

1st Quarter

Fiscal 2004 Report

*Prepared in Accordance with Canadian
Generally Accepted Accounting Principles*

Message to Shareholders:

Although the summer months are usually quiet in terms of new accounts, the momentum that began towards the beginning of the calendar year continued, and we closed five new enterprise accounts in the first quarter of fiscal 2004. This was up again from three new wins in the fourth quarter of the previous fiscal year.

These new customers include:

- Sisters of Mercy – One of the largest healthcare integrated distribution networks (IDN) in the US, which operates a hospital system comprising of eight regional healthcare networks in a five-state area.
- A large fastener distributor in Ontario supplying major retailers such as Home Depot.
- A large privately held distributor of notions and giftware products.
- Kennicott – A wholesale florist and distributor in the Midwestern US region.
- Bouclair Inc. – A Canadian leader in home decorating and fabrics.

Revenues for the first three months of fiscal 2004 increased slightly over Q4 of fiscal 2003 to \$3.8M from \$3.7M. Revenues were \$4.3M in the same quarter of last year. This decrease came in the area of services, as revenue from existing projects was not yet being replaced by revenue on new projects. However, the cost of services, dropped from \$1.6M in Q1 of last year to \$1.1M in Q1 of this year. Product revenue, on the other hand, increased by 27% over the same quarter a year earlier, reaching 42% of revenues and decreased by only 4% over Q4 of fiscal 2003. As many of you know, product revenue is often recognized early in a project cycle with the services coming later. Operating expenses dropped from \$2.5M in Q1 of fiscal 2003 to \$2.0M in Q1 of this fiscal year.

Income from operations improved from a loss of \$441K in the first quarter of last year and a loss of \$1.3M in the fourth quarter of last year to a profit of \$81K in this quarter just ended. Net income rose from a loss of \$355K in Q1 last year to a profit of \$10K in Q1 this year, or a net income of \$141K prior to loss on currency exchange. Our DSO increased slightly over the prior quarter, going from 78 in Q4 of fiscal 2003 to 84 in Q1 of fiscal 2004 but still showed solid gains over the same quarter last year by coming down from 118 days. We ended Q1 of this year with \$11.9M in cash, down from \$12.7M in Q4 of fiscal 2003 but up from Q1 of fiscal 2003 which was at \$9.6M.

We also saw a number of our existing customers take significant steps to continue their investments with us. For example, Focus Products Group completed an acquisition of West Bend Electric and immediately signed an agreement to roll out our *EliteSeries* suite to replace JD Edwards at the acquired locations. Accessory Concepts Inc., a Toronto-based distributor of personal accessories to major retailers went live on *EliteSeries* 7.1, bringing them into the Web-based world of computing and allowing hundreds of associates working with their customers right across the country to have access to real time data anywhere, anytime.

In terms of our business strategy and future direction, we are executing on three key elements:

- Business Model Management
- Market Focus
- Product Management

From a business model perspective, we are extremely focused on achieving sustainable and profitable growth. This calls for continued fiscal prudence and a focus on the cost side of the business. We are maintaining net R&D at roughly 15% of revenue and although this has required R&D reduction, our use of advanced technologies and frameworks has resulted in substantial gains in R&D productivity. We will continue to manage by this model to ensure that our business is streamlined and highly productive.

Our market focus in Healthcare Distribution is continuing. Although momentum is slow to build in this cautious and regulated segment, we continue to see solid gains. Our recent win with Sisters of Mercy is ample proof of this. At the same time, we are also seeing increased activity in General Wholesale Distribution with both the number of new leads and more importantly our number of wins on the rise. Our Q1 results confirmed that we are on the right track with our current market segmentation strategy.

Vendor selection is largely product driven even in these more cautious recent years. We realized several years ago that we needed to do some fairly dramatic re-engineering and managing our product line to accomplish two things. We needed to reduce the cost of ongoing development, maintenance, and customization along with dramatically improving the look and feel of *EliteSeries*. The first major step in this process was completed with the release of *EliteSeries* 7.0 last year which followed with the 7.1 release that was introduced earlier this year. We are not stopping there. Our 7.2 release due out next month, further improves the look and ease of use. Our 7.3 release, due out next year will include further improvements to the underlying framework as well as improved international support in terms of language and currency.

