

# Interim Management's Discussion and Analysis of Q3 2001 Results

## Nature of business

The Company, via its wholly owned subsidiary, Mamma.com Inc., is a leading Internet media company. Through Intasys Billing Technologies, it is a global provider of wireless, Internet-compatible billing and customer care 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

Aggressive cost cutting in the Company's operating expenses continues to yield improvements to the bottom line. Intasys Billing Technologies ("IBT") reported a modest operating profit for the three months ending September 30, 2001. The Company acquired all remaining minority interests in Mamma.com for a total consideration of \$2,603,387 (\$1,422,167 in cash, and issuances of 436,898 Intasys shares and 42,976 options.). The Company completed an equity financing of 600,000 units at \$1.50 per unit, for a total of \$900,000. The units, in the aggregate, comprise 600,000 shares of Intasys common stock, 600,000 non-transferable Class A warrants and an additional 400,000 non-transferable Class B warrants. In the event of the full exercise of the Class A and B warrants, the Company will have issued an additional 1,000,000 shares and will have received an additional aggregate proceeds of \$2,440,000.

## Highlights of Results

Revenue for the three months ending September 30, 2001 decreased to \$2,723,164 compared with \$3,428,020 for the same period last year. Internet market conditions affected the Company's Internet-media segment, which contributed revenue of \$914,240 compared with \$2,110,478 for the same period last year. Additional business from existing clients positively affected revenues for the billing segment, which increased to \$1,796,555 compared with \$1,222,176 for the same period last year. IBT was profitable in the third quarter of 2001 and Mamma.com had a minimal loss of \$80,545 for the same period.

The loss before amortization of goodwill was \$559,224 for the three months ending September 30, 2001, (\$0.17 per share) compared with \$3,288,806 (\$1.21 per share) for the same period last year. The current loss includes a \$354,590 write-down of advances made to a company subject to significant influence. Excluding this item, the operating loss would have been \$204,634. The net loss for the three months ending September 30, 2001, was \$3,068,764 (\$0.95 per share) compared with \$5,300,672 (1.95 per share) for the same period last year.

Revenue for the first nine months ending September 30, 2001 was \$8,943,389 compared with \$10,726,942 for the same period last year. Mamma.com contributed total revenue of \$3,304,322 compared with \$5,727,629 for the same period last year, largely as a result of Internet market conditions. Revenue from IBT, increased to \$5,618,143 compared with \$4,871,310 for the same period last year due to increased business with existing clients.

Intasys reported a loss before amortization of goodwill of \$5,435,153 for the nine months ending September 30, 2001 (\$1.88 per share) compared with \$7,951,787 (\$2.96 per share) for the same period last year. This current loss includes the following items totalling \$4,118,316, namely, an unrealized loss on marketable securities, investments and write-down of advances of \$3,411,023 representing required adjustments to bring down the value of marketable securities to the lower of cost and market value and to bring its investments and advances

to a net realizable value and a share loss of \$707,293 for companies subject to significant influence. These items are non-cash. Aggressive cost cutting throughout the Company and its operating subsidiaries generated positive results. Total operating expenses for the nine months ending September 30, 2001 were \$10,608,792 compared with \$18,495,432 for the same period last year, representing a \$7,886,640 reduction. The significant operating reduction is mainly related to reductions in salaries, consulting fees and marketing expenses of all three segments. Operating expenses in the technology investment segment decreased by \$2,303,373, operating expenses in Internet-media segment decreased by \$4,179,536 and operating expenses in billing segment decreased by \$1,403,731. The net loss for the nine months ending September 2001 was \$11,708,421 (\$4.05 per share) compared with \$13,797,379 (\$5.14 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. For the nine months ending September 30, 2001, cash and cash equivalents decreased by \$1,668,869. Operating activities generated a net negative cash flow of \$379,073 for the nine months ending September 30, 2001, including proceeds of \$1,261,529 from the sale of marketable securities of interWAVE Communications International Ltd. and a non-recurring \$583,206 use of cash for related-party advances.

The investing activities used \$2,101,848 of cash for mainly two specific items, namely, a second round of investment into LTRIM Technologies Inc. (LTRIM) of \$588,594 representing an additional 11.25% of equity in LTRIM and a purchase of the remaining Mamma.com Inc. minority shareholders' interests for \$1,422,167 in cash and issuances of Intasys shares and options.

The financing activities provided a net contribution of \$896,790 mainly due to a private placement of 600,000 common shares at \$1.50 as described above.

