Letter to Shareholders

The year 2000 will not soon be forgotten. The financial markets that so richly rewarded technology stocks at the outset of the year, reversed themselves overnight with the realization that for many companies in the new economy "the emperor had no clothes". Yet even amidst the growing number of the technology companies that have fallen, tremendous opportunities exist for innovative companies that can marry cutting edge technologies and services with the age old fundamentals of revenues and profits.

Intasys faced a number of challenges this year as it expanded beyond its core operating companies and placed increasing emphasis on its technology incubator. The rationalization of the financial markets and the belief that shareholder value is best created by focusing on our core businesses has lead to the winding down of our incubator operations and development of a long-term liquidation plan for our existing investments in this division. We have also undertaken an aggressive cost cutting program to relieve the overhead burden on our operating companies.

Intasys has always believed that its companies need to develop solid, fundamental business models that build sustainable revenue growth and profitability. Intasys' management team has the patience and experience to understand that short term profits are often elusive in early stage businesses that must invest to build distribution and brand recognition while maintaining a technological edge.

With the potential of its core businesses and a smaller, aggressive and talented management team, we believe that Intasys has tremendous opportunities in the future.

We would like to thank our employees for their continued efforts and commitments and our shareholders for their patience and support.

Steve Saviuk
Chairman and Chief Executive Officer

April 9, 2001

Review of Operations

During fiscal 2000, for operating and financial statement purposes, Intasys Corporation operated firstly as a global provider of wireless Internet-compatible billing and customer information systems through its 69% owned subsidiary, and secondly as a strategic technology entity investing in the new media and telecommunications sectors. Mamma.com Inc. represents our only investment above 50% ownership, hence is consolidated.

Sales for the year ending December 31, 2000, increased to US$14,431,554 compared with US$5,023,822 for the previous year an increase of 187%. Our investment technology sector contributed for a full year in 2000 with total sales of US$7,672,270 compared with US$474,486 for the previous year, representing one month of operation since Mamma.com was only acquired at the end of November 1999. The billing sector had sales of US$6,759,284 compared to US$4,549,336 for the previous year, an increase of 49%.

Intasys reported a loss before amortization and write-down of goodwill of US$15,809,678 for 2000 (US$0.59 per share), as compared to US$7,525,786 (US$0.47 per share) in 1999. The year 2000 loss before amortization and write-down of goodwill included significant non-recurring items for a total of US$6,728,341, such as US$784,637 of capital asset write-down, US$1,029,167 of restructuring charges, US$898,550 loss on equity disposal of a subsidiary and finally US$4,015,987 of unrealized loss on marketable securities and investments. Some of these non-recurring items in 2000 are a reflection of market conditions and others are a management decision to significantly reduce ongoing corporate expenses. In 1999, these were only US$646,192 of non-recurring items. The billing sector costs were lower than last year (US$10,484,405 in 2000 vs US$12,439,225 in 1999) despite a sales increase of US$2,209,948. The investment sector reported twelve months of operation in 2000 for Mamma.com compared with one month in 1999.

The net loss for 2000 was US$32,236,492 (US$1.20 per share) as compared to US$7,864,673 (US$0.50) in 1999. The increase in loss is largely due to amortization of goodwill for 2000, which was at US$7,727,455 representing the goodwill related to the acquisition of Mamma.com amortized over a 3 year period and an additional goodwill write-down of US$8,586,073 to reflect goodwill at the estimated net recoverable amount. This adjustment is a result of general market conditions and specific ones related to the dot.com industry. The 1999 amortization of goodwill was only $338,887 representing one month's expense.

The Company has not recorded any benefit related to income tax loss carry forward balances, which total approximately US$11.9 million as at December 31, 2000. These losses may be available to reduce taxable income in future years.

As at December 31, 2000, the Company has cash and cash equivalents of US$3,775,206 and marketable securities available for sale of US$2,139,940, no long-term debt and shareholders equity of approximately US$16.8 million (US$0.62 per share).

Our Companies

Intasys Billing Technologies (IBT)

In April 2000, Intasys acquired certain mediation software and other intellectual property rights from Noha Systems Limited and related parties. Intasys also contributed US$2 million to continue the expansion of the billing operations and allow the Company to pursue its targeted sales and positive cash flows during 2001.

IBT is a global provider of wireless, Internet-compatible billing and customer information systems. IBT has developed a Java based mediation device capable of high volume call record collection and provisioning services on multiple network elements. Their proven experience as a hands-on IT systems integration and consulting partner provides valuable insight into the changing needs of Telecom and Internet Providers.

Mamma.com Inc.

This year Mamma.com introduced an Online Co-brand Program, which allows users to add a fully customized Meta Search Engine to their website. The program increased traffic to websites, expanded the access and use of the Mamma.com Search Engine and increased the quality of the search results for users. Mamma.com was awarded the Standard of Excellence WebAward from the Web Marketing Association.

Mamma.com, the “Mother of all Search Engines™” is a top-rated Meta Search Engine and leading provider of Meta Search Engines to high traffic Internet websites. Mamma.com is the premiere provider of non-duplicated, relevance-ranked information and offers users a simple, efficient way to retrieve the most accurate information in the shortest amount of time from the Internet. The company boasts over seven million unique users and eighty-five million page views per month. Intasys invested US$27 million ($11.9 million in cash and the balance in shares valued at $4.00) to purchase 69% of the company.

TECE, Inc.

A leading provider of integrated solutions that enable organizations to select complex technology solutions. Through its patented technology (TESS) and content rich knowledge bases that are continually updated, the company delivers, through multiple channels, value-added solutions to the marketplace in order to maximize its impact. Its clients include Fortune 1000 companies, consulting firms and technology vendors.

InterWAVE Communications International, Ltd.

The Company has pioneered a product suite that provides all of the infrastructure equipment and software necessary to support an entire wireless network within a single compact system. Intasys invested US$ 5.72 million for 1,430,000 common shares.

LTRIM Technologies Inc.

LTRIM is the developer of an innovative laser tuning technology for manufacturing high-precision analog and mixed signal integrated circuits used in many industries including telecommunications. Intasys invested US$.54 million in LTRIM and committed to invest US$.60 in 2001, in exchange for appproximately 28% equity position.

uPath.com Inc.

uPath is an award winning Internet communications, commerce and media company, geared towards the 18 to 26 year old market, that offers a branded network of services to thousands of users daily. Intasys acquired 30% of uPATH for US$.688 million.

ESP Media Inc.

ESP Media is a unique wireless service provider offering a sponsored, mobile telephony service that partners sponsors with specific target markets. The Company will use personalized data mining techniques to provide value-added information to advertisers on a specific market niche. Intasys invested US$1.48 million representing an equity position of approximately 27%.

Tri-Link Technologies Inc.

Tri-Link is a developer of integrated (voice, video and data) computer telephony solutions for business, its product Vortex delivers unsurpassed functionality and integral services at a very economical price. Intasys invested US$ 1.35 million representing an 11.25% interest in Tri-Link.

Management Report

The consolidated financial statements of Intasys Corporation have been prepared by management in accordance with generally accepted accounting principles in Canada, which except as described in note 24, conform in all material respects with accounting principles generally accepted in the United States. The financial information contained elsewhere in the Annual Report is consistent with the consolidated financial statements.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance that the financial information is accurate and reliable and that the Corporation's assets are adequately accounted for and safeguarded. These controls are reviewed regularly by management and their findings are presented to the Audit Committee.

The Audit Committee, which is made up of a majority of independent directors, meets periodically with management, and external auditors, to ensure that both are discharging their respective responsibilities relating to the financial statements.

