

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE ONTARIO AND QUEBEC SECURITIES COMMISSIONS, BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSE OF A DISTRIBUTION TO THE PUBLIC. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE SECURITIES MAY NOT BE SOLD TO, NOR MAY OFFERS TO BUY BE ACCEPTED BY, RESIDENTS OF SUCH PROVINCES PRIOR TO THE TIME A RECEIPT IS OBTAINED FOR THE FINAL PROSPECTUS FROM THE APPROPRIATE SECURITIES COMMISSIONS OF SAID PROVINCES.

PRELIMINARY PROSPECTUS DATED NOVEMBER 8, 1999

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. See "Plan of Distribution".

New Issue



MICRO TEMPUS INC.

5,000,000 Common Shares

Issuable upon the exercise of Special Warrants previously issued by the Corporation

This prospectus qualifies the distribution of 5,000,000 common shares ("Common Shares") in the share capital of Micro Tempus Inc. (the "Corporation") to be issued by the Corporation, without additional consideration, to the holders of the previously issued 5,000,000 special warrants of the Corporation ("Special Warrants") upon the exercise of the right pursuant to the Special Warrants to acquire one Common Share in exchange for each Special Warrant held.

PRICE:
\$1.00 per Special Warrant

	<u>Offering Price</u>	<u>Agents' Commission⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Special Warrant.....	\$1.00	\$0.03	\$0.97
Total	\$5,000,000	\$150,000	\$4,850,000

(1) The Agents' commission was paid at the closing of the issue and sale of the Special Warrants. See "Plan of Distribution".

(2) Before deducting expenses of the issue, estimated to be \$150,000, which amount will be paid by the Corporation out of its general funds.

The price of the Special Warrants was determined by negotiation between the Corporation and Dundee Securities Corporation and Thomson Kernaghan & Co. Limited (the "Agents"). **The effective price of a Common Share issuable upon the exercise of a Special Warrant qualified hereunder exceeds the net tangible book value per Common Share as at September 30, 1999 by \$0.85, representing a dilution factor of 85%. See "Dilution".**

For a discussion of certain risk factors that should be considered in connection with an investment in the Common Shares, see "Risk Factors".

The Special Warrants were issued pursuant to a warrant indenture dated October 18, 1999 (the "Special Warrant Indenture") entered into between the Corporation and General Trust of Canada (the "Trustee"), as special warrant agent. Pursuant to an escrow and custodial agreement (the "Escrow Agreement") entered into among the Corporation, the Agents and the Trustee, the net proceeds of the Special Warrant offering (net of the Agents' commission and certain other expenses), being

\$4,809,582.46 (the "Escrowed Proceeds"), were placed in escrow with the Trustee. Each Special Warrant entitles its holder to receive one Common Share without payment of any additional consideration. The Special Warrants may be exercised by their holders at any time on or before 5:00 p.m. (Montreal time) (the "Time of Expiry") on that date which is the earlier of: (a) the later of the second business day after (i) the date that a receipt is issued for the final prospectus qualifying for distribution the securities issuable upon the exercise of the Special Warrants by the securities regulatory authority in the province in which the original holder of such Special Warrants is resident (the "Receipt Date") and (ii) the date that the Corporation completes its acquisition of the Sports and Entertainment Division of BCE Emergis Inc. (the "Emergis Acquisition"), and (b) October 18, 2000. Any Special Warrants not exercised by the Time of Expiry and not previously surrendered for redemption shall be deemed to be exercised by the holders thereof immediately prior thereto without any further action on the part of such holders. In the event that the Receipt Date has not occurred in respect of a holder by December 31, 1999, then each Special Warrant exercised or deemed to be exercised by such holder after such date shall entitle such holder to receive upon exercise or deemed exercise, without payment of any additional consideration, 1.1 Common Shares as opposed to one Common Share. This prospectus also qualifies the distribution of the additional Common Shares issuable in such event.

The Special Warrant Indenture and the Escrow Agreement further provide that the Escrowed Proceeds shall be released to the Corporation upon its completion of the Emergis Acquisition. However, if the Corporation does not complete the Emergis Acquisition by December 31, 1999, the purchasers of the Special Warrants have the right to cause the Corporation to redeem the Special Warrants held by them and to return to them the full subscription price therefor, plus accumulated interest. This refund shall be made by way of a *pro rata* distribution of the Escrowed Proceeds. Any deficiency in the Escrowed Proceeds shall be funded by the Corporation, including deemed interest calculated in the same manner as the interest accumulated on the Escrowed Proceeds.

Certain legal matters relating to the distribution of the Special Warrants and the Common Shares issuable upon the exercise of the Special Warrants were passed upon by Lapointe Rosenstein, a general partnership, Montreal, on behalf of the Corporation and by Smith Lyons, Toronto, on behalf of the Agents.

Definitive certificates evidencing the Common Shares will be available for delivery upon the exercise or deemed exercise of the Special Warrants.

There is currently no market through which the Special Warrants may be sold. The Common Shares are listed on the Montreal Exchange (the "ME") under the trading symbol "MTP". On October 15, 1999, the trading day immediately prior to the issue and sale of the Special Warrants, the closing sale price of the Common Shares on the ME was \$1.50. See "Price Range and Trading Volume of the Common Shares".

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PROSPECTUS SUMMARY

The following information is a summary only and is qualified in its entirety by, and should be read in conjunction with, the more detailed information, consolidated financial statements and pro forma consolidated financial statements, including the notes thereto, contained elsewhere in this prospectus. Capitalized terms appearing herein and not otherwise defined have the respective meanings ascribed thereto elsewhere in this prospectus.

In this prospectus, unless otherwise indicated, "\$" and all references to dollar amounts refer to Canadian dollars.

The Corporation

On September 29, 1999, the Corporation signed a letter of intent with BCE Emergis Inc. ("Emergis") for the acquisition (the "Emergis Acquisition") from Emergis of its Sports and Entertainment Division, which includes all of the issued and outstanding shares of MPACT Immedia Transaction Services Ltd., a company incorporated under the laws of Bermuda. On September 28, 1999, the Corporation signed an agreement for the acquisition (the "Devco Acquisition") of all the issued and outstanding shares of 3507637 Canada Inc. ("Devco"), a company controlled by Rory Olson, the former Executive Vice-President of Business Development of Emergis, and Joel Leonoff, the former Senior Vice-President of Emergis responsible for its Sports and Entertainment Division (the Devco Acquisition, together with the Emergis Acquisition, is hereinafter collectively referred to as the "Transaction"). Devco intends to offer development and implementation of front-end online financial services solutions for financial institutions and has entered into a strategic alliance with Emergis for the supply of electronic commerce solutions. The closing of the Transaction is subject to certain conditions including the approval of the shareholders of the Corporation. The Corporation has convened a meeting of its shareholders to be held on December 3, 1999 in this regard.

Prior to the completion of the Transaction, the Corporation was a technology leader in the business-to-business data exchange marketplace with products serving many Global 2000 organizations in the banking, finance, insurance, transportation and manufacturing industries as well as a variety of governmental agencies throughout North and South America and Europe. The Corporation began operations with a vision of developing solutions that simplified information access between mainframe computers and personal computer ("PC") users, and allowed for centralized management by Information Systems ("IS") personnel. Building upon its expertise, the Corporation developed a second generation product offering called Tempus Connectivity Solutions ("TCS"). TCS was designed to allow data exchange across diverse platforms to form a secure and seamless enterprise-wide network. The Corporation is currently developing a third generation product offering, code named "Open Systems", which will extend the secure and seamless data exchange capability of TCS from exchanges within individual enterprises to exchanges between diverse enterprises with multiple platforms and protocols, through the use of the Internet.

Following the completion of the Transaction, management intends for the Corporation to capitalize upon its existing expertise in the business-to-business data exchange market in order to become a leader in electronic commerce transaction processing for sports and entertainment entities. Moreover, by leveraging the expertise to be acquired through the Transaction in transaction processing in the online sports and entertainment industries, the Corporation intends to aggregate a front-end online solution for Canadian financial institutions wishing to offer to their client base a variety of financial services through the use of the Internet. The Corporation also intends to apply the expertise to be acquired through the Transaction in strategic planning and implementation of Internet-based electronic commerce solutions to pursue opportunities to acquire the exclusive Internet commerce rights to brand name products and services from companies with recognizable brands who would look favorably upon having a third party, such as the Corporation, develop and manage their Internet strategy and presence on an outsource basis.

Following the completion of the Transaction, the Corporation will have approximately 80 employees in the United States and Canada.

The Offering

Issue: An aggregate of 5,000,000 common shares of the Corporation ("Common Shares") issuable upon the exercise of the 5,000,000 special warrants ("Special Warrants") previously issued by the Corporation.

Amount: \$5,000,000.

Special Warrants: 5,000,000 Special Warrants were issued by way of private placement on October 18, 1999, at a price of \$1.00 per Special Warrant. The Special Warrants were issued pursuant to a warrant indenture dated October 18, 1999 (the "Special Warrant Indenture") entered into between the Corporation and General Trust of Canada (the "Trustee"), as special warrant agent. Pursuant to an escrow and custodial agreement (the "Escrow Agreement") entered into among the Corporation, the Agents and the Trustee, the net proceeds of the Special Warrant offering (net of the Agents' commission and certain other expenses), being \$4,809,582.46 (the "Escrowed Proceeds"), were placed in escrow with the Trustee. Each Special Warrant entitles its holder to receive one Common Share without payment of any additional consideration. The Special Warrants may be exercised by their holders at any time on or before 5:00 p.m. (Montreal time) (the "Time of Expiry") on that date which is the earlier of: (a) the later of the second business day after (i) the date that a receipt is issued for the final prospectus qualifying for distribution the securities issuable upon the exercise of the Special Warrants by the securities regulatory authority in the province in which the original holder of such Special Warrants is resident (the "Receipt Date") and (ii) the date that the Corporation completes the Emergis Acquisition, and (b) October 18, 2000. Any Special Warrants not exercised by the Time of Expiry and not previously surrendered for redemption shall be deemed to be exercised by the holders thereof immediately prior thereto without any further action on the part of such holders. In the event that the Receipt Date has not occurred in respect of a holder by December 31, 1999, then each Special Warrant exercised or deemed to be exercised by such holder after such date shall entitle such holder to receive upon exercise or deemed exercise, without payment of any additional consideration, 1.1 Common Shares as opposed to one Common Share. See "Plan of Distribution".

Redemption Right: The Special Warrant Indenture and the Escrow Agreement further provide that the Escrowed Proceeds shall be released to the Corporation upon its completion of the Emergis Acquisition. However, if the Corporation does not complete the Emergis Acquisition by December 31, 1999, the purchasers of the Special Warrants have the right to cause the Corporation to redeem the Special Warrants held by them and to return to them the full subscription price therefor, plus accumulated interest. This refund shall be made by way of a *pro rata* distribution of the Escrowed Proceeds. Any deficiency in the Escrowed Proceeds shall be funded by the Corporation, including deemed interest calculated in the same manner as the interest accumulated on the Escrowed Proceeds. See "Plan of Distribution".

Use of Proceeds: The Corporation will not receive any cash proceeds from the issuance of the Common Shares upon the exercise of the Special Warrants, but has received gross proceeds of \$5,000,000 from the issuance and sale of the

Special Warrants on October 18, 1999. The net proceeds of this offering (net of the commission payable to Dundee Securities Corporation and Thomson Kernaghan & Co. Limited (the "Agents") and certain other expenses), being \$4,809,582.46, are being held by the Trustee for release pursuant to the terms of the Escrow Agreement. Of the net proceeds to be received by the Corporation from the issuance and sale of the Special Warrants, after deducting the estimated expenses of the offering, approximately \$2.5 million shall be used to fund research and development of Open Systems, approximately \$1.5 million shall be used to develop and acquire in-house transaction processing capabilities, approximately \$0.5 million shall be used to enhance the Corporation's sales and marketing capabilities as a result of the new direction of the Corporation, and the balance shall be used as working capital to be applied for general corporate purposes. See "Use of Proceeds".

Dividend Policy:

To date, the Corporation has not paid any dividends on its outstanding Common Shares, its policy being to apply its earnings toward its continued expansion. The future payment of dividends will depend on financing requirements, the financial condition of the Corporation and other factors which the board of directors, in its sole discretion, may consider appropriate. See "Dividend Policy".

Risk Factors:

In making an investment in Common Shares, investors should consider a number of risk factors, including (i) the substantial dilution holders of Common Shares will experience as a result of the Transaction; (ii) the costs associated with the Transaction; (iii) the risk that the Transaction may not be completed; (iv) the uncertain benefits of the Transaction and risks associated with the integration of the businesses being acquired; (v) the impact of government regulation on the Corporation's products and services; (vi) management and personnel changes as a result of the Transaction and the Corporation's dependence on key personnel; (vii) the challenge of managing growth in the size and scope of operations; (viii) the ability of the Corporation to maintain existing and create new strategic relationships; (ix) the rapid pace of technological change within the market for the Corporation's products and services; (x) the potential for failure of the Corporation's systems or the systems of third parties on which the Corporation relies; (xi) the Corporation's ability to protect its intellectual property rights; (xii) the competitive nature of the market for the Corporation's products and services; (xiii) risks related to currency exchange rates; and (xiv) failure by the Corporation or any of its suppliers or strategic partners to address year 2000 compliance issues.

THE CORPORATION

The Corporation was incorporated under the *Canada Business Corporations Act* on December 16, 1982 under the name 119285 Canada Inc. Its name was changed to Micro Tempus Inc. by Certificate of Amendment dated February 11, 1983. Its share capital was amended by Certificates of Amendment dated September 25, 1985, September 24, 1986, January 17, 1989, September 29, 1989, March 27, 1990 and October 27, 1992, respectively. The right of the directors to appoint additional directors was added to the articles by Certificate of Amendment dated January 7, 1997.

The registered office and principal place of business of the Corporation is located at 999 de Maisonneuve Blvd. West, Suite 1100, Montreal, Quebec, H3A 3L4. The Corporation has three wholly-owned subsidiaries: Micro Tempus Corporation, incorporated under the laws of Delaware and based in the United States, Micro Tempus Software GmbH, incorporated under the laws of Germany and based in Germany, and Micro Tempus France S.A.R.L., incorporated under the laws of France and based in France. Following the completion of the Transaction referred to under the heading "Recent Events", the Corporation will own all of the issued and outstanding shares of MPACT Immedia Transaction Services Ltd., a company incorporated under the laws of Bermuda, and of 3507637 Canada Inc., a company incorporated under the laws of Canada.

As a consequence of the new focus of the Corporation following the completion of the Transaction referred to under the heading "Recent Events", at the annual and special meeting of shareholders of the Corporation scheduled to be held on December 3, 1999 (the "Annual Meeting"), shareholders will be asked to approve the change of the name of the Corporation from Micro Tempus Inc. to SureFire Commerce Inc./Commerce SureFire Inc.

In this prospectus, unless the context otherwise requires or indicates, the term the "Corporation" means Micro Tempus Inc. and its subsidiaries, collectively.

RECENT EVENTS

On September 29, 1999, the Corporation signed a letter of intent (the "Emergis Letter of Intent") with BCE Emergis Inc. ("Emergis") for the acquisition from Emergis of its Sports and Entertainment Division, which includes all of the issued and outstanding shares of MPACT Immedia Transaction Services Ltd., a company incorporated under the laws of Bermuda (the "Emergis Acquisition"). The letter of intent contemplates the execution of a definitive agreement by the parties reflecting the terms and conditions set forth therein. The parties are currently in the process of finalizing such definitive agreement. When executed, the definitive agreement shall provide that, subject to certain conditions and in consideration of the issuance by the Corporation to Emergis of an aggregate of 6,000,000 Common Shares and the assumption by the Corporation of all the liabilities associated with its operation, the Corporation shall acquire from Emergis, with effect as of September 30, 1999, all of its Sports and Entertainment customer base. The agreement with Emergis shall further provide that Emergis shall be entitled to sell 3,000,000 of the Common Shares to be received by it within the first year following the closing of the Emergis Acquisition. In respect of such Common Shares, Emergis has been granted the right to require the Corporation to qualify them for distribution to the public in any prospectus which the Corporation may file in connection with any future financing during such first year. Emergis has not chosen to exercise this right with respect to this prospectus.

A description of the activities carried out by the Sports and Entertainment Division being acquired from Emergis is contained elsewhere in this prospectus under the heading "Business of the Corporation - The Sports and Entertainment Vertical".

On September 28, 1999, the Corporation signed an agreement (the "Devco Agreement") for the acquisition (the "Devco Acquisition") of all the issued and outstanding shares of 3507637 Canada Inc. ("Devco"), a company controlled by Rory Olson, the former Executive Vice-President of Business Development of Emergis, and Joel Leonoff, the former Senior Vice-President of Emergis responsible for its Sports and Entertainment Division (the Devco Acquisition, together with the Emergis Acquisition, is hereinafter collectively referred to as the "Transaction"). Messrs. Olson and Leonoff are each party to an employment contract with Devco which expires at the earliest in September 2002, subject to earlier termination by either party, pursuant to which each receives an annual base salary of \$250,000. In the event of the termination of their employment either without just cause, due to the non-renewal of their employment contracts, or within 12 months following a change of control of Devco (excluding any such change resulting from the conclusion of the Devco Acquisition), Messrs. Olson and Leonoff shall be entitled to receive a cash indemnity equivalent to the greater of their then current annual base salary and the aggregate amount of their base salary payable in respect of the remainder of the unexpired term of their employment contracts. Devco intends to offer development and implementation of front-end online financial services solutions for financial institutions and has entered into a strategic alliance with Emergis for the supply of electronic commerce solutions (see "Business of the Corporation - Strategic Alliance"). Under the terms of the Devco Acquisition, the Corporation has agreed to issue an aggregate of 24,300,000 Common Shares in consideration of the acquisition of all of the issued and outstanding shares of Devco. The shareholders of Devco have been granted the right to require the Corporation to qualify these Common Shares for distribution to the public in any prospectus which the Corporation may file in connection with any future financing. The shareholders of Devco have not chosen to exercise this right in respect of this prospectus.