As reported, as at September 30, 2001, Intasys Corporation held \$2,106,337 in cash and cash equivalents and marketable securities of \$309,985 representing 413,314 of common shares of interWAVE Communications International Ltd., with no long-term debt. Shareholders equity was at approximately \$7.2 million representing a book value of \$1.85 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 September 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.

# Intasys Corporation

## Interim Consolidated Balance Sheets

(expressed in U.S. dollars)

	September 30, 2001 \$ (Unaudited)	December 31, 2000 \$ (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,106,337	3,775,206
Marketable securities	309,985	2,139,940
Accounts receivable	2,614,531	4,177,492
Advances to related companies	203,206	-
Work in progress	109,088	178,502
Prepaid expenses and other assets	573,457	941,007
	<b>5,916,604</b>	<b>11,212,147</b>
<b>Investments</b>	<b>2,500,903</b>	<b>4,585,774</b>
<b>Capital assets</b>	<b>1,297,857</b>	<b>1,644,983</b>
<b>Goodwill</b>	<b>1,182,085</b>	<b>6,200,000</b>
	<b>10,897,449</b>	<b>23,642,904</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,506,514	3,356,958
Reserve for restructuring	231,478	584,731
Deferred revenue	837,131	1,258,218
Income taxes payable	102,587	113,484
	<b>3,677,710</b>	<b>5,313,391</b>
<b>Non-controlling interest</b>	-	1,528,942
	<b>3,677,710</b>	<b>6,842,333</b>
<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 – 3,908,858 common shares	67,839,993	63,502,772
Additional paid-in capital	38,975	2,180,976
Cumulative translation adjustment	(237,935)	(170,304)
<b>Deficit</b>	<b>(60,421,294)</b>	<b>(48,712,873)</b>
	<b>7,219,739</b>	<b>16,800,571</b>
	<b>10,897,449</b>	<b>23,642,904</b>