The consolidated financial statements have been reviewed by the Audit Committee prior to submission to the Board. In addition, the consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Accountants, who have full access to the Audit Committee with and without the presence of management. Their report is provided below.

Steve Saviuk
Chairman and Chief Executive Officer
April 9, 2001

Daniel Bertrand
Vice-President, Finance

Auditors' Report

To the Shareholders of Intasys Corporation

We have audited the consolidated balance sheets of **Intasys Corporation** as at December 31, 2000 and 1999, the consolidated statements of shareholders' equity, operations and cash flows for each of the years in the two-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian and United States 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, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the two-year period ended in accordance with Canadian generally accepted accounting principles.

The consolidated statements of shareholders' equity, operations and cash flows for the year ended December 31, 1998 have been audited by other auditors who expressed an opinion without reservation on such statements in their report dated March 9, 1999.

PricewaterhouseCoopers LLP
Chartered Accountants
Montreal, Canada
March 2, 2001 except for note 23 b) which is as of March 16, 2001

Comments by Auditor for U.S. Readers on Canada-U.S. Reporting Difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated March 2, 2001 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Montreal, Canada
March 2, 2001 except for note 23 b) which is as of March 16, 2001

Consolidated Balance Sheets

(expressed in U.S. dollars)

	December 31, 2000 $	**December 31, 1999 $**
Assets		
Current assets		
Cash and cash equivalents	**3,775,206**	11,123,554
Marketable securities *(note 4)*	**2,139,940**	-
Accounts receivable *(note 5)*	**4,177,492**	2,009,717
Work in progress	**178,502**	-
Prepaid expenses and other assets *(note 6)*	**941,007**	1,881,685
	11,212,147	15,014,956
Investments *(note 7)*	**4,585,774**	6,062,196
Capital assets *(note 9)*	**1,644,983**	1,671,030
Goodwill *(note 10)*	**6,200,000**	22,513,528
	23,642,904	45,261,710
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(note 11)*	**3,356,958**	1,888,261
Reserve for restructuring *(note 12)*	**584,731**	372,260
Deferred revenue	**1,258,218**	30,330
Income taxes payable	**113,484**	-
	5,313,391	2,290,851
Non-controlling interest	**1,528,942**	2,057,341
	6,842,333	4,348,192
Contingencies and commitments *(note 19)*		
Shareholders' Equity		
Capital stock *(note 13)*		
Authorized		
Unlimited Class "A" subordinate voting shares		
50,000 Class "B" shares Unlimited common shares		
Issued and outstanding - 27,179,599 common shares (1999 - 24,664,644)	**63,502,772**	54,020,074
Additional paid-in capital	**2,180,976**	3,369,825
Cumulative translation adjustment	**(170,304)**	-
Deficit	**(48,712,873)**	(16,476,381)
	16,800,571	40,913,518
	23,642,904	45,261,710

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

Approved by the Board of Directors

Steve Saviuk
Chairman and Chief Executive Officer

Claude Forget
Director

Consolidated Statements of Shareholders' Equity

(expressed in U.S. dollars)

	Common shares #	Common shares $	Paid-in capital $	Equity component $	Cumulative Translation Adjustment $	Deficit $
Balance, December 31, 1997	5,667,805	7,137,747	6,000	25,000	-	(5,929,482)
Allocated issued on redemption of debt	-	-	642,000	429,000	-	-
Shares issued on redemption of debt	-	-	(64,564)	(93,968)	-	-
Shares issued on private placement	2,339,398	4,566,889	-	-	-	-
Shares issued on exercise of warrants	2,118,498	2,591,452	(15,000)	-	-	-
Shares issued on conversion of debt	1,727,364	1,180,092	(152,416)	(254,236)	-	-
Shares issued in lieu of interest on convertible debentures	27,958	58,543	-	-	-	-
Shares issued on exercise of employee options	212,500	292,463	-	(42,143)	-	-
Equity component of interest expense	-	-	-	13,276	-	(13,276)
Loss for the year	-	-	-	-	-	(2,668,950)
Balance, December 31, 1998	12,093,523	15,827,186	416,020	76,929	-	(8,611,708)
Shares and warrants issued on private placement	5,487,369	14,570,000	3,120,000	-	-	-
Shares issued in connection with Domus acquisition	40,000	130,000	-	-	-	-
Shares issued in connection with Latitude acquisition	46,667	70,000	-	-	-	-
Shares issued on acquisition of Mamma.com	3,815,372	15,261,488	-	-	-	-
Shares issued on exercise of warrants	2,295,605	6,702,818	(166,195)	-	-	-
Shares issued on exercise of employee options	469,400	544,098	-	-	-	-
Shares issued in lieu of interest on convertible debentures	5,966	16,636	-	-	-	-
Shares issued on conversion of debt	410,742	897,848	-	(76,929)	-	-
Loss for the year	-	-	-	-	-	(7,864,673)
Balance, December 31, 1999	24,664,644	54,020,074	3,369,825	-	-	(16,476,381)
Shares issued on private placement	196,000	550,760	9,240	-	-	-
Shares issued on exercise of warrants	1,860,705	8,192,350	(1,198,089)	-	-	-
Shares issued on exercise of employee options	458,250	739,588	-	-	-	-
Cumulative translation adjustment for the year	-	-	-	-	(170,304)	-
Loss for the year	-	-	-	-	-	(32,236,492)
Balance, December 31, 2000	27,179,599	63,502,772	2,180,976	-	(170,304)	(48,712,873)

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

Consolidated Statements of Operations

(expressed in U.S. dollars)

	For the years ended December 31,		
	2000	1999	1998
	$	$	$
Revenue *(note 15)*	**14,431,554**	5,023,822	4,197,799
Expenses			
Cost of goods sold, selling and administrative	**20,931,036**	9,339,763	5,059,888
Net research and development *(note 18)*	**1,534,415**	1,466,663	240,303
Amortization of capital assets	**1,177,848**	1,446,828	1,293,837
Capital asset write-down	**784,637**	-	-
Restructuring charges *(note 12)*	**1,029,167**	646,192	-
	25,457,103	12,899,446	6,594,028
Interest expense	**12,347**	30,390	216,689
Interest revenue	**(714,074)**	(355,512)	-
Non-controlling interest	**(1,436,096)**	(24,716)	-
Share of results of companies subject to significant influence	**2,007,415**	-	-
Loss on equity disposal of a subsidiary	**898,550**	-	-
Unrealized loss on marketable securities and investments	**4,015,987**	-	-
	4,784,129	(349,838)	216,689
Loss for the year before amortization of goodwill and income taxes	**(15,809,678)**	(7,525,786)	(2,612,918)
Amortization of goodwill	**7,727,455**	338,887	56,032
Goodwill write-down	**8,586,073**	-	-
Loss for the year before income taxes	**(32,123,206)**	(7,864,673)	(2,668,950)
Provision for current income taxes	**113,286**	-	-
Loss for the year	**(32,236,492)**	(7,864,673)	(2,668,950)
Basic and fully diluted loss per share before amortization of goodwill *(note 14)*	**(0.59)**	(0.47)	(0.32)
Basic and fully diluted loss per share *(note 14)*	**(1.20)**	(0.50)	(0.33)