A description of the activities carried out by Devco is contained elsewhere in this prospectus under the heading "Business of the Corporation - The Online Financial Services Vertical".

The closing of the Transaction is subject to certain conditions, including the receipt by the directors of the Corporation of a satisfactory opinion as to the fairness of the Transaction from a financial point of view to the shareholders of the Corporation and the approval of the shareholders of the Corporation to the issuance by the Corporation of the Common Shares contemplated thereby.

On November 3, 1999, the Corporation received from Loewen, Ondaatje, McCutcheon Limited ("LOM") an opinion that the Transaction is fair from a financial point of view to the shareholders of the Corporation. LOM is a national independent Canadian investment dealer with a wide variety of financial advisory experience and is an independent third party, having never had any business dealings or relationship with or prior knowledge of any of the companies involved in the Transaction and having no financial interest in its outcome.

At the Annual Meeting, shareholders will be asked to approve the issuance of the Common Shares contemplated by the Transaction. A Management Proxy Circular prepared in connection with the Annual Meeting was mailed to shareholders on or about November 8, 1999. In light of its assessment of the benefits which the Transaction bring to the Corporation by transforming it into an important player in the electronic commerce transaction processing marketplace and the favourable opinion of LOM as to the fairness of the Transaction from a financial point of view to the Corporation's shareholders, the directors and management of the Corporation have recommended that shareholders vote in favour of such issuance.

BUSINESS OF THE CORPORATION

Overview

Prior to the Transaction, the Corporation was a technology leader in the business-to-business data exchange marketplace, with products serving many Global 2000 organizations in the banking, finance,

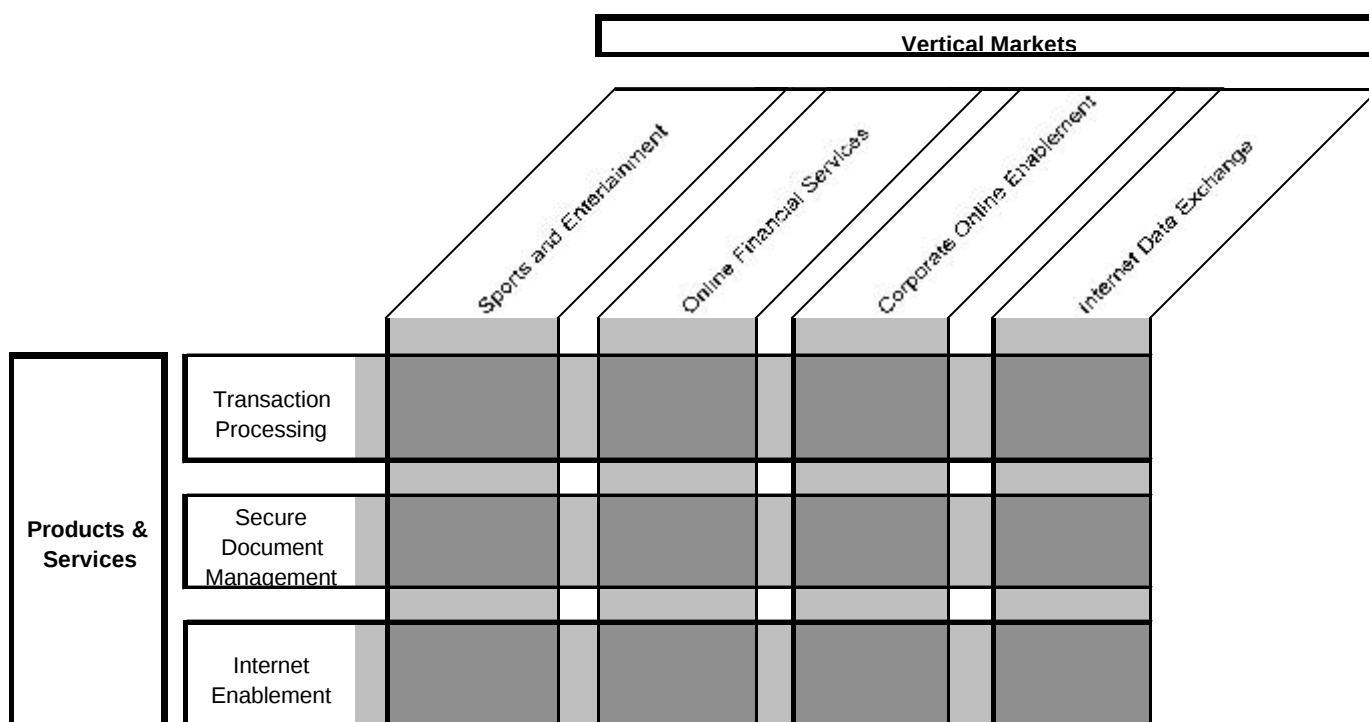
insurance, transportation and manufacturing industries as well as a variety of governmental agencies throughout North and South America and Europe. The Corporation began operations with a vision of developing solutions that simplified information access between mainframe computers and personal computer ("PC") users, and allowed for centralized management by Information Systems ("IS") personnel. Building upon its expertise, the Corporation developed a second generation product offering called Tempus Connectivity Solutions ("TCS"). TCS was designed to allow data exchange across diverse platforms to form a secure and seamless enterprise-wide network. The Corporation is currently developing a third generation product offering, code named "Open Systems", which will extend the secure and seamless data exchange capability of TCS from exchanges within individual enterprises to exchanges between diverse enterprises with multiple platforms and protocols, through the use of the Internet.

Following the completion of the Transaction, management intends for the Corporation to capitalize upon its existing expertise in the business-to-business data exchange market in order to become a leader in electronic commerce transaction processing for sports and entertainment entities. Moreover, by leveraging the expertise to be acquired through the Transaction in transaction processing in the online sports and entertainment industries, the Corporation intends to aggregate a front-end online solution for Canadian financial institutions wishing to offer to their client base a variety of financial services through the use of the Internet. The Corporation also intends to apply the expertise to be acquired through the Transaction in strategic planning and implementation of Internet-based electronic commerce solutions to pursue opportunities to acquire the exclusive Internet commerce rights to brand name products and services from companies with recognizable brands who would look favorably upon having a third party, such as the Corporation, develop and manage their Internet strategy and presence on an outsource basis.

Following the completion of the Transaction, the Corporation will have approximately 80 employees in the United States and Canada.

Corporate Strategy

Following the Transaction, management intends to position the Corporation as a dynamic electronic commerce company with a particular expertise in the areas of transaction processing, secure document management and Internet enablement. The Corporation's strategy will be to offer its products and services across the following targeted vertical markets: (i) Sports and Entertainment; (ii) Online Financial Services; (iii) Corporate Online Enablement; and (iv) Internet Data Exchange. The key elements of this strategy can be depicted as follows:



Sports and Entertainment: The Sports and Entertainment Division being acquired from Emergis has an existing client base of over 60 sports and entertainment entities. Upon completion of the Transaction, the Corporation expects to process in excess of 175,000 individual monthly online transactions with a total transaction value in excess of \$19,500,000. The Corporation will earn a fee for each transaction processed, which fees are currently expected by management to generate approximately \$1,000,000 in monthly revenue. The Corporation intends to further expand its presence in this marketplace by increasing its presence in major league professional sports.

Online Financial Services: Following the Devco Acquisition, the Corporation plans to offer a front-end online solution to financial institutions wishing to offer a variety of financial services to their customer base through the use of the Internet. Devco has signed an agreement with Peelbrooke Capital Inc. in order to conduct a feasibility study in this regard.

Corporate Online Enablement: The Corporation intends to leverage the client base and the leading position as a transaction processor for the sports and entertainment industry of the Sports and Entertainment Division being acquired by it from Emergis in order to also provide Internet-enabling solutions to corporations. These solutions will consist of developing end-to-end strategies in order to enable the effective marketing and sale of products and services through the use of the Internet. The Corporation intends to then manage such corporations' Internet sites on an on-going basis with respect to content, transaction processing and document management capabilities.

Internet Data Exchange: The Corporation intends to build upon the expertise that it possesses in the business-to-business data exchange market; the Corporation is currently developing a third generation Internet-based secure file transfer service. Management believes that the Corporation is well-positioned to capitalize on this niche market as it has the tools to address the high-level security requirements of both large corporations and consumers for the secure exchange, transfer and storage of mission critical confidential information through the use of the Internet.

Unless otherwise indicated, the discussion that follows gives effect to the Transaction and the implementation of the strategy which management of the Corporation intends to adopt following the integration of the businesses being acquired.

The Sports and Entertainment Vertical

Electronic commerce is business conducted in cyberspace using the Internet to bring together customers, vendors, suppliers and others, regardless of physical boundaries and individual technology platforms. Electronic commerce often removes many of the intermediaries in the traditional supply chain and permits direct transactions between the supplier of goods and services and the consumer. In some cases it also dramatically alters the method of distribution by delivering the product itself over the Internet.

Electronic commerce offers both merchants and consumers numerous benefits such as: (i) 24-hour a day, seven days a week interaction, regardless of their respective locations; (ii) the ability to customize Internet site content to match the needs and preferences of individual users by transparently personalizing content for each user; and (iii) the ability to readily increase the number of products and services offered, thereby enhancing the product selection available to customers.

While early adopters of electronic commerce business models often developed customized transaction processing systems, today many online merchants are seeking to outsource their transaction processing requirements. The Corporation is uniquely positioned to take advantage of this need in the Sports and Entertainment Vertical as a result of its existing relationships with professional sports franchises and gaming companies. The Corporation intends to take a leadership role in the transaction processing industry by working closely with leading banks and credit card issuers in order to offer highly secure and efficient processing products and services to its clients. Specifically, the Corporation provides worldwide, real-time credit card processing services for all major credit card brands through all major processing gateways.

Based on the existing client base of more than 60 online clients in the Sports and Entertainment Vertical, the Corporation expects to process in excess of 175,000 individual monthly transactions with a total transaction value in excess of \$19,500,000. The Corporation will earn a fee for each processed transaction, which is currently expected by management to generate approximately \$1,000,000 in monthly revenue.

The Corporation currently processes transactions for a number of official Major League Baseball teams' Internet sites. These transactions include the online sale of merchandise and online ticketing. The Corporation intends to build upon its success in working with Major League Baseball teams in order to further expand into the professional sports arena and take advantage of the growth opportunities which it presents.

On the gaming side of its operations, the Corporation and its customers are subject to applicable laws in the jurisdictions in which they operate. All transactions are processed through licensed banks either in Bermuda or in Barbados, in accordance with Visa and Mastercard guidelines. While some jurisdictions have introduced regulations to attempt to restrict or prohibit Internet gaming, other jurisdictions, such as several Caribbean and European countries and Australia, have taken the position that Internet gaming is legal and have regulated and licensed online gaming entities. As companies and consumers involved in Internet gaming are located around the globe, including the end-users of the Corporation's clients, there is uncertainty as to which government has jurisdiction or authority to regulate or legislate with respect to various aspects of the industry. Furthermore, it may be difficult to identify or differentiate gaming-related transactions from other Internet activities and link these transactions to specific users, in turn making enforcement of legislation aimed at restricting Internet gaming activities difficult. While all of the Corporation's customers must be government licensed, the uncertainty surrounding the regulation of

Internet gaming could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition. See "Risks Factors - Government Regulation".

The Corporation will initially limit itself to the sale and marketing of online transaction processing services. However, the Corporation ultimately intends to replicate the actual transaction processing services in-house by utilizing its own hardware and developing its own transaction processing software. The design and development of this system is currently in progress.

The transaction processing industry is new and evolving rapidly, resulting in a dynamic, competitive environment. Management of the Corporation believes that companies which have developed or are developing transaction processing services in competition with the Corporation's product offering include CyberSource Corporation, CyberCash Incorporated and VeriFone Limited (Hewlett-Packard Company). The Corporation expects competition to persist, intensify and increase in the future. Many of the Corporation's current and potential competitors have longer operating histories, greater name recognition, larger installed customer bases and significantly greater financial, technical and marketing resources. See "Risk Factors".

The Online Financial Services Vertical

The global financial services industry has changed significantly in less than 10 years, and major structural changes continue to occur. In the United States, deregulation has caused the gradual erosion of boundaries between traditional lines of business such as banking, asset management and insurance. These changes are evident in particular by the movement of United States financial assets away from traditional institutions such as banks, brokers and insurance providers to asset management firms.

Distribution channels for financial products have changed from traditional physical branches populated with tellers, brokers and agents to virtual distribution models such as point-of-sale devices, call centres featuring intelligent voice response systems, automated teller machines, PC-banking and the Internet. These changes in the marketplace and technology have allowed consumers easy access to comparative data and have allowed them the ability to easily switch financial service providers. As a result, the focus of the financial services industry is shifting to the management of customer relationships. A 1999 survey conducted by Ernst & Young and published in The 1999 Special Report on Technology in Financial Services indicates that financial service providers' current and future technology investments support the goal of customer retention. Many financial services firms plan to use new technologies to retain and expand their relationships with existing customers.

According to a May 1999 report prepared by PricewaterhouseCoopers, in 1998, more than 1,200 banks and credit unions in the United States signed with online banking vendors and providers to build fully transactional Internet sites. In 1999, 7,200 banks and credit unions are expected to acquire online banking applications, representing a 500% year over year increase in the number of institutions.

The changes that are occurring in the United States are beginning to occur in Canada. On September 15, 1998, the Task Force on the Future of the Canadian Financial Services Sector issued a report containing 124 recommendations to foster a healthy, dynamic, innovative and competitive financial services sector. These recommendations included the enhancement of competition and competitiveness. With regards to enhancing competition, the report states: "We see stronger and more aggressive credit unions and life insurance companies emerging to challenge the dominant position of the major banks". The report recommends changes to current regulations to allow credit unions, life insurance companies, mutual funds and investment dealers to render traditional banking services previously only provided by the major banks. The report recognizes that technology offers "more convenience of access and broader choices that will lead to greater consumer value. New direct distribution channels are putting pressure on traditional channels such as bank branches and insurance agents". The report also mentions some hurdles that technology poses, such as the willingness of consumers to accept less personal relationships with their

financial institution. Furthermore, privacy and security issues remain at the forefront of consumers' concerns regarding Internet banking.

According to position papers prepared by the Canadian Bankers Association in 1999 in response to the report prepared by the Task Force on the Future of the Canadian Financial Services Sector, several of the various industry reports written since 1998 have as a common recommendation that access to the Canadian payment system be opened up to more than deposit takers. These potential new participants in the Canadian payment system include investment dealers, mutual fund companies and life insurers. In all, there are over 3,000 organizations providing financial services in Canada.

The Corporation is currently aggregating a front-end online solution for Canadian financial institutions wishing to offer to their customer base a variety of financial services through the use of the Internet. This solution will start with consulting and feasibility studies and continue through to strategic planning, Internet development and online marketing services, as well as continued maintenance, servicing and upgrades. The planned product offering will enable financial institutions to provide features which would allow their customers, among other things, to access their account balances, review and search for transactions, transfer funds between accounts, place a stop payment order, download their banking data to a personal financial manager, pay bills, access ATMs and debit and credit cards and communicate with the financial institution via secure electronic mail. In offering this solution, the Corporation intends to integrate certain functionalities which are readily available from third party providers, such as Emergis, with whom, through Devco, it has entered into a strategic alliance (see "Business of the Corporation - Strategic Alliance").

Devco has signed an agreement with Peelbrooke Capital Inc. ("Peelbrooke") for the elaboration of a feasibility study in this regard. In early August 1999, Peelbrooke announced that it had received a proposal from Dundee Bancorp Inc. and Dundee Wealth Management Inc. to acquire all of the issued and outstanding shares of Peelbrooke, after which Peelbrooke would become a subsidiary of Dundee Wealth Management Inc. The proposed takeover is pending and is expected to be finalized by the end of 1999. Dundee Wealth Management Inc. is a financial services holding company which operates a full-service integrated investment dealer and a mutual fund investment manager and reports having approximately \$5.8 billion of client assets under administration and \$6 billion of mutual fund assets under management. Pursuant to this agreement, Peelbrooke will advance up to \$2 million toward this project over a 12-month period in return for a 50% interest in the project as well as certain preferential rights to the use of the solution to be developed by the Corporation. If the project proves to be unsuccessful, Peelbrooke will be entitled to a refund of the funds advanced by it over a five-year period, with interest at the rate of prime plus 1% per annum. If the project proves to be successful, the Corporation will be required to match the funds advanced by Peelbrooke in order to maintain its 50% interest. Management of the Corporation believes that with the technology and technical expertise that the Corporation possesses in the area of business-to-business data management, transaction processing and Internet enablement, it will be able to develop a robust online financial services solution.

The Corporation expects to encounter competition from companies offering competing Internet application products, such as BroadVision, Inc., IBM and Security First Technologies. These companies have already successfully marketed online financial services solutions in the United States.

The Corporate Online Enablement Vertical

By leveraging its expertise in strategic planning and implementation of Internet-based electronic commerce solutions, the Corporation plans to pursue opportunities to acquire the exclusive Internet commerce rights to brand name products and services. This proposed service consists of developing end-to-end strategies in order to enable the effective marketing and sale of the Corporation's clients' products and services through the Internet. The Corporation will then manage such clients' Internet sites on an on-going basis with respect to content, transaction processing and document management capability.

