

## Burntsand Releases First Quarter Results

**Toronto, ON. May 6, 2005.** Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported revenue and earnings results for its first quarter ended March 31, 2005 and announces organizational changes.

### **First Quarter Financial Results Highlights** In 000's, except per share amounts

	<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
	<b>FY2005</b>	<b>FY2004</b>	<b>FY2004</b>
Revenue	\$ 5,698	\$ 6,080	\$ 9,171
Net Loss	\$ (725)	\$ (989)	\$ (311)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)
Cash and equivalents	\$ 5,417	\$ 5,972	\$ 8,283
Working capital	\$ 6,626	\$ 7,253	\$ 9,248

### **Results for First Quarter ended March 31, 2005**

Total revenue for the first quarter was \$5.7 million compared to \$6.1 million for the fourth quarter of 2004. The Company's top 10 accounts accounted for approximately 55% of revenue; with US operations contributing 56% of the revenues for the quarter. One customer accounted for 15% of revenue.

Net loss for the first quarter 2005 was \$724,647 or (\$0.01) per share, compared with a net loss of \$989,254 or (\$0.01) per share in the fourth quarter of 2004.

The Company's Financial Statements and Managements' Discussion and Analysis have been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Financial Position at March 31, 2005**

The Company finished the period ended March 31, 2005 with cash and short-term investments of \$5.4 million compared to \$6.0 million at December 31, 2004. The decrease in cash and short-term investments is due to the acquisition of capital assets (\$0.1 million) and cash used by operations (\$0.5 million).

### **Organizational Development**

Effective immediately, John Slater has been promoted to the position of Vice President, Western Region. John has held senior leadership positions in a number of leading Canadian Technology companies resulting in over 20 years experience in the IT industry. His IT industry experience includes management responsibilities in the Telecommunications, Software Development, and Systems Integration segments. John was a founding member of Frontline Technology Partners the predecessor company to Burntsand. He returned to Burntsand in 2002 after three-years with Electronic Data Systems (EDS) where he was VP & Client Executive for EDS, Vancouver focusing on commercial clients in BC. Previously John has held senior positions with Sprint Canada, Integrated Network Services (INSINC), and SHL Systemhouse.

Also effective immediately, Blair Baxter has been promoted to Chief Operating Officer, in addition to being Chief Financial Officer. Blair will be responsible for all operations on a day-to-day basis. Blair is supported by John Slater in the Western Canadian Region, Terry Lilloco in the Eastern Canadian Region and Marty Glover in the US Region. This team represents a strong core of individuals with significant management experience in consulting services.

With this team in place, effective June 15<sup>th</sup>, 2005 Jim Yeates will be reducing his day-to-day involvement in the company, however he will remain as Chairman and Chief Executive Officer. In this role, at approximately quarter time, he will continue to provide direction and strategy to the company as well as advice on a regular basis to the management team.

As always we invite your comments and encourage you to follow the progress of your company on the Burrtsand website at [www.burrtsand.com](http://www.burrtsand.com).

### **About Burrtsand**

Burrtsand is a business consulting and technology services company that designs, architects, and implements information technology to deliver business advantage as defined by our delivery of Time-to-Value projects through an unmatched Customer Experience. We focus on Mid-Market clients, including divisions of Global 2000 companies. Burrtsand was established in 1996 on the foundation of delivering innovative, cost effective solutions on time and on budget. Based upon this foundation, Burrtsand has become a customer-focused, forward-thinking North American leader in the delivery of Enterprise Content Management, Portal, and Service Management Solutions. Headquartered in Toronto, Burrtsand operates from locations across North America. The Company's shares (TSX: BRT) are traded on the Toronto Stock Exchange. More information about Burrtsand can be found at [www.burrtsand.com](http://www.burrtsand.com).

### **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 Burrtsand to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include: general economic business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Burrtsand; changes in laws and regulations; Burrtsand'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 Burrtsand assumes no obligation to update them to reflect subsequent information or events.

### **Contacts:**

Jim Yeates  
Chairman and CEO  
Voice: 604-608-6407  
Email: [JYeates@burrtsand.com](mailto:JYeates@burrtsand.com)

Blair Baxter, CA  
COO / CFO  
Voice: 416-234-3852  
Email: [BBaxter@burrtsand.com](mailto:BBaxter@burrtsand.com)

**BURNTSAND INC.**  
**Consolidated Balance Sheets**

	March 31, 2005 (unaudited)	December 31, 2004
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 2,856,514	\$ 2,591,026
Short-term investments	2,560,709	3,381,251
Accounts receivable	4,387,755	4,044,183
Prepaid expenses	707,370	719,652
	<b>10,512,348</b>	10,736,112
Capital assets	1,721,396	1,826,797
Goodwill and other intangibles	201,441	215,396
	<b>\$ 12,435,185</b>	<b>\$ 12,778,305</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,411,053	\$ 2,090,855
Deferred revenue	1,038,527	885,594
Current portion of accrued restructuring charge	428,087	494,323
Current portion of obligations under capital leases	9,075	12,030
	<b>3,886,742</b>	3,482,802
Long-term portion of accrued restructuring charge	227,623	312,982
Long-term portion of obligations under capital leases	14,641	16,171
	<b>4,129,006</b>	3,811,955
<b>SHAREHOLDERS' EQUITY</b>		
Common shares	117,880,660	117,880,660
Contributed surplus	786,785	752,872
Deficit	(108,276,672)	(107,552,025)
Cumulative translation adjustment	(2,084,594)	(2,115,157)
	<b>8,306,179</b>	8,966,350
	<b>\$ 12,435,185</b>	<b>\$ 12,778,305</b>