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

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	For the years ended December 31,		
	2000	1999	1998
	$	$	$
Cash flows provided by (used in) Operating activities			
Net earnings (loss)	**(32,236,492)**	(7,864,673)	(2,668,950)
Adjustments for:			
Amortization	**8,905,303**	1,785,715	1,349,869
Capital asset write-down	**1,270,179**	123,742	-
Goodwill write-down	**8,586,073**	-	-
Realized gain on disposal of marketable securities	**(36,381)**	-	-
Imputed interest on convertible debt	**-**	16,636	196,195
Non-controlling interest	**(1,436,096)**	24,716	-
Imputed interest and management fees in investments	**(231,933)**		
Loss on equity disposal of a subsidiary	**898,550**	-	-
Share of results of companies subject to significant influence	**2,007,415**	-	-
Unrealized loss on marketable securities and investments	**4,015,987**	-	-
Decrease (increase) in assets:			
Accounts receivable	**(2,197,825)**	(59,433)	(795,379)
Work in progress	**(178,502)**		
Prepaid expenses and other assets	**891,495**	(1,327,998)	(42,507)
Increase in liabilities:			
Accounts payable and accrued liabilities	**1,487,761**	93,506	58,792
Income taxes payable	**113,484**	-	-
Deferred revenue	**1,227,888**	30,330	-
Reserve for restructuring	**212,471**	372,260	-
	(6,700,623)	(6,805,199)	(1,901,980)
Investing activities			
Investments	**(6,797,056)**	(12,013,852)	-
Proceeds on disposal of investments	**378,450**	-	-
Purchase of capital assets	**(2,421,980)**	(749,539)	(1,926,791)
	(8,840,586)	(12,763,391)	(1,926,791)
Financing activities			
Issuance of convertible debt	**-**	-	4,200,000
Issuance of equity of a subsidiary	**9,147**	-	-
Issuance of capital stock	**8,293,849**	24,938,409	6,751,174
Repayment of convertible debt	**-**	-	(1,000,000)
Expenditures related to issuance of capital stock	**-**	-	(739,220)
	8,302,996	24,938,409	9,211,954
Effect of foreign exchange rate changes on cash and cash equivalents	**(110,135)**	-	-
Change in cash and cash equivalents	**(7,348,348)**	5,369,819	5,383,183
Cash and cash equivalents - Beginning of year	**11,123,554**	5,753,735	370,552
Cash and cash equivalents - End of year	**3,775,206**	11,123,554	5,753,735
Cash and cash equivalents comprise:			
Cash	**3,149,127**	774,250	303,986
Short term deposits	**626,079**	10,349,304	5,449,749
Supplemental disclosure of cash flow information			
Cash paid for interest	**24,270**	11,792	65,494
Cash paid for income taxes	**-**	-	-

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

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

1 Going concern

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. The use of such principles may not be appropriate because, as of December 31, 2000, there was significant doubt that the Company would be able to continue as a going concern.

For the year ended December 31, 2000, the Company had a loss of $32,236,492, a working capital of $5,898,756 and an accumulated deficit of $48,712,873. In addition, the Company is committed to invest $600,000 into one of its investments by the end of April 2001.

Management has undertaken to significantly reduce costs through a series of actions including, but not limited to, lowering headcount, reducing operating costs and considering other financing alternatives for its operations.

Although there is no assurance that the Company will be successful in these actions, management is confident that it will be able to secure the necessary financing and improvement in operating cash flow to enable it to continue as a going concern. Accordingly, these financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2 Nature of business

The Company is a global provider of wireless, Internet-compatible billing and customer information systems with customers located mainly in the United States, Canada, the United Kingdom, Australia, the Middle East and south east Asia.

The Company is also a strategic technology entity investing in the new media and telecommunications sectors. Existing investments are located in the United States and Canada.

3 Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which, except as described in (note 24), conform in all material respects with accounting principles generally accepted in the United States.

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash and investments with original maturities of less than ninety days from the date of acquisition. The Company considers its money-market funds and interest-bearing premium investment account to be cash equivalents.

c) Marketable securities

Marketable securities are carried at the lower of cost or market value.

d) Investment tax credits

The Company is entitled to scientific research and experimental development ("SRED") tax credits granted by the Canadian federal government ("Federal") and the government of the Province of Quebec ("Provincial"). Federal SRED tax credits, which are non-refundable, are earned on qualified Canadian SRED expenditures at a rate of 20%. Provincial SRED tax credits, which are refundable, are earned on qualified SRED salaries in the Province of Quebec at a rate of 20%.

Tax credits are accounted for using the cost reduction method. Under this method, tax credits relating to eligible expenditures are deducted from the cost of the related assets or included in the statement of loss as a reduction of the related expenses in the period during which the expenditures are incurred, provided there is reasonable assurance of realization.

e) Investments

The Company's investments in 50%-or-less-owned companies over which the Company has the ability to exercise significant influence are accounted for using the equity method. If the Company does not exercise significant influence, the investment is accounted for using the cost method.

f) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the following rates and bases:

Computer equipment and software	20% to 30% declining balance and straight-line over 3 to 5 years
Furniture and fixtures	20% declining balance and straight-line over 3 to 5 years
Leasehold improvements	straight-line over 5 to 11 years
Billing technology software	straight-line over 5 years

The Company regularly reviews the carrying value of its capital assets. If the carrying value of its capital assets exceeds the amount recoverable, a write-down is charged to the consolidated statement of operations.

g) Goodwill

Goodwill is stated at cost less accumulated amortization, which is calculated on a straight-line basis over the estimated useful life. In 1999, the Company acquired Mamma.com Inc., which resulted in recording a $22,582,366 goodwill. This goodwill is being amortized over its estimated three-year useful life.

The Company periodically assesses the carrying value of goodwill when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is written down when the carrying value exceeds the estimated net recoverable amount. The amount of write-down, if any, is measured as the excess of the carrying value over the estimated net recoverable amount.

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

3 Summary of significant accounting policies (continued)

h) Research and development costs

Research costs, including research performed under contract by third parties, are expensed as incurred. Development costs are also generally expensed as incurred unless such costs meet the criteria under General Accepted Accounting Principles for deferral and amortization. To qualify for deferral, the costs must relate to a technically feasible, identifiable product which the Company intends to produce and market, there must be a clearly defined market for the product and the Company must have the resources, or access to the resources, necessary to complete the development. The Company has not deferred any such development costs during the years ended December 31, 1999 and December 31, 2000.

i) Stock-based compensation plan

The Company maintains stock-based compensation plans, which are described in note 13. No compensation expense is recognized when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

j) Revenue recognition

The Company recognizes revenue from the sale of software licenses and related post-contract customer support and other related services in accordance with Statement of Position ("SOP") 97-2, "Software Revenue Recognition". Fees from arrangements involving licenses, post-contract customer support and other related services are allocated to the various elements based on vendor-specific objective evidence fair value of each of the elements. Revenue from software licenses is recognized when persuasive evidence of an arrangement exists, the software product has been delivered, there are no uncertainties surrounding product acceptance, the related fees are fixed or determinable, and collection is considered reasonably assured. Revenue from post-contract customer support elements is recognized ratably over the related support period. Revenue from other related services is recognized as the services are performed.

The Company recognizes the revenue from search services, banner advertising and sponsorships when the following criteria are satisfied:

(a)the fee is fixed or determinable;
(b)collectibility is probable;
(c)the revenue is not subject to forfeiture, refund or other concessions; and
(d)there is a signed contract.

Search service revenue is generated as users click on certain search results, giving rise to direct revenue or a revenue share earned by the company. Revenue from such clicks is recognized as the clicks occur, provided collectibility of the related revenue is reasonably assured.