The business model contemplates the Corporation entering into revenue sharing arrangements with its clients to acquire, develop, manage and exploit their Internet presences. Management is aware that this model has been effective in the United States professional sports franchise sector where sports teams sell the rights to their Internet presence and allow experts to develop such presence and proliferate revenue streams. As a result of the experience which it has acquired in other business transactions, management of the Corporation believes that many large companies with significant brands are focused on their core business and would look favorably upon having a third party develop and manage their Internet strategy and presence on an outsource basis. This business model is consistent with the trend over the past ten years toward the outsourcing by companies of many of their technology infrastructure requirements. Management of the Corporation believes that this model could be particularly successful with medium to large-sized regional retailers who have established highly recognizable brands but in a limited market.

The success of the Corporation's Corporate Online Enablement Vertical is directly related to the rate at which companies establish an online presence. The Corporation will focus on both Canadian and United States clients. Management is not aware of any other companies offering competing corporate online enabling solutions outside of the professional sports arena.

The Internet Data Exchange Vertical

The Corporation's first generation file transfer product is still used throughout the world. Over 4,000 licenses of this product have been sold and currently approximately 2,000 of these licensees remain active customers of the Corporation. Although sales of new licenses for this legacy product have declined, the maintenance revenue that they provide remains a significant and reliable source of annual revenue to the Corporation (see "Management Discussion and Analysis of Financial Condition and Operating Results"). In addition, the licensee base provides a significant avenue through which the Corporation may sell its new generation of products. The Corporation currently has no intention of actively developing any future versions of this first generation legacy product.

The Corporation is a leader in the business-to-business data exchange marketplace as a result of its current second generation product, TCS. TCS is a proprietary file and data exchange product used by Fortune 1000 companies to protect the integrity and allow for the secure automated exchange of mission critical data seamlessly over multiple platforms and protocols. The TCS product in its current form is used behind the firewall inside individual corporations and over the Internet to send data, as an extension of their internal TCS network. The success of TCS with large corporations is attributed to its ease of use and centralized management functions. TCS is designed to target organizations that are aware of the severe limitations of file transfer protocol ("FTP") as a data exchange solution.

TCS immediately adapts to a customer's existing environment in order to create a virtual private network specifically designed to automate such customer's data transfer needs and to provide the necessary security and network intelligence required to ensure that such data arrives at its final destination safely and efficiently. TCS is designed to create a software-based solution for cross-platform file movement and for convenient installation together with existing hardware and software solutions. TCS is also designed to reduce the cost of managing and transferring files by reducing administrative overhead. It supports both mainframe and distributed security across networks and enables superior management and monitoring of automated file transfers. TCS centralizes file management control and optimizes bandwidth and other resources. TCS incorporates the Internet as a secure and manageable extension of the enterprise network and supports multiple layers of connectivity for cross-platform application integration.

The explosion in electronic commerce means that more and more companies are buying and selling goods and services over the Internet, further emphasizing the need for fast and reliable transfer of financial and database information, customer demographics, billing records and other critical and sensitive data over multiple platforms and protocols. The Corporation has responded to this need by beginning the development of a new generation of TCS, code named "Open Systems", which will allow for the secure

and seamless exchange of data across multiple platforms and between diverse enterprises through the use of the Internet. This product will take the robustness of TCS from behind the firewall onto the Internet without sacrificing any of the security that has made it one of the world's most secure file transfer technologies. As a result of its involvement in the electronic commerce industry, the Corporation is uniquely positioned and qualified to understand and implement the security needs of both businesses and consumers in both enterprise-wide networks and Internet environments.

The security scheme of Open Systems relies on standard private and public key interface ("PKI") encryption and well-known certificate authorities such as VeriSign Incorporated, Entrust Technologies Incorporated and others. In today's world, businesses are looking for the "codeless client". Open Systems will support whatever code is residing on the second or third party using it. This means that Open Systems will support all of the Corporation's clients' and trade partners' infrastructures through the use of an Internet browser. Open Systems is being designed as a flexible infrastructure for Internet delivery to and from multiple platforms of various types of data. The Corporation's proprietary TransConnect feature will allow users of Open Systems to access such foreign resources as message queuing ("MQ/Series"), TCS, and single mail transfer protocol ("SMTP"). The first commercial release of Open Systems is expected to occur in the second calendar quarter of 2000.

Management anticipates that Open Systems will be able to generate revenues through the following models:

Business to Consumer: The overarching concern about electronic commerce is security. Consumers are concerned about the transmission of personal data and credit information and businesses are concerned about the security and integrity of data. With the advent of Application Service Providers ("ASPs"), the demand for secure Internet-based transaction solutions is expected to grow. Open Systems will allow for such transactions to occur in a completely secure online environment in return for an agreed upon fee.

Consumer to Consumer: More confidential documents are electronically mailed between individuals than any other type of data transmission, and almost all such transmissions take place in a non-secure environment. Open Systems will offer an Internet-based easy to use solution to these security issues by allowing users to send and view data at the Open Systems consumer Internet site. The revenue model provides for incremental and monthly charges to Internet Service Providers' ("ISPs") customers by offering a variety of useful secure consumer-based products à la carte, packaged at various price points, providing ISPs with the opportunity to offer value added services to their customer base.

Business to Business: Any company will be able to take advantage of the benefits of Open Systems' seamless data exchange capabilities using the Internet, without the need to install and maintain a closed system. Businesses will be able to exchange and transfer data over multiple platforms and protocols, through the use of the Internet, in return for a transaction fee based either on the volume of use or the size of the data being transferred.

Management is not aware of any other corporation which has developed a product which is in competition with Open Systems.

Sales and Marketing

Prior to the Transaction, the Corporation had in place a direct sales force comprised of five employees who focused on selling TCS to Global 2000 organizations in the banking, finance, insurance, transportation and manufacturing industries, as well as to various governmental agencies. In addition, a telemarketing staff of three employees focused on providing leads to the sales force. International sales of products were made primarily through the Corporation's international distributors located in North and South America and Europe. The Corporation counts among its clients companies which include Abbott Laboratories, Princess Cruise Lines, Zurich American Insurance Group and DST System Inc.

With the change in the Corporation's direction following the Transaction, the Corporation intends to continue to employ a direct sales force. However, it will no longer focus on selling a single product; rather it will be re-trained in order to be able to sell the Corporation's full range of products and solutions. International sales will continue to be carried out by distributors. The Corporation will also explore the possibility of developing a network of resellers for many of its products and solutions.

Prior to the Transaction, end-users of the Corporation's first and second-generation products have typically entered into maintenance agreements with the Corporation. Such agreements entitle the end-users to maintenance and support services as well as to product upgrades and improvements. These maintenance agreements provide a significant and reliable source of annual revenue to the Corporation. In the fiscal year ended March 31, 1999, maintenance revenue represented approximately 44% of the Corporation's total revenue for such period (see "Management's Discussion and Analysis of Financial Condition and Operating Results"). The Corporation expects to continue to maintain a strong customer support organization following the Transaction in order to also provide on-going support for its new product offerings.

Strategic Alliance

As a result of the Transaction, the Corporation has become a party to a strategic alliance with Emergis pursuant to which Emergis is the preferred electronic commerce solution provider to the Corporation and its customers to the extent that the Corporation decides to contract out for such services. The Corporation will be able to directly benefit from this alliance by leveraging off of the core expertise and proprietary technology of Emergis in a variety of specialized areas of the electronic commerce spectrum.

Research and Development

Management of the Corporation believes in the importance of a strong in-house research and development team in order to be able to develop technologically advanced products both for its customers and for its own use. The Corporation maintains a team of development engineers, quality assurance professionals and technical code writers. Currently, 35 employees are engaged in such product development activities.

Management of the Corporation further believes that it is important to replicate the transaction-processing services which it will initially be outsourcing from a third party and intends to develop its own proprietary transaction processing engine in the near future.

Premises

The Corporation's head office, research and development, marketing and customer service facilities are located in leased premises in Montreal, Quebec, having an area of approximately 15,500 square feet. The lease for such premises runs until April 30, 2005. The Corporation has recently entered into an offer to lease (the "Offer to Lease") in respect of approximately 20,000 square feet of office space located elsewhere in Montreal. The Corporation intends to sublet its existing premises and move its operations to these new premises. The Corporation does not own any real estate.

Human Resources

Following the completion of the Transaction, the Corporation will have approximately 80 employees, approximately 77 of whom will be based in Canada and three of whom will be based in the United States. Of this total, approximately 7 (or 9%) will be engaged in sales and marketing, 14 (or 17%) will be in operational support, 4 (or 5%) will be in customer support, 20 (or 25%) will be in administration and finance and 35 (or 44%) will be in research and development. No employees are party to or covered by any collective bargaining agreements. All employees of the Corporation, including executive officers, are required to sign the Corporation's form of non-disclosure and release of interest in intellectual property agreement.

Management of the Corporation believes that its relationship with its employees is excellent and that the future success of the Corporation depends in a large part on its ability to attract and retain qualified personnel. To this end, the Corporation has in place a stock option plan which is designed to attract, motivate and retain employees.

Protection of Products and Copyrights

Because the software development industry is characterized by rapid technological change, management believes that factors such as the technological and creative skills of the Corporation's personnel, new product developments, frequent product enhancements, name and brand recognition and reliable product maintenance are more important to establishing and maintaining a technology leadership position than the various legal protections of its technology.

The Corporation relies primarily upon a combination of copyright, trademark and trade secret laws, release of interest in intellectual property agreements and license agreements to establish and protect proprietary rights in its products and technology. The source codes for the Corporation's products and technology are protected both as a trade secret and as unpublished copyrighted works; however, the Corporation currently has no patents for its products and technology. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Corporation's products or technology without authorization or to develop similar technology independently. In addition, effective copyright and trade secret protection may be unavailable or limited in certain foreign countries.

The Corporation has also obtained or applied for trademark registration of most of its product names and of the name MICRO TEMPUS in several of its major markets. The Corporation intends to pursue the same strategy in respect of the new name SUREFIRE and those of its new products and solutions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

The following table presents selected consolidated financial data of the Corporation for the periods indicated:

Statement of Income (Loss)

	Six Months Ended September 30,		Twelve Months Ended March 31,		
	1999	1998	1999	1998	1997
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenues	2,195,828	2,126,660	6,200,959	7,112,126	5,921,512
EBITDA⁽¹⁾	(2,025,680)	(949,115)	(1,068,811)	1,192,925	826,922
Net Income (Loss)	(4,370,178)	(1,789,042)	(8,125,957)	(1,143,966)	(259,162)
Net Income (Loss) per Share	(0.09)	(0.04)	(0.17)	(0.03)	(0.01)

(1) Earnings before interest, taxes, depreciation and amortization

The following discussion should be read in conjunction with the information set forth under the heading "Business of the Corporation" and with the Corporation's Consolidated Financial Statements and the related notes thereto included elsewhere in this prospectus.

Overview

Prior to the Transaction, the Corporation was a technology leader in the business-to-business data exchange marketplace. Its products serve many Global 2000 organizations in the banking, finance, insurance, transportation and manufacturing industries as well as a variety of governmental agencies throughout North and South America and Europe. The Corporation's revenue model consisted of the traditional software license model of one time licensing revenue in addition to a recurring maintenance fee equal to 18% of the license fee.

Following the Transaction, the Corporation will be positioned as a dynamic electronic commerce company with a particular expertise in the areas of transaction processing, secure document management and Internet enablement. The Corporation will focus on four vertical market segments: (i) Sports and Entertainment; (ii) Online Financial Services; (iii) Corporate Online Enablement; and (iv) Internet Data Exchange. The Corporation will implement a revenue model for all four verticals which will be based on recurring transaction revenue.

Six Months Ended September 30, 1999 Compared to Six Months Ended September 30, 1998

Total operating revenues for the six months ended September 30, 1999 were \$2,195,828 compared to \$2,126,660 for the previous six-month period, representing a 3.3% increase.

EBITDA for the six-month period ended September 30, 1999 was \$(2,025,680) compared to \$(949,115) for the previous six-month period, representing a 113.4% decrease. The Corporation realized a net loss for the six-month period ended September 30, 1999 of \$4,370,178 or \$0.09 per share as compared to a loss of \$1,789,042 or \$0.04 per share for the same period during the previous year. The increase in the Corporation's net loss is attributable the expensing of research and development costs due to the fact that they no longer met the required criteria for capitalization and to the incurring of \$2,075,000 in restructuring costs in the Corporation's second quarter. This restructuring charge was incurred as a result of a performance review following which the Corporation decided to rationalize its activities and refocus its efforts in those areas which generate recurring revenues by leveraging off of its existing expertise in the business-to-business data exchange market. The restructuring charge is comprised principally of personnel reductions and lease cancellation costs.

Operating expenses, excluding research and development, totalled \$2,882,764 compared to \$2,938,835 for the previous six-month period, representing a 1.9% decrease.

Research and development expenses totalled \$1,505,640 compared to \$964,867 for the previous six-month period, representing a 56% increase. The increase was due to the expensing of research and development costs due to the fact that they no longer met the required criteria for capitalization as at March 31, 1999 given that the Corporation could no longer be reasonably assured of the recovery of its development costs from future revenues.

During the six months ended September 30, 1999, the Corporation issued an aggregate of 1,741,843 Common Shares pursuant to the exercise of previously granted stock options and special broker's warrants, for total proceeds of \$1,062,697.

Fiscal Year Ended March 31, 1999 Compared to Fiscal Year Ended March 31, 1998

Total operating revenues for the fiscal year ended March 31, 1999 were \$6,200,959 compared to \$7,112,126 for the previous fiscal year, representing a decrease of 12.8%. The reduction in sales revenue was primarily due to a decrease in sales of the Corporation's business-to-business data exchange product as a result of a reduction in spending on new systems because of Year 2000 testing.

EBITDA for the period ended March 31, 1999 was (\$1,068,811) compared to \$1,192,925 for the previous year, representing a 190% decrease. The Corporation realized a net loss for the period ended March 31, 1999 of \$8,125,957 or \$0.17 per share as compared to a net loss of \$1,143,966 or \$0.03 per share for the previous year. The increase in the Corporation's net loss is attributable to the fact that as at March 31, 1999, the Corporation determined that the recovery of development costs from future revenues could not longer reasonably be regarded as assured. Accordingly, the unamortized balance of development costs was written off.

Operating expenses, excluding research and development, totalled \$7,178,053 compared to \$6,021,373 for the previous year, representing a 19.2% increase.

Research and development expenses totalled \$2,214,566 compared to \$1,401,479 for the previous year, representing a 58% increase.

During the fiscal year ended March 31, 1999, the Corporation issued an aggregate of 150,810 Common Shares, for total proceeds of \$37,703.

Fiscal Year Ended March 31, 1998 Compared to Fiscal Year Ended March 31, 1997

Total operating revenues for the fiscal year ended March 31, 1998 were \$7,112,126 compared to \$5,921,512 for the previous fiscal year, representing a 20.1% increase. The increase in revenue was due to an increase in sales of the Corporation's business-to-business data exchange product.

EBITDA for the period ended March 31, 1998 was \$1,192,925 compared to \$826,922 for the previous year, representing a 44.3% increase. The Corporation realized a net loss for the period ended March 31, 1998 of \$1,143,966 or \$0.03 per share as compared to a net loss of \$259,162 or \$0.01 per share for the previous year. The increase in the Corporation's net loss is attributable to increased sales and marketing related expenses.

Operating expenses, excluding research and development, totalled \$6,021,373 compared to \$5,118,641 for the previous year, representing a 17.6% increase.

Research and development expenses totalled \$1,401,479 compared to \$1,062,033 for the previous year, representing a 31.9% increase.

During the fiscal year ended March 31, 1998, the Corporation issued an aggregate of 16,846,366 Common Shares, for total proceeds of \$8,277,217.

Fiscal Year Ended March 31, 1997 Compared to Fiscal Year Ended March 31, 1996

Total operating revenues for the fiscal year ended March 31, 1997 were \$5,921,512 compared to \$5,734,986 for the previous fiscal year, representing a 3.3% increase. The increase in revenue resulted principally from new license sales for the Corporation's business-to-business data exchange product. During the previous 12-month period, no such sales were recognized.

EBITDA for the period ended March 31, 1997 was \$826,922 compared to \$774,852 for the previous year, representing a 6.7% improvement. The Corporation realized a net loss for the period ended March 31, 1997 of \$259,162 or \$0.01 per share as compared to net income of \$304,040 or \$0.02 per share for the previous year.

Operating expenses, excluding research and development, totalled \$5,118,641 compared to \$5,206,212 for the previous year, representing a 2% increase. The Corporation devoted many of its resources to ramping-up its sales and marketing departments.

Research and development expenses totalled \$1,062,033 compared to \$224,734 for the previous year, representing a 373% increase. The Corporation began amortizing the development costs associated with the Corporation's business-to-business data exchange product in fiscal 1997.

During the fiscal year ended March 31, 1997, the Corporation issued share capital totalling \$3,299,302. These funds were used to provide financing for the Corporation's sales and marketing department and to provide the Corporation with working capital.

Liquidity and Capital Resources of the Corporation

The Corporation's cash flow from operations before net change in non-cash working capital items for the six months ended September 30, 1999 was \$(2,043,100).

The future growth and profitability of the Corporation will in large part depend on its success in leveraging its existing expertise in the business-to-business data exchange market in order to become a leader in the electronic commerce transaction processing for sports and entertainment entities. Management believes that given the expertise in transaction processing in the online sports and entertainment industries to be acquired by the Corporation as a result of the Transaction, the Corporation will be able to successfully aggregate a front-end online solution for Canadian financial institutions. In addition, the Corporation also intends to apply the expertise which it shall acquire in the strategic planning and implementation of Internet-based electronic commerce solutions in order to pursue opportunities to acquire the exclusive Internet commerce rights to brand name products and services from companies with strong brands who would look favorably upon having a third party, such as the Corporation, develop and manage their Internet strategy and presence on an outsource basis.

