.S.) and advanced interactive voice response application software solutions for third parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenues from call centre sales are recognized as the services are provided. The Company recognizes revenues from sales of interactive information systems and services at the time a contract is signed, custom system specifications, where applicable, are defined and agreed upon, and the system has been shipped or services rendered. In the event the Company anticipates more than a normal time period between shipment and completion of other obligations (installation and systems testing), revenue recognition is deferred until all remaining obligations are completed. Revenues from software licenses and maintenance agreements are deferred and recognized over the term of the agreement.

Capital Assets

Capital assets are recorded at cost, net of investment tax credits, and are amortized using the following rates:

Furniture and fixtures	Straight-line over the term of the lease of rental premises
Computer hardware	Straight-line over 5 years
Computer software	Straight-line over 5 years
Telecommunications equipment	Straight-line over 10 years
Leasehold improvements	Straight-line over the term of the lease plus one renewal option
Rental equipment	Straight-line over 5 years

Research and Development

All research costs net of tax credits are expensed as incurred. Costs of developing new technologies and related services that meet criteria for deferral are deferred during their development phase. Deferred development costs are amoritzed over their useful lives on a straight-line basis for a period not to exceed 5 years. When an impairment in value exists, the carrying value is adjusted.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the consolidated financial statements. Management's estimates include a provision for restructuring costs and the recoverability of certain assets. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	1999		
	Cost	**Accumulated Amortization**	**Net Book Value**
Furniture and fixtures	$ 1,868,919	$ 976,726	$ 892,193
Computer hardware	3,603,532	3,026,372	577,160
Computer software	2,308,614	1,865,728	442,856
Telecommunications equipment	2,494,070	1,555,596	938,474
Leasehold improvements	2,939,086	1,560,723	1,378,363
Rental equipment	314,487	314,489	-
Deferred development costs	1,547,482	1,498,307	49,175
	$ 15,076,190	**$ 10,797,969**	**$ 4,278,221**

5. BANK INDEBTEDNESS

At July 19, 1999 the indebtedness was interest bearing at the rate of prime plus 2.5%. The long-term debt bears interest at the bank prime rate plus 1% and is secured by furniture and equipment.

Upon acquisition by The Minacs Group Inc., the bank indebtedness and long term debt was repaid.

Interest on long term debt for the period was $103,340.07.

6. CAPITAL STOCK

(a) The authorised capital stock of the Company consists on an unlimited number of preferred shares issuable in series and an unlimited number of common shares. The Series 1 preferred shares are voting, participating, convertible into common shares on a one for one basis, with a minimum conversion value of $3 and retractable for $3 at the option of the holder. The Series 2 preferred shares are voting, participating and convertible into common shares on a one for one basis, with a minimum conversion value of $3. As at July 19, 1998 500,000 (1997 – 500,000, 1996 - nil) Series 2 preferred shares were outstanding.

7. RESTRUCTURING COSTS AND UNUSUAL ITEMS

As a result of the acquisition of the Company by The Minacs Group Inc., the Company undertook a plan to restructure its operations. This plan resulted in the Company writing down the value of various assets and providing for future costs to be incurred by the closing of redundant facilities. The components of the restructuring costs and other unusual items are as follows:

Writedown of Capital Assets and Goodwill	$	6,841,833
Costs related to vacated or closed facilities		2,948,042
Legal and consulting fees		1,325,409
Severances and benefits		1,144,709
Other		607,612
	$	12,867,605

8. INCOME TAXES

(a) Income taxes have been provided for using a combined basic federal and provincial tax rate of 44.7%. In 1997 prior years losses were applied resulting in no taxable income and an effective tax rate of nil.

(b) At July 19, 1999 the Company had loss carry forwards for which no benefits have been recognized in these financial statements in the amount of approximately. These are available for utilization against future taxable income, and expire as follows:

2000	$	1,062,000
2001		176,000
2002		992,000
2003		2,138,000
2004		14,000
2005		5,380,000
2006		14,976,000
	$	24,738,000

9. EARNINGS PER SHARE

Fully diluted earnings reflect the effects of stock options, warrants and convertible preferred shares outstanding.

10. NET CHANGES IN OTHER NON-CASH BALANCES RELATED TO OPERATIONS

		1999
Accounts receivable	$	937,518
Inventories		136,972
Prepaid expenses and sundry assets		49,651
Accounts payable and accrued liabilities		4,405,474
Deferred revenue		10,725
	$	5,540,340

11. COMMITMENTS AND CONTINGENCIES

(a) The Company is committed with respect to operating leases for office premises and equipment expiring at various dates to the year. The future minimum annual payment under the terms of such leases for the years ended August 31 are as follows:

2000	$	1,685,944
2001		1,633,794
2002		1,568,016
2003		1,595,873
2004		-
	$	6,483,627
Thereafter		4,292,171
	$	10,775,798

(b) The Company and its subsidiaries face the possibility of routine litigation incidental to its business, and to assessment and reassessment of income and other taxes by various taxing authorities. The Company believes it has provided adequately for these matters and accordingly their ultimate disposition will not have a material effect on its consolidated earnings or financial position.

12. GOVERNMENT CONTRIBUTION

In the year ended August 31, 1997 the Company entered into an agreement to receive a contribution for $3,500,000 from Connections Nova Scotia. The contribution is receivable over four years in the amount of $875,000 annually, based on the creation of certain job levels in the province of Nova Scotia. During the period $875,000 has been received and used to repay the Company's bank term loan and has been offset against operating expenses. No additional amount has been accrued for these contributions for the period September 1, 1998 to July 19, 1999.

13. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

Cash, accounts receivable, accounts payable and deferred revenue are all short term in nature, and as such, carrying value approximates fair value. Long term debt is at variable rates and therefore carrying value approximates fair value.

(b) Interest Rate

The Company is subject to risk of interest rate fluctuations. As a result the cashflow and profitability are affected by interest rate changes.

14. SEGMENTED INFORMATION

The Company operates predominantly in the call centre business and accordingly has not provided segmented information in 1998.

CERTIFICATE OF THE COMPANY

DATED: June 27, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XV of the *Securities Act* (Ontario), Section 63 of the *Securities Act* (Nova Scotia), and Part 8 of the *Securities Act* (Alberta) and the regulations thereunder.

"Elaine Minacs"
Elaine Minacs
President and Chief Executive Officer

"Duncan Cowie"
Duncan Cowie
Vice President and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Anthony Keenan"
Anthony Keenan
Director

"Ronald J. Kitchen"
Ronald J. Kitchen
Director

CERTIFICATE OF THE AGENTS

DATED: June 27, 2000

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XV of the *Securities Act* (Ontario), Section 64 of the *Securities Act* (Nova Scotia), and Part 8 of the *Securities Act (Alberta)* and the regulations thereunder.

OCTAGON CAPITAL CORPORATION

Per: *"David J. McLeish"*
DAVID J. McLEISH

THOMSON KERNAGHAN & CO. LIMITED

Per: *"Lionel Conacher"*
LIONEL CONACHER

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

OCTAGON CAPITAL CORPORATION; Octagon Capital Partners Inc.;

THOMSON KERNAGHAN & CO. LIMITED; a wholly-owned subsidiary of T.K. Holdings Inc.