Banner advertising revenue is generated from advertising delivered on a web page, at an agreed rate per thousand impressions delivered, or based on user clicks on displayed advertising banners. Revenue from advertising arrangements is recognized as the impressions are delivered or as clicks on displayed advertising banners occur, provided that no significant Company obligations or commitments relating to a minimum number of impressions remain and collection of the resulting account receivable is reasonably assured.

Revenue from sponsorships is recognized ratably over the terms of the related contracts.

k) Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

l) Reporting currency

The functional currency and reporting currency of the Company is the U.S. dollar. The functional currency of the company's 69%-owned subsidiary is the local currency. Accordingly, the Company's subsidiary financial statements have been translated into the reporting currency as follows: assets and liabilities have been translated at the exchange rate in effect at the end of each period and revenue and expenses have been translated at the average exchange rate for each period. All translation gains or losses from the translation of the consolidated financial statements into the reporting currency have been included in the cumulative translation adjustment during the year resulting solely from the application of this translation method.

m)Foreign currency transactions

Transactions concluded in currencies other than the functional currency have been translated as follows: monetary assets and liabilities have been translated at the exchange rate in effect at the end of each period and revenue and expenses have been translated at the average exchange rate for each period; non-monetary assets and liabilities have been translated at the rates prevailing at the transaction dates. Exchange gains and losses arising from such transactions are included in earnings for the period.

n) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

o) Earnings (loss) per share

Basic earnings (loss) per share are determined using the weighted average number of common shares outstanding during the period, as adjusted for the effects of stock splits and other reorganizations of share capital in prior periods.

Fully diluted earnings (loss) per share is determined using the weighted average number of shares and dilutive share equivalents outstanding during the period. Earnings for the period are increased by the estimated additional earnings, net of applicable income taxes, on the proceeds, if any, from the exercise of dilutive common share equivalents. Fully diluted net earnings (loss) per share exclude the effects of common share equivalents which would have an anti-dilutive effect.

p) Reclassification

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

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

4 Marketable securities

On August 30, 1999, the Company acquired 715,000 series H-1 voting preferred shares of interWAVE Communications International Ltd. ("interWAVE") at a price of $7.00 per share, which were converted into common shares on August 3, 2000.

On January 20, 2000, the Company acquired another tranche of 715,000 common shares of interWAVE at a price of $1.00 per share by exercising 715,000 warrants.

As at December 31, 2000, the Company owned 1,370,000 common shares of interWAVE.

5 Accounts receivable

Accounts receivable comprise the following:

	2000 $	1999 $
Trade accounts receivable	**4,286,393**	1,876,002
Allowance for doubtful accounts	**(297,307)**	(228,778)
	3,989,086	1,647,224
Other		
Employees	**5,075**	2,225
Receivable from a company owned by a director	**10,849**	-
Interest and management fees receivable from a significantly influenced company	**91,132**	-
Other	**81,350**	360,268
	4,177,492	2,009,717

6 Prepaid expenses and other assets

Prepaid expenses and other assets comprise the following:

	2000 $	1999 $
Prepaid expenses	**196,746**	666,064
Prepaid marketing contracts	**-**	1,022,350
Notes receivable (note 6a)	**303,748**	-
Deposit on lease facility (note 6b)	**324,955**	-
Demand loan receivable from the Company's former chairman	**-**	60,692
Other assets	**115,558**	132,579
	941,007	1,881,685

a) Notes receivable bearing interest at 12% guaranteed by a hypothec on the universality of the grantor's movable property, present and future.

b) The Company issued a letter of credit to a landlord on a declining basis as a guarantee for the fulfillment of all terms and conditions of the lease. Such irrevocable letter of credit shall be in force throughout the entire term of the lease, which is expiring in June 2011.

7 Investments

Investments comprise the following:

	2000 $	1999 $
Investment in non-public companies, at cost (note 7 a)	**1,959,080**	-
Investment in non-public companies subject to significant influence (note 7 b)		
Shares at cost	**2,178,339**	-
Share of net losses	**(950,430)**	-
Investment write-down	**(628,682)**	
	599,227	-
Investment in a public company, at cost (note 7 c)	**-**	5,054,314
Investment in a public company subject to significant influence (note 7 d)		
Shares at cost	**2,739,538**	-
Share of net losses	**(1,056,985)**	-
Note receivable	**344,914**	1,007,882
	2,027,467	1,007,882
	4,585,774	6,062,196

(expressed in U.S. dollars)

7 Investments (continued)

Pursuant to the original terms of a Master Option Agreement dated as of December 7, 1999 between Intasys Corporation, Intasys Capital Corporation and 3354717 Canada Inc. (a corporation controlled by the CEO and President), 3354717 Canada Inc. had been granted an option to purchase, at Intasys Corporation's cost, up to 10% of the eligible investments made by Intasys Corporation (except as regards to Intasys Corporation's holdings in Mamma.com where the eligible percentage under option is 5%). The fair value of the option has been estimated using the Black Sholes option pricing model and amortized to expense over the estimated option vesting period (3 years). This has been accounted for by the Company as Compensation expense and is marked to its market value at the end of each accounting period.

As of November 17, 2000, the CEO and the President of the Company both stopped receiving any salary and agreed to directly link their compensation to the Company's performance. In consideration for this, the Company amended the terms of the Master Option Agreement to increase the eligible percentage under option to 20% (except as regards to Intasys Corporation's holdings in interWAVE and Mamma.com Inc. where the eligible percentage under option is 10% and 7.5% respectively.)

a) On May 4, 2000, the Company acquired a 6%-secured debenture of CA$1.0 million (US$635,880) convertible into 15% of the equity of LTRIM Technologies Inc. ("LTRIM"). Subsequently, the Company sold a portion of its nominal debenture at cost for an amount of CA$150,000 (US$100,000) representing 2.25% of the equity of LTRIM.

   On September 25, 2000, the Company acquired 1,501,224 preference shares of Tri-link Technologies Inc. representing 11.25% of its equity for US$1.35 million.

b) On May 16, 2000, the Company acquired 2,783,505 Class "A" shares of uPath.com Inc. for CA$1.0 million (US$687,990) representing 30% of the equity, on a fully diluted basis.

   During the year, the Company acquired a total of 2,200,000 Class "A" shares of ESP Media Inc. in a three-phase process for an amount of CA$2.2 million (US$1,480,874) representing 26.7% on a fully diluted basis.

c) On August 30, 1999, the Company acquired 715,000 series H-1 preferred shares of interWAVE. As of December 31, 2000, the outstanding shares were presented into marketable securities (note 3).

d) On March 30, 2000, the Company acquired a nominal 6%-secured debenture of US$2.625 million issued by TechnologyEvaluation.com ("TEC.com") for a cash consideration of US$1.625 million and in exchange of a US$1.0 million notes receivable and accrued interest.

   On November 9, 2000, TECE, Inc. ("TECE"), a publicly traded corporation listed on the OTC BB in the United States under the symbol TENC, acquired a controlling interest in TEC.com from certain of its major shareholders, including Intasys Corporation. As part of the transaction, the Company transferred its US$2.625 million secured convertible debenture plus accrued interest in an amount of US$114,538 in exchange for 6,522,710 shares of TECE's common stock. At the same time, the Company subscribed to a note receivable bearing no interest of US$344,914. The note receivable was issued for a cash consideration US$250,000 and a conversion of fees of US$94,914.