Our users can now spend their work day in portals and applications that are both intuitive and highly customizable to their individual needs. Our customers' customers can access information online, in real time, to the level of detail that is required to achieve optimal customer service. This is how we win and retain customers for life. Sustainable competitive advantage delivered to our customers results in sustainable competitive advantage for us.

In summary our balance sheet continues to be very strong. Our income statement is looking better and our product is winning the race. We believe this is the combination that our shareholders look for and deserve.

Yours truly,

A handwritten signature in black ink, appearing to read 'Peter Brereton', with a long horizontal line extending to the right.

Peter Brereton,
President and Co-CEO

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto, which are included in this document. These statements should also be read in conjunction with the annual report for fiscal year 2003. The Corporation's first quarter for fiscal year 2004 ended on July 31, 2003.

The Corporation's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and all financial data derived therefrom in this interim report are expressed in U.S. dollars. The Corporation's reporting currency is the U.S. dollar; and the functional currency is the Canadian dollar. Accordingly, the consolidated financial statements for the three month period ended July 31, 2003 and July 31, 2002 are translated into U.S. dollars using the current rate method. All gains and losses resulting from the translation of the consolidated financial statements into U.S. dollars are reflected in the cumulative translation adjustment in shareholders' equity.

In addition, the consolidated financial statements include a reconciliation of the specific measurement differences between Canadian and United States generally accepted accounting principles as they relate to the Corporation.

Results of Operations

Three months ended July 31, 2003 compared to three months ended July 31, 2002

Revenue

Total revenue decreased 12% to \$3.8 million in the first quarter of fiscal 2004 compared to \$4.3 million in the first quarter of fiscal 2003. Services revenue decreased 31% to \$2.0 million during the first quarter of fiscal 2004 compared to \$2.8 million in the same period last year, reflecting lower consulting, product adaptations and support fees. Products revenue increased 27% to \$1.6 million in the first quarter of fiscal 2004 compared to \$1.3 million for the same period last year primarily due to the signing of a significant

number of new customers during the current quarter. As a proportion of total revenue, products accounted for 42% and services 52% in the first quarter of fiscal 2004 compared to 29% and 66%, respectively, in the first quarter of fiscal 2003.

Cost of Revenue

Total cost of revenue in the first quarter of fiscal 2004 was \$1.7 million, a decline of 26% compared to \$2.2 million for the same period last year. Cost of third-party products decreased slightly by \$91,000 while third-party product revenues increased by \$217,000. The decrease in third-party products cost was mainly due to product mix and better negotiated costs from suppliers. Cost of services decreased to \$1.1 million during the first quarter of fiscal 2004 compared to \$1.6 million for the comparative period of fiscal 2003, a decrease of 30%. This decrease is attributable mainly to lower personnel costs and overhead. Average services personnel count was 78 in the first quarter of fiscal 2004 compared to 115 in same period last year representing a decrease of 32%. Total cost of revenue were net of multimedia tax credits of \$166,000 in the first quarter of fiscal 2004 compared to \$184,000 in the first quarter of fiscal 2003.

Gross Margin

Total gross margin in the first quarter of fiscal 2004 was 56% compared to 48% in the same period of fiscal 2003. This increase is due primarily to a higher proportion of product revenues which generated margins of 79% in the first quarter of fiscal 2004 compared to 66% for the comparable period of fiscal 2003. Services gross margin was 43% in the first quarter of fiscal 2004 compared to 44% in the same period last year.

Operating Expenses

Total operating expenses decreased 19% to \$2.0 million in the first quarter of fiscal 2004 compared to \$2.5 million in the first quarter of fiscal 2003. This reduction in operating expenses has been a direct result of the Corporation continuing to adjust its operating model to be in line with revenue expectation.

Sales and marketing, general and administration, and research and development expenses were all lower during the first quarter of fiscal 2004 compared to the same period last year. The Corporation has maintained strict cost control measures due to ongoing economic conditions.

Sales and marketing

Expenses decreased 5% in the first quarter of fiscal 2004 to \$865,000 from \$912,000 for the comparable period last year, due mainly to lower personnel and facilities costs. Average number of employees in sales and marketing during the first three months of fiscal 2004 was 23 compared to 27 in fiscal 2003.

General and administration

Expenses decreased 13% in the first quarter of fiscal 2004 to \$362,000 compared to \$416,000 for the comparable period last year. General and administration expenses decreased as a result of a lower personnel count as well as savings from the consolidation of facilities. Average number of employees in general and administration during the first three months of fiscal 2004 was 21 compared to 29 in fiscal 2003.