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 nine months ended September 30		For the three months ended September 30	
	2001 \$	2000 \$	2001 \$	2000 \$
Revenue	<b>8,943,389</b>	10,726,942	<b>2,723,164</b>	3,428,020
<b>Expenses</b>				
Cost of goods sold, selling and administrative	<b>8,728,000</b>	16,430,874	<b>2,431,898</b>	5,655,467
Net research and development	<b>1,420,726</b>	1,170,049	<b>424,610</b>	471,127
Amortization of capital assets	<b>460,066</b>	894,509	<b>144,297</b>	300,119
Total expenses before the following	<b>10,608,792</b>	18,495,432	<b>3,000,805</b>	6,426,713
Interest expense	<b>(14,529)</b>	(15,248)	<b>(7,654)</b>	(3,899)
Interest revenue	<b>169,159</b>	604,243	<b>34,834</b>	127,854
Restructuring charges	<b>(55,342)</b>	-	<b>(17,284)</b>	-
Non-controlling interest	<b>177,698</b>	1,181,262	-	640,936
Loss on equity disposal of a subsidiary	-	(898,550)	-	-
Share of results of companies subject to significant influence	<b>(707,293)</b>	(1,055,004)	<b>(36,735)</b>	(1,055,004)
Realized gain on disposal of marketable securities	<b>71,579</b>	-	<b>99,846</b>	-
Unrealized loss on marketable securities, investments and write-down of advances	<b>(3,411,022)</b>	-	<b>(354,590)</b>	-
Total other revenue (expenses)	<b>(3,769,750)</b>	(183,297)	<b>(281,583)</b>	(290,113)
Loss for the period before amortization of Goodwill and income taxes	<b>(5,435,153)</b>	(7,951,787)	<b>(559,224)</b>	(3,288,806)
Amortization of goodwill	<b>6,273,268</b>	5,845,592	<b>2,509,540</b>	2,011,866
Loss for the period before income taxes	<b>(11,708,421)</b>	(13,797,379)	<b>(3,068,764)</b>	(5,300,672)
Provision for current income taxes	-	-	-	-
Net loss for the period	<b>(11,708,421)</b>	(13,797,379)	<b>(3,068,764)</b>	(5,300,672)
<b>Loss per share</b>				
Basic and fully diluted loss per share before amortization of goodwill	<b>(1.88)</b>	(2.96)	<b>(0.17)</b>	(1.21)
Basic and fully diluted loss per share	<b>(4.05)</b>	(5.14)	<b>(0.95)</b>	(1.95)
Weighted average number of shares outstanding	<b>2,894,098</b>	2,683,738	<b>3,246,374</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 nine months ended September 30		For the three months ended September 30	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>Cash flows provided by (used in) operating activities</b>				
Net earnings (loss) for the period	(11,708,421)	(13,797,379)	(3,068,764)	(5,300,672)
Adjustments for:				
Amortization	6,733,334	6,740,101	2,653,837	2,311,985
Gain on disposal of capital assets	(21,854)	-	(21,854)	-
Gain on disposal of marketable securities	(71,579)	-	(99,846)	-
Non controlling interest	(177,698)	(1,181,262)	-	(640,936)
Loss on equity disposal of a subsidiary	-	898,550	-	-
Imputed interest and management fees in investments	(25,046)	-	(8,378)	-
Share of results of companies subject to significant influence	707,293	1,055,004	36,735	1,055,004
Unrealized loss on marketable securities and investments and write-down of advances	3,411,022	-	354,590	-
Decrease (increase) in assets				
Marketable securities	1,261,530	-	214,746	-
Accounts receivable	1,471,033	(1,800,463)	(291,388)	(176,985)
Advances to related companies	(583,206)	-	(546,206)	-
Work in progress	69,414	(260,516)	(4,437)	(129,867)
Prepaid expenses and other assets	32,386	497,155	68,932	(124,135)
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	(692,044)	1,714,647	(435,145)	724,923
Income tax payable	(10,897)	-	(2,859)	-
Deferred revenue	(421,087)	(346,971)	37,755	(683,180)
Reserve for restructuring	(353,253)	604,356	(265,811)	887,631
<b>Total cash flows (used in) operating activities</b>	<b>(379,073)</b>	<b>(5,876,778)</b>	<b>(1,378,093)</b>	<b>(2,076,232)</b>
<b>Investing activities</b>				
Acquisition of Investments	(588,594)	(6,366,207)	-	(1,817,331)
Business acquisition, net of cash and cash equivalent acquired	-	39,840	-	-
Purchase of minority interest	(1,422,167)	-	(1,422,167)	-
Proceeds on disposal of capital assets	115,475	-	115,475	-
Purchase of capital assets	(206,562)	(2,317,348)	(76,419)	(1,655,290)
<b>Total cash flows (used in) investing activities</b>	<b>(2,101,848)</b>	<b>(8,723,395)</b>	<b>(1,383,111)</b>	<b>(3,472,621)</b>
<b>Financing activities</b>				
Issuance (redemption) of equity of a subsidiary	(3,210)	9,147	-	-
Issuance of capital stock and warrants	900,000	8,293,849	900,000	-
<b>Total cash flows provided by financing activities</b>	<b>896,790</b>	<b>8,302,996</b>	<b>900,000</b>	<b>-</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(84,738)	-	(60,502)	-
<b>Change in cash and cash equivalents</b>	<b>(1,668,869)</b>	<b>(6,297,177)</b>	<b>(1,921,706)</b>	<b>(5,548,853)</b>
<b>Cash and cash advance - Beginning of the period</b>	<b>3,775,206</b>	<b>11,123,554</b>	<b>4,028,043</b>	<b>10,375,230</b>
<b>Cash and cash equivalents - End of period</b>	<b>2,106,337</b>	<b>4,826,377</b>	<b>2,106,337</b>	<b>4,826,377</b>

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Cash and cash equivalents comprise:

Cash	<b>372,054</b>	3,001,052	<b>372,054</b>	3,001,052
Short term deposits	<b>1,734,283</b>	1,825,325	<b>1,734,283</b>	1,825,325

**Supplemental disclosure of cash flow information**

- Cash paid for interest	<b>14,529</b>	15,248	<b>7,654</b>	3,899
- Cash paid for income taxes	<b>10,897</b>	-	<b>2,859</b>	-

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)
Shares issued for acquisition of Mamma.com minority interests	436,898	1,092,245	38,975	-	-	-
Shares issued to a subsidiary's officer	100,000	164,000	-	-	-	-
Shares issued on private placement	600,000	900,000	-	-	-	-
Shares issued for brokerage fees	54,000	-	-	-	-	-
Expired warrants	-	2,180,976	(2,180,976)	-	-	-
Translation adjustment for the period	-	-	-	-	(67,631)	-
Loss for the period	-	-	-	-	-	(11,708,421)
Balance, September 30, 2001	3,908,858	67,839,993	38,975	-	(237,935)	(60,421,294)

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 September 30, 2001, there was significant doubt that the Company would be able to continue as a going concern.