8 Acquisitions

a) Purchase of Telecommunications Billing - Domus Software Limited

On August 31, 1998, the Company acquired the assets of the telecommunications billing system division of Domus Software Limited of Ottawa, Ontario, Canada through its wholly owned Canadian subsidiary. The purchase price was satisfied by a $423,500 cash payment and the issuance of 40,000 shares to Domus employees on August 20, 1999. Summarized below are the fair values of the assets assumed at acquisition date:

	$
Accounts receivables and prepaids	46,492
Computer equipment	81,433
Software technology	295,575
Goodwill	130,000
	553,500

b) Purchase of Mamma.com Inc.

On November 29, 1999, the Company acquired 92,672 Class A common shares and all of the Class A preferred shares of Mamma.com Inc., a company providing a meta search engine on the Internet. These shares represent a 69% voting interest in Mamma.com. Total consideration was $27,146,900. On December 8, 1999, pursuant to a certificate of amendment, Mamma.com Inc. split its shares on a fifty-for-one basis.

The purchase price was satisfied by a $11,885,412 cash payment and the issuance of 3,815,372 common shares of the Company valued at $4.00 per share. This acquisition has been accounted for using the purchase method. The operating results of Mamma.com since November 29, 1999 are included in the consolidated statement of operations for the year ended December 31, 1999.

The net assets acquired were as follows:

	$
Cash	5,933,756
Accounts receivable and sundry receivable	910,096
Prepaid expenses and other assets	242,206
Fixed assets	381,303
Goodwill	22,582,366
Accounts payable and accrued liabilities	(854,012)
Non-controlling interest	(2,048,815)
	27,146,900

(expressed in U.S. dollars)

8 Acquisitions (continued)

The following table presents proforma financial information for the years ended December 31, 1999 and 1998 as though the acquisition of Mamma.com Inc. had occurred at the beginning of the year ended December 31, 1998:

	1999 $	1998 $
Total revenue	5,957,301	4,261,371
Loss for the year	(8,190,089)	(2,690,899)
Basic and fully diluted loss per share	(0.52)	(0.33)

9 Capital assets

		2000	
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**
Computer equipment and software	**1,615,748**	**644,592**	**971,156**
Furniture and fixtures	**728,941**	**340,387**	**388,554**
Leasehold improvements	**662,778**	**395,679**	**267,099**
Billing technology software	**5,344,913**	**5,326,739**	**18,174**
	8,352,380	**6,707,397**	**1,644,983**

		1999	
	Cost $	Accumulated Amortization $	Net $
Computer equipment and software	1,067,180	315,904	751,276
Furniture and fixtures	563,085	287,394	275,691
Leasehold improvements	115,776	13,684	102,092
Billing technology software	4,506,952	3,964,981	541,971
	6,252,993	4,581,963	1,671,030

10 Goodwill

		2000	
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**
Goodwill	**22,908,447**	**16,708,447**	**6,200,000**
	22,908,447	**16,708,447**	**6,200,000**

		1999	
	Cost $	Accumulated Amortization $	Net $
Goodwill	22,908,447	394,919	22,513,528
	22,908,447	394,919	22,513,528

During the year, management assessed the carrying value of the goodwill and determined that the carrying value exceeded the estimated net recoverable amount. Accordingly, the goodwill was written down by an additional US$8.6 million to its net recoverable amount of US$6.2 million.

(expressed in U.S. dollars)

11 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

	2000	1999
	$	$
Trade accounts payable	**2,300,563**	1,422,845
Other		
Accrued employee costs	**791,486**	303,634
Payable to companies owned by an actual and/or former directors and/or officers	**91,712**	34,102
Other	**173,197**	127,680
	3,356,958	1,888,261

12 Restructuring charges

During 2000, in keeping with the Company's strategy of tailoring its billing solution to the wireless marketplace, the Company closed an office in the United Kingdom and a total of 10 employees were terminated. The Company also decided to reduce its fixed costs in Montreal by deciding to sublease a portion of its facility. During 1999, the Company closed its Atlanta (Latitude), Ottawa and Mississauga offices and a total of 19 employees were terminated. The Company's North American billing software sales and consulting operations were consolidated in Montreal (Canada).

As at December 31, 2000, the reserve for restructuring is comprised of the following amounts:

	Capital asset write-downs	Severance costs	Facilities closure costs	Other costs	Total
	$	$	$	$	$
Balance, December 31, 1998	-	-	-	-	-
Restructuring charges	123,742	212,400	188,168	121,882	646,192
Payments	-	(88,797)	(52,550)	(8,843)	(150,190)
Non-cash asset write-down	(123,742)	-	-	-	(123,742)
Balance, December 31, 1999	-	123,603	135,618	113,039	372,260
Restructuring charges	485,542	193,625	350,000	-	1,029,167
Payments	-	(123,603)	(135,618)	(71,933)	(331,154)
Non-cash asset write-down	(485,542)	-	-	-	(485,542)
Balance, December 31, 2000	-	193,625	350,000	41,106	584,731

In 1999, facilities closure costs consisted primarily of $92,198 related to the closure of the Company's Atlanta office, $50,516 related to the closure of the Ottawa office and $45,454 related to the Mississauga office. Facilities closure costs in 2000 consist entirely of management's best estimates of the future operating costs of these vacant facilities until subleasing is obtained. Actual costs could differ from these estimates.

Other costs relate primarily to non-cancellable operating leases.

13 Capital stock

The Company's stock option plan is administered by the Compensation Committee, which is a subcommittee of the Board of Directors. The Compensation Committee will designate eligible participants to be included under the plan, and will designate the number of options and share price pursuant to the new options, subject to applicable securities laws and stock exchange regulations. The options, when granted, have an exercise price of no less than the market price of shares at the date of grant and have a life not exceeding 10 years. Information with respect to stock option activity for 1998, 1999 and 2000 is as follows:

		Price per share $
	Number of shares	Weighted average
(i) Options		
Outstanding – December 31, 1997	1,158,400	0.95
Granted	549,750	1.99
Exercised	(212,500)	1.38
Outstanding – December 31, 1998	1,495,650	1.27
Granted	1,875,000	5.20
Exercised	(469,400)	1.16
Cancelled	(251,000)	2.91
Outstanding – December 31, 1999	2,650,250	3.92
Granted	2,557,250	0.97
Exercised	(458,250)	1.61
Cancelled	(1,724,000)	5.13
Outstanding – December 31, 2000	3,025,250	1.11

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

13 Capital stock (continued)

For various price ranges, weighted average characteristics of outstanding stock options at December 31, 2000 were as follows:

		Outstanding options		Exercisable options	
Range of exercise price $	Shares	Remaining life (years)	Weighted average $	Shares	Weighted average $
0.67 – 1.00	2,006,250	9.88	0.80	1,094,625	0.80
1.01 – 2.00	903,000	7.39	1.51	745,900	1.54
2.01 – 3.00	25,000	0.83	2.50	25,000	2.50
3.01 – 4.00	86,000	2.45	3.59	86,000	3.59
4.01 – 5.00	5,000	0.50	4.06	5,000	4.06
Total:	3,025,250			1,956,525	

The vesting periods for non-exercisable options as of December 31, 2000 are as follows:

911,625 Options will vest when the shares will have traded for 5 consecutive days above $2.75, options will be cancelled if the stock price never reaches $2.75 by December 12, 2010.

157,100 Options will vest over the next two and a half years.

The outstanding options expire between April 20, 2001 and December 12, 2010.