Management believes that by modifying its current revenue model of one-time license fees to a recurring transaction based model, it will be able to ensure a steady and consistent revenue stream for the Corporation.

The Corporation has no immediate plans to embark upon any major capital expenditure initiatives. The Corporation currently leases most of its hardware components through operating leases typically having terms of between 24 to 36 months. It is the opinion of management that the rate of technology change is too rapid to justify the capital acquisition by the Corporation of its hardware.

Management believes that following the conclusion of the Transaction, the Corporation's operations will generate a positive cash flow.

USE OF PROCEEDS

The Corporation will not receive any cash proceeds from the issuance of the Common Shares upon the exercise of the Special Warrants, but has received gross proceeds of \$5,000,000 from the issuance and sale of the Special Warrants on October 18, 1999. The net proceeds of this offering (net of the Agents' commission and certain other expenses), being \$4,809,582.46, are being held by the Trustee for release pursuant to the terms of the Escrow Agreement. Of the net proceeds to be received by the Corporation from the issuance and sale of the Special Warrants, after deducting the estimated expenses of the offering, approximately \$2.5 million shall be used to fund research and development of Open Systems, approximately \$1.5 million shall be used to develop and acquire in-house transaction processing capabilities, approximately \$0.5 million shall be used to enhance the Corporation's sales and marketing capabilities as a result of the new direction of the Corporation, and the balance shall be used as working capital to be applied for general corporate purposes.

CONSOLIDATED CAPITALIZATION

The following table presents the consolidated capitalization of the Corporation as at the dates indicated. This table should be read in conjunction with the Consolidated Financial Statements of the Corporation and the related notes thereto included elsewhere in this prospectus.

		Outstanding on September 30, 1999	Outstanding on November 1, 1999	Outstanding on November 1, 1999, after giving effect to the exercise of the Special Warrants and the completion of the Transaction ⁽¹⁾
	Authorized	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)
SHAREHOLDERS' EQUITY				
Capital Stock				
Common Shares ⁽²⁾⁽³⁾	Unlimited	25,160,758 (49,004,462 shares)	25,160,758 (49,004,462 shares)	60,270,340 (84,304,462 shares)
Preferred Shares	Unlimited	-	-	-
Special Warrants	5,000,000	-	4,809,582 ⁽⁴⁾ (5,000,000 Special Warrants)	-
Retained Earnings (Deficit) ⁽³⁾		(21,845,703)	(21,845,703) ⁽⁵⁾	(21,845,703) ⁽⁵⁾
TOTAL SHAREHOLDERS' EQUITY		3,315,055	8,124,637	38,424,637

(1) But without giving effect to the Dilution Event described under "Plan of Distribution".

(2) As of the date hereof, an additional 37,469,775 Common Shares have been allotted and reserved for issuance for the purposes and in the amounts set forth below:

- (a) 6,182,275 Common Shares have been reserved for issuance in connection with stock options granted or to be granted to directors, officers and employees of the Corporation. See "Stock Option Plan".
- (b) 500,000 Common Shares have been reserved for issuance in the event of the occurrence of the Dilution Event described under "Plan of Distribution";
- (c) 487,500 Common Shares have been reserved for issuance upon the exercise of special broker's warrants previously issued by the Corporation; and
- (d) 30,300,000 Common Shares have been reserved for issuance in payment of the consideration payable by the Corporation pursuant to the Transaction. See "Recent Events".

(3) At the Annual Meeting, shareholders of the Corporation will be asked to approve a resolution reducing the Corporation's stated capital by \$21,845,703 and thereby eliminating its deficit as at September 30, 1999.

(4) Net of issue costs.

(5) As at September 30, 1999.

DIVIDEND POLICY

To date, the Corporation has not paid any dividends on its outstanding Common Shares, its policy being to apply its earnings toward its continued expansion. The future payment of dividends will depend on financing requirements, the financial condition of the Corporation and other factors which the board of directors, in its sole discretion, may consider appropriate.

PRIOR SALES

During the last 12 months, the Corporation has issued the following securities at the times and for the issue prices and purposes described below:

<u>Number and Type of Securities</u>	<u>Date</u>	<u>Issue Price per Security</u>	<u>Nature of Transaction</u>
5,000,000 Special Warrants	October 18, 1999	\$1.00	Issuance of Special Warrants
641,843 Common Shares	April 1 - September 30, 1999	\$0.21 - \$0.90	Exercise of Options
200,000 Common Shares	July 20-23, 1999	\$0.70	Exercise of Special Broker's Warrants

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The Common Shares are listed for trading on the Montreal Exchange (the "ME") and have been so listed since December 18, 1986. The following table summarizes the reported high and low trading prices and volume of trading of the Common Shares on the ME for the periods indicated:

<u>Calendar Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
1997 Fourth Quarter	\$0.66	\$0.45	4,864,705
1998 First Quarter	0.66	0.40	4,853,225
Second Quarter	0.58	0.25	5,040,191
Third Quarter	0.40	0.20	13,938,560
Fourth Quarter	0.28	0.16	2,527,124
1999 First Quarter	0.45	0.19	4,669,756
Second Quarter	0.70	0.27	13,763,626
July	1.54	0.52	24,237,126
August	1.35	1.03	8,002,741
September	1.79	1.15	11,761,976
October	2.93	1.10	10,337,644
November (to November 8)	3.15	2.40	11,009,321

On October 15, 1999, the trading day immediately prior to the issue and sale of the Special Warrants, the closing sale price of the Common Shares on the ME was \$1.50.

SHARE CAPITAL

General

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares without nominal or par value, of which 49,004,642 Common Shares and no Preferred Shares are currently outstanding.

Common Shares

Subject to the rights, privileges, restrictions and conditions applicable to the Preferred Shares as a class, the Common Shares entitle their holders:

- (1) to vote, on the basis of one vote per Common Share held, whenever a vote of the shareholders is held;
- (2) to receive any dividend declared by the Corporation other than dividends declared on the Preferred Shares; and
- (3) to share proportionately any remaining property of the Corporation in the event of its liquidation or dissolution.

On November 13, 1992, the Common Shares in the capital stock of the Corporation were consolidated on a one-for-ten basis.

Preferred Shares (as a class)

The Preferred Shares are issuable in one or more series, each of which shall comprise the number of shares and carry the designation, rights, privileges, restrictions and conditions established by the Corporation's board of directors by way of amendment of its Articles.

The Preferred Shares of each series shall have preference over the Common Shares and over any other share ranking after the Preferred Shares with respect to the payment of dividends and any distribution of assets in the event of dissolution, liquidation or any other distribution of the Corporation's assets to its shareholders for the purpose of winding up its business.

Holders of Preferred Shares are not entitled to receive notice of meetings of the shareholders of the Corporation nor to attend or vote at such meetings, except as provided by law and except for the right to vote on changes to provisions applicable to Preferred Shares as a class or series, as the case may be.

To date, a total of three series of Preferred Shares have been created.

PRINCIPAL HOLDER OF SHARES

The following table sets forth the only shareholder who, to the knowledge of the Corporation, owns of record or beneficially, either directly or indirectly, more than 10% of the issued and outstanding Common Shares of the Corporation:

<u>Name and Address</u>	<u>Number of Common Shares</u>	<u>% of Common Shares</u>	
		<u>Before giving effect to the exercise of the Special Warrants and the completion of the Transaction</u>	<u>After giving effect to the exercise of the Special Warrants and the completion of the Transaction⁽¹⁾</u>
Dundee Bancorp Inc. ⁽²⁾ Toronto, Ontario	8,688,571	18%	10%

(1) But without giving effect to the Dilution Event described under "Plan of Distribution".

(2) A publicly-traded investment management company.

As at November 1, 1999, the directors and officers of the Corporation as a group beneficially owned, directly and indirectly, 2,396,169 (5%) of the issued and outstanding Common Shares.

MANAGEMENT

Directors

The name, municipality of residence and principal occupation of each of the directors of the Corporation are as follows:

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>
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Ray Benzinger ⁽¹⁾ Toronto, Ontario	Executive Vice-President and Chief Financial Officer of Dundee Bancorp Inc., an investment management company ⁽²⁾
Brahm M. Gelfand ⁽¹⁾ Westmount, Quebec	Partner at Lapointe Rosenstein, a law firm
David J. Goodman ⁽¹⁾ Toronto, Ontario	President, Goodman and Company Investment Counsel, an investment counselling firm ⁽³⁾
André Lévesque Pierrefonds, Quebec	President and Chief Executive Officer of the Corporation
Richard J. Renaud ⁽¹⁾ Montreal West, Quebec	Chairman of the Board of Wynnchurch Capital Ltd., a privately- held investment company

(1) Member of the Audit Committee.

(2) Dundee Bancorp Inc. is the principal shareholder of the Corporation. See "Principal Holder of Shares".

(3) Goodman and Company Investment Counsel is an affiliate of Dundee Bancorp Inc., the principal shareholder of the Corporation. See "Principal Holder of Shares".

During the last five years, all of the directors of the Corporation have been engaged in the principal occupations indicated above opposite their names or have occupied a management position with the same or a related entity, except for Richard J. Renaud who, prior to September 1998, was Chairman of MPACT Immedia Corporation (currently known as BCE Emergis Inc.); and prior to November 1996, was Chairman of Weider Health and Fitness Inc., a health and fitness company.

At the Annual Meeting, shareholders will be asked to approve a new slate of directors which is proposed to be comprised of Ronald Corey, Michael Cytrynbaum, Joanne Ferstman, David J. Goodman, Joel Leonoff, Rory Olson and Richard J. Renaud, who would assume the position of Chairman.

Ronald Corey is the Chairman of Nomex Inc., a multimedia company. Prior to August 1999, Mr. Corey was President of Club de Hockey Canadien and Molson Centre, a professional sports franchise.

Michael Cytrynbaum is the Chairman of I.D. Internet Direct Ltd., an internet service provider. Prior to May 1996, Mr. Cytrynbaum was President of First Fiscal Management Ltd., a real estate consulting company. Mr. Cytrynbaum also serves on the board of directors of a variety of other public companies, including Microcell Telecommunications Inc., a telecommunications company.

Joanne Ferstman is the Executive Vice-President and Chief Financial Officer of Peelbrooke Capital Inc., an investment company, and has held this position for the past five years.

Joel Leonoff is the Vice-President of 3507637 Canada Inc., an electronic commerce company. Prior to September 1999, Mr. Leonoff was a Senior Vice-President of BCE Emergis Inc.; prior to August 1998, Mr. Leonoff was Senior Vice-President, Sports and Leisure, of MPACT Immedia Corporation (currently known as BCE Emergis Inc.); and prior to May 1997, Mr. Leonoff was the Chief Operating Officer of TotalNet Inc., an internet service provider which he co-founded.

Rory Olson is the President of 3507637 Canada Inc. Prior to September 1999, Mr. Olson was the Executive Vice-President of Business Development of BCE Emergis Inc.; prior to August 1998, Mr. Olson was the Executive Vice-President and Chief Operating Officer of MPACT Immedia Corporation (currently known as BCE Emergis Inc.); and prior to May 1997, Mr. Olson was the President of TotalNet Inc., a company which he co-founded.

Officers

The name, municipality of residence, office with the Corporation and principal occupation of each of the officers of the Corporation are as follows:

<u>Name and Municipality of Residence</u>	<u>Office with the Corporation</u>	<u>Principal Occupation</u>
Brahm M. Gelfand Westmount, Quebec	Chairman of the Board	Partner at Lapointe Rosenstein, a law firm
André Lévesque Pierrefonds, Quebec	President and Chief Executive Officer	President and Chief Executive Officer of the Corporation
Mark Krakower Town of Mount Royal, Quebec	Senior Vice-President, Chief Operating Officer, Chief Financial Officer and Secretary	Senior Vice-President, Chief Operating Officer, Chief Financial Officer and Secretary of the Corporation
Enza Grassia Montreal, Quebec	Vice-President, Research and Development	Vice-President, Research and Development of the Corporation
Richard Shelley Boston, Massachussets	Vice-President, Sales	Vice-President, Sales of the Corporation

During the last five years, all of the officers of the Corporation have been engaged in the principal occupations indicated above opposite their names or have occupied a management position with the same or a related entity, except for Mark Krakower who, prior to June 1995, was Executive Vice-President, Operations of Globe International Inc., a publishing company; Enza Grassia who, prior to June 1998, was the Director of Research and Development at Logibro Inc., a software development company; and Richard Shelley who, prior to June 1998, was Director of Sales, Eastern Business of TriTeal Inc., a software development company.

Following the closing of the Transaction, it is intended by management of the Corporation that Rory Olson will become the President and Chief Executive Officer of the Corporation, replacing André Lévesque who will assume the new position of Chief Technology Officer, and Joel Leonoff will become the Executive Vice-President and Chief Operating Officer of the Corporation, replacing Mark Krakower who will assume the new position of Senior Vice-President of Corporate Affairs, while remaining the Corporation's interim Chief Financial Officer and its Secretary. In addition, Mitchell Garber shall join the Corporation as its Senior Vice-President of Business Development. Mr. Garber was formerly a practising lawyer, specializing in the negotiation of transactions with Internet-related businesses.

Compensation of Directors

The directors do not currently receive remuneration in their capacity as directors of the Corporation, although the board may establish in the future a remuneration plan for directors. Directors of the Corporation do, however, receive stock options pursuant to the Corporation's stock option plan described

under "Stock Option Plan". In addition, Mr. Brahm M. Gelfand may benefit indirectly from the fact that the Corporation engages the law firm of which he is a partner for advice and services in the ordinary course of business.

Compensation of Executive Officers

The following table (presented in accordance with the regulation (the "Regulation") made under the *Securities Act* (Ontario)) sets forth all annual and long-term compensation paid for services in all capacities rendered to the Corporation for the financial years indicated therein (to the extent required by the Regulation) in respect of the individual who was, at March 31, 1999, the Chief Executive Officer of the Corporation and the four other most highly compensated executive officers of the Corporation (collectively, the "named executive officers"):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Annual Compensation				Long-Term Compensation Awards	All Other Compensation(\$)
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Securities Under Options/SARs ⁽²⁾ Granted (#)	
André Lévesque ⁽³⁾ President and Chief Executive Officer	1998/1999	189,030	24,800	-	-	-
	1997/1998	185,000	52,728	-	202,987	-
	1996/1997	185,000	24,000	-	300,000	-
Mark Krakower ⁽⁴⁾ Senior Vice-President, Chief Operating Officer, Chief Financial Officer and Secretary	1998/1999	125,692	-	9,000	-	-
	1997/1998	120,000	12,000	8,400	77,987	-
	1996/1997	120,000	10,000	7,800	75,000	-
Joel Sehr ⁽⁵⁾ Former Vice-President, Sales and Marketing	1998/1999	120,926	78,402 ⁽⁶⁾	4,210	-	-
	1997/1998	136,763	91,508 ⁽⁶⁾	6,733	175,000	-
	1996/1997	72,581	28,579 ⁽⁷⁾	4,355	250,000	-
Richard Shelley ⁽⁸⁾ Vice-President, Sales	1998/1999	172,926	138,601 ⁽⁹⁾	9,022	170,000	-
Enza Grassia ⁽¹⁰⁾ Vice-President, Research and Development	1998/1999	88,942	-	4,500	150,000	-

(1) These amounts represent car allowances.

(2) Stock Appreciation Rights.

(3) Mr. Lévesque became Chief Executive Officer of the Corporation in November 1998 and, upon the closing of the Transaction, will resign as the President and Chief Executive Officer of the Corporation in order to become the Corporation's Chief Technology Officer.

(4) Mr. Krakower became Senior Vice-President and Chief Operating Officer of the Corporation in November 1998 and, upon the closing of the Transaction, will resign as Chief Operating Officer of the Corporation but remain as the Senior Vice-President, Corporate Affairs and Interim Chief Financial Officer and Secretary of the Corporation.

(5) Mr. Sehr resigned from his position as Vice-President, Sales and Marketing of the Corporation in May 1998.

(6) This amount represents sales commissions.

(7) Of this amount, \$21,774 represents sales commissions.

(8) Mr. Shelley became Vice-President, Sales of the Corporation in May 1998.

(9) Of this amount, \$101,701 represents sales commissions.

(10) Ms. Grassia became Vice-President, Research and Development of the Corporation in June 1998.

The table below sets forth information regarding the grant of stock options to the named executive officers during the fiscal year ended March 31, 1999:

Name	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year (%)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Richard Shelley	150,000	23%	\$0.49	\$0.49	June 8, 2003
	20,000		\$0.21	\$0.21	February 3, 2003
Enza Grassia	150,000	20%	\$0.38	\$0.38	June 16, 2003

The table below sets forth information regarding exercises of share options by the named executive officers during the financial year ended March 31, 1999 and the financial year-end value of unexercised share options held by them.

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES

Name	Securities Acquired On Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at March 31, 1999 (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options/SARs at March 31, 1999 ⁽¹⁾ (\$) Exercisable/ Unexercisable
André Lévesque	-	-	935,324/67,663	15,000/-
Mark Krakower	-	-	376,991/25,996	7,500/-
Joel Sehr	-	-	616,667/58,333	-/-
Richard Shelley	-	-	223,224/146,666	467/933
Enza Grassia	-	-	50,000/100,000	-/-

(1) Based on the closing price of the Common Shares on the ME on March 31, 1999 of \$0.30.

Employment Contracts

André Lévesque and Mark Krakower are each party to agreements with the Corporation under the terms of which, in the event that they leave the employment of the Corporation for any reason other than for just cause within 12 months following any change of control of the Corporation, they shall be entitled to receive a cash indemnity equivalent to 16 months and 12 months, respectively, worth of their then current salary.

