

# Interim Management's Discussion and Analysis of Q2 2001 Results

## Nature of business

The Company, via Intasys Billing Technologies, is a global provider of wireless, Internet compatible billing and customer information systems. Intasys Corporation also provides strategic investment capital and management assistance to companies in the new media and telecommunications sectors.

In this discussion and analysis, all figures are in US dollars unless otherwise stated.

## Overview

The Company is continuing to see progress as its operating expenses are being reduced by aggressive cost cutting measures which reflect in improvements in the bottom line.

## Highlights of Results

Revenue for the first six months ending June 30, 2001 was \$6,220,225 compared with \$7,298,922 for the same period last year. The Company's technology investment sector, which includes Mamma.com, contributed total revenue of \$2,398,637 compared with \$3,649,788 for the same period last year. Revenue from the billing segment, renamed Intasys Billing Technologies (IBT), increased to \$3,821,588 compared with \$3,649,134 for the same period last year.

Intasys reported a loss before amortization of goodwill of \$4,875,929 for the first six months ending June 30, 2001 (\$1.79 per share) compared with \$4,662,981 (\$1.75 per share) for the same period last year. This current loss includes two items totalling \$3,301,781 and is comprised of an unrealized loss on marketable securities and investments of \$2,631,223 representing required adjustments to bring down the value of marketable securities to the lower of cost and market value and to bring down two of its investments to a net realizable value, as well as a share of loss of \$670,558 for companies subject to significant influence. Neither of these two items existed for the same period last year and both are non-cash items. Aggressive cost cutting throughout the Company and its operating subsidiaries generated positive results. Total operating expenses for the first six months ending June 30, 2001 were \$8,033,197 compared with \$12,068,719 for the same period last year, representing a \$4,035,522 reduction. The technology investment segment significantly decreased its operating expenses by \$3,234,916 mainly by reductions in marketing and promotion expenses of \$2,130,123 and by a general cost reduction of the parent company of \$1,038,239. Operating expenses of the billing segment also decreased by \$800,606 during the first six months 2001 compared with the same period last year.

The net loss for the six months ending June 2001 was \$8,639,657 (\$3.18 per share) compared with \$8,496,707 (\$3.19 per share) for the same period last year.

Revenue for the three months ending June 30, 2001 decreased to \$2,895,044 compared with \$4,372,854 for the same period last year. The Company's technology investment sector contributed revenue of \$938,429 compared with \$1,799,546 for the same period last year. Revenue from the billing segment (IBT) decreased to \$1,956,615 compared with \$2,573,308 for the same period last year, however, IBT was breakeven in the second quarter of 2001. In Q2 2000, IBT recorded substantial license revenue, this type of revenue is recognized in the normal course of the IBT's business cycle and leads to revenue fluctuations as it is recognized.

The loss before amortization of goodwill was \$3,701,630 for the three months ending June 30, 2001, (\$1.36 per share) compared with \$2,198,335 (\$0.81 per share) for the same period last year. This current loss includes two

items totaling \$2,539,068 and is comprised of an unrealized loss on marketable securities and investments of \$2,225,519 representing required adjustments to bring down the value of marketable securities to the lower of cost and market value and to bring down two of its investments to a net realizable value as of June 30, 2001, as well as a share of loss of \$313,549 for companies subject to significant influence.

The net loss for the three months ending June 30, 2001, was \$5,583,494 (\$2.05 per share) compared with \$4,150,198 (1.53 per share) for the same period last year.

### **Liquidity and Capital Resources**

Cash and cash equivalents held by the Company were invested in premium investment accounts, money market funds and short-term deposits. By the end of six months ending June 30, 2001, cash and cash equivalents were increased by \$252,837. Operating activities generated net positive cash flows of \$999,020 due to a positive contribution from working capital of \$2,423,499, mainly due to a significant reduction of accounts receivable of \$1,829,031 and proceeds of \$1,046,784 on disposal of marketable securities of interWAVE Communications International Ltd., offset by the net loss which used \$1,424,479 of cash.

The investing activities used \$718,737 of cash for two specific items, namely, a second round of investment into LTRIM Technologies Inc. (LTRIM) of \$588,594 representing an additional 11.25% of equity into LTRIM and purchase of capital assets of \$130,143.