The Company's warrants have been sold in connection with private placements and the previous issuances of convertible debt. Each warrant is convertible into one common share at exercise prices ranging from $1.25 to $6.63 per share. Information with respect to warrant activity for 1998, 1999 and 2000 is as follows:

		Price per share $
	Number of shares	Weighted average
Outstanding December 31, 1997	1,686,000	1.05
Issued	3,285,925	2.38
Exercised	(2,118,498)	1.22
Outstanding December 31, 1998	2,853,427	2.45
Issued	6,679,000	4.14
Exercised	(2,378,976)	2.75
Outstanding - December 31, 1999	7,153,451	3.96
Issued	196,000	3.50
Exercised	(1,860,705)	3.76
Cancelled	(820,000)	3.25
Outstanding - December 31, 2000	4,668,746	4.61

For various price ranges, weighted average characteristics of outstanding warrants at December 31, 2000 were as follows:

		Outstanding warrants	
Range of exercise price $	Shares	Remaining life (years)	Weighted average $
3.01 – 4.00	839,246	0.12	3.50
4.01 – 5.00	2,907,000	0.74	4.50
5.01 – 6.00	722,500	0.33	5.75
6.01 – 7.00	200,000	0.33	6.63
	4,668,746		

The outstanding warrants expire between February 9, 2001 and June 29, 2003.

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

13 Capital stock (continued)

The company's 69% subsidiary Mamma.com also has a stock option plan for their shares.

Pursuant to the certificate of amendment, options previously granted under the subsidiary's Employee Stock Option Plan ("ESOP") and Directors Stock Option Plan ("DSOP") were converted into options to subscribe for common shares of the company on the same basis as the share amendment described above. Options granted under the ESOP vest over periods of two to three years. Options granted under the DSOP vest immediately. Options granted under these plans generally expire after ten years. The maximum number of shares which may be issued under these plans amounts to 1,503,705 common shares.

On January 25, 2000, the shareholders approved an increase in the number of shares which may be issued under the stock option plans from 1,021,300 to 1,503,705.

The following table summarizes information about stock options outstanding under the ESOP and the DSOP as at December 31, 2000:

		Outstanding options		Exercisable options	
Range of exercise price	Shares	Remaining life (years)	Weighted average	Shares	Weighted average
$			$		$
0.33	442,500	8.85	0.33	270,000	0.33
0.67	651,834	8.86	0.67	275,001	0.67
	1,094,334	8.86		545,001	

The following table summarizes the stock option activity under these plans:

	Number of options	Weighted average exercise price $
Balance – December 31, 1998		
Granted	570,000	0.33
Exercised	(100,000)	(0.33)
Balance – December 31, 1999	470,000	0.33
Granted	1,093,500	0.67
Exercised	(27,500)	0.33
Cancelled	(441,666)	0.67
Balance – December 31, 2000	1,094,334	0.53

In addition to the options noted above, on May 1, 2000, the subsidiary granted to its parent company options to purchase 70,000 common shares at an exercise price of CA$1.00 per share. These options which vested immediately expire on May 1, 2010.

14 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during each year.

	2000	1999	1998
Weighted average number of common shares	**26,923,635**	15,890,578	8,181,192

Outstanding options and warrants are anti-dilutive, therefore fully diluted loss per share is equal to basic loss per share.

15 Revenue

	2000 $	1999 $	1998 $
Billing licenses	**4,335,092**	3,639,601	2,604,610
Billing services	**1,829,084**	336,254	1,522,247
Search services	**3,181,139**	126,849	-
Banner advertising	**4,138,355**	318,346	-
Other	**947,884**	602,772	70,942
Total	**14,431,554**	5,023,822	4,197,799

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

16 Statement of cash flows

In 2000, the Company's non-cash activities consisted of interest of an amount of $137,019 and fees of $94,914 which were capitalized into investments.

In 1999, the Company's non-cash activities consisted of: shares issued on the acquisition of Mamma.com Inc. in the amount of $15,261,488; shares issued in lieu of fees related to private placement in the amount of $2,180,717; shares issued on conversion of convertible debt in the amount of $1,103,394; shares issued in the amount of $200,000 to finalize purchases of Latitude Group Inc. and Domus Software Limited; and shares issued in lieu of interest in the amount of $16,636.

In 1998, the Company's non-cash activities consisted of: shares issued on conversion of debt in the amount of $1,180,092; shares issued in lieu of interest in the amount of $58,543; and shares issued as part of cost of issuing debt and capital stock in the amount of $446,436.

17 Income taxes

A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective income tax rate is as follows:

	2000	1999	1998
	$	$	$
Expected statutory recovery rate	**31%**	44%	44%
Expected recovery of income tax	**(9,958,194)**	(3,460,000)	(1,174,000)
Effect of non-deductible expenses:			
Amortization and write down of Goodwill	**5,057,194**	-	-
Non-controlling interest	**(445,477)**	-	-
Other	**70,000**	143,000	15,000
Benefit of temporary difference not recognized	**3,121,921**	2,955,000	1,074,000
Effect of change in income tax rate	**2,044,139**	-	-
Effect of foreign tax rate differences	**223,703**	362,000	85,000
Provision for income taxes	**113,286**	-	-

The major components of the future tax benefit classified by the source of temporary differences that gave rise to the benefit are as follows:

	2000	1999	1998
	$	$	$
Canada			
Accounting amortization in excess of tax amortization	**2,120,000**	1,825,000	1,490,000
Net operating losses (expiring 2001 - 2007)	**3,916,000**	3,050,000	1,567,000
Net capital losses (unlimited)	**1,293,000**	2,123,000	2,015,000
Unrealized loss on marketable securities	**1,270,011**	-	-
Research and development expenses	**269,000**	-	-
Restructuring expenses	**108,000**	-	-
Share of results of companies subject to significant influence	**622,299**	-	-
Loss on equity disposal of a subsidiary	**278,730**	-	-
	9,877,040	6,998,000	5,072,000
United Kingdom			
Net operating losses (unlimited)	**547,000**	265,000	102,000
United States of America			
Net operating losses (expiring 2018)	**1,537,000**	1,422,000	454,000
Australia			
Net operating losses (unlimited)	**-**	119,000	221,000
Total	**11,961,040**	8,804,000	5,849,000
Valuation allowance	**(11,961,040)**	(8,804,000)	(5,849,000)
Net future income tax asset	**-**	-	-

Net operating loss carryforward balances acquired in the acquisition of Mamma.com Inc. total approximately $400,000 and expire at various dates to 2006.

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

18 Research and development expenses and tax credits

The following details net research and development expenses included in the statements of operations:

	2000	1999	1998
	$	$	$
Research and development expenses	**1,601,175**	1,558,205	240,303
Tax credits	**66,760**	91,542	-
Net research and development expenses	**1,534,415**	1,466,663	240,303

19 Contingencies and commitments

a) Contingencies

On January 2, 2001, Intasys Corporation and certain billing software subsidiaries have instituted arbitration proceedings against a former officer and director of these subsidiaries, as well as against parties or entities affiliated to or related to him. Proceedings relate to alleged breaches of various contractual arrangements among certain of the claimants and respondents and also relate to alleged breaches of intellectual property rights held by Intasys Corporation. Management believes it has meritorious claims and intends to pursue the same vigorously. Management believes potential counterclaims to be frivolous and without merit and shall, in the event of such counterclaims, vigorously contest the same.

On May 6, 1996, a claim in an unspecified amount was made in Florida in connection with the Company's previously discontinued operation of disinfectant products.

