

Burntsand Releases Third Quarter Results

Toronto, ON & San Jose, CA. October 30, 2003. Burntsand Inc. (Burntsand) (TSE:BRT) a leading North American business solutions integrator today reported revenue and earnings results for its third quarter of fiscal year 2003 ended September 30th, 2003.

Third Quarter Fiscal 2003 Results

Revenue for the third quarter was \$8.37 million, a 26.6% decline from the \$11.40 million reported for the same period in fiscal 2002 and a sequential decrease of 13.3% from the \$9.65 million reported in the previous quarter. For the quarter, EBITDA⁽¹⁾ was (\$1.76) million, an improvement of 71.7% from the (\$6.23) million for the same period in fiscal 2002 and a decline from the (\$1.36) million reported in the previous quarter. For the quarter, the net loss was \$1.77 million or \$0.02 per share, an improvement when compared to a net loss of \$51.20 million or \$0.71 per share for the same period in 2002 and a decline from net loss of \$1.15 million or \$0.02 per share reported in the previous quarter.

On a year to date basis revenue was \$28.92 million, a decrease of 37.7% when compared to the \$46.40 million reported for the same period in 2002. EBITDA⁽¹⁾ was (\$4.57) million, an improvement when compared to (\$13.45) million for the same period in 2002. The net loss was \$4.73 million or (\$0.06) per share, an improvement over the loss of \$70.16 million or \$1.00 per share reported for the same period in 2002.

“While we are encouraged by the number of new customer wins, market conditions continue to be challenging and we do not expect to reach operating profitability until FY2004” commented Burntsand President and CEO Mel Steinke.

Business Developments

- On July 29th Burntsand announced the opening of the company’s San Jose based Center of Excellence for Enterprise Content Management. The center focuses on state-of-the-art business processes and information systems to optimize the total content lifecycle - creation, delivery, presentation, obsolescence and archiving. Working with Burntsand’s partners, this approach allows for delivery of high-value Internet portals, knowledge management systems, Web-enabled document control, collaboration, and commerce solutions to address specific business critical functions.
- On August 4th Burntsand announced support for BEA’s Weblogic Platform 8.1. This is an integrated platform that provides superior business integration through the convergence of application development and integration. Burntsand uses the BEA WebLogic Enterprise Platform™ to deliver significantly enhanced return on Information Technology assets (ROA) to its Infrastructure, Portal, and Content Management service line customers.
- On September 17th Burntsand announced the launch of the Healthy Heart Virtual Cardiac Rehab Program (VCRP) in conjunction with Providence Health Care. Developed as a pilot study at St. Paul’s Hospital in Vancouver, British Columbia, Burntsand worked closely with the Healthy Heart team to successfully deliver a web based solution to enable participants to receive professional advice, attend group sessions, and participate in monitored regular exercise programs online.

- On October 29th Burntsand signed an agreement for the acquisition of Ambient Information Resource Enterprise Inc in Houston Texas. Ambient's revenue for the 9 months ended September 30, 2003 was US\$445,000. This acquisition enhances Burntsand's leadership team, customer base and presence in the local market. Ken Dickinson, Ambient's CEO will assume the role of Regional Managing Director in Burntsand's Houston office.

Earnings Conference

Date: Thursday, October 30, 2003.

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

Voice: Within the U.S.A. or Canada: 1-800-440-1782 Local 416 & 905: 416-641-6698

Data: To access the presentation portion of the conference:

- Point your Internet browser to the following URL: <https://burntsandevents.webex.com>
- Under topics you will see Q3 2003 Results. Click on the hyperlink to the right of this that says "Join Now"
- Enter your name and email address and click "ok".
- You may then be prompted with a dialogue box asking you to run and install the Web-ex client, click "yes" to this and you will enter the meeting.

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 by calling 1-800-558-5253 access code 21164143 or 416-626-4100 access code 21164143 until end of day Thursday, November 6, 2003.

(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 no 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 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 Burntsand

Burntsand is a Solutions Integrator focusing on business solutions that deliver enhanced productivity/ Burntsand'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. Burntsand'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, Burntsand operates from eight North American locations. The company trades on the Toronto stock Exchange (TSX) under the symbol BRT. Burntsand's web address is www.burntsand.com.

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BURNTSAND INC.
Consolidated Balance Sheets