Research and development (R&D)

Gross R&D expenses decreased 23% in the first quarter of fiscal 2004 to \$784,000 compared to \$1.0 million for the comparable period last year. The decrease is primarily due to lower salaries and benefits expenses resulting from lower average number of employees in the first three months of fiscal 2004 of 44 compared to 68 in the same period last year.

During the first quarter of fiscal 2004, the Corporation continued to focus on moving the flagship *EliteSeries* product to a state of the art Web-browser user interface with integrated Web Services capability. In the first quarter of fiscal 2004, gross R&D expenses were 21% of revenue compared to 24% in the same period last year.

Other Income and Expenses

Interest income of \$85,000 in the first quarter of fiscal 2004 was substantially higher compared to \$46,000 for the same period in fiscal 2003. This can be attributed to more funds being available for investment in the first quarter of fiscal 2004. As a result of the strengthening of the Canadian dollar against the U.S. dollar, the Corporation incurred an exchange loss of \$131,000 in the first quarter of fiscal 2004 compared to an exchange gain of \$86,000 for the same period in fiscal 2003.

Net Profit / Loss

The Corporation recorded a net profit of \$10,000 (\$0.00 per share) in the first quarter of fiscal 2004 compared to a net loss of \$355,000 (\$0.02 per share) for the same period last year. This improvement in operating result, despite a decrease in revenues, reflects the benefits of the Corporation's continuing effort in realigning its operating model with current market and economic conditions.

Liquidity and Capital Resources

As of July 31, 2003, current assets totaled \$16.6 million compared to \$16.8 million at the end of fiscal 2003. Cash, restricted cash equivalents, and short-term and other investment securities decreased to \$11.9 million compared to \$12.7 million as at April 30, 2003. Accounts receivable totaled \$3.5 million at the end of July 31, 2003 compared to \$3.2 million at the end of fiscal 2003. The Corporation DSO (days sales outstanding) was 84 days at the end of the first quarter of fiscal 2004 compared to 78 days at the end of fiscal 2003.

Current liabilities as at July 31, 2003 totaled \$6.2 million compared to a similar amount at the end of fiscal 2003. Long-term debt and other long-term liabilities, excluding the current portion of long-term debt, decreased to \$1.1 million at the end of the first quarter of fiscal 2004 from \$1.2 million at the end of fiscal 2003 due mainly to the repayment of a term loan repayable quarterly through fiscal 2005 as well as certain capital lease obligations.

During the first quarter of fiscal 2004, operating activities used funds of \$476,000 compared to generating \$444,000 for the same period last year, due primarily to an increase in accounts receivables and tax credits receivable. Working capital at the end of the first quarter of fiscal 2004 was \$10.4 million compared to \$10.6 million at the end of fiscal 2003. The Corporation believes that funds on hand at the end of the first quarter of fiscal 2004, together with cash flow from operations will be sufficient to meet its needs for working capital, R&D, capital expenditures and debt repayment for at least the next twelve months.

During the first quarter of fiscal 2004, financing activities used funds of \$452,000 compared to using funds of \$220,000 for the same period last year. Of the total amount used by financing activities, \$117,000 was the result of the repayment of long-term debt and capital lease obligations in the first quarter of fiscal 2004. In the same period last year, the Corporation repaid long-term debt and capital lease obligations of \$220,000. During the first quarter of fiscal 2004, the Corporation purchased 320,100 of its outstanding common shares for cancellation at an average price of \$1.04 (CA\$1.43) per share under a Normal Course Issuer Bid announced on July 15, 2002 and renewed on July 15, 2003. The total cost related to purchasing these shares, including other related costs, was \$335,000. No common shares were purchased for cancellation in the first quarter of fiscal 2003.

During the first quarter of fiscal 2004, funds from investing activities amounted to \$932,000 as compared to \$1.8 million for the first quarter of 2003. The first quarter of fiscal 2004 included \$992,000 of cash inflows as short term investments were transferred to cash compared to \$1.8 million for the corresponding quarter in fiscal 2003. Additionally, the Corporation expended \$60,000 related to new acquisitions for property, plant and equipment in the first quarter of fiscal 2004 compared to \$64,000 for the same period in fiscal 2003. The first quarter of fiscal 2003 also had cash inflows of \$69,000 related to proceeds from asset disposition.