The Company's petition for the motion to dismiss the case was denied by the trial judge. As at December 31, 2000, the petition was still in front of the Florida Court of Appeal. Management considers this claim to be frivolous and without merit. No estimate of potential loss, if any, is possible.

b) Commitments

The Company is obligated under operating lease agreements. Future minimum lease payments under these leases as of December 31, 2000 are as follows:

	$
Years ending December 31, 2001	459,000
2002	450,000
2003	422,000
2004	395,000
2005	229,000
Thereafter	1,334,000

Rental expense related to operating leases amounted to approximately $272,468, $309,443 and $246,328 for 2000, 1999 and 1998, respectively.

20 Financial instruments

Currency risk

The Company operates internationally and is exposed to market risks principally from changes in foreign currency rates. The Company does not hold any financial instruments that mitigate this risk.

Credit and concentration risks

The Company and its subsidiaries are engaged primarily in the licensing of specialized computer software and meta search engine distributing search results over the Internet. The Company performs ongoing credit evaluation of its customers' financial condition and, generally, requires no collateral from its customers.

Short-term financial instruments

The carrying amounts reflected in the consolidated balance sheets for accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short maturities of those instruments.

Interest rate risks

As at December 31, 2000, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rates
Accounts receivable	Non-interest bearing
Tax credits receivable	Non-interest bearing
Prepaid expenses and other assets	6% to 12%
Accounts payable and accrued liabilities	Non-interest bearing

21 Segment information

The Company has two reportable segments: billing systems and investment management (which includes Mamma.com Inc. and the other strategic technology entities). The Company evaluates operating segment performance based on operating revenue from external customers, operating income (loss) before amortization and interest, and identifiable long-lived assets.

A reconciliation of the totals reported for the operating segments to the applicable line items in the consolidated financial statements for the year ended December 31, 2000, 1999 and 1998 is as follows:

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

21 Segment information (continued)

	2000 Investment Management $	2000 Billing Systems $	2000 Total $	1999 Investment Management $	1999 Billing Systems $	1999 Total $	1998 Billing Systems $
Revenue	**7,672,270**	**6,759,284**	**14,431,554**	474,486	4,549,336	5,023,822	4,197,799
Cost of goods sold, selling and administration	**11,646,882**	**9,284,154**	**20,931,036**	393,892	8,945,871	9,339,763	5,059,888
Research and development	**915,696**	**618,719**	**1,534,415**	58,640	1,408,023	1,466,663	240,303
Amortization of capital assets	**789,941**	**387,907**	**1,177,848**	7,689	1,439,139	1,446,828	1,293,837
Capital asset write-downs	**784,637**	**-**	**784,637**	-	-	-	-
Restructuring charges	**835,542**	**193,625**	**1,029,167**	-	646,192	646,192	-
	14,972,698	**10,484,405**	**25,457,103**	460,221	12,439,225	12,899,446	6,594,028
Interest expense	**-**	**12,347**	**12,347**	-	30,390	30,390	216,689
Interest revenue	**(712,851)**	**(1,223)**	**(714,074)**	-	(355,512)	(355,512)	-
Non-controlling interest	**(1,436,096)**	**-**	**(1,436,096)**	-	(24,716)	(24,716)	-
Equity pick-up	**2,007,415**	**-**	**2,007,415**	-	-	-	-
Loss on equity disposal of a subsidiary	**-**	**898,550**	**898,550**	-	-	-	-
Unrealized loss on marketable securities and Investments	**4,015,987**	**-**	**4,015,987**				
	3,874,455	**909,674**	**4,784,129**	-	(349,838)	(349,838)	216,689
Loss for the year before amortization of goodwill and income taxes	**(11,174,883)**	**(4,634,795)**	**(15,809,678)**	14,265	(7,540,051)	(7,525,786)	(2,612,918)
Amortization of goodwill	**7,727,455**	**-**	**7,727,455**	338,887	-	338,887	56,032
Goodwill write-down	**8,586,073**	**-**	**8,586,073**	-	-	-	-
Loss for the year before income taxes	**(27,488,411)**	**(4,634,795)**	**(32,123,206)**	(324,622)	(7,540,051)	(7,864,673)	(2,668,950)
Provision for current income taxes	**11,458**	**101,828**	**113,286**	-	-	-	-
Loss for the year	**(27,499,869)**	**(4,736,623)**	**(32,236,492)**	(324,622)	(7,540,051)	(7,864,673)	(2,668,950)
Identifiable long-lived assets:							
Deferred financing fees							
Canada	**-**	**-**	**-**	-	-	-	226,200
United States	**-**	**-**	**-**	-	-	-	-
Europe	**-**	**-**	**-**	-	-	-	-
Australia	**-**	**-**	**-**	-	-	-	-
	-	**-**	**-**	-	-	-	226,200
Investments							
Canada	**4,585,774**	**-**	**4,585,774**	6,062,196	-	6,062,196	-
United States	**-**	**-**	**-**	-	-	-	-
Europe	**-**	**-**	**-**	-	-	-	-
Australia	**-**	**-**	**-**	-	-	-	-
	4,585,774	**-**	**4,585,774**	6,062,196	-	6,062,196	-
Capital assets							
Canada	**797,992**	**93,253**	**891,245**	950,016	123,874	1,073,890	1,910,370
United States	**-**	**868**	**868**	-	50,000	50,000	79,841
Europe	**-**	**350,688**	**350,688**	-	390,231	390,231	96,684
Australia	**-**	**402,182**	**402,182**	-	156,909	156,909	52,851
	797,992	**846,991**	**1,644,983**	950,016	721,014	1,671,030	2,139,746
Goodwill							
Canada	**6,200,000**	**-**	**6,200,000**	22,313,528	130,000	22,443,528	-
United States	**-**	**-**	**-**	-	70,000	70,000	70,049
Europe	**-**	**-**	**-**	-	-	-	-
Australia	**-**	**-**	**-**	-	-	-	-
	6,200,000	**-**	**6,200,000**	22,313,528	200,000	22,513,528	70,049
Revenue:							
Canada	**7,672,270**	**305,042**	**7,977,312**	474,486	423,625	898,111	147,216
United States	**-**	**-**	**-**	-	253,142	253,142	144,997
Europe	**-**	**2,899,471**	**2,899,471**	-	2,920,861	2,920,861	2,892,254
Australia	**-**	**3,554,771**	**3,554,771**	-	951,708	951,708	1,013,332
	7,672,270	**6,759,284**	**14,431,554**	474,486	4,549,336	5,023,822	4,197,799
Major customers:							
Canada	**-**	**-**	**-**	-	-	-	-
United States	**-**	**-**	**-**	-	-	-	-
Europe	**-**	**-**	**-**	-	1	1	2
Australia	**-**	**1**	**1**	-	1	1	1
	-	**1**	**1**	-	2	2	3

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

22 Related party transactions

Details of related party transactions not otherwise disclosed in the financial statements are as follow:

	2000	1999	1998
	$	$	$
Companies owned by an actual and/or former directors and/or officers			
Disposal of investment	**100,000**	-	-
Revenue	**9,668**	-	-
General and administrative expenses	**404,254**	262,888	151,885
Company subject to significant influence			
Revenue	**108,388**	-	-
Interest revenue	**106,738**	-	-

All related party transactions occurred in the normal course of operations and were measured at the exchange amount, which represents the amount of consideration agreed upon by the parties.

23 Subsequent events

a) Investment

On February 23, 2001, the Company acquired 53,751 preference Class "A" shares of LTRIM for an amount of CA$233,334 (US$155,260). At the same time, the company was committed to buy 76,786 preference shares class "A" for an amount CA$333,333 on March 23, 2001 and April 23, 2001 respectively.

b) Master Option Agreements

On March 16, 2001, the President resigned as director and officer of Intasys Corporation. Intasys Corporation is currently proceeding to finalizing a detailed agreement relating to the President's departure. In summary, the President will receive no cash compensation as part of the terms of this agreement, but shall instead be entitled to a limited participation in the above-mentioned option scheme. The final agreement is subject to the approval of Intasys Corporation's board of directors.