STOCK OPTION PLAN

The Corporation's stock option plan (the "Plan") provides that the board of directors may grant stock options thereunder to eligible persons on terms that the board may determine within the limitations set out in the Plan. Any director, officer or employee of the Corporation or any of its subsidiaries is eligible to receive stock options under the Plan. At the Annual Meeting, shareholders of the Corporation will be asked to approve an amendment to the Plan to include service providers as eligible persons thereunder.

The Plan provides that the aggregate number of Common Shares reserved for issuance at any time under the Plan and any other employee incentive plans (the "Other Plans") may not exceed 7,000,000 Common Shares; however, at the Annual Meeting, shareholders of the Corporation will be asked to approve an

amendment to the Plan increasing this number to 10,000,000 Common Shares. The maximum number of Common Shares that may be reserved for issuance to insiders of the Corporation under the Plan or the Other Plans is limited to 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to any one insider and such insider's associates under the Plan or the Other Plans in any 12-month period is 5% of the Common Shares outstanding at the date of the issuance (on a non-diluted basis) and the maximum number of Common Shares which may be issued to all insiders under the Plan or the Other Plans in any 12-month period is 10% of the Common Shares outstanding at the date of the issuance (on a non-diluted basis).

The board of directors of the Corporation has the authority under the Plan to establish the option price at the time each stock option is granted, which price shall in no case be less than the closing price of the Common Shares on the ME on the trading day immediately preceding the date of the grant. At the discretion of the board, stock options granted under the Plan may be subject to staggered vesting provisions.

Stock options granted under the Plan must be exercised no later than 10 years after the date of their grant and stock options are not transferable other than by will or the laws of descent and distribution. If an optionee ceases to be an eligible person under the Plan for any reason whatsoever other than death, each stock option held by such optionee will cease to be exercisable three months following the termination date (being the date on which such optionee ceases to be an eligible person). If an optionee dies, the legal representative of the optionee may exercise the optionee's stock options within 12 months after the date of the optionee's death but only up to and including the original stock option expiry date.

The following tables set forth information concerning the various stock options outstanding pursuant to the Plan as at September 30, 1999:

Grants to Directors of the Corporation

Number of Beneficiaries	Number of Options Granted	Expiration Date	Exercise Price	Market Price on Date of Grant
5	872,933	Oct. 3, 2000	\$0.25	\$0.25
4	241,935	Apr. 28, 2002	\$0.33	\$0.33
5	568,000	Oct 23, 2002	\$0.90	\$0.90
1	30,000	Oct. 27, 2002	\$0.90	\$0.90

Grants to Executive Officers of the Corporation other than Directors

Number of Beneficiaries	Number of Options Granted	Expiration Date	Exercise Price	Market Price on Date of Grant
1	250,000	Oct. 3, 2000	\$0.25	\$0.25
1	75,000	Apr. 16, 2001	\$0.74	\$0.74
1	2,987	Apr. 28, 2002	\$0.33	\$0.33
1	60,000	Oct. 23, 2002	\$0.90	\$0.90
1	15,000	Oct. 27, 2002	\$0.90	\$0.90
1	150,000	Jun. 16, 2003	\$0.38	\$0.38

Grants to all other Employees of the Corporation

Number of Beneficiaries	Number of Options Granted	Expiration Date	Exercise Price	Market Price on Date of Grant
4	50,000	Jun. 1, 2000	\$1.00	\$1.00
9	215,888	Oct. 3, 2000	\$0.25	\$0.25
1	150,000	Apr. 16, 2001	\$0.74	\$0.74
2	300,000	Jul. 5, 2001	\$0.60	\$0.60
1	100,000	Feb. 28, 2002	\$0.50	\$0.50
3	1,046	Apr. 28, 2002	\$0.33	\$0.33
1	100,000	Jun. 1, 2002	\$0.45	\$0.45
1	6,667	Oct. 15, 2002	\$0.85	\$0.85
1	140,000	Oct. 23, 2002	\$0.90	\$0.90
26	152,333	Oct. 27, 2002	\$0.90	\$0.90
1	5,000	Nov. 20, 2002	\$0.84	\$0.84
1	13,333	Dec. 1, 2002	\$0.68	\$0.68
1	8,000	Feb. 2, 2003	\$0.90	\$0.90
1	150,000	Jun. 8, 2003	\$0.49	\$0.49
1	175,000	Jul. 7, 2003	\$0.28	\$0.28
1	30,000	Aug. 24, 2003	\$0.24	\$0.24
1	100,000	Oct. 29, 2003	\$0.24	\$0.24
2	86,667	Feb. 3, 2004	\$0.21	\$0.21
1	10,000	May 3, 2004	\$0.54	\$0.54
1	50,000	May 13, 2004	\$0.53	\$0.53
1	45,000	Jul. 22, 2004	\$1.23	\$1.23
1	30,000	Jul. 27, 2004	\$1.43	\$1.43
1	15,000	Oct. 4, 2004	\$1.38	\$1.38
1	15,000	Oct. 29, 2004	\$2.20	\$2.20
2	45,000	Nov. 1, 2004	\$2.76	\$2.76

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Other than the Agency Agreement described under the heading "Plan of Distribution" entered into by the Corporation with Dundee Securities Corporation, an affiliate of Dundee Bancorp Inc., the principal shareholder of the Corporation, the Corporation has not, during the last three years, entered into any arrangements with insiders.

PLAN OF DISTRIBUTION

Pursuant to an agency agreement (the "Agency Agreement") dated October 18, 1999 entered into between the Corporation and Dundee Securities Corporation and Thomson Kernaghan & Co. Limited (the "Agents"), the Corporation agreed to issue and sell and the Agents agreed to arrange for purchasers of 5,000,000 Special Warrants at a price of \$1.00 per Special Warrant. The price of the Special Warrants was determined by negotiation between the Corporation and the Agents. On October 18, 1999, the Corporation issued 5,000,000 Special Warrants to purchasers. Pursuant to the Agency Agreement, the Agents were paid a fee of \$0.03 per Special Warrant, for an aggregate fee of \$150,000. The Agents' commission was paid at the closing of the issue and sale of the Special Warrants.

The Special Warrants were issued pursuant to a warrant indenture dated October 18, 1999 (the "Special Warrant Indenture") entered into between the Corporation and General Trust of Canada (the "Trustee"), as special warrant agent. Pursuant to an escrow and custodial agreement (the "Escrow Agreement")

entered into among the Corporation, the Agents and the Trustee, the net proceeds of the Special Warrant offering (net of the Agents' commission and certain other expenses), being \$4,809,582.46 (the "Escrowed Proceeds"), were placed in escrow with the Trustee. Each Special Warrant entitles its holder to receive one Common Share without payment of any additional consideration. The Special Warrants may be exercised by their holders at any time on or before 5:00 p.m. (Montreal time) (the "Time of Expiry") on that date which is the earlier of: (a) the later of the second business day after (i) the date that a receipt is issued for the final prospectus qualifying for distribution the securities issuable upon the exercise of the Special Warrants by the securities regulatory authority in the province in which the original holder of such Special Warrants is resident (the "Receipt Date") and (ii) the date that the Corporation completes the Emergis Acquisition, and (b) October 18, 2000. Any Special Warrants not exercised by the Time of Expiry and not previously surrendered for redemption shall be deemed to be exercised by the holders thereof immediately prior thereto without any further action on the part of such holders. In the event that the Receipt Date has not occurred in respect of a holder by December 31, 1999, then each Special Warrant exercised or deemed to be exercised by such holder after such date shall entitle such holder to receive upon exercise or deemed exercise, without payment of any additional consideration, 1.1 Common Shares as opposed to one Common Share (the "Dilution Event").

The Special Warrant Indenture and the Escrow Agreement further provide that the Escrowed Proceeds shall be released to the Corporation upon its completion of the Emergis Acquisition. However, if the Corporation does not complete the Emergis Acquisition by December 31, 1999, the purchasers of the Special Warrants have the right to cause the Corporation to redeem the Special Warrants held by them and to return to them the full subscription price therefor, plus accumulated interest. This refund shall be made by way of a *pro rata* distribution of the Escrowed Proceeds. Any deficiency in the Escrowed Proceeds shall be funded by the Corporation, including deemed interest calculated in the same manner as the interest accumulated on the Escrowed Proceeds.

The Corporation may, but is not required to, issue fractional Common Shares upon the exercise of Special Warrants. If any fractional interests in a Common Share are issuable to a holder of Special Warrants, the Corporation shall make a cash payment equal to the fair value of the fraction of the Common Share not so issued based on the 20-day weighted average trading price of the Common Shares on the Montreal Exchange.

The Special Warrant Indenture states that in certain cases of capital reorganization by the Corporation, holders of Special Warrants have the right to obtain such number and amount of shares or other securities or property to which they would have been entitled as a result of such capital reorganization, as if on the effective date thereof such holders had been registered holders of the securities which they were theretofore entitled to acquire upon exercise of the Special Warrants.

DILUTION

Based on the unaudited consolidated balance sheet of the Corporation at September 30, 1999, after giving effect to the Special Warrant offering, but without giving effect to the Dilution Event described under "Plan of Distribution" or to the Transaction, the effective price of \$1.00 per Common Share exceeds the consolidated net tangible book value per Common Share by \$0.85, representing a dilution factor of 85%, as set forth in the following table:

Effective price per Common Share		\$1.00
Consolidated net tangible book value per Common Share before the offering	\$0.07	
Increase in consolidated net tangible book value per Common Share attributable to the offering ⁽¹⁾	\$0.08	
Consolidated net tangible book value per Common Share after the offering ⁽¹⁾		\$0.15
Dilution		\$0.85
Percentage of dilution in relation to the effective price per Common Share		85%

(1) After deducting the Agents' commission and fees and estimated expenses of issue.

RISK FACTORS

In investing in the Common Shares, prospective investors should consider a number of risk factors, including the following.

Dilution As a Result of Acquisitions

As at November 1, 1999, the Corporation had 49,004,462 Common Shares issued and outstanding. A total of 30,300,000 Common Shares will be issued by the Corporation as a result of the Transaction. Holders of the Corporation's Common Shares issuable upon the exercise of Special Warrants will experience an immediate and substantial dilution as a result of the Transaction. Furthermore, the Corporation has reserved for issuance an additional 7,169,775 Common Shares for certain purposes as set out in footnote 2 to the table appearing under the heading "Consolidated Capitalization". When taken as a whole, such Common Share issuances could have a negative effect on the Corporation's share price and on its results from operations expressed on a per-share basis.

Costs of the Transaction

The Corporation estimates that expenses associated with the acquisition of the Sports and Entertainment Division of Emergis and of Devco will total approximately \$0.5 million. These transaction costs principally include fees for legal, accounting and financial advisory services. Further related costs, estimated to be approximately \$3 million, are likely to be incurred in connection with combining the operations of the businesses being acquired.

Failure to Complete Transaction

The conclusion of the Transaction is subject to various conditions, the most significant of which is the obtaining of the approval of the shareholders of the Corporation. Such approval is being sought by the Corporation at the Annual Meeting. Should the Transaction not ultimately be concluded, for reasons attributable to the Corporation, Emergis, the shareholders of Devco or otherwise, the Corporation will not be able to implement its strategy described under "Business of the Corporation - Corporate Strategy". This could in turn have a material adverse effect on the business, financial condition or operating results of the Corporation.

Uncertain Benefits of the Transaction; Risks of Integration

In evaluating the terms of its acquisition of the Sports and Entertainment Division of Emergis and of Devco, the Corporation analyzed their respective operations and made certain assumptions concerning their future operations following their acquisition. One principal assumption was that these acquisitions would produce a combined company with operating results better than those historically experienced by the Corporation in the absence of the Transaction. There can be no assurance, however, that these benefits will be achieved or that the results of any combination of operations, if any, will be improved. The anticipated benefits of the Transaction will not be achieved unless the businesses being acquired by the

Corporation are successfully combined in a timely manner. The process of combining the operations of the Sports and Entertainment Division of Emergis and of Devco could cause the interruption of, or a loss of momentum in, the activities of any or all of their businesses, which could have an adverse effect on their combined operations.

Government Regulation

Because electronic commerce in general, and most of the products and services that the Corporation intends to offer following the completion of the Transaction in particular, are new, the manner in which existing provincial, state and federal government regulations may be applied is uncertain and difficult to predict. It is also possible that new legislation may be passed that imposes additional burdens. It is possible that new laws and regulations may be enacted with respect to the Internet, covering issues such as user privacy, pricing, content, characteristics and quality of products and services. The enforcement or adoption of any such laws or regulations may decrease the growth of the Internet, which could in turn decrease the demand for the Corporation's products or services and increase the cost of doing business or could otherwise have a material adverse effect on the business, financial condition or operating results of the Corporation.

There also exists a risk that the legislative and regulatory framework in Canada will not be modified in such a manner as would permit financial institutions to implement the online financial services solutions proposed to be offered by the Corporation in Canada following the completion of the Transaction. Such a circumstance could have a material adverse effect on the business, financial condition or operating results of the Corporation.

Due to the relatively recent development of gaming over the Internet, there are limited direct regulations that deal with this application and there is uncertainty as to its legal status. While some jurisdictions, such as several Caribbean and European countries and Australia, have taken the position that Internet gaming is legal and have adopted or are in the process of reviewing legislation to regulate Internet gaming in such jurisdictions, other jurisdictions have taken the opposite view and introduced legislation to attempt to restrict or prohibit Internet gaming. In addition, as companies and consumers involved in the Internet gaming market, including the end-users of the Corporation's clients, are located around the globe, there is uncertainty as to which government has jurisdiction or authority to regulate or legislate with respect to various aspects of the industry. This uncertainty could affect the Corporation indirectly through the effect on its clients and their revenues and directly in the event that the Corporation is restricted from conducting its activities and could, in either case, have a material adverse effect on the Corporation's business, revenues, operating results and financial condition.

In 1997 and 1998, various bills were introduced in the United States Senate and in the House of Representatives, which, among other things, proposed to prohibit Internet gaming and penalize bettors, casinos and others associated with Internet gaming in the United States. None of these bills passed in 1998. On March 23, 1999, a revised bill was introduced that is designed to prohibit Internet gaming. On June 17, 1999, the bill was approved by the Senate Judiciary Committee. It next proceeds to the Senate floor for debate. To date, no similar bill has been reintroduced in the House of Representatives. In addition, on June 18, 1999, the United States National Gambling Impact Study Commission released its final report which recommended that the United States federal government prohibit Internet gaming not already authorized within the United States or among parties in the United States and any foreign jurisdiction. The effect of this or similar legislation, in the event that it becomes law, on government regulations in other jurisdictions and the impact of this legislation on the Corporation's clients and on the Corporation, is uncertain. In addition, existing legislation, including Canadian and United States statutes, could be construed to prohibit or restrict gaming through the use of the Internet and there is a risk governmental authorities may view the Corporation's clients or the Corporation as having violated such statutes.

There is a risk that criminal and civil proceedings, including class actions brought by or on behalf of public entities or private individuals, could be initiated against the Corporation's clients, the Corporation, ISPs, credit card processors and others involved in the Internet gaming industry. The Corporation is aware of several United States actions, including actions which may be certified as class actions, which have been commenced against certain parties in connection with gaming activities on the Internet. Legal proceedings relating to Internet gaming could involve substantial litigation expense, penalties, fines, diversion of the attention of key executives, injunctions or other prohibitions being invoked against the Corporation's clients or the Corporation. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition.

Dependence on Key Personnel

Following its acquisition of the Sports and Entertainment Division of Emergis and of Devco, the Corporation will experience a substantial change in its business focus and senior management. The continued success of the operations of the Corporation and the acquired businesses depends to a significant degree on key personnel which have recently joined the Corporation and will depend substantially on the Corporation's ability to continue to attract and retain highly-skilled technical, marketing and management personnel, who are in great demand. The loss of key personnel might adversely affect the Corporation's future results if the Corporation is not able to attract suitable replacements.

Management of Growth

Following the completion of the Transaction, the Corporation will experience substantial growth in the scope of its operations, resulting in increased responsibilities for management. To manage this growth effectively, the Corporation must continue to improve its operational, financial and management information systems and to hire, train and manage as appropriate a number of employees. There can be no assurance that the Corporation will be able to effectively achieve or manage future growth, and its failure to do so could delay product development cycles or otherwise have a material adverse effect on the Corporation's business, revenues, operating results and financial condition.

Dependence on Strategic Relationships

An integral part of the Corporation's strategy is its relationships with strategic partners. This is especially the case with respect to its transaction processing partner, until such time as the Corporation is able to replicate such services in-house. The termination of one or more of these relationships, or the ability to form new strategic relationships, could have a material adverse effect on the Corporation's business, revenues, operating results and financial conditions.

Rapid Technological Change

The markets for the Corporation's products and services, including those that it intends to offer following completion of the Transaction, are characterized by rapidly changing technologies and extensive research and new product introductions. The Corporation believes that its future success will depend in part upon its ability to continue to enhance its existing products and to develop, manufacture and market new products. As a result, the Corporation expects to continue to make a significant investment in research and development. There can be no assurance that the Corporation will be able to develop and introduce new products or enhancements to its existing products in a timely manner which satisfies customer needs, achieves market acceptance or addresses technological changes in its target markets.

Furthermore, the Corporation's continued success will depend on the widespread adoption of the Internet for commercial transactions. Because global commerce and the online exchange of information through the use of the Internet is evolving, it is difficult to predict with any assurance whether the Internet will

prove to be a reliable commercial marketplace. The success of the Corporation's current and future electronic commerce products and solutions will depend primarily upon acceptance of its and its partners' software. The failure to achieve or maintain such market acceptance could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition. In addition, the failure of the Corporation to develop products and introduce them successfully and in a timely manner could also adversely affect the Corporation's competitive position, business, revenues, operating results and financial condition.