Consolidated Balance Sheets

Prepared in Accordance with Canadian Generally Accepted
Accounting Principles

(in thousands of U.S. dollars)	July 31, 2003 (unaudited)	April 30, 2003
Assets		
Current assets		
Cash and cash equivalents	759	703
Short-term investments	10,089	10,954
Accounts receivable (note 2)	3,505	3,226
Other accounts receivable	231	36
Tax credits receivable	1,683	1,359
Prepaid expenses	362	478
	<u>16,629</u>	<u>16,756</u>
Restricted cash equivalents and other investments	1,066	1,046
Property, plant and equipment	2,097	2,153
Intangible assets	336	349
	<u>20,128</u>	<u>20,304</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	3,664	3,635
Current portion of long-term debt	605	611
Deferred revenue	1,946	1,955
	<u>6,215</u>	<u>6,201</u>
Long-term debt	460	547
Other long-term liabilities	671	684
	<u>7,346</u>	<u>7,432</u>
Shareholders' Equity		
Capital stock (note 5)	39,344	40,291
Contributed surplus	1,608	996
Cumulative translation adjustment	(1)	(236)
Deficit	<u>(28,169)</u>	<u>(28,179)</u>
	<u>12,782</u>	<u>12,872</u>
	<u>20,128</u>	<u>20,304</u>

Consolidated Statements of Deficit

Prepared in Accordance with Canadian Generally Accepted Accounting Principles

(in thousands of U.S. dollars)

	Three Months Ended July 31, 2003 (unaudited)	Three Months Ended July 31, 2002 (unaudited)
Balance - Beginning of period	(28,179)	(21,573) *
Net profit (loss) for the period	<u>10</u>	<u>(355)</u>
Balance - End of period	<u>(28,169)</u>	<u>(21,928)</u>

* Restated in fiscal 2003 to reflect the accounting change of \$346 with respect to the impairment of goodwill

Consolidated Statements of Operations

Prepared in Accordance with Canadian Generally Accepted Accounting Principles

(in thousands of U.S. dollars, except per share and per share data)

	Three Months Ended July 31, 2003 (unaudited)	Three Months Ended July 31, 2002 (unaudited)
Revenue		
Products (note 7a)	1,596	1,253
Services	1,954	2,815
Reimbursable expenses	216	225
	<u>3,766</u>	<u>4,293</u>
Cost of revenue		
Products	338	429
Services (note 7b)	1,111	1,586
Reimbursable expenses	216	225
	<u>1,665</u>	<u>2,240</u>
Gross margin	<u>2,101</u>	<u>2,053</u>
Operating expenses		
Sales & marketing	865	912
General & administration	362	416
Gross research & development	784	1,023
Research & development tax credits	(172)	(170)
Depreciation of property, plant and equipment	150	175
Amortization of intangible assets	31	138
	<u>2,020</u>	<u>2,494</u>
Profit (loss) from operations	81	(441)
Interest income	85	46
Interest expense	(25)	(46)
Foreign exchange gains (losses)	(131)	86
Net profit (loss) for the period	<u>10</u>	<u>(355)</u>
Weighted average number of common shares		
outstanding - basic	<u>14,363,595</u>	<u>14,970,547</u>
- fully diluted	<u>14,453,995</u>	<u>14,970,547</u>
Basic and diluted net loss per common share		
(in U.S. dollars)	<u>\$ 0.00</u>	<u>\$ (0.02)</u>

Consolidated Statements of Cash Flows

Prepared in Accordance with Canadian Generally Accepted Accounting Principles

(in thousands of U.S. dollars)

	Three Months Ended July 31, 2003 (unaudited)	Three Months Ended July 31, 2002 (unaudited)
Cash flows from		
Operating activities		
Net profit (loss) for the period	10	(355)
Adjustments for		
Depreciation of property, plant and equipment	150	175
Amortization of intangible assets	31	138
Unrealized foreign exchange (gains) losses	67	13
Changes in non-cash working capital items related to operations		
Decrease (increase) in accounts receivable	(436)	392
Decrease (increase) in tax credits receivable	(306)	(2)
Decrease (increase) in prepaid expenses	128	91
Increase (decrease) in accounts payable and accrued liabilities	(74)	(92)
Increase (decrease) in deferred revenue	(46)	84
	<u>(476)</u>	<u>444</u>
Financing activities		
Repayment of long-term debt and capital lease obligations	(117)	(220)
Purchase of common shares for cancellation	(335)	-
	<u>(452)</u>	<u>(220)</u>
Investing activities		
Decrease (increase) in short-term and other investments	992	1,765
Acquisitions of property, plant and equipment	(60)	(64)
Proceeds on disposals of property, plant and equipment	-	69
	<u>932</u>	<u>1,770</u>
Effect of foreign exchange rate fluctuations on cash and cash equivalents	<u>52</u>	<u>(78)</u>
Change in cash and cash equivalents	56	1,916
Cash and cash equivalents - Beginning of Period	703	1,500
Cash and cash equivalents - End of Period	<u>759</u>	<u>3,416</u>