24 United States accounting principles

As a registrant with the Securities and Exchange Commission in the United States, the Company is required to reconcile its financial results for significant differences between generally accepted accounting principles as applied in Canada (Canadian GAAP) and those applied in the United States (U.S. GAAP).

Additional disclosures required under U.S. GAAP have been provided in the accompanying financial statements and notes. In addition, the following summarizes differences between Canadian and U.S. GAAP and other required disclosures under U.S. GAAP.

Accounting for stock-based compensation

Under U.S. GAAP, the Company has elected to measure stock-based compensation costs using the intrinsic value method (APB 25). Under this method, compensation cost is measured as the difference between the fair value of the stock at the date of the grant over the exercise price. Compensation cost is amortized to expense over the appropriate vesting period. Under Canadian GAAP, no compensation cost is recognized. In addition, in accordance with SFAS No. 123 "Accounting for Stock-Based Compensation", the Company provided pro forma disclosures of net income (loss) and net income (loss) per common shares as if the fair value base method of accounting had been used.

Short-term investments

Under U.S. GAAP, the short-term investments would be classified as "available for sale" securities. Consequently, these securities would be carried at fair value, with any unrealized holding gains or losses at each balance sheet date being reflected in other comprehensive income on a net of tax basis. Under Canadian GAAP, short-term investments are carried at the lower of cost and market value.

Calculation of earnings per share

Under U.S. GAAP, diluted net earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the period, plus the effects of potential common shares, such as options and conversions of senior shares outstanding during the period. This method requires that diluted net earnings per share be calculated, using the treasury stock method, as if all potential common shares had been exercised at the later of the beginning of the period or the date of issue, as the case may be, and that the funds obtained thereby were used to purchase common shares of the Company at the average fair value of the common shares during the period.

Under U.S. GAAP, the presentation of per share figures for earnings (loss) before amortization of goodwill is not permitted. In addition, under U.S. GAAP, amortization of goodwill would be included in the computation of earnings (loss) from operations.

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

24 United States accounting principles (continued)

Reconciliation of net earnings to conform with U.S. GAAP

The following summary sets out the material adjustments to the Company's reported net earnings and net earnings per share which be made to conform with U.S. GAAP:

	2000	1999	1998
Loss for the year in accordance with Canadian GAAP	**(32,236,492)**	(7,864,673)	(2,668,950)
Stock-based compensation costs	**(1,673,694)**	-	-
Non-controlling interest	**636,004**		
Unrealized loss on marketable securities and investments	**3,387,305**	-	-
Amortization of deferred financing fees charged under Canadian GAAP	**-**	-	137,654
Share of results of companies subject to significant influence	**(512,427)**	-	-
Expense adjustment for convertible debentures with conversion price below the fair value of the shares	**-**	-	(991,000)
Loss in accordance with U.S. GAAP	**(30,399,304)**	(7,864,673)	(3,522,296)
Basic and diluted loss per share U.S. GAAP	**(1.13)**	(0.50)	(0.43)
Other comprehensive income (loss)			
Unrealized holding loss on investments	**(3,387,305)**	-	-
Foreign currency translation adjustment	**(170,304)**	-	-
Comprehensive loss	**(3,557,609)**	-	-

Balance sheets

	December 31, 2000 $	December 31, 1999 $
Total assets	**23,130,477**	45,261,710
Current liabilities	**5,313,391**	2,290,851
Non-controlling interest	**892,938**	2,057,341
Total liabilities	**6,206,329**	4,348,192
Capital stock (1)	**80,272,344**	70,789,646
Additional paid-in capital	**3,854,670**	3,369,825
Accumulated other comprehensive loss	**(3,557,609)**	
Deficit (1)	**(63,645,257)**	(33,245,953)
Total shareholders' equity	**16,924,148**	40,913,518
Total liabilities and shareholders' equity	**23,130,477**	45,261,710

(1) Under U.S. GAAP, the reduction of stated capital in the amount of US$16,769,572 undertaken by the Company on June 28, 1995, would not be permitted.

Stock-based compensation plans

The Company has adopted the disclosure-only provision of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). Had compensation cost for options and warrants been determined based on the Black-Scholes option pricing model at the grant date as prescribed by SFAS No. 123, the Company would have reported a greater compensation expense related to these options and warrants than recorded under APB 25, increasing the Company's loss as follows:

	2000 $	1999 $	1998 $
Loss under U.S. GAAP	**(30,399,304)**	(7,864,673)	(3,522,296)
Estimated incremental share-based compensation expense	**2,739,681**	(3,150,000)	(379,346)
Pro forma loss	**(27,659,623)**	(11,014,673)	(3,901,642)
Pro forma basic and diluted loss per share	**(1.03)**	(0.69)	(0.48)

Notes to Consolidated Financial Statements

(expressed in U.S. dollars)

24 United States accounting principles (continued)

The fair values of all options granted during 2000, 1999 and 1998 were estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2000	1999	1998
Expected option life (years)	**3.91**	4.0	3.5
Volatility	**90%**	90%	40%
Risk-free interest rate	**6.0%**	5.5%	5.5%
Dividend yield	**nil**	nil	nil

The fair average values, at the date of grant, for stock options granted during 2000, 1999 and 1998 were $0.62, $4.0 and $0.69 per option, respectively.

Recent accounting pronouncements

SFAS 133, as amended by SFAS 137 and 138, is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded for each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction it represents. The Company expects the impacts of the above to be insignificant.

In September 2000, FASB issued SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS 140, which replaces SFAS 125, revises the accounting standards for securitizations and other transfers of financial assets and collateral and requires certain additional disclosures. SFAS 140 is effective for fiscal years ending after December 15, 2000. The Company expects the impacts of this new standard to be insignificant.

Directors and Executive Officers

(as at April 9, 2001)

Lorna Rosenstein [1,2]
Business Consultant
Toronto, Ontario

Claude E. Forget [1]
Chairman and CEO Intasys Billing Technologies
Montreal, Quebec

Steve Saviuk [2]
Chairman and Chief Executive Officer, Intasys Corporation
Montreal, Quebec

Robert Raich
Managing Partner
Spiegel Sohmer
Montreal, Quebec

The Honorable Francis Fox [1,2]
President, Eastern Canada
Rogers AT&T Wireless Communications
Montreal, Quebec

Jean Y. Bernier [2]
President, Ultramar Canada
Montreal, Quebec

Committees of the Board

(1) Member, Audit Committee
(2) Member, Compensation Committee

Shareholder Information

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Annual Meeting
The annual meeting of shareholders will be held at 11:00 a.m. on Thursday, May 24, 2001 at the Via Rail – Port de Montréal Room of the Board of Trade of Metropolitan Montreal, 5 Place Ville-Marie, Suite 12500, Montreal, Quebec, Canada.

Public Marketplaces
Small Cap Market of the Nasdaq Stock Market
Third Market Segment of the Frankfurt and
Berlin Stock Exchanges

Trading Symbols
Nasdaq: INTA
Frankfurt and Berlin Stock Exchanges: IYS

2000 Stock Listing and Prices

2000	High	Low
4th Q	$ 2.03	$0.28
3rd Q	$ 4.19	$1.69
2nd Q	$ 7.25	$2.41
1st Q	$14.19	$5.50

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