As reported, as at June 30, 2001, Intasys Corporation held \$4,028,043 in cash and cash equivalents and marketable securities of \$424,885 representing 566,614 of common shares of interWAVE Communications International Ltd., with no long-term debt. Shareholders equity was at approximately \$8.1 million representing a book value of \$2.98 per share.

### **Risk Factors**

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.

The Interim Financial Statements includes a going concern note (note 1) comparable with Audited Financial Statements as of December 31, 2000. The note states that, as of June 30, 2001, there still was significant doubt that the Company would be able to continue as a going concern. Management has undertaken to significantly reduce costs through a series of actions including, but not limited to, lowering headcount, reducing operation costs and considering other financing alternatives for its operations. Although there is no assurance that the Company will be successful in these actions, management expects that it will be able to secure the necessary financing and improvement in operations cash flow to enable it to continue as a going concern.

### **Subsequent events**

On July 6, 2001, the Company acquired 100% of Mamma.com by purchasing the remaining minority shareholders' interests. The transaction entailed the payment of CA \$1,913,040 in cash and the issuance from treasury of 466,595 Intasys shares (post-consolidation) to the minority shareholders. The number of Intasys shares issued may vary as the price per share is based on the weighted average closing price of Intasys shares during the 41 day Escrow Period, but only if the weighted average exceeds the range of US \$0.198 and \$0.242. Therefore, the number of Intasys shares to be issued may be adjusted downwards or upwards as the case may be. As at the closing date of the 41 day Escrow Period, the number of shares issued was 436,898.

On July 12, 2001, the Company announced that it had filed articles of amendment consolidating its issued and outstanding common shares on the basis of one (1) post-consolidation share for every ten (10) pre-consolidation common shares. Therefore, the calculation of loss per share reflects the consolidation of issued and outstanding common shares as of June 30, 2001 and for comparative periods.

On August 6, 2001, the Company was informed that the Nasdaq Listing Qualifications Panel has decided to continue the listing of the Company's securities on The Nasdaq SmallCap Market and the hearing file has been closed. In addition, effective with the open of business Wednesday, August 8, 2001, the trading symbol for the Company's securities was changed from INTAD to INTA.

On August 7, 2001, the Company announced that it had closed an equity placement in the amount of US \$900,000 for working capital purposes. The Company privately placed an aggregate 600,000 units at US \$1.50 per unit. Each unit comprises one share of Intasys common stock, one non-transferable Class A warrant that will entitle the holder to purchase one additional share of common stock at US \$2.40 per share until August 5, 2002 and an additional 2/3 non-transferable Class B warrant that entitles the holder to purchase an additional share of common stock at US \$2.50 per share for one year following the exercise of Class A warrants. A finder's fee of 54,000 units was paid to the agent for arranging the private placement.

Subsequent to June 30, 2001, the Company injected \$263,000, to one of its related companies TECE Inc., as promissory note receivable on demand bearing interest at a rate of 10% per annum. TECE, Inc. is currently in discussions to secure additional capital through issuance of debt or equity. However, there can be no assurance that TECE, Inc. will be successful in raising additional funds.

# Intasys Corporation

## Interim Consolidated Balance Sheets

(expressed in U.S. dollars)

	<b>June 30, 2001 \$ (Unaudited)</b>	December 31, 2000 \$ (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,028,043	3,775,206
Marketable securities	424,885	2,139,940
Accounts receivable	2,309,070	4,177,492
Work in progress	104,651	178,502
Prepaid expenses and other assets	653,757	941,007
	<b>7,520,406</b>	11,212,147
<b>Investments</b>	<b>2,529,260</b>	4,585,774
<b>Capital assets</b>	<b>1,459,357</b>	1,644,983
<b>Goodwill</b>	<b>2,436,272</b>	6,200,000
	<b>13,945,295</b>	23,642,904
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	3,087,057	3,356,958
Reserve for restructuring	497,289	584,731
Deferred revenue	799,376	1,258,218
Income taxes payable	105,446	113,484
	<b>4,489,168</b>	5,313,391
<b>Non-controlling interest</b>	<b>1,348,034</b>	1,528,942
	<b>5,837,202</b>	6,842,333
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Authorized		
Unlimited Class "A" subordinate voting shares		
5,000 Class "B" shares Unlimited common shares		
Issued and outstanding – 2,717,960 common shares (note 8(b))	63,502,772	63,502,772
Additional paid-in capital	2,180,976	2,180,976
Cumulative translation adjustment	(223,125)	(170,304)
<b>Deficit</b>	<b>(57,352,530)</b>	<b>(48,712,873)</b>
	<b>8,108,093</b>	16,800,571
	<b>13,945,295</b>	23,642,904