1. Interim financial information

The interim financial statements for the three month period ended July 31, 2003 and for the three month period ended July 31, 2002 are unaudited. In the opinion of management, all necessary adjustments were made to present fairly the results of these periods. The adjustments made were of a normal recurring nature. The results of operations for the three month period ended July 31, 2003 and 2002 are not necessarily indicative of the trends for the operating results 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 statements; therefore these interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2003. These interim financial statements follow the same accounting policies and methods of their application as the annual financial statements for the year ended April 30, 2003.

2. Accounts receivable

Accounts receivable comprise the following:

	<u>July 31, 2003</u>	<u>April 30, 2003</u>
Trade, net of an allowance for doubtful accounts of \$1,698 (April 30, 2003 – \$1,751)	3,301	3,063
Work in process	204	163
	<u>3,505</u>	<u>3,226</u>

3. Bank advances

- a) The Company renewed its banking agreement with the National Bank of Canada in April 2003. This agreement obliges the Company to respect certain covenants in the form of financial ratios, which have been respected as of July 31, 2003.
- b) Under the terms of the agreement, the Bank has also agreed to provide a currency risk protection facility for a principle amount not exceeding CA\$1,000,000 (US\$711,000) which may be used to issue foreign exchange forward contracts for the sale or purchase of foreign currencies.
- c) This facility also permits the issuance of letters of guarantee of up to a maximum of CA\$1,500,000 (US\$1,066,000). As of July 31, 2003, CA\$1,151,000 (US\$818,000) of this facility was used to obtain letters of guarantee. An amount of CA\$872,000 (US\$620,000) is in favor of one of the Company's landlords and must be renewed annually through fiscal 2010; and CA\$279,000 (US\$198,000) is for certain capital lease obligations and must be maintained through October 2004.
- d) Under the terms of this agreement, the Company also has available a three-year revolving term loan of up to CA\$875,000 (US\$622,000) to finance up to 50% of the net book value of property, plant and equipment at bank prime rate plus 1.75%. Advances under this facility amounted to CA\$750,000 (US\$523,000) at April 30, 2003 and CA\$625,000 (US\$444,000) at July 31, 2003 and are classified as long-term debt.
- e) These facilities are secured by a first ranking general hypothec of CA\$2,000,000 (US\$1,421,000) on all present and future moveable assets.

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

	<u>July 31, 2003</u>	<u>April 30, 2003</u>
Trade	2,720	2,601
Accrued employee costs	747	848
Other	197	186
	<u>3,664</u>	<u>3,635</u>

5. Capital stock

As at July 31, 2003 options to purchase 708,569 common shares at exercise prices ranging between CA\$0.99 and CA\$37.66 were outstanding. During the three month period ended July 31, 2003, the Company granted options to purchase 5,300 common shares at exercise prices ranging from CA\$1.23 to CA\$1.36 and options to purchase 161,530 common shares at exercise prices ranging from CA\$1.13 to CA\$27.64 were either forfeited or expired. No options to purchase common shares were exercised during the three months period ended July 31, 2003.

On July 15, 2003 the Company filed a renewal with the Toronto Stock Exchange of a Notice of Intention to Make a Normal Course Issuer Bid (the "Notice"). In the Notice, the Company stated its intention to purchase on the open market at prevailing market prices, through the facilities of the Toronto Stock Exchange, up to a maximum of 910,000 of its common shares, being approximately 10% of the 9,118,157 common shares comprising the public float as of June 30, 2003, but not more than 2% of the outstanding common shares as at June 30, 2003 in any 30-day period. The Company may purchase common shares under the bid, if it considers it advisable, at any time and from time to time between July 17, 2003 and July 16, 2004. The common shares will be purchased for cancellation.

