

Intasys Corporation
Condensed Unaudited Interim Consolidated Balance Sheets

(expressed in U.S. dollars in accordance with generally accepted accounting principles in Canada)

	As at December 31, 2003 \$	As at December 31, 2002 \$
Assets		
Current assets		
Cash and cash equivalents	4,489,077	3,804,323
Accounts receivable	2,303,212	962,618
Prepaid expenses and other assets	89,739	80,835
Future income taxes	264,014	270,254
Current assets of discontinued operations	921,980	1,509,411
	8,068,022	6,627,441
Assets of discontinued operations	200,802	254,511
Future income taxes	232,968	-
Investments	1,085,286	1,085,286
Property, plant and equipment	384,151	401,924
Intangible assets	918,875	907,217
Goodwill	846,310	694,835
	11,736,414	9,971,214
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,252,242	1,916,099
Deferred revenue	140,727	115,196
Liabilities of discontinued operations	1,323,307	1,238,724
	3,716,276	3,270,019
Shareholders' Equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued and outstanding – 6,508,610 common shares	70,623,797	69,873,994
Additional paid-in capital	689,025	750,111
Deferred stock-based compensation	113,365	(10,667)
Cumulative translation adjustment	441,564	(275,693)
Deficit	(63,847,613)	(63,636,550)
	8,020,138	6,701,195
	11,736,414	9,971,214

Intasys Corporation

Condensed Unaudited Interim Consolidated Statements of Operations

(expressed in US dollars in accordance with generally accepted accounting principles in Canada)

	For the twelve months ended December 31		For the three months ended December 31	
	2003 \$	2002 \$	2003 \$	2002 \$
Revenue	8,938,863	4,222,352	3,056,359	1,346,537
Expenses				
Cost of revenue, selling and administrative	7,541,384	4,533,517	2,211,323	1,593,244
Net research and development	905,334	661,718	165,642	129,970
Amortization and impairment of property, plant and equipment	146,071	155,227	40,427	43,395
Amortization of intangible assets	172,528	31,404	45,798	31,404
Recovery of restructuring charges	-	(70,453)	-	-
Loss on foreign exchange	210,888	12,536	93,338	16,229
Interest expense	-	5,542	-	3,504
Interest income	(16,197)	(59,712)	(4,775)	(12,266)
Share of results of companies subject to significant influence	-	-	-	(151,728)
Realized gain on disposal of marketable securities	-	(73,383)	-	-
Realized gain on disposal of investment	(32,499)	-	-	-
Unrealized loss on marketable securities, investments and write-down of advances	-	82,616	-	323
	8,927,509	5,279,012	2,551,753	1,654,075
Earnings (loss) from continuing operations before income taxes	11,354	(1,056,660)	504,606	(307,538)
Recovery of future income taxes	(77,636)	(273,782)	(295,097)	(273,782)
Earnings (loss) from continuing operations	88,990	(782,878)	799,703	(33,756)
Results of discontinued operations	(300,053)	465,884	(714,338)	(41,796)
Net earnings (loss) for the period	(211,063)	(316,994)	85,365	(75,552)
Basic loss per share from continuing operations	0.01	(0.18)	0.12	(0.01)
Diluted loss per share from continuing operations	0.01	(0.18)	0.09	(0.01)
Basic and diluted earnings per share from discontinued operations	(0.05)	0.11	(0.11)	(0.01)
Basic and diluted net earnings (loss) per share	(0.03)	(0.07)	0.01	(0.01)
Weighted average number of shares outstanding	6,207,360	4,356,751	6,437,437	5,844,994
Additional shares on a diluted basis	1,833,876	9,403	2,339,616	17,059
Weighted average number of shares outstanding on a diluted basis	8,041,236	4,366,154	8,777,053	5,862,053

Intasys Corporation

Condensed Unaudited Interim Consolidated Statements of Cash Flows

(expressed in US dollars in accordance with generally accepted accounting principles in Canada)

	For the twelve months ended December 31		For the three months ended December 31	
	2003 \$	2002 \$	2003 \$	2002 \$
Cash flows from operating activities				
Net earnings (loss) from continuing operations	88,990	(782,878)	799,703	(33,756)
Adjustments for:				
Amortization and impairment of property, plant and equipment	146,071	155,227	40,427	43,395
Amortization of intangible assets	172,528	31,404	45,798	31,404
Realized loss (gain) on disposal of property, plant and equipment	(455)	784	1	-
Realized gain on disposal of marketable securities	-	(73,383)	-	-
Realized gain on disposal of investment	(32,499)	-	-	-
Interest income on investments and management fees	-	(33,477)	-	(9,095)
Share of results of companies subject to significant influence	-	-	-	(151,728)
Unrealized loss on marketable securities, investments and write-down of advances	-	82,616	-	323
Financial fees paid through issuance of capital stock	101,566	139,583	14,283	123,802
Former board member compensation paid through issuance of options	12,220	-	12,220	-
Issuance of options to employees	94,654	-	94,654	-
Future income taxes	(155,561)	(271,464)	(373,022)	(271,464)
Net change in non-cash working capital items	(969,323)	736,717	(242,022)	357,321
Cash flows provided by (used in) continuing operations	(541,809)	(14,871)	392,042	90,202
Investing activities				
Investments	-	(1,612)	-	(323)
Proceeds on disposal of investments	32,499	-	-	-
Proceeds on disposal of property, plant and equipment	1,199	191	15	191
Purchase of assets of FocusIN	-	(1,625,151)	-	(1,625,151)
Purchase of intangible assets	-	(50,000)	-	-
Purchase of property, plant and equipment	(50,458)	(49,961)	(8,627)	(10,646)
Cash flows provided by (used in) investing activities	(16,760)	(1,726,533)	(8,612)	(1,635,929)
Financing activities				
Issuance of capital stock	585,598	2,500,000	224,568	2,500,000
Share issue costs	-	(24,749)	-	(24,749)
Cash flows provided by financing activities	585,598	2,475,251	224,568	2,475,251
Effect of foreign exchange rate changes on cash and cash equivalents	148,951	5,712	75,453	5,979
Change in cash and cash equivalents related to continuing operations	175,980	739,559	683,451	935,503
Net cash flows provided by (used in) discontinued operations	508,774	750,692	215,972	(73,822)
Cash and cash equivalents – Beginning of period	3,804,323	2,314,072	3,589,654	2,942,642
Cash and cash equivalents - End of period	4,489,077	3,804,323	4,489,077	3,804,323

