

# *Burntsand* News Release

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## Burntsand Releases Second Quarter Results *Operational Results Show Continued Improvement*

Toronto ON & San Jose CA July 30 2003. Burntsand Inc. (Burntsand) (TSE:BRT) a leading North American business solutions integrator today reported revenue and earnings results for its second quarter of fiscal year 2003 ended June 30<sup>th</sup>, 2003.

### **Second Quarter Fiscal 2003 Results**

Revenue for the second quarter was \$9.65 million, an 18.4% decline from the \$11.82 million reported for the same period in fiscal 2002 and a sequential decrease of 11.5% from the \$10.90 million reported in the previous quarter. For the quarter, EBITDA<sup>(1)</sup> was (\$1.36) million, an improvement of 75.9% from the (\$5.65) million for the same period in fiscal 2002 and a slight improvement over the (\$1.45) million reported in the previous quarter. For the quarter, the net loss was (\$1.15) million or (\$0.02) per share, an improvement when compared to a net loss of (\$17.32) million or (\$0.24) per share for the same period in 2002 and a sequential improvement from the net loss of (\$1.82) million or (\$0.03) per share reported in the previous quarter.

On a year to date basis revenue was \$20.55 million, a decrease of 41.3% when compared to the \$35.00 million reported for the same period in 2002. EBITDA<sup>(1)</sup> was (\$2.81) million, an improvement when compared to a loss of (\$7.22) million for the same period in 2002. The net loss was (\$0.04) per share, an improvement when compared to the loss of (\$0.28) per share reported for the same period in 2002.

### **Highlights**

The company continues to make progress towards its goal of achieving positive operational cash flow and operating profitability by the end of fiscal 2003. Burntsand continues to have a strong balance sheet with virtually no debt and a quarter end cash position of \$13.72 million.

The company also announces that it has successfully renegotiated some of its facilities leases and as a result has realized a cost recovery of \$0.50 million in Q2 from previous restructuring reserves for excess real estate.

“Burntsand continues to make progress under its new business strategy”, commented Burntsand President and CEO Mel Steinke. “This is the third consecutive quarter of improved operating EBITDA<sup>(1)</sup> and Net Income. While Services Revenue was down in the quarter, primarily due to a Foreign Exchange Rate fluctuation, customers are responding well to the high value of Burntsand’s offerings. Our three largest customers have contracted the next phases of current projects, and we have closed over 20 new clients this year. We continue to be focused on our immediate goal of a return to positive operational cash flow and EBITDA<sup>(1)</sup> operating profitability before the end of FY2003.”

### **Business Developments**

- On April 30<sup>th</sup> Burntsand announced the development and introduction of two new company assets, deployment centers (DCs) and Centers of Excellence (COEs).
  - Deployment Centers are focus centers for valuable and unique skills. Staffed by senior Burntsand professionals, DCs will create a focus on delivery excellence, and bring a best-of-breed capability to Burntsand customers across North America.
  - Centers of Excellence represent industry thought leadership through deep domain expertise in a specific complex solutions area. COEs work across Burntsand’s North

American field of operations to seed capability, propagate high-value solutions, and support local Burntsand operations and clients.

- On April 30<sup>th</sup> Burntsand announced the opening of the company's Boston based Microsoft Business Solutions Center of Excellence. Burntsand has enjoyed a relationship with Microsoft that dates from the founding of the company and has been an early adopter of Microsoft's .NET Framework with .NET Connected experience from the initial architecture introduction. All Burntsand locations are certified Microsoft partners with the Boston COE designated as a Microsoft Gold Certified Partner.

## Earnings Conference

**Date:** Wednesday July 30<sup>th</sup> 2003

**Start Time:** 12:00 p.m. East (9 a.m. Pacific)

**Voice:** Within the U.S.A. or Canada: 1- 800-404-8949 Local 416 & 905: 416-641-6440

**Data:** To access the presentation portion of the conference:

- Point your internet browser to [www.burntsand.com/news\\_events/etheater.asp](http://www.burntsand.com/news_events/etheater.asp)
- Click on "Login Here"
- Enter the Moderator Meeting Number: 0363249
- Click on "Join Live Meeting"
- Click on "Join As An Attendee" No password is necessary.
- Enter your name
- A new browser window will open. The presentation will now load. This may take a moment. When the blue bars have moved all the way to the right (100%) the conference will automatically begin

A downloadable presentation will be posted to the Investor Relations - Corporate Events region of the Burntsand web site approximately one hour before the beginning of the conference call. The conference call will be available for replay from the Investor Relations region of the Burntsand website or at 1-800-558-5253 access code 21156118 or 416-626-4100 access code 21156118 until end of day Wednesday August 6<sup>th</sup>.

## (1) EBITDA

EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, taxes depreciation and amortization, as well as any restructuring charges and impairment for goodwill. Burntsand uses EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. EBITDA should not be construed as the equivalent of net cashflows from operating activities.

## Forward-Looking Statements

Certain statements contained or made in this press release, including statements which may contain words such as "could", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Burntsand to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include: general economic and business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Burntsand; changes in laws and regulations; Burntsand's ability to compete successfully, protect its intellectual property rights, and adapt to technological advances and changing industry standards and other factors. The forward-looking statements in this press release are based on management's reasonable beliefs as of the date of this release, and Burntsand assumes no obligation to update them to reflect subsequent information or events.

## **About Burtsand**

Burtsand is a Solutions Integrator focusing on business solutions that deliver enhanced productivity. Burtsand's success results from its ability to rapidly create company-wide integrated business solutions for clients in the areas of Portals, Relationship Management, Content Management, Business Intelligence and Knowledge Management. These solutions integrate into the client's enterprise architecture. Burtsand's extensive cross-industry experience in the integration of eBusiness solutions augments vertical expertise in government and the financial services, energy, manufacturing, distribution, and pharmaceutical industries. Headquartered in Toronto, Burtsand operates from eight North American locations. The company trades on the Toronto stock exchange (TSX) under the symbol BRT, Burtsand's website address is [www.burtsand.com](http://www.burtsand.com)

### **Contact:**

Mel Steinke, President and CEO  
Voice: 416-234-3880  
Email: [msteinke@burtsand.com](mailto:msteinke@burtsand.com)