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

# Intasys Corporation

## Interim Consolidated Statements of Operations

(Unaudited)

(expressed in US dollars)

	For the 6 months ended June 30		For the 3 months ended June 30	
	2001 \$	2000 \$	2001 \$	2000 \$
Revenue	<b>6,220,225</b>	7,298,922	<b>2,895,044</b>	4,372,854
<b>Expenses</b>				
Cost of goods sold, selling and administrative	<b>6,721,312</b>	10,775,407	<b>3,449,986</b>	5,409,209
Net research and development	<b>996,116</b>	698,922	<b>537,370</b>	407,241
Amortization of capital assets	<b>315,769</b>	594,390	<b>155,867</b>	257,743
	<b>8,033,197</b>	12,068,719	<b>4,143,223</b>	6,074,193
Interest expense	<b>(6,875)</b>	(11,349)	<b>(3,500)</b>	(6,702)
Interest revenue	<b>134,325</b>	476,389	<b>62,149</b>	240,722
Restructuring charges	<b>(38,057)</b>	-	<b>(38,057)</b>	-
Non-controlling interest	<b>177,698</b>	540,326	<b>135,633</b>	167,534
Loss on equity disposal of a subsidiary	-	(898,550)	-	(898,550)
Share of results of companies subject to significant influence	<b>(670,558)</b>	-	<b>(313,549)</b>	-
Realized loss on marketable securities	<b>(28,267)</b>	-	<b>(70,608)</b>	-
Unrealized loss on marketable securities and investments	<b>(2,631,223)</b>	-	<b>(2,225,519)</b>	-
	<b>(3,062,957)</b>	106,816	<b>(2,453,451)</b>	(496,996)
Loss for the period before amortization of goodwill and income taxes	<b>(4,875,929)</b>	(4,662,981)	<b>(3,701,630)</b>	(2,198,335)
Amortization of goodwill	<b>3,763,728</b>	3,833,726	<b>1,881,864</b>	1,951,863
Loss for the period before income taxes	<b>(8,639,657)</b>	(8,496,707)	<b>(5,583,494)</b>	(4,150,198)
Provision for current income taxes	-	-	-	-
Net loss for the period	<b>(8,639,657)</b>	(8,496,707)	<b>(5,583,494)</b>	(4,150,198)
<b>Loss per share</b>				
Basic and fully diluted loss per share before amortization of goodwill	<b>(1.79)</b>	(1.75)	<b>(1.36)</b>	(0.81)
Basic and fully diluted loss per share	<b>(3.18)</b>	(3.19)	<b>(2.05)</b>	(1.53)
Weighted average number of shares outstanding (note 8 (b))	<b>2,717,960</b>	2,666,626	<b>2,717,960</b>	2,717,960

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

# Intasys Corporation

## Interim Consolidated Statements of Cash Flows

(Unaudited)

(expressed in US dollars)