Failure of the Corporation's Systems or the Systems of Third Parties

Following completion of the Transaction, some of the communication hardware and certain other computer hardware operations on which the Corporation will be reliant will be located at different facilities and under the control of third parties. Fires, floods, earthquakes, power losses, telecommunications failures, break-ins, security breaches and similar events could damage these systems. Computer viruses, electronic break-ins or other similar disruptive problems could also adversely affect the Corporation's Internet site. The business of the Corporation could be adversely affected if such systems were affected by any of these occurrences. The Corporation's existing or future insurance policies may not adequately compensate its for any losses that may occur due to any failures or interruptions in its systems.

Protection of Products and Copyrights

The Corporation relies primarily upon a combination of copyright, trademark and trade secret laws, release of interest in intellectual property agreements and license agreements to establish and protect proprietary rights in its products and technology. The source codes for the Corporation's products and technology are protected both as a trade secret and as unpublished copyrighted works; however, the Corporation currently has no patents for its products and technology. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Corporation's products or technology without authorization or to develop similar technology independently. In addition, effective copyright and trade secret protection may be unavailable or limited in certain foreign countries.

Competitive Market for the Corporation's Products

Certain of the Corporation's competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than the Corporation and have, or could have, greater name recognition and market acceptance of their products and technologies. No assurance can be given that the Corporation's competitors will not develop new technologies or enhancements to existing products or introduce new products that will offer superior price or performance features. In such case, the Corporation may experience significant price competition, which could have a materially adverse effect on sales and gross margins.

Exchange Rate Risks

The majority of the Corporation's revenues and a portion of its expenses are generated or incurred in U.S. dollars and translated into Canadian dollars for the purposes of reporting the Corporation's results. Any fluctuation in the value of the Canadian dollar relative to the U.S. dollar may result in variations in the sales and earnings of the Corporation expressed in Canadian dollars. The Corporation has not implemented a currency hedging program.

Year 2000 Compliance

As is the case with many businesses, the Corporation faces certain risks and uncertainties associated with the so-called "Year 2000 Problem", specifically the problem that until recently computer hardware and software systems have been designed to recognize dates based on the last two digits of the year assuming

the first two digits to be 19 and, accordingly, will treat the year 2000 as 1900, the year 2001 as 1901 and so on. The Corporation has completed a project to identify and upgrade its information technology ("IT"), computer software and software systems within its operations to programmes that are certified Year 2000 compliant. Progress has been satisfactory and the Corporation does not anticipate that the year 2000 will have a material adverse effect on its business operations or financial performance. The effects of the Year 2000 Problem may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to ascertain that all aspects of the Year 2000 Problem affecting the Corporation and which are beyond its reasonable control, such as those related to efforts of customers, suppliers, strategic partners or other third parties to assure their respective year 2000 compliance, will be fully resolved. Failure by any such third party to adequately address the Year 2000 Problem may have an adverse effect on the Corporation's business, revenues, operating results and financial condition.

The testing of the Corporation's products determined that all products were compliant with year 2000 requirements.

The Corporation believes that the purchasing patterns of customers and potential customers may be affected by Year 2000 issues in a variety of ways. Many companies are expending significant resources to correct or patch their current software systems for year 2000 compliance. These expenditures may result in reduced funds being available to purchase software products and services such as those offered by the Corporation. Potential customers may also choose to defer purchasing year 2000 compliant products until they believe it is absolutely necessary, thus resulting in potentially stalled market sales within the industry. Conversely, the Year 2000 Problem may cause other companies to accelerate purchases, and thereby increase demand for software products. In addition, the Year 2000 Problem could cause a significant number of companies, including current customers of the Corporation, to re-evaluate their current software needs, and as a result switch to other systems or suppliers. Any of the foregoing could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition.

At present, the Corporation is finalizing its contingency plans in the event that the Year 2000 Problem materializes. While the Corporation believes that it has addressed the risks specific to the Corporation for the Year 2000 Problem, it cannot be assured that events will not occur that could have a material adverse impact on its business, revenues, operating results and financial condition. Such events include the risk of lawsuits from customers and the inability to process data internally on its IT systems. Further, the Corporation is aware of the risk that domestic and international third parties, including vendors and customers of the Corporation, will not adequately address the Year 2000 Problem and of the resultant potential adverse impact on the Corporation. Finally, regardless of whether the Corporation's products are Year 2000 compliant, there can be no assurance that customers will not assert year 2000 related claims against the Corporation.

LITIGATION

The Corporation is not a party to any material litigation.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Corporation during the two years preceding the date hereof or to be entered into by the Corporation before the closing date of this offering, are as follows:

- (1) the Emergis Letter of Intent and the definitive agreement to result therefrom referred to under "Recent Acquisitions";
- (2) the Devco Agreement referred to under "Recent Events";
- (3) the Offer to Lease referred to under "Business of the Corporation - Premises";
- (4) the Agency Agreement referred to under "Plan of Distribution";
- (5) the Special Warrant Indenture referred to under "Plan of Distribution"; and
- (6) the Escrow Agreement referred to under "Plan of Distribution".

Copies of the foregoing contracts may be inspected at the Corporation's head office in Montreal, Quebec or at the Toronto office of the Corporation's transfer agent, General Trust of Canada, during normal business hours throughout the period of distribution of the securities offered hereby and for a period of 30 days thereafter.

LEGAL MATTERS

Certain legal matters in respect of the distribution of the Special Warrants and the Common Shares issuable upon exercise of the Special Warrants will be passed upon on behalf of the Corporation by Lapointe Rosenstein, a general partnership, Montreal, and on behalf of the Agents by Smith Lyons, Toronto. The partners and associates of Lapointe Rosenstein beneficially own, in the aggregate, less than one percent of the Common Shares of the Corporation. The partners and associates of Smith Lyons beneficially own, in the aggregate, less than one percent of the Common Shares of the Corporation.

RELATED ISSUER

The Corporation may be considered to be a related issuer of Dundee Securities Corporation, one of the Agents, under applicable securities legislation. Dundee Securities Corporation is an indirect subsidiary of Dundee Bancorp Inc. which owns more than 10% of the outstanding Common Shares. At the time of the entering into the Agency Agreement, one of the directors of the Corporation was a director of Dundee Bancorp Inc. and two other directors of the Corporation were officers of Dundee Bancorp Inc. or its affiliates. The decision to distribute the Special Warrants and the determination of the terms of the distribution were made through negotiations between the Agents and the Corporation. Dundee Securities Corporation will not receive any benefit in connection with the Offering other than the cash commission referred to herein payable by the Corporation to the Agents.

Pursuant to the agreement entered into between Devco and Peelbrooke for the elaboration of a feasibility study in connection with the development of an online financial services solution (see "Business of the Corporation - The Online Financial Services Vertical"), Devco has agreed that Dundee Securities Corporation will become the exclusive financial advisor for Devco or any successor or parent company and will also be provided with a right of first refusal for all financings for a period commencing on November 1, 1999 and ending the earlier of 12 months after the funding period under such agreement is completed and the time that such funding is terminated.

AUDITORS, TRANSFER AGENTS, REGISTRAR AND WARRANT AGENTS

The current auditors of the Corporation are PricewaterhouseCoopers, Chartered Accountants, Montreal, Quebec. However, at the Annual Meeting, shareholders of the Corporation will be asked to approve

Raymond Chabot Grant Thornton, Chartered Accountants, Montreal, Quebec, as the new auditors of the Corporation.

The transfer agent and registrar for the Common Shares is General Trust of Canada, at its principal office in Montreal. General Trust of Canada, at its offices in Montreal and Toronto, is also the special warrant agent under the Special Warrant Indenture and the trustee under the Escrow Agreement.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his province. The purchaser should refer to any applicable provisions of the securities legislation of his province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHTS OF ACTION

In the event that a holder of a Special Warrant, who acquires Common Shares upon the exercise of such Special Warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of the Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with that rescission to a full refund of all consideration paid to the Agents or the Corporation, as the case may be, on the acquisition of the Special Warrant. In the event that such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under the securities legislation of his province or otherwise at law.

FINANCIAL STATEMENTS

Micro Tempus Inc. - Pro Forma Consolidated Financial Statements

Compilation Report

To the Directors of
Micro Tempus Inc.

We have reviewed, as to compilation only, the accompanying unaudited pro forma consolidated balance sheets of Micro Tempus Inc. as at March 31, 1999 and September 30, 1999, and the pro forma consolidated statements of operations for the year ended March 31, 1999 and the six-month period ended September 30, 1999, which have been prepared for inclusion in the Final Prospectus dated November 8, 1999. In our opinion, the unaudited pro forma consolidated balance sheets and statements of operations have been properly compiled to give effect to the proposed transactions and assumptions described in the accompanying notes thereto.

●

Chartered Accountants
General Partnership

Montreal, Canada
November 8, 1999

Micro Tempus Inc.

Unaudited Pro Forma Consolidated Balance Sheet

As at March 31, 1999

	<u>Micro Tempus historical</u>	<u>Transaction Services historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>	<u>Devco historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>
ASSETS							
Current							
Cash and short-term investments	2,688,730	4,229,343	(3,668,533)	3,249,540	2,000,000	(2,000,000)	3,249,540
Cash held in escrow						4,809,582	4,809,582
Accounts receivable	991,234	162,778		1,154,012			1,154,012
Tax credits receivable	862,706			862,706			862,706
Prepaid expenses	139,989			139,989			139,989
	4,682,659	4,392,121	(3,668,533)	5,406,247	2,000,000	2,809,582	10,215,829
Tax credits receivable	3,432,989			3,432,989			3,432,989
Capital assets	451,348	12,841		464,189		2,000,000	2,464,189
Customer lists, contracts, strategic alliances and goodwill			9,383,479	9,383,479		22,425,000	31,808,479
	8,566,996	4,404,962	5,714,946	18,686,904	2,000,000	27,234,582	47,921,486
LIABILITIES							
Current							
Accounts payable and accrued liabilities	978,181	4,463,441	* (343,533)	5,098,089		125,000	5,223,089
Deferred income	966,279			966,279			966,279
	1,944,460	4,463,441	(343,533)	6,064,368		125,000	6,189,368
SHAREHOLDERS' EQUITY							
Share capital	24,098,061	1	5,999,999	30,098,061	2,000,000	27,109,582	59,207,643
Retained earnings (deficit)	(17,475,525)	(58,480)	58,480	(17,475,525)			(17,475,525)
	6,622,536	(58,479)	6,058,479	12,622,536	2,000,000	27,109,582	41,732,118
	8,566,996	4,404,962	5,714,946	18,686,904	2,000,000	27,234,582	47,921,486

* These accounts have been reclassified to agree with Micro Tempus' presentation.

See accompanying notes to the unaudited pro forma consolidated financial statements.

Micro Tempus Inc.
Unaudited Pro Forma Consolidated Statement of Operations
Year ended March 31, 1999

	<u>Micro Tempus historical</u>	<u>Transaction Services historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>	<u>Devco historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>
Revenues	6,200,959	4,989,684		11,190,643			11,190,643
Expenses							
Cost of revenues	922,366	3,033,171	126,000	4,081,537			4,081,537
Research and development	2,214,566			2,214,566			2,214,566
Sales and marketing	3,803,768	75,104	*	3,878,872			3,878,872
General and administrative	2,421,857	2,000,570	*	2,758,760			2,758,760
Financial charges (revenues)	30,062	(60,681)	(340,000)	(370,619)			(370,619)
Amortization of customer lists, contracts, strategic alliances and goodwill			3,127,826	3,127,826		7,475,000	10,602,826
	9,392,619	5,048,164	1,250,159	15,690,942		7,475,000	23,165,942
Loss before undernoted items	(3,191,660)	(58,480)	(1,250,159)	(4,500,299)		(7,475,000)	(11,975,299)
Write-off of development costs	(4,587,527)			(4,587,527)			(4,587,527)
Write-off of expired tax credit receivable	(346,770)			(346,770)			(346,770)
Net loss	(8,125,957)	(58,480)	(1,250,159)	(9,434,596)		(7,475,000)	(16,909,596)
Loss per share	-0.17			-0.18			-0.21
Average number of shares outstanding	47,128,749			53,128,749			82,428,749

* These accounts have been reclassified to agree with Micro Tempus' presentation.

See accompanying notes to the unaudited pro forma consolidated financial statements.

Micro Tempus Inc.
Unaudited Pro Forma Consolidated Balance Sheet
As at September 30, 1999

	<u>Micro Tempus historical</u>	<u>Transaction Services historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>	<u>Devco historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>
ASSETS							
Current							
Cash and short-term investments	1,477,087	5,848,222	(3,340,592)	3,984,717	2,000,000	(2,000,000)	3,984,717
Cash held in escrow						4,809,582	4,809,582
Accounts receivable	507,917	189,289		697,206			697,206
Tax credits receivable	1,287,214			1,287,214			1,287,214
Prepaid expenses	135,615			135,615			135,615
	3,407,833	6,037,511	(3,340,592)	6,104,752	2,000,000	2,809,582	10,914,334
Tax credits receivable	3,674,505			3,674,505			3,674,505
Capital assets	378,355	42,458		420,813		2,000,000	2,420,813
Customer lists, contracts, strategic alliances and goodwill			9,333,965	9,333,965		22,425,000	31,758,965
	7,460,693	6,079,969	5,993,373	19,534,035	2,000,000	27,234,582	48,768,617
LIABILITIES							
Current							
Accounts payable and accrued liabilities	3,173,989	6,088,934	*	(15,592)	9,247,331	125,000	9,372,331
Deferred income	971,649			971,649			971,649
	4,145,638	6,088,934	(15,592)	10,218,980		125,000	10,343,980
SHAREHOLDERS' EQUITY							
Share capital	25,160,758	1	5,999,999	31,160,758	2,000,000	27,109,582	60,270,340
Retained earnings (deficit)	(21,845,703)	(8,966)	8,966	(21,845,703)			(21,845,703)
	3,315,055	(8,965)	6,008,965	9,315,055	2,000,000	27,109,582	38,424,637
	7,460,693	6,079,969	5,933,373	19,534,035	2,000,000	27,234,582	48,768,617

* These accounts have been reclassified to agree with Micro Tempus' presentation.

See accompanying notes to the unaudited pro forma consolidated financial statements.

Micro Tempus Inc.

Unaudited Pro Forma Consolidated Statement of Operations

Six month period ended September 30, 1999

	<u>Micro Tempus historical</u>	<u>Transaction Services historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>	<u>Devco historical</u>	<u>Pro Forma adjustments (note 2)</u>	<u>Pro Forma</u>
Revenues	2,195,828	5,604,408		7,800,236			7,800,236
Expenses							
Cost of revenues	258,877	4,603,220	183,000	5,045,097			5,045,097
Research and development	1,505,640			1,505,640			1,505,640
Sales and marketing	1,473,168	27,540	*	1,500,708			1,500,708
General and administrative	1,133,299	979,275	*	999,241			999,241
Financial charges (revenues)	17,420	(55,141)	(157,500)	(195,221)			(195,221)
Amortization of customer lists, contracts, strategic alliances and goodwill			1,555,661	1,555,661		3,737,500	5,293,161
	4,388,404	5,554,894	467,828	10,411,126		3,737,500	14,148,626
Loss before undernoted items	(2,192,576)	49,514	(467,828)	(2,610,890)		(3,737,500)	(6,348,390)
Restructuring costs	(2,075,000)			(2,075,000)			(2,075,000)
Write-off of expired tax credit receivable	(102,602)			(102,602)			(102,602)
Net loss	(4,370,178)	49,514	(467,828)	(4,788,492)		(3,737,500)	(8,525,992)
Loss per share	-0.09			-0.09			-0.10
Average number of shares outstanding	47,919,319			53,919,319			83,219,319

* These accounts have been reclassified to agree with Micro Tempus' presentation.

See accompanying notes to the unaudited pro forma consolidated financial statements.

MICRO TEMPUS INC.
Notes to Unaudited Pro Forma Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Micro Tempus Inc. ("Micro Tempus") have been prepared in accordance with generally accepted accounting principles for inclusion in the Management Proxy Circular of Micro Tempus and the Prospectus of Micro Tempus prepared in order to qualify the issuance of common shares upon the exercise of special warrants issued by Micro Tempus ("Prospectus") and are based on:

- the audited consolidated financial statements of Micro Tempus for the year ended March 31, 1999;
- the unaudited financial statements of Mpact Immedia Transaction Services Ltd. ("Transaction Services") for the twelve-month period ended March 31, 1999;
- the unaudited consolidated financial statements of Micro Tempus for the six-month period ended September 30, 1999;
- the unaudited financial statements of Transaction Services for the six-month period ended September 30, 1999;
- the audited balance sheet of 3507637 Canada Inc. ("Devco") as at November 3, 1999;
- additional unaudited financial information provided by Micro Tempus, Transaction Services and Devco.

In the opinion of Micro Tempus, these pro forma consolidated financial statements contain all material adjustments necessary for a fair presentation applicable to the preparation of pro forma financial statements.

In preparing the pro forma consolidated financial statements, no adjustments have been made to give effect to operating synergies. As such, the unaudited pro forma consolidated financial statements are not necessarily indicative of the results that actually would have occurred, or results expected in future periods, had the events reflected herein occurred on the dates indicated.

The pro forma consolidated financial statements should be read in conjunction with the audited and unaudited consolidated financial statements of Micro Tempus, Transaction Services and Devco included elsewhere in the Prospectus.

2. Pro Forma Assumptions and Adjustments

(a) Combination assumptions

The business combination between Micro Tempus, Transaction Services and Devco has been accounted for using the purchase method of accounting.

The pro forma consolidated statements of operations for the year ended March 31, 1999 and the six-month period ended September 30, 1999 reflect the business combination as though it had occurred on April 1, 1998 and April 1, 1999, respectively.

