



**Intrinsyc Software
International, Inc.** 604 801 6461 Telephone
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INTRINSYC SOFTWARE INTERNATIONAL, INC.

Consolidated Statements of Operations and Deficit

Three months ended November 30, 2003 and 2002

	2003	2002
	(Unaudited)	(Unaudited)
Revenues	\$ 3,539,236	\$ 4,476,610
Cost of sales	2,407,112	2,628,412
	1,132,124	1,848,198
Expenses:		
Administration	541,811	654,700
Marketing and sales	730,356	1,351,206
Research and development	461,403	1,308,875
Amortization	344,095	328,348
Less: Technology Partnerships Canada Funding Investment	(161,074)	(510,000)
	1,916,591	3,133,129
Loss before other expense (earnings) and income taxes	784,467	1,284,931
Other expense (earnings):		
Foreign exchange loss (gain)	102,861	(89,584)
Interest income	(21,953)	(49,176)
Loss before income taxes	865,375	1,146,171
Income tax expense (recovery)		
Current	4,923	72,741
Future	(53,650)	(53,650)
	(48,727)	19,091
Loss for the period	816,648	1,165,262
Deficit, beginning of period	27,024,858	19,977,237
Deficit, end of period	\$ 27,841,506	\$ 21,142,499
Loss per share	\$ 0.02	\$ 0.03
Weighted average number of shares outstanding	40,856,248	38,283,965

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Consolidated Balance Sheets

	November 30, 2003	August 31, 2003
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,943,230	\$ 6,920,785
Funds held in trust	432,600	461,438
Restricted Cash	1,969,359	1,983,661
Accounts receivable	3,531,143	3,353,732
Other receivable	602,067	960,282
Inventory	610,004	609,145
Prepaid expenses	174,012	156,215
	13,262,415	14,445,258
Capital assets	1,123,747	1,188,418
Goodwill	12,943,880	11,671,498
Intangible assets	1,739,079	1,668,786
	\$ 29,069,121	\$ 28,973,960
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,694,087	\$ 2,036,949
Income taxes payable	255,312	250,113
Deferred revenue	593,033	459,803
Future income taxes	114,600	144,600
Guaranteed loan note	1,969,359	1,983,661
Loan note	1,046,303	804,271
	5,672,694	5,679,397
Future income taxes	332,383	356,033
Shareholders' equity:		
Share capital	49,512,683	49,512,683
Contributed surplus	163,500	140,000
Shares to be issued	1,299,428	399,560
Cumulative translation adjustment	(70,061)	(88,855)
Deficit	(27,841,506)	(27,024,858)
	23,064,044	22,938,530
	\$ 29,069,121	\$ 28,973,960

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INTRINSYC SOFTWARE INTERNATIONAL, INC.

Consolidated Statements of Cash Flows
Three months ended November 30, 2003 and 2002

	2003	2002
	(Unaudited)	(Unaudited)
Cash provided by (used in):		
Cash flows from operations:		
Loss for the period	\$ (816,648)	\$ (1,165,262)
Items not involving cash:		
Amortization	344,095	328,348
Foreign Exchange	18,794	12,273
Future income taxes	(53,650)	(53,650)
Changes in non-cash operating working capital:		
Funds held in trust (current)	28,838	(2,059)
Accounts receivable	(177,411)	569,587
Other receivable	358,215	517,765
Inventory	(859)	(261,751)
Prepaid expenses	(17,797)	24,090
Accounts payable and accrued liabilities	(331,469)	(277,240)
Income taxes payable	5,199	58,507
Deferred revenue	133,230	63,601
	(502,192)	(185,791)
Cash flows from investments:		
Purchase of capital assets	(75,637)	(160,340)
Acquisition of intangible assets	(274,080)	-
Funds held in trust (long-term)	-	(2,070)
Acquisition costs related to additional goodwill	(118,375)	-
	(468,092)	(162,410)
Cash flows from financing:		
Issuance of common shares for cash:		
Options	-	51,590
Restricted cash	14,302	(74,734)
Guaranteed loan note	(14,302)	-
	-	(23,144)
Increase (decrease) in cash and cash equivalents	(977,555)	(371,345)
Cash and cash equivalents, beginning of period	6,920,785	9,226,932
Cash and cash equivalents, end of period	\$ 5,943,230	\$ 8,855,587
Supplementary information:		
Interest paid	\$ 155	\$ 662
Interest received	19,125	72,686
Income taxes paid	4,923	-
Non-cash investing:		
Additional consideration payable in relation to the acquisition of IEL	1,146,736	-
Additional consideration related to the acquisition Of Linar Ltd.	7,250	-

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