For the six months ended June 30

	2001	2000
	\$	\$
<b>Cash flows provided by (used in) operating activities</b>		
Net earnings (loss) for the period	(8,639,657)	(8,496,707)
Adjustments for:		
Amortization	4,079,497	4,428,116
Loss on disposal of marketable securities	28,267	-
Non controlling interest	(177,698)	(540,326)
Loss on equity disposal of a subsidiary	-	898,550
Imputed interest and management fees in investments	(16,668)	-
Share of results of companies subject to significant influence	670,558	-
Unrealized loss on marketable securities and investments	2,631,222	-
Decrease (increase) in assets		
Marketable securities	1,046,784	-
Accounts receivable	1,829,031	(1,623,478)
Work in progress	73,851	(130,649)
Prepaid expenses and other assets	285,054	621,290
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(256,899)	989,724
Income tax payable	(8,038)	-
Deferred revenue	(458,842)	336,209
Reserve for restructuring	(87,442)	(283,275)
	<b>999,020</b>	<b>(3,800,546)</b>
<b>Investing activities</b>		
Investments	(588,594)	(3,708,620)
Issuance of notes receivable	-	(840,256)
Purchase of capital assets	(130,143)	(701,898)
	<b>(718,737)</b>	<b>(5,250,774)</b>
<b>Financing activities</b>		
Issuance (redemption) of equity of a subsidiary	(3,210)	9,147
Issuance of capital stock	-	8,293,849
	<b>(3,210)</b>	<b>8,302,996</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(24,236)	-
<b>Change in cash and cash equivalents</b>	<b>252,837</b>	<b>(748,324)</b>
<b>Cash and cash equivalents - Beginning period</b>	<b>3,775,206</b>	<b>11,123,554</b>
<b>Cash and cash equivalents - End of period</b>	<b>4,028,043</b>	<b>10,375,230</b>
Cash and cash equivalents comprise:		
Cash	746,879	1,213,145
Short term deposits	3,281,164	9,162,085
<b>Supplemental disclosure of cash flow information</b>		
- Cash paid for interest	6,875	11,349
- Cash paid for income taxes	-	-

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

**Intasys Corporation**  
**Interim Consolidated Statement of Shareholders' Equity**

(Unaudited)  
(expressed in US dollars)

	Common Shares #	Common Shares \$	Paid-in Capital \$	Equity Component \$	Cumulative translation adjustment \$	Deficit \$
Balance, December 31, 2000	2,717,960	63,502,772	2,180,976	-	(170,304)	(48,712,873)
Translation adjustment for the period	-	-	-	-	(52,821)	-
Loss for the period	-	-	-	-	-	(8,639,657)
Balance, June 30, 2001	2,717,960	63,502,772	2,180,976	-	(223,125)	(57,352,530)

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

**Intasys Corporation-**  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)  
(expressed in US 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 June 30, 2001, there was significant doubt that the Company would be able to continue as a going concern.

For the period ended June 30, 2001, the Company had a loss of \$8,639,657 a working capital of \$3,031,238 and an accumulated deficit of \$57,352,530.

Management has undertaken to significantly reduce costs through a series of actions including, but not limited to, lowering headcount, reducing operation 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 the Business**

The Company, via Intasys Billing Technologies, is a global provider of wireless, Internet compatible billing and customer information systems. Intasys Corporation also provides strategic investment capital and management assistance to companies in the new media and telecommunications sectors.

**3 Significant accounting policies**

*a) Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries.

*b) 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. In 2000, the management reassessed the carrying value of goodwill at the estimated net recoverable amount of \$6,200,000 with a remaining estimated useful life of one year. The estimated net recoverable amount will be fully amortized by the end of 2001.

### *c) Earnings per share*

During the first six months of fiscal 2001, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the calculation of earnings per share. These new recommendations do not result in any changes to the way in which basic net earnings per share is calculated. However, the new recommendations do affect the calculation of diluted net earnings per share.

Diluted net earnings per share is now calculated based on the weighted average number of common shares outstanding during the period, plus the effects of dilutive potential common shares, such as options and warrants, outstanding during the period. This method requires that diluted net earnings per share be calculated using the treasury stock method, as if all dilutive potential common shares had been exercised at the later of the beginning of the reporting period or date of issuance, and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of the common shares during the period.

This change, which has been applied retroactively, did not result in any change in diluted net earnings per share for the six months ended June 30, 2000.

#### **4 Marketable securities**

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

#### **5 Investments**

During the six months of 2001, the Company acquired 207,321 preferred shares of LTRIM Technologies Inc. for a cash consideration of US \$.589 million representing an additional 11.5% of LTRIM.

#### **6 Interim financial information**

The financial information as at June 30, 2000 and 2001 and for the three and six month period ended June 30, 2000 and 2001 is unaudited. In the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal-recurring nature. The results of operations for the six months ended June 30, 2001 are not necessarily indicative of the operating results anticipated for the full year.

The disclosures in these interim financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements; therefore, these interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2000. These interim financial statements follow the same accounting policies and methods of their application as the annual financial statements for the year ended December 31, 2000, except for the change in accounting policy with respect to earnings per share, as described in note 3.