The pro forma consolidated balance sheets as at March 31, 1999 and September 30, 1999 reflect the business combination as if it had occurred on March 31, 1999 and September 30, 1999, respectively.

(b) Pro forma adjustments

Purchase of Transaction Services and Devco

Effective September 30, 1999, Micro Tempus acquired all of the outstanding common shares of Transaction Services, the Sports and Entertainment Division of BCE Emergis Inc., and other contracts related to the Sports and Entertainment business, in exchange for 6,000,000 common shares of Micro Tempus, issued from treasury, valued at \$ 6 million.

In addition, Micro Tempus acquired all of the outstanding common shares of Devco in exchange for 24,300,000 common shares of Micro Tempus, issued from treasury, valued at \$ 24.3 million.

The acquisition of Transaction Services is accounted for by the purchase method resulting in the allocation of the purchase price to the net assets as follows:

	March 31, 1999	September 30, 1999
	\$	\$
Purchase price	6,000,000	6,000,000
Estimated transaction costs	3,325,000	3,325,000
Total purchase price	9,325,000	9,325,000
Net deficiency assumed, equal to fair value	58,479	8,965
Excess of purchase price over net deficiency assumed	9,383,479	9,333,965
Allocation of excess of purchase price over net deficiency assumed:		
Customer lists, contracts and goodwill ⁽¹⁾	9,383,479	9,333,965

The acquisition of Devco is accounted for by the purchase method resulting in the allocation of the purchase price to the net assets as follows:

	March 31, 1999	September 30, 1999
	\$	\$
Purchase price	24,300,000	24,300,000
Estimated transaction costs	125,000	125,000
Total purchase price	24,425,000	24,425,000
Net assets acquired, equal to fair value	2,000,000	2,000,000
Excess of purchase price over net assets acquired	22,425,000	22,425,000
Allocation of excess of purchase price over net assets acquired:		
Strategic alliances and goodwill ⁽¹⁾	22,425,000	22,425,000

1 The amount being allocated to customer lists, contracts, strategic alliances and goodwill is a preliminary estimate on the basis of information available at this time. The actual allocations to the various assets and liabilities will only be made after the closing of the transaction.

Statement of Operations

- Expenses charged by parent company

BCE Emergis Inc., Transaction Services' previous parent company, charged Transaction Services a fee for the processing of transactions and other administrative services provided to the company. This fee which amounted to \$1,663,667 and \$1,113,333 for the year ended March 31, 1999 and the six-month period ended September 30, 1999 respectively, will be replaced by a mutually agreed to processing fee per transaction processed by BCE Emergis Inc. on behalf of Transaction Services. The application of this agreement would result in a processing fee of \$126,000 and \$183,000 for the year ended March 31, 1999 and the six-month period September 30, 1999 respectively.

- Amortization

The amount allocated to customer lists, contracts, strategic alliances and goodwill is being amortized over three years on a straight-line basis. This period of amortization is a preliminary estimate since all the elements to substantiate the amortization period are not determinable at this time.

	March 31, 1999	September 30, 1999
	\$	\$
Amortization of customer lists, contracts and goodwill	3,127,826	1,555,661
Amortization of strategic alliances and goodwill	7,475,000	3,737,500
	<u>10,602,826</u>	<u>5,293,161</u>

- Interest Revenue

Interest earned on the net proceeds from the issuance of the special warrants of \$4,809,582 is estimated to amount to \$340,000 and \$157,500 for the year ended March 31, 1999 and the six-month period ended September 30, 1999 respectively.

Balance Sheet

- Shareholders' Equity

5,000,000 common shares of Micro Tempus are issued upon the exercise of the 5,000,000 previously issued special warrants of Micro Tempus for net proceeds of \$ 4,809,582 as at March 31, 1999 and September 30, 1999.

The net proceeds of the offering are anticipated to be used as follows:

• research and development of Open Systems	\$ 2.5 million
• development and acquisition of in-house transaction processing capabilities	1.5 million
• sales and marketing	0.5 million
• working capital	<u>0.3 million</u>
	\$ <u>4.8 million</u>

Management assumes that the holders of a majority of the Micro Tempus common shares will vote in favour of the transactions discussed elsewhere in this document.

- Strategic alliance

Devco will pay BCE Emergis Inc. \$2 million for the right to enter into a strategic alliance agreement discussed elsewhere in this document as at March 31, 1999 and September 30, 1999.

- Due to former parent company

As a result of the transaction, Transaction Services will pay BCE Emergis Inc. an amount of \$ 3,668,533 and \$ 3,340,592 which represents all debts owed to BCE Emergis Inc. as at March 31, 1999 and September 30, 1999, respectively, and are presented as part of accounts payable and accrued liabilities.

Auditors' Report

*To the Directors of
Micro Tempus Inc.*

We have audited the consolidated balance sheets of Micro Tempus Inc. as at March 31, 1999 and 1998 and the consolidated statements of operations, deficit and cash flows for each of the years in the three-year period ended March 31, 1999. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and 1998 and the results of its operations and the cash flows for each of the years in the three-year period ended March 31, 1999 in accordance with generally accepted accounting principles.



Chartered Accountants

Montreal, Canada

July 8, 1999

(except for Note 11 which is as of November 8, 1999)

MICRO TEMPUS INC.**CONSOLIDATED BALANCE SHEET**

	September 30, 1999	March 31, 1999	March 31, 1998
	(unaudited)	(audited)	(audited)
Assets			
Current assets			
Cash and short-term investments, maturing October 1, 1999 and bearing interest at 4.5%	\$ 1,477,087	\$ 2,688,730	\$ 5,531,554
Accounts receivable	507,917	991,234	2,506,918
Tax credits receivable	1,287,214	862,706	975,824
Prepaid expenses	135,615	139,989	255,491
	<u>3,407,833</u>	<u>4,682,659</u>	<u>9,269,787</u>
Tax credits receivable	3,674,505	3,432,989	3,076,519
Capital assets (Note 2)	378,355	451,348	453,377
Development costs (Note 3)	—	—	3,960,763
	<u>\$ 7,460,693</u>	<u>\$ 8,566,996</u>	<u>\$ 16,760,446</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 3,173,989	\$ 978,181	\$ 1,016,555
Deferred income	971,649	966,279	1,033,101
	<u>4,145,638</u>	<u>1,944,460</u>	<u>2,049,656</u>
Shareholders' Equity			
Share capital (Note 4)	25,160,758	24,098,061	24,060,358
Deficit	(21,845,703)	(17,475,525)	(9,349,568)
	<u>3,315,055</u>	<u>6,622,536</u>	<u>14,710,790</u>
	<u>\$ 7,460,693</u>	<u>\$ 8,566,996</u>	<u>\$ 16,760,446</u>

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

Approved by the Board (signed) Brahm M. Gelfand Director (signed) André Lévesque Director

MICRO TEMPUS INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	Six months ended September 30,		Years ended March 31,		
	1999	1998	1999	1998	1997
	(unaudited)		(audited)		
Revenues	\$ 2,195,828	\$ 2,126,660	\$ 6,200,959	\$ 7,112,126	\$ 5,921,512
Expenses					
Cost of revenues	258,877	423,447	922,366	526,035	972,793
Research and development (Note 3)	1,505,640	964,867	2,214,566	1,401,479	1,062,033
Sales and marketing	1,473,168	1,828,190	3,803,768	3,114,097	2,450,424
General and administrative	1,133,299	679,996	2,421,857	2,280,735	1,641,779
Financial charges	17,420	19,202	30,062	100,506	53,645
	<u>4,388,404</u>	<u>3,915,702</u>	<u>9,392,619</u>	<u>7,422,852</u>	<u>6,180,674</u>
Income (loss) before undernoted items	(2,192,576)	(1,789,042)	(3,191,660)	(310,726)	(259,162)
Write-off of development costs (Note 3)	—	—	4,587,527	—	—
Write-off of expired tax credits receivables	102,602	—	346,770	833,240	—
Restructuring costs	<u>2,075,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss)	<u>\$ (4,370,178)</u>	<u>\$ (1,789,042)</u>	<u>\$ (8,125,957)</u>	<u>\$ (1,143,966)</u>	<u>\$ (259,162)</u>
Income (loss) per share – basic	<u>\$ (0.09)</u>	<u>\$ (0.04)</u>	<u>\$ (0.17)</u>	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>

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

MICRO TEMPUS INC.
CONSOLIDATED STATEMENT OF DEFICIT

	Six months ended September 30,		Years ended March 31,		
	1999	1998	1999	1998	1997
	(unaudited)		(audited)		
Deficit, beginning of period	\$ (17,475,525)	\$ (9,349,568)	\$ (9,349,568)	\$ (7,172,401)	\$ (6,566,033)
Share issue expenses	—	—	—	(1,033,201)	(347,206)
Net income (loss)	(4,370,178)	(1,789,042)	(8,125,957)	(1,143,966)	(259,162)
Deficit, end of period	<u>\$ (21,845,703)</u>	<u>\$ (11,138,610)</u>	<u>\$ (17,475,525)</u>	<u>\$ (9,349,568)</u>	<u>\$ (7,172,401)</u>

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

MICRO TEMPUS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-months ended September 30,		Years ended March 31,		
	1999	1998	1999	1998	1997
	(unaudited)		(audited)		
Operating activities					
Net income (loss)	\$ (4,370,178)	\$ (1,789,042)	\$ (8,125,957)	\$ (1,143,966)	\$ (259,162)
Items not affecting cash					
Amortization of capital assets	149,476	116,847	292,851	248,986	188,244
Amortization of development costs	—	703,878	1,799,936	1,154,159	844,195
Write-off of development costs	—	—	4,587,527	—	—
Write-off of expired tax credits receivables	102,602	—	346,770	833,240	—
Restructuring costs	2,075,000	—	—	—	—
	(2,043,100)	(968,317)	(1,098,873)	1,092,419	773,277
Net change in non-cash working capital items	(154,757)	149,390	935,868	(1,690,193)	(2,259,844)
	(2,197,857)	(818,927)	(163,005)	(597,774)	(1,486,567)
Financing activities					
Issuance of special warrants	—	—	—	—	1,950,000
Issuance of share capital	1,062,697	—	37,703	8,277,217	1,349,302
Share issue expenses	—	—	—	(1,033,201)	(347,206)
Issuance (repayment) of long-term debt	—	—	—	(13,520)	(162,245)
	1,062,697	—	37,703	7,230,496	2,789,851
Investing activities					
Purchase of capital assets	(76,483)	(153,579)	(290,822)	(267,087)	(251,271)
Increase of development costs, net	—	(1,111,511)	(2,426,700)	(1,634,328)	(1,722,049)
	(76,483)	(1,265,090)	(2,717,522)	(1,901,415)	(1,973,320)
Net change in cash and cash equivalents during the period	(1,211,643)	(2,084,017)	(2,842,824)	4,731,307	(670,036)
Cash and cash equivalents, beginning of period	2,688,730	5,531,554	5,531,554	800,247	1,470,283
Cash and cash equivalents, end of period	\$ 1,477,087	\$ 3,447,537	\$ 2,688,730	\$ 5,531,554	\$ 800,247
Cash and cash equivalents are comprised of:					
Cash	\$ 376,287	\$ 131,260	\$ 469,353	\$ 166,846	\$ 139,247
Short-term investments	1,100,800	3,316,277	2,219,377	5,364,708	661,000
	\$ 1,477,087	\$ 3,447,537	\$ 2,688,730	\$ 5,531,554	\$ 800,247
Interest paid	\$ 1,185	\$ 5,490	\$ 23,930	\$ 52,450	\$ 40,860

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

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements of Micro Tempus Inc. include the accounts of the company, its U.S. subsidiary, Micro Tempus Corporation, its German subsidiary, Micro Tempus Software GmbH, and its French subsidiary, Micro Tempus France S.A.R.L.

Revenue recognition

The company is engaged in the development, marketing, distribution and maintenance of software products. The rights to use such products are granted primarily under perpetual license agreements.

Revenues from perpetual license agreements are recognized upon shipment of the product and acceptance by the customer except for agreements with extended payment terms, in which case revenue is recognized as payments become due. Revenues from maintenance contracts are recognized over the terms of the contracts.

Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for over the expected useful lives of the assets and is computed under the straight-line method over a period of three to seven years.

Development costs

Costs relating to the development of new products which meet the accounting criteria for deferral are capitalized and charged to income commencing in the year of development completion over a period of three years, except for costs related to the TCS product line which are over a period of four years, or are written off when it is determined that the costs will not be recovered from related future revenues.

Foreign currencies

Foreign currency transactions, balances and the integrated foreign subsidiaries are translated using the temporal method. Under this method, monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the year-end rate of exchange. Other assets and liabilities are translated at the rate of exchange on each transaction date.

Foreign exchange gains or losses upon translation are included in income for the period.

Items other than amortization which affect income are translated at the monthly average exchange rate for the year.

Income taxes

Income taxes are accounted for using the tax allocation method. Reported income differs from taxable income mainly because of timing differences between accounting income and taxable income. These timing differences result principally from amortization of capital assets and development costs.

Tax credits are accounted for as a reduction of the research and development costs in the year earned.

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

1 Summary of significant accounting policies (Continued)

Share issue expenses

Share issue expenses are recorded as an increase of the deficit (decrease of retained earnings) in the period in which they are incurred.

Management estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, as well as all highly liquid short-term investments, exclusive of bank advances. The Company considers all highly liquid short-term investments with remaining terms to maturity of three months or less to be cash equivalents.

Accounting pronouncements

Effective May 1, 1999, the Company retroactively applied the new recommendations of the Canadian Institute of Chartered Accountants regarding statements of cash flows. This new basis of presentation did not have an effect on prior years results or shareholders' equity. However, certain comparative figures have been restated in order to comply with the new basis of presentation.

Interim financial information

The financial information as at September 30, 1999 and for the six month periods ended September 30, 1999 and 1998 is unaudited; however, in the opinion of management, all adjustments necessary to present fairly the results of the periods have been included. The adjustments were of a normal, recurring nature. Interim results may not necessary be indicative of results expected for the year.

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

2 Capital assets

	September 30, 1999		
	Cost	Accumulated amortization	Net book value
	(unaudited)		
Computer equipment	\$ 1,321,091	\$ 1,037,626	\$ 283,465
Furniture and fixtures	264,968	187,359	77,609
Leasehold improvements	123,562	106,281	17,281
	<u>\$ 1,709,621</u>	<u>\$ 1,331,266</u>	<u>\$ 378,355</u>
	March 31, 1999		
	Cost	Accumulated amortization	Net book value
	(unaudited)		
Computer equipment	\$ 1,283,960	\$ 960,970	\$ 322,990
Furniture and fixtures	273,104	184,926	88,178
Leasehold improvements	123,562	83,382	40,180
	<u>\$ 1,680,626</u>	<u>\$ 1,229,278</u>	<u>\$ 451,348</u>
	March 31, 1998		
	Cost	Accumulated amortization	Net book value
	(unaudited)		
Computer equipment	\$ 1,135,453	\$ 738,565	\$ 396,888
Furniture and fixtures	185,476	165,744	19,732
Leasehold improvements	106,222	69,465	36,757
	<u>\$ 1,427,151</u>	<u>\$ 973,774</u>	<u>\$ 453,377</u>

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

3 Development costs

The development costs incurred by the company during the period were accounted for as follows:

	September 30, 1999		September 30, 1998		March 31, 1999		March 31, 1998		March 31, 1997	
	Research and development expenses	Development costs	Research and development expenses	Development costs	Research and development expenses	Development costs	Research and development expenses	Development costs	Research and development expenses	Development costs
	(unaudited)		(unaudited)		(audited)		(audited)		(audited)	
Balance, beginning of period	\$ —	\$ —	\$ —	\$ 3,960,763	\$ —	\$ 3,960,763	\$ —	\$ 3,480,594	\$ —	\$ 2,602,740
Total costs incurred during the period	1,505,640	—	2,083,546	—	4,169,532	—	3,184,711	—	3,146,551	—
Amounts attributed to specific product development projects meeting established criteria	—	—	(1,708,244)	1,708,244	(3,558,169)	3,558,169	(2,755,661)	2,755,661	(2,763,197)	2,763,197
	1,505,640	—	375,302	5,669,007	611,363	7,518,932	429,050	6,236,255	383,354	5,365,937
Income tax credits receivable based on qualified research and development expenditures for income tax purposes	—	—	(114,313)	(596,733)	(196,733)	(1,131,469)	(181,730)	(1,121,333)	(165,516)	(1,041,148)
	1,505,640	—	260,989	5,072,274	414,630	6,387,463	247,320	5,114,922	217,838	4,324,789
Amortization for the period	—	—	703,878	(703,878)	1,799,936	(1,799,936)	1,154,159	(1,154,159)	844,195	(844,195)
Write-off of development costs	—	—	—	—	—	(4,587,527)	—	—	—	—
Balance, end of period	\$ 1,505,640	\$ —	\$ 964,867	\$ 4,368,396	\$ 2,214,566	\$ —	\$ 1,401,479	\$ 3,960,763	\$ 1,062,033	\$ 3,480,594

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

3 Development costs (Continued)

At March 31, 1999, the company has determined that the recovery of the development costs from future related revenues can no longer be reasonably be regarded as assured. Accordingly, the unamortized balance of the development costs has been written off in the current year.

4 Share capital

Authorized

The company's authorized share capital consists of an unlimited number of common and preferred shares without par value.

The preferred shares are issuable in one or more series, each of which shall comprise the number of shares and carry the designation, rights, privileges, restrictions and conditions established by the company's Board of Directors by way of amendment of its Articles.