Segment Information

For the twelve months ended December 31

	Investment Management		Media Solutions		Billing Systems (discontinued operations)		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	8,938,863	4,222,352	-	-	8,938,863	4,222,352
Cost of revenue, selling and administrative	1,491,854	1,529,559	6,049,530	3,003,958	-	-	7,541,384	4,533,517
Net research and development	-	-	905,334	661,718	-	-	905,334	661,718
Amortization and impairment of property, plant and equipment	3,397	10,854	142,674	144,373	-	-	146,071	155,227
Amortization of intangible assets	-	-	172,528	31,404	-	-	172,528	31,404
Recovery of restructuring charges	-	(70,453)	-	-	-	-	-	(70,453)
Loss on foreign exchange	3,705	9,037	207,183	3,499	-	-	210,888	12,536
Interest expense	-	38	-	5,504	-	-	-	5,542
Interest income	(10,902)	(52,816)	(5,295)	(6,896)	-	-	(16,197)	(59,712)
Share of result of companies subject to significant influence	-	-	-	-	-	-	-	-
Realized gain on disposal marketable securities	-	(73,383)	-	-	-	-	-	(73,383)
Realized gain on disposal of investment	(32,499)	-	-	-	-	-	(32,499)	-
Unrealized loss on marketable securities, investments and write-down of advances	-	82,616	-	-	-	-	-	82,616
	1,455,555	1,435,452	7,471,954	3,843,560	-	-	8,927,509	5,279,012
Earnings (loss) from continuing operations for the period before income taxes	(1,455,555)	(1,435,452)	1,466,909	378,792	-	-	11,354	(1,056,660)
Recovery of future income taxes	-	-	(77,636)	(273,782)	-	-	(77,636)	(273,782)
Earnings (loss) from continuing operations	(1,455,555)	(1,435,452)	1,544,545	652,574	-	-	88,990	(782,878)
Results of discontinued operations	-	-	-	-	(300,053)	465,884	(300,053)	465,884
Net earnings (loss) for the period	(1,455,555)	(1,435,452)	1,544,545	652,574	(300,053)	465,884	(211,063)	(316,994)

Segment Information

For the three months ended December 31

	Investment Management		Media Solutions		Billing Systems (discontinued operations)		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	3,056,359	1,346,537	-	-	3,056,359	1,346,537
Cost of revenue, selling and administrative	304,184	676,594	1,907,139	916,650	-	-	2,211,323	1,593,244
Net research and development	-	-	165,642	129,970	-	-	165,642	129,970
Amortization and impairment of property, plant and equipment	355	4,425	40,072	38,970	-	-	40,427	43,395
Amortization of intangible assets	-	-	45,798	31,404	-	-	45,798	31,404
Recovery of restructuring charges	-	-	-	-	-	-	-	-
Loss on foreign exchange	4,340	2,514	88,998	13,715	-	-	93,338	16,229
Interest expense	-	(926)	-	4,430	-	-	-	3,504
Interest income	(2,567)	(10,366)	(2,208)	(1,900)	-	-	(4,775)	(12,266)
Share of result of companies subject to significant influence	-	(151,728)	-	-	-	-	-	(151,728)
Realized gain on disposal marketable securities	-	-	-	-	-	-	-	-
Realized gain on disposal of investment	-	-	-	-	-	-	-	-
Unrealized loss on marketable securities, investments and write-down of advances	-	323	-	-	-	-	-	323
	306,312	520,836	2,245,441	1,133,239	-	-	2,551,753	1,654,075
Earnings (loss) from continuing operations before income taxes	(306,312)	(520,836)	810,918	213,298	-	-	504,606	(307,538)
Recovery of future income taxes	-	-	(295,097)	(273,782)	-	-	(295,097)	(273,782)
Earnings (loss) from continuing operations	(306,312)	(520,836)	1,106,015	487,080	-	-	799,703	(33,756)
Results of discontinued operations	-	-	-	-	(714,338)	(41,796)	(714,338)	(41,796)
Net earnings (loss) for the period	(306,312)	(520,836)	1,106,015	487,080	(714,338)	(41,796)	85,365	(75,552)