For the period ended September 30, 2001, the Company had a loss of \$11,708,421 a working capital of \$2,238,894 and an accumulated deficit of \$60,421,294.

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 its wholly owned subsidiary, Mamma.com Inc., is a leading Internet media company. Through Intasys Billing Technologies, it is a global provider of wireless, Internet-compatible billing and customer care 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 69% 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. On July 2001, the Company acquired 100% of Mamma.com remaining minority shareholders' interests.

### *c) Earnings per share*

During the first nine 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 nine months ended September 30, 2000.

## **4 Marketable securities**

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

## **5 Investments**

During the nine 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 Acquisition of the remaining minority interests in Mamma.com**

On July 6, 2001, the Company acquired 100% of the remaining minority interests in Mamma.com for a total consideration of \$2,603,387 (\$1,422,167 in cash, and issuances of 436,898 Intasys shares and 42,976 Intasys options) which resulted in recording an additional \$1,255,353 goodwill. The Company is currently finalizing the allocation of the purchase price, consequently, the purchase price allocation as presented in these financial statements may be retroactively adjusted to reflect the fair value of acquired intangible assets. The completion of the purchase allocation may also result in adjustments to goodwill, amortization and future income taxes retroactively to the date of acquisition.

## **7 Capital Stock**

On August 7, 2001, the Company closed an equity placement in the amount of \$900,000. The Company privately placed an aggregate of 600,000 units at \$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 \$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 \$2.50 per share for one year following the exercise of the Class A warrants. A finders fee of 54,000 units was paid to the agent for arranging this private placement.

## **8 Interim financial information**

The financial information as at September 30, 2000 and 2001 and for the three and nine month period ended September 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 nine months ended September 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.

## 9 Segment Information

The Company has three reportable segments: technology investment, Internet-media 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 September 30, 2001 and 2000 is as follows:

	For the nine months ended September 30							
	2001		2000					
	\$	\$	\$	\$	\$	\$	\$	\$
	Investment management	Internet media	Billing systems	Total	Investment management	Internet media	Billing systems	Total
Revenue	20,924	3,304,322	5,618,143	8,943,389	128,003	5,727,629	4,871,310	10,726,942
Cost of goods sold, selling and administrative	815,470	3,274,781	4,637,749	8,728,000	2,640,630	7,321,509	6,468,735	16,430,874
Net research and development	-	626,638	794,088	1,420,726	-	770,192	399,857	1,170,049
Amortization of capital assets	52,157	131,065	276,844	460,066	530,370	120,319	243,820	894,509
Total expenses before the following	867,627	4,032,484	5,708,681	10,608,792	3,171,000	8,212,020	7,112,412	18,495,432
Interest expense	(3,268)	(7,917)	(3,344)	(14,529)	-	(3,640)	(11,608)	(15,248)
Interest revenue	73,394	82,315	13,450	169,159	470,338	131,309	2,596	604,243
Restructuring charges	(38,057)	-	(17,284)	(55,341)	-	-	-	-
Non-controlling interest	177,698	-	-	177,698	1,181,262	-	-	1,181,262
Share of results of companies subject to significant influence	(707,293)	-	-	(707,293)	(1,055,004)	-	-	(1,055,004)
Loss on equity disposal of a subsidiary	-	-	-	-	-	-	(898,550)	(898,550)
Realized gain on marketable securities	71,579	-	-	71,579	-	-	-	-
Unrealized (loss) on marketable securities, investments and write-down of advances	(3,411,023)	-	-	(3,411,023)	-	-	-	-
Total other revenue (expenses)	(3,836,970)	74,398	(7,178)	(3,769,750)	596,596	127,669	(907,562)	(183,297)
Profit (loss) for the period before amortization of goodwill and income taxes	(4,683,673)	(653,764)	(97,716)	(5,435,153)	(2,446,401)	(2,356,722)	(3,148,664)	(7,951,787)
Amortization of goodwill	6,273,268	-	-	6,273,268	5,845,592	-	-	5,845,592
Profit (loss) for the period before income taxes	(10,956,941)	(653,764)	(97,716)	(11,708,421)	(8,291,993)	(2,356,722)	(3,148,664)	(13,797,379)
Provision for current income taxes	-	-	-	-	-	-	-	-
Profit (loss) for the period	(10,956,941)	(653,764)	(97,716)	(11,708,421)	(8,291,993)	(2,356,722)	(3,148,664)	(13,797,379)
Revenue:								
Canada	20,924	-	282,518	303,442	128,003	-	237,122	365,125
United States	-	3,304,322	-	3,304,322	-	5,727,629	-	5,727,629
Europe	-	-	3,202,545	3,202,545	-	-	1,922,257	1,922,257
Australia	-	-	2,133,080	2,133,080	-	-	2,711,931	2,711,931
	20,924	3,304,322	5,618,143	8,943,389	128,003	5,727,629	4,871,310	10,726,942
Major customers:								
Canada	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