Issued and fully paid

	September 30, 1999		March 31, 1999		March 31, 1998	
	Number	Amount	Number	Amount	Number	Amount
	(unaudited)		(audited)		(audited)	
Common shares	49,004,462	\$ 25,160,758	47,262,619	\$ 24,053,061	47,111,809	\$ 24,015,358
Purchase warrants		—	2,250,000	45,000	2,250,000	45,000
		<u>\$ 25,160,758</u>		<u>24,098,061</u>		<u>\$ 24,060,358</u>

On September 26, 1997, the company issued 11,500,000 special warrants for total cash consideration of \$8,050,000. Each special warrant entitles the holder to acquire one common share. On November 25, 1997, 11,500,000 common shares were issued upon the exercise of the special warrants.

During fiscal 1998, 250,000 common shares were issued pursuant to the exercise of underwriter warrants for cash consideration of \$125,000, 33,866 common shares were issued pursuant to the exercise of common share purchase options for cash consideration of \$8,467 and 187,500 common shares were issued pursuant to the exercise of purchase warrants for total consideration of \$97,500 consisting of cash of \$93,750 and reduction of the stated capital of the purchase warrants of \$3,750.

On December 30, 1996, the company issued 4,875,000 special warrants for total cash consideration of \$1,950,000. Each special warrant entitles the holder to acquire one common share and one-half of a purchase warrant. On June 4, 1997, 4,875,000 common shares and 2,437,500 purchase warrants were issued upon the exercise of the special warrants. The stated capital of the special warrants of \$1,950,000 was allocated to the common shares and purchase warrants in the amounts of \$1,901,250 and \$48,750 respectively. Each purchase warrant entitles the holder to acquire one common share at a price of \$0.50 per share at any time on or before May 29, 1999. These purchase warrants were not exercised as at May 29, 1999 and accordingly expired.

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

4 Share capital (Continued)

Underwriter warrants

In connection with the offering of special warrants in fiscal 1998 and 1997, the company granted to the underwriter non-assignable warrants to acquire without payment of any additional consideration non-assignable options to purchase up to (i) 487,500 common shares at any time on or before May 29, 1999 at a price of \$0.50 per share if exercised during the first year, \$0.55 per share if exercised during the second year and \$0.61 per share if exercised during the third year and (ii) 1,150,000 common shares at any time on or before November 18, 1999 at a price of \$0.70 per share. During fiscal 1998, 250,000 common shares were issued pursuant to the exercise of warrants referred to under (i) above; the remaining special warrants were not exercised as at May 29, 1999 and accordingly expired.

Common share purchase options

As at September 30, 1999, there are 4,173,122 (March 31, 1999 – 4,626,633) common share purchase options outstanding. These options expire on dates to July 2004 and have exercise prices varying from \$0.21 to \$1.43 as at September 30, 1999 and prices varying from \$0.21 to \$4.20 as at March 31, 1999, per share. Purchase options to acquire 75,000 common shares have been issued subject to shareholder approval.

During the six month period ended September 30, 1999, 1,741,843 (March 31, 1999 – 150,810) common shares were issued pursuant to the exercise of purchase options for cash consideration of \$1,062,697 (March 31, 1999 - \$37,703).

5 Income (loss) per share

Income (loss) per share is determined using the weighted average number of common shares outstanding during the period:

September 30, 1999 (unaudited)	47,919,319
September 30, 1998 (unaudited)	47,711,809
March 31, 1999	47,128,749
March 31, 1998	39,702,750
March 31, 1997	28,760,467

Fully diluted income (loss) per share is not presented as it is not materially dilutive or it is anti-dilutive.

6 Income taxes

The potential income tax benefits for the following items have not been reflected in the financial statements:

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

6 Income taxes (Continued)

Canada

As at March 31, 1999, the Company has accumulated non-capital losses for income tax purposes, which are available to reduce taxable income and expire as follows:

	Federal	Provincial
2000	\$ 1,714,000	\$ —
2003	\$ 600,000	\$ —
2005	\$ 553,000	\$ —
2006	\$ 3,459,000	\$ 1,819,000

As at March 31, 1999, the Company has unused scientific research expenditures of approximately \$9,050,000 (federal) and \$16,684,000 (provincial) which are available to reduce taxable income of future years.

In addition, the Company's federal tax credits receivable in the amount of \$3,798,409 which are recorded as assets as at September 30, 1999 become taxable for federal purposes in the year in which they are claimed. Accordingly, for federal income tax purposes, the full amount will become taxable in the year following the year in which they are claimed. For provincial income tax purposes, \$1,646,405 will be non-taxable as these tax credits were earned prior to May 9, 1996, the date after which these credits became taxable for provincial (Quebec) purposes.

The company's provincial tax credit receivable of \$1,163,310 as at September 30, 1999 will be taxable for federal and provincial purposes in the year following the year in which it is claimed.

United States

As at March 31, 1999, the Company's subsidiary has accumulated non-capital losses of approximately US\$7,250,000, which will begin to expire in 2002.

7 Commitments

As at March 31, 1999, the Company is committed under long-term leases for premises and computer equipment. Minimum annual payments under these leases for the next five years are as follows:

2000	\$522,000
2001	\$423,000
2002	\$192,000
2003	\$189,000
2004	\$189,000
Thereafter	\$204,000

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

8 Segmented information

The company considers that its operations fall principally into one product class – software development and maintenance. Revenues from customers included export revenues of approximately:

September 30, 1999 (unaudited)	\$2,080,000
September 30, 1998 (unaudited)	\$1,950,000
March 31, 1999	\$6,065,000
March 31, 1998	\$6,725,000
March 31, 1997	\$5,750,000

9 Financial instruments

Fair value

The cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities had fair values that approximated their carrying amounts due to the short-term maturity of these instruments.

Interest rate risk

The Company's exposure to interest rate risk as at September 30, 1999 and March 31, 1999 is as follows:

	September 30, 1999	March 31, 1999	
	(unaudited)	(audited)	
Cash	\$376,287	\$469,353	Non-interest bearing
Short-term investments	\$1,100,800	\$2,219,377	Fixed interest rate - 4.5%
Accounts receivable			Non-interest bearing
Accounts payable and accrued liabilities			Non-interest bearing

Credit risk

The company performs ongoing credit reviews of all its customers and records an allowance for doubtful accounts receivable when accounts are determined to be uncollectible.

Other

As at September 30, 1999 and March 31, 1999, the company has an unused \$1,000,000 revolving credit facility and a \$500,000 demand loan facility for research and development tax credits which bear interest at prime plus 1¼ %. The revolving credit facility is due on demand and the demand loan facility is due upon receipt of the research and development tax credits. The facilities are secured primarily by first ranking hypothecs on accounts receivable, research and development tax credits and intellectual property.

MICRO TEMPUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ... Continued

10 *Uncertainty due to the Year 2000 Issue*

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11 *Subsequent events*

Acquisitions

Effective September 30, 1999, Micro Tempus Inc. has acquired all the outstanding common shares of Transactions Services, the Sports and Entertainment Division of BCE Emergis Inc., in exchange for the issuance of 6,000,000 common shares of Micro Tempus Inc.

In addition, Micro Tempus Inc. has acquired all of the outstanding common shares of 3507637 Canada Inc. in exchange for the issuance of 24,300,000 common shares of Micro Tempus Inc.

Issue of Special Warrants

On October 18, 1999, pursuant to a private placement, the company issued 5,000,000 special warrants for \$5 million in cash. The company has filed a preliminary prospectus dated November 8, 1999, to qualify the special warrants for conversion into 5,000,000 common shares for no additional consideration.

In the event that a receipt is not issued by December 31, 1999 by the securities commissions for a final prospectus qualifying for distribution the securities issuable upon the exercise of the special warrants, then each special warrant shall entitle the holder to receive 1.10 common shares without payment of any additional consideration.

12 *Comparative figures*

Certain comparative figures have been restated to conform with the financial statement presentation adopted in the current year.

Mpact Immedia Transaction Services Ltd. - Financial Statements

Auditors' Report

To the Shareholder of
Mpact Immedia Transaction Services Ltd.

We have audited the balance sheets of Mpact Immedia Transaction Services Ltd. as at September 30, 1999, December 31, 1998 and August 31, 1998 and the statements of earnings and deficit and cash flows for the respective nine-month, four-month and five-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1999, December 31, 1998 and August 31, 1998 and the results of its operations and its cash flows for the respective periods then ended in accordance with generally accepted accounting principles.

●

Chartered Accountants

Montreal, Canada
October 22, 1999

Mpact Immedia Transaction Services Ltd. Earnings and Deficit

	For the periods ended		
	1999-09-30 (9 months)	1998-12-31 (4 months)	1998-08-31 (5 months)
	\$	\$	\$
Revenue	7,527,117	1,840,667	1,226,308
Costs and expenses			
Cost of sales	5,791,280	1,297,613	547,498
Selling, general and administrative	948,962	246,877	213,955
	6,740,242	1,544,490	761,453
Earnings before other items	786,875	296,177	464,855
Other expenses (earnings)			
Interest	(105,965)	(9,857)	
Amortization of capital assets	4,111		694
Exchange gain	(892,410)	(33)	(216,667)
Expenses charged by parent company	1,670,000	407,000	700,000
	675,736	397,110	484,027
Net earnings (loss)	111,139	(100,933)	(19,172)
Deficit, beginning of year	(120,105)	(19,172)	
Deficit, end of year	(8,966)	(120,105)	(19,172)

The accompanying notes are an integral part of the financial statements.

Mpact Immedia Transaction Services Ltd.

Cash Flows

	For the periods ended		
	1999-09-30 (9 months) \$	1998-12-31 (4 months) \$	1998-08-31 (5 months) \$
CASH FLOWS FROM OPERATIONS			
Net earnings (loss)	111,139	(100,933)	(19,172)
Amortization of capital assets	4,111		694
Changes in working capital items	1,631,198	667,390	260,466
Source from operations	1,746,448	566,457	241,988
CASH FLOWS FROM FINANCING			
Due to parent company	310,767	591,302	2,438,523
Due to companies under common control	(54,391)	(151,304)	205,695
Source from financing	256,376	439,998	2,644,218
CASH FLOWS FROM INVESTING			
Deposits	129,877	(31,283)	(98,594)
Capital assets	(40,921)		(6,342)
Source (use) for investing	88,956	(31,283)	(104,936)
Net increase in cash and cash equivalents	2,091,780	975,172	2,781,270
Cash and cash equivalents, beginning of period	3,756,442	2,781,270	
Cash and cash equivalents, end of period	5,848,222	3,756,442	2,781,270
CASH AND CASH EQUIVALENTS			
Cash	5,848,222	1,398,142	422,970
Cash held in trust		2,358,300	2,358,300
	5,848,222	3,756,442	2,781,270
Interest received	105,965	9,857	—

The accompanying notes are an integral part of the financial statements.

Mpact Immedia Transaction Services Ltd. Balance Sheets

	1999-09-30	1998-12-31	1998-08-31
	\$	\$	\$
ASSETS			
Current assets			
Cash	5,848,222	1,398,142	422,970
Cash held in trust		2,358,300	2,358,300
Trade accounts receivable	189,289	26,506	
Other receivables			278,279
	<u>6,037,511</u>	<u>3,782,948</u>	<u>3,059,549</u>
Deposits, at cost		129,877	98,594
Capital assets (Note 3)	<u>42,458</u>	<u>5,648</u>	<u>5,648</u>
	<u>6,079,969</u>	<u>3,918,473</u>	<u>3,163,791</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	2,748,342	954,361	538,744
Due to parent company, without interest	3,340,592	3,029,825	2,438,523
Due to companies under common control, without interest		54,391	205,695
	<u>6,088,934</u>	<u>4,038,577</u>	<u>3,182,962</u>
SHAREHOLDER'S DEFICIENCY			
Capital stock (Note 4)	1	1	1
Deficit	<u>(8,966)</u>	<u>(120,105)</u>	<u>(19,172)</u>
	<u>(8,965)</u>	<u>(120,104)</u>	<u>(19,171)</u>
	<u>6,079,969</u>	<u>3,918,473</u>	<u>3,163,791</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

(signed) Joel Leonoff, Director

Mpact Immedia Transaction Services Ltd.

Notes to Financial Statements

1 - GOVERNING STATUTES, NATURE OF ACTIVITIES AND CHANGES IN FISCAL YEAR-END

The Company, incorporated under the Bermuda Exempted Companies Act, commenced operations in 1998 and is a provider of electronic commerce services to individual and business users.

As a result of various changes of control, the Company changed its fiscal year-end from August 31, 1998 to December 31, 1998 and to September 30, 1999. In the future, the year-end of the Company will be March 31.

2 - ACCOUNTING POLICIES

Revenue recognition

Revenue from credit card processing services is recognized at the time services are rendered. Revenue for set-up fees is recognized when the contracts are signed.

Amortization

Capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

Office equipment, furniture and fixtures	5 years
Computer equipment and software	3 years

Related party transactions

Related party transactions occurred in the normal course of operations and are recorded at the exchange value.

Foreign currency transactions

The Company uses the foreign exchange rate at the transaction date to report its foreign currency transactions. At balance sheet date, monetary items in foreign currency are converted at the rate in effect of that date.

Mpact Immedia Transaction Services Ltd.

Notes to Financial Statements

3 - CAPITAL ASSETS

	<u>1999-09-30</u>	<u>1998-12-31</u>	<u>1998-08-31</u>
	\$	\$	\$
Cost			
Office equipment, furniture and fixtures	5,447	5,447	5,447
Computer equipment and software	<u>41,817</u>	<u>895</u>	<u>895</u>
	<u>47,264</u>	<u>6,342</u>	<u>6,342</u>
Accumulated depreciation			
Office equipment, furniture and fixtures	1,635	544	544
Computer equipment and software	<u>3,171</u>	<u>150</u>	<u>150</u>
	<u>4,806</u>	<u>694</u>	<u>694</u>
Net carrying value	<u>42,458</u>	<u>5,648</u>	<u>5,648</u>

4 - CAPITAL STOCK

Authorized

Unlimited number of common shares, voting, participating, without par value

	<u>1999-09-30</u>	<u>1998-12-31</u>	<u>1998-08-31</u>
	\$	\$	\$
Issued and fully paid			
12,000 shares	<u>1</u>	<u>1</u>	<u>1</u>

5 - UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

6 - SUBSEQUENT EVENT

Effective September 30, 1999, Micro Tempus Inc. has acquired all the outstanding common shares of the Company in exchange for 6,000,000 common shares of Micro Tempus Inc. As a result of this transaction, the Company will pay BCE Emergis Inc., its parent company, \$3,340,592, representing the amount payable.

Auditors' Report

To the Shareholders of
3507637 Canada Inc.

We have audited the balance sheet of 3507637 Canada Inc. as at November 3, 1999. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this balance sheet presents fairly, in all material respects, the financial position of the Company as at November 3, 1999 in accordance with generally accepted accounting principles.

●

Chartered Accountants

Montreal, Canada
November 3, 1999

3507637 Canada Inc.

Balance Sheet

As at November 3, 1999

			\$
ASSETS			
Cash		2,000,000	
SHAREHOLDERS' EQUITY			
Capital stock (Note 2)		2,000,000	

The accompanying notes are an integral part of the balance sheet.

On behalf of the Board,

(signed) Rory Olson, Director

(signed) Joel Leonoff, Director

3507637 Canada Inc.

Notes to Balance Sheet

As at November 3, 1999

1 - GOVERNING STATUTES

The Company was incorporated under the Canada Business Corporations Act.

2 - CAPITAL STOCK

Authorized

Unlimited number of shares without par value

Class "A" shares, voting and participating

Class "B" shares, voting

Class "C" shares, voting, 10% non-cumulative dividend, redeemable at the fair market value of consideration received

Class "D" shares, non-voting, 10% non-cumulative dividend, redeemable and retractable at the fair market value of consideration received

Class "E" shares, voting, 10% non-cumulative dividend, redeemable and retractable at the fair market value of consideration received

Class "F" shares, non-voting, 10% non-cumulative dividend, redeemable at the fair market value of consideration received

	\$
Issued and fully paid for cash consideration	
2,000,000 class "A" shares	2,000,000

3 - COMMITMENTS

The Company has committed to pay BCE Emergis Inc. \$2 million for the right to enter into a strategic alliance agreement which shall remain in force until December 31, 2000, after which time either party may terminate the agreement with a 60-day written notice, pursuant to which BCE Emergis Inc. will be the preferred electronic commerce solution provider to the Company and its customers to the extent that the Company will decide to contract out for such services.

The Company has entered into an agreement to aggregate a front-end online solution for financial institutions wishing to offer a variety of financial services to their customer base through the Internet.

4 - STATEMENTS OF EARNINGS AND STATEMENT OF CASH FLOWS

No statement of earnings and cash flows has been presented since there were no transactions from the date of incorporation.

3507637 Canada Inc.

Balance Sheet

As at November 3, 1999

5 - UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

CERTIFICATE OF THE CORPORATION

November 8, 1999

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario), and by the regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed, as contemplated by the *Securities Act* (Quebec) and the regulations thereunder.

(signed) André Lévesque
President and Chief Executive Officer

(signed) Mark Krakower
Senior Vice-President and
Chief Operating Officer

On behalf of the Board of Directors

(signed) Richard J. Renaud
Director

(signed) Brahm M. Gelfand
Director

CERTIFICATE OF THE AGENTS

November 8, 1999

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario), and by the regulations thereunder. To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed, as contemplated by the *Securities Act* (Quebec) and the regulations thereunder.

DUNDEE SECURITIES CORPORATION

THOMSON KERNAGHAN & CO. LIMITED

Per: (signed) David G. Anderson

Per: (signed) Lionel F. Conacher

The following includes the names of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

DUNDEE SECURITIES CORPORATION:

a wholly-owned subsidiary of Dundee Wealth Management Inc.; and

THOMSON KERNAGHAN & CO. LIMITED:

a wholly-owned subsidiary of T.K. Holdings Inc., the principals of which are Mark Valentine and Ted Kernaghan.