#### **7 Segment Information**

The Company has two reportable segments: technology investment (which includes Mamma.com Inc. and the other strategic technology entities) and billing. 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 period ended June 30, 2001 and 2000 is as follows:

	For six months ending June 30 <sup>th</sup>					
	2001			2000		
	Technology Investment	Billing	Total	Technology Investment	Billing	Total
Revenue	2,398,637	3,821,588	6,220,225	3,649,788	3,649,134	7,298,922
Cost of goods sold, selling and administrative	3,504,903	3,216,409	6,721,312	6,453,703	4,321,704	10,775,407
Net research and development	437,293	558,823	996,116	403,654	295,268	698,922
Amortization of capital assets	124,553	191,216	315,769	444,308	150,082	594,390
	4,066,749	3,966,448	8,033,197	7,301,665	4,767,054	12,068,719
Interest expense	(3,466)	(3,409)	(6,875)	(2,512)	(8,837)	(11,349)
Interest revenue	124,149	10,176	134,325	476,389	-	476,389
Restructuring charges	(38,057)	-	(38,057)	-	-	-
Non-controlling interest	177,698	-	177,698	540,326	-	540,326
Share of results of companies subject to significant influence	(670,558)	-	(670,558)	-	-	-
Loss on equity disposal of a subsidiary	-	-	-	(898,550)	-	(898,550)
Realized loss on marketable securities	(28,267)	-	(28,267)	-	-	-
Unrealized loss on marketable securities & investments	(2,631,223)	-	(2,631,223)	-	-	-
	(3,069,724)	6,767	(3,062,957)	115,653	(8,837)	106,816
Loss for the period before amortization of goodwill and income taxes	(4,737,836)	(138,093)	(4,875,929)	(3,536,224)	(1,126,757)	(4,662,981)
Amortization of goodwill	3,763,728	-	3,763,728	3,833,726	-	3,833,726
Loss for the period before income taxes	(8,501,564)	(138,093)	(8,639,657)	(7,369,950)	(1,126,757)	(8,496,707)
Provision for current income taxes	-	-	-	-	-	-
Loss for the year	(8,501,564)	(138,093)	(8,639,657)	(7,369,950)	(1,126,757)	(8,496,707)
Revenue:						
Canada	8,555	179,056	187,611	-	165,818	165,818
United States	2,390,082	-	2,390,082	3,649,788	-	3,649,788
Europe	-	2,203,256	2,203,256	-	1,252,520	1,252,520
Australia	-	1,439,276	1,439,276	-	2,230,796	2,230,796
	2,398,637	3,821,588	6,220,225	3,649,788	3,649,134	7,298,922
Major customers:						
Canada	-	1	1	-	-	-
United States	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Australia	-	1	1	-	-	-
	-	2	2	-	-	-

	For three months ending June 30 <sup>th</sup>					
	2001			2000		
	Technology Investment	Billing	Total	Technology Investment	Billing	Total
Revenue	938,429	1,956,615	2,895,044	1,799,546	2,573,308	4,372,854
Cost of goods sold, selling and administrative	1,912,403	1,537,583	3,449,986	2,852,631	2,556,578	5,409,209
Net research and development	207,456	329,914	537,370	264,576	142,665	407,241
Amortization of capital assets	62,083	93,784	155,867	178,239	79,504	257,743
	2,181,942	1,961,281	4,143,223	3,295,446	2,778,747	6,074,193
Interest expense	(2,058)	(1,442)	(3,500)	(2,512)	(4,190)	(6,702)
Interest revenue	58,207	3,942	62,149	250,597	(9,875)	240,722
Restructuring charges	(38,057)	-	(38,057)	-	-	-
Non-controlling interest	135,633	-	135,633	167,534	-	167,534
Share of results of companies subject to significant influence	(313,549)	-	(313,549)	-	-	-
Loss on equity disposal of a subsidiary	-	-	-	(898,550)	-	(898,550)
Realized loss on marketable securities	(70,608)	-	(70,608)	-	-	-
Unrealized loss on marketable securities & investments	(2,225,519)	-	(2,225,519)	-	-	-
	(2,455,951)	2,500	(2,453,451)	(482,931)	(14,065)	(496,996)
Loss for the period before amortization of goodwill and income taxes	(3,699,464)	(2,166)	(3,701,630)	(1,978,831)	(219,504)	(2,198,335)
Amortization of goodwill	1,881,864	-	1,881,864	1,951,863	-	1,951,863
Loss for the period before income taxes	(5,581,328)	(2,166)	(5,583,494)	(3,930,694)	(219,504)	(4,150,198)
Provision for current income taxes	-	-	-	-	-	-
Loss for the year	(5,581,328)	(2,166)	(5,583,494)	(3,930,694)	(219,504)	(4,150,198)
Revenue:						
Canada	8,555	99,842	108,397	-	98,284	98,284
United States	929,874	-	929,874	1,799,546	-	1,799,546
Europe	-	1,095,480	1,095,480	-	674,558	674,558
Australia	-	761,293	761,293	-	1,800,466	1,800,466
	938,429	1,956,615	2,895,044	1,799,546	2,573,308	4,372,854
Major customers:						
Canada	-	-	-	-	-	-
United States	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Australia	-	-	-	-	-	-
	-	-	-	-	-	-