During the three-month period ended July 31, 2003, the Company purchased 320,100 of its outstanding common shares for cancellation at an average price of CA\$1.43 (US\$1.04) per share. The total cost related to purchasing these shares, including other related costs, was CA\$462,000 (US\$335,000). The excess of the net book value over the purchase price of these shares of CA\$845,000 (US\$612,000) has been credited to contributed surplus.

The total number of common shares outstanding at July 31, 2003 is 14,162,647.

6. Stock-based compensation costs

During the 2003 fiscal year the Company adopted the new recommendations of the CICA regarding stock-based compensation costs (Handbook section 3870). In adopting this recommendation, the Company elected not to adopt the fair value based method of accounting for stock options granted to employees. Accordingly, the Company provides pro forma disclosures of net loss and net loss per common share as if the fair value based method of accounting had been used. For purposes of pro forma disclosures, the Company has applied these recommendations retroactively. Any stock-based compensation costs related to awards to individuals other than employees and directors, if any, continue to be accounted for at fair value.

If the fair value based method had been used to account for stock-based compensation costs related to stock options issued to employees, the net loss and related net loss per common share figures would be as follows:

	Three months ended July 31, 2003	Three months ended July 31, 2002
Net Loss for the year	(87)	(531)
Basic and diluted net loss per common share	\$(0.01)	\$(0.04)

The fair value of options granted was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	Three months ended July 31, 2003	Three months ended July 31, 2002
Volatility	75%	75%
Risk-free interest rate	3.0%	3.0%
Dividend yield	nil	nil
Expected lives (in years)	3	3

The Black-Scholes options valuation model was developed for use in estimating the fair value of traded options. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Following is a summary of the weighted average grant date fair value of options granted during the three month periods ended July 31, 2003 and 2002

	Three months ended July 31, 2003	Three months ended July 31, 2002
Number of options	5,300	169,650
Weighted avg. exercise price US \$.99	.98
Weighted avg. grant date FV US \$.50	.49

7. Other Information

a) Products revenue

Products revenue is broken down as follows:

	Three months ended July 31, 2003	Three months ended July 31, 2002
Software products	739	613
Third party hardware and software	857	640
	1,596	1,253

b) Cost of services consist of the following :

	Three months ended July 31, 2003	Three months ended July 31, 2002
Gross expenses	1,277	1,770
Refundable tax credits	(166)	(184)
	1,111	1,586

8. Significant differences between Canadian and United States GAAP

The Company's financial statements were prepared in accordance with Canadian GAAP, which differs in some respects from U.S. GAAP. Significant measurement differences between Canadian GAAP and U.S. GAAP as they relate to the Company, are set forth below:

a) Income statements

The following summary sets out the material differences between the Company's reported net profit (loss) and basic and diluted net profit (loss) per share under Canadian GAAP as compared to U.S. GAAP:

	Three months ended July 31, 2003	Three months ended July 31, 2002
Net profit (loss) for the period in accordance with Canadian GAAP	10	(355)
Net profit (loss) for the period in accordance with U.S. GAAP	10	(355)
Other comprehensive profit (loss) Foreign currency translation adjustments	235	(186)
Comprehensive profit (loss)	245	(541)
Basic and diluted net profit (loss) per share	\$0.00	\$(0.02)

b) Shareholders' equity

The following summarizes the material differences between shareholders' equity accounts under Canadian GAAP versus U.S. GAAP:

Capital stock

	July 31, 2003	April 30, 2003
Capital stock in accordance with Canadian GAAP	39,344	40,291
Warrants forfeited during fiscal 2002	235	235
Capital stock in accordance with U.S. GAAP	39,579	40,526

Deficit

	July 31, 2003	April 30, 2003
Deficit in accordance with Canadian GAAP	(28,169)	(28,179)
Goodwill impairment loss Cumulative effect of prior years	(235)	(235)
Deficit in accordance with U.S. GAAP	(28,404)	(28,414)

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The statements in this report relating to matters that are not historical fact are forward looking statements that are based on management's beliefs and assumptions. Such statements are not guarantees of future performance, and are subject to a number of uncertainties, including but not limited to future economic conditions, the markets that TECSYS Inc. serves, the actions of competitors, major new technological trends and other factors beyond the control of TECSYS Inc., which could cause actual results to differ materially from such statements.

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