**For the three months ended September 30**

	2001				2000			
	\$	\$	\$	\$	\$	\$	\$	\$
	Investment management	Internet media	Billing systems	Total	Investment management	Internet media	Billing systems	Total
Revenue	12,369	914,240	1,796,555	2,723,164	95,366	2,110,478	1,222,176	3,428,020
Cost of goods sold, selling and administrative	251,014	759,544	1,421,340	2,431,898	947,336	2,561,100	2,147,031	5,655,467
Net research and development	-	189,345	235,265	424,610	-	366,538	104,589	471,127
Amortization of capital assets	14,211	44,458	85,628	144,297	157,793	48,588	93,738	300,119
<b>Total expenses before the following</b>	<b>265,225</b>	<b>993,347</b>	<b>1,742,233</b>	<b>3,000,805</b>	<b>1,105,129</b>	<b>2,976,226</b>	<b>2,345,358</b>	<b>6,426,713</b>
Interest expense	(1,045)	(6,674)	65	(7,654)	-	(1,128)	(2,771)	(3,899)
Interest revenue	26,324	5,236	3,274	34,834	82,778	42,480	2,596	127,854
Restructuring charges	-	-	(17,284)	(17,284)	-	-	-	-
Non-controlling interest	-	-	-	-	640,936	-	-	640,936
Share of results of companies subject to significant influence	(36,735)	-	-	(36,735)	(1,055,004)	-	-	(1,055,004)
Loss on equity disposal of a subsidiary	-	-	-	-	-	-	-	-
Realized gain on marketable securities	99,846	-	-	99,846	-	-	-	-
Unrealized (loss) on marketable securities, investments and write-down of advances	(354,590)	-	-	(354,590)	-	-	-	-
<b>Total other revenue (expenses)</b>	<b>(266,200)</b>	<b>(1,438)</b>	<b>(13,945)</b>	<b>(281,583)</b>	<b>(331,290)</b>	<b>41,352</b>	<b>(175)</b>	<b>(290,113)</b>
Profit (loss) for the period before amortization of goodwill and income taxes	(519,056)	(80,545)	40,377	(559,224)	(1,341,053)	(824,396)	(1,123,357)	(3,288,806)
Amortization of goodwill	2,509,540	-	-	2,509,540	2,011,866	-	-	2,011,866
Profit (loss) for the period before income taxes	(3,028,596)	(80,545)	40,377	(3,068,764)	(3,352,919)	(824,396)	(1,123,357)	(5,300,672)
Provision for current income taxes	-	-	-	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>(3,028,596)</b>	<b>(80,545)</b>	<b>40,377</b>	<b>(3,068,764)</b>	<b>(3,352,919)</b>	<b>(824,396)</b>	<b>(1,123,357)</b>	<b>(5,300,672)</b>
<b>Revenue:</b>								
Canada	12,369	-	103,462	115,831	95,366	-	71,304	166,670
United States	-	914,240	-	914,240	-	2,110,478	-	2,110,478
Europe	-	-	999,289	999,289	-	-	669,737	669,737
Australia	-	-	693,804	693,804	-	-	481,135	481,135
	12,369	914,240	1,796,555	2,723,164	95,366	2,110,478	1,222,176	3,428,020
<b>Major customers:</b>								
Canada	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-

	September 30, 2001				December 31, 2000			
Identifiable long-held assets:								
- Investments								
Canada	2,500,903	-	-	2,500,903	4,585,774	-	-	4,585,774
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
	2,500,903	-	-	2,500,903	4,585,774	-	-	4,585,774
- Capital assets								
Canada	75,088	549,478	79,393	703,959	176,095	621,897	93,253	891,245
United States	-	-	-	-	-	-	868	868
Europe	-	-	258,028	258,028	-	-	350,688	350,688
Australia	-	-	335,870	335,870	-	-	402,182	402,182
	75,088	549,478	673,291	1,297,857	176,095	621,897	846,991	1,644,983
- Goodwill								
Canada	1,182,085	-	-	1,182,085	6,200,000	-	-	6,200,000
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
	1,182,085	-	-	1,182,085	6,200,000	-	-	6,200,000