	June 30, 2001			December 30, 2000		
Identifiable long-held assets:						
- Investments						
Canada	2,529,260	-	2,529,260	4,585,774	-	4,585,774
United States	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Australia	-	-	-	-	-	-
	2,529,260	-	2,529,260	4,585,774	-	4,585,774
- Capital assets						
Canada	713,387	84,737	798,124	797,992	93,253	891,245
United States	-	-	-	-	868	868
Europe	-	290,918	290,918	-	350,688	350,688
Australia	-	370,315	370,315	-	402,182	402,182
	713,387	745,970	1,459,357	797,992	846,991	1,644,983
- Goodwill						
Canada	2,436,272	-	2,436,272	6,200,000	-	6,200,000
United States	-	-	-	-	-	0
Europe	-	-	-	-	-	0
Australia	-	-	-	-	-	0
	2,436,272	-	2,436,272	6,200,000	-	6,200,000

## 8. Subsequent events

- (a) On July 6, 2001, the Company acquired 100% of Mamma.com by purchasing the remaining minority shareholders' interests. The transaction entailed the payment of CA \$1,913,040 in cash and the issuance from treasury of 466,595 Intasys shares (post-consolidation) to the minority shareholders. The number of Intasys shares issued may vary as the price per share is based on the weighted average closing price of Intasys shares during the 41 day Escrow Period, but only if the weighted average exceeds the range of US \$0.198 and \$0.242. Therefore, the number of Intasys shares to be issued may be adjusted downwards or upwards as the case may be. As at the closing date of the 41 day Escrow Period, the number of shares issued was 436,898.
- (b) On July 12, 2001, the Company announced that it had filed articles of amendment consolidating its issued and outstanding common shares on the basis of one (1) post-consolidation share for every ten (10) pre-consolidation common shares. Therefore, the calculation of loss per share reflects the consolidation of issued and outstanding common shares as of June 30, 2001 and for comparative periods.
- (c) On August 6, 2001, the Company was informed that the Nasdaq Listing Qualifications Panel has decided to continue the listing of the Company's securities on The Nasdaq SmallCap Market and the hearing file has been closed. In addition, effective with the open of business Wednesday, August 8, 2001, the trading symbol for the Company's securities was changed from INTAD to INTA.
- (d) On August 7, 2001, the Company announced that it had closed an equity placement in the amount of US \$900,000 for working capital purposes. The Company privately placed an aggregate 600,000 units at US \$1.50 per unit. Each unit comprises one share of Intasys common stock, one non-transferable Class A warrant that will entitle the holder to purchase one additional share of common stock at US \$2.40 per share until August 5, 2002 and an additional 2/3 non-transferable Class B warrant that entitles the holder to purchase an additional share of common stock at US \$2.50 per share for one year following the exercise of Class A warrants. A finder's fee of 54,000 units was paid to the agent for arranging the private placement.
- (e) Subsequent to June 30, 2001, the Company injected \$263,000, to one of its related companies TECE Inc., as promissory note receivable on demand bearing interest at a rate of 10% per annum. TECE, Inc. is currently in discussions to secure additional capital through issuance of debt or equity. However, there can be no assurance that TECE, Inc. will be successful in raising additional funds.