# BURNTSAND INC.

## Consolidated Statements of Operations

	Three months ended March 31,	
	2005	2004
	(unaudited)	(unaudited)
<b>REVENUE</b>		
Services	\$ 4,723,603	\$ 6,881,993
License, maintenance and network infrastructure	844,454	2,182,158
Other revenue	130,396	106,615
	<b>5,698,453</b>	<b>9,170,766</b>
<b>COSTS</b>		
Cost of services	3,374,998	4,781,309
Cost of license, maintenance and network infrastructure	692,884	1,685,798
Cost of other revenue	106,498	82,194
	<b>4,174,380</b>	<b>6,549,301</b>
<b>GROSS PROFIT</b>	<b>1,524,073</b>	<b>2,621,465</b>
<b>EXPENSES</b>		
Sales and marketing	447,794	797,819
General and administrative	804,510	822,550
Other expenses	836,273	1,037,816
	<b>2,088,577</b>	<b>2,658,185</b>
Loss before restructuring, amortization, interest and income taxes	(564,504)	(36,720)
Amortization of capital assets	(167,110)	(276,827)
Amortization of intangibles	(15,538)	(25,587)
Interest and investment income	22,927	29,533
Interest expense	(422)	(1,769)
<b>LOSS BEFORE INCOME TAXES</b>	<b>(724,647)</b>	<b>(311,370)</b>
Income taxes	-	-
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ (724,647)</b>	<b>\$ (311,370)</b>
Loss, basic and diluted, per share	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares used to calculate per share amounts, basic and diluted	<b>72,968,390</b>	<b>72,646,188</b>

**BURNTSAND INC.**  
**Consolidated Statements of Shareholders' Equity**

	Common Shares		Contributed Surplus	Deficit	Cumulative Translation Adjustment	Total Shareholders' Equity Restated (Note 2)
	Number	Amount				
Balance at December 31, 2003	72,942,189	\$ 117,511,227	\$ 819,803	\$ (105,317,263)	\$ (1,792,175)	\$ 11,221,592
Adjustment for change in accounting for stock based compensation	-	-	295,012	(295,012)	-	-
Balance at December 31, 2003 (restated)	72,942,189	\$ 117,511,227	\$ 1,114,815	\$ (105,612,275)	\$ (1,792,175)	\$ 11,221,592
Shares issued on exercise of stock options	36,039	369,433	(368,107)	-	-	1,326
Stock-based compensation	-	-	71,168	-	-	71,168
Cancellation of unvested options	-	-	(144,074)	-	-	(144,074)
Revaluation of share purchase loans	-	-	79,070	(79,070)	-	-
Translation adjustment	-	-	-	-	(322,982)	(322,982)
Net loss for the year	-	-	-	(1,860,680)	-	(1,860,680)
Balance at December 31, 2004	72,978,228	\$ 117,880,660	\$ 752,872	\$ (107,552,025)	\$ (2,115,157)	\$ 8,966,350
Stock-based compensation	-	-	33,913	-	-	33,913
Translation adjustment	-	-	-	-	30,563	30,563
Net loss for the period	-	-	-	(724,647)	-	(724,647)
Balance at March 31, 2005	72,978,228	\$ 117,880,660	\$ 786,785	\$ (108,276,672)	\$ (2,084,594)	\$ 8,306,179

**BURNTSAND INC.**  
**Consolidated Statements of Cash Flows**

	Three months ended March 31,	
	2005 (unaudited)	2004 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (724,647)	\$ (311,370)
Items not affecting cash:		
Amortization of capital assets and intangibles	182,648	302,414
Stock-based compensation	33,913	(58,537)
	<b>(508,086)</b>	<b>(67,493)</b>
Changes in operating assets and liabilities:		
Accounts receivable	(324,432)	(31,580)
Prepaid expenses	12,413	139,845
Accounts payable and accrued liabilities	311,877	479,131
Deferred revenue	151,098	157,850
Accrued restructuring charge	(156,931)	(1,659,124)
	<b>(514,061)</b>	<b>(981,371)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term investments	820,542	(28,502)
Purchase of capital assets, net of related accounts payable	(55,904)	(133,152)
	<b>764,638</b>	<b>(161,654)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligations	(4,485)	(90,173)
Issue of common shares	-	1,252
	<b>(4,485)</b>	<b>(88,921)</b>
<b>NET CASH OUTFLOW</b>	<b>246,092</b>	<b>(1,231,946)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>	<b>19,396</b>	<b>54,194</b>
<b>CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD</b>	<b>2,591,026</b>	<b>5,625,118</b>
<b>CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD</b>	<b>\$ 2,856,514</b>	<b>\$ 4,447,366</b>