	September 30, 2003 <hr/> (unaudited)	December 31, 2002 <hr/>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 5,338,862	\$ 5,264,293
Short-term investments	6,280,301	13,809,035
Accounts receivable	5,728,104	10,675,743
Unbilled receivables	917,074	897,889
Income taxes receivable	1,615,055	2,409,510
Prepaid expenses	1,506,429	1,829,569
	<hr/> 21,385,825	<hr/> 34,886,039
Capital assets	2,663,716	3,635,614
Intangibles	553,208	958,188
	<hr/> \$ 24,602,749	<hr/> \$ 39,479,841
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LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,450,689	\$ 6,439,949
Deferred revenue	1,601,186	1,916,084
Note payable	337,475	395,000
Current portion of accrued restructuring charge	2,057,238	4,920,933
Current portion of obligations under capital leases	355,946	1,035,628
	<hr/> 7,802,534	<hr/> 14,707,594
Long-term portion of accrued restructuring charge	1,827,034	3,701,008
Long-term portion of obligations under capital leases	280	131,895
	<hr/> 9,629,848	<hr/> 18,540,497
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SHAREHOLDERS' EQUITY		
Common shares	116,846,532	116,921,963
Other equity	1,363,260	1,246,981
Deficit	(101,740,956)	(96,970,406)
Cumulative translation adjustment	(1,495,935)	(259,194)
	<hr/> 14,972,901	<hr/> 20,939,344
	<hr/> \$ 24,602,749	<hr/> \$ 39,479,841
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BURNTSAND INC.
Consolidated Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Services	\$ 7,914,892	\$ 11,302,527	\$ 26,002,028	\$ 39,871,604
Licenses	347,511	3,357	2,425,915	5,169,345
Network infrastructure	-	36,642	70,137	516,909
Other revenue	103,750	60,670	420,015	845,332
	8,366,152	11,403,196	28,918,095	46,403,190
COSTS AND EXPENSES				
Cost of services	6,313,387	10,159,139	19,767,716	31,946,573
Cost of licenses	280,990	2,867	1,970,077	3,747,139
Cost of network infrastructure	(10,886)	36,144	72,900	446,322
Cost of other revenue	115,744	57,976	358,939	811,875
Sales and marketing	1,054,555	1,798,386	3,281,643	6,880,814
General and administrative	1,193,919	2,105,594	3,994,366	6,093,928
Other expenses	1,182,872	3,476,121	4,044,576	9,928,500
	10,130,581	17,636,227	33,490,216	59,855,151
Loss before restructuring charge, amortization, interest, and income taxes	(1,764,429)	(6,233,031)	(4,572,121)	(13,451,961)
Restructuring recovery (charge)	305,000	(9,051,943)	805,000	(19,753,516)
Impairment of goodwill	-	(32,009,848)	-	(32,009,848)
Amortization of capital assets	(263,024)	(498,439)	(856,426)	(2,241,717)
Amortization of intangibles	(90,538)	(155,362)	(284,010)	(468,259)
Interest and investment income	74,172	131,524	262,019	422,892
Interest expense	(31,607)	(54,828)	(87,802)	(274,010)
LOSS BEFORE INCOME TAXES	(1,770,426)	(47,871,927)	(4,733,341)	(67,776,419)
Income taxes	-	(3,320,384)	-	(2,381,498)
NET LOSS FOR THE PERIOD	\$ (1,770,426)	\$ (51,192,311)	\$ (4,733,341)	\$ (70,157,917)
Loss, basic and diluted, per share	\$ (0.02)	\$ (0.71)	\$ (0.07)	\$ (1.00)
Weighted average number of common shares used to calculate per share amounts, basic and diluted	72,330,418	71,648,897	72,401,451	70,097,544

BURNTSAND INC.
Consolidated Statements of Shareholders' Equity

	Common Shares		Other Equity	Deficit	Cumulative Translation Adjustment	Total Shareholders' Equity
	Number	Amount				
Balance at January 1, 2002	65,460,489	\$ 101,722,306	\$ 722,460	\$ (22,522,886)	\$ 1,005,687	\$ 80,927,567
Shares issued for cash (net of issue costs \$1,202,400 and future income tax recovery of \$480,960)	6,400,000	14,318,560	-	-	-	14,318,560
Shares issued for cash (net of issue costs \$8,828)	550,000	156,172	-	-	-	156,172
Shares issued on exercise of stock options	564,177	1,114,504	(607,996)	-	-	506,508
Cancellation of shares purchased	(278,000)	(389,579)	-	-	-	(389,579)
Revaluation of share purchase loans	-	-	1,767,442	(1,767,442)	-	-
Cancellation of unvested options	-	-	(634,925)	-	-	(634,925)
Translation adjustment	-	-	-	-	(1,264,881)	(1,264,881)
Net loss for the year	-	-	-	(72,680,078)	-	(72,680,078)
Balance at December 31, 2002	72,696,666	\$ 116,921,963	\$ 1,246,981	\$ (96,970,406)	\$ (259,194)	\$ 20,939,344
Shares issued on exercise of stock options	105,594	3,639	-	-	-	3,639
Settlement of share purchase loan	(232,558)	(79,070)	116,279	(37,209)	-	-
Translation adjustment	-	-	-	-	(1,236,741)	(1,236,741)
Net loss for the period	-	-	-	(4,733,341)	-	(4,733,341)
Balance at September 30, 2003	72,569,702	\$ 116,846,532	\$ 1,363,260	\$ (101,740,956)	\$ (1,495,935)	\$ 14,972,901

BURNTSAND INC.
Consolidated Statements of Cash Flows

	Three months ended September 30,		Nine months ended September 30,	
	2003 (unaudited)	2002 (unaudited)	2003 (unaudited)	2002 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	\$ (1,770,426)	\$ (51,192,311)	\$ (4,733,341)	\$ (70,157,917)
Items not affecting cash:				
Amortization of capital assets and intangibles	353,562	653,801	1,140,436	2,709,976
Write-down of goodwill	-	32,009,848	-	32,009,848
Restructuring charges related to capital assets	-	1,888,800	-	5,364,461
Future income tax expense (recovery)	-	3,320,385	-	2,612,725
Accrued restructuring charge	(305,000)	-	(805,000)	-
Changes in operating assets and liabilities:				
Accounts receivable	864,990	2,726,847	4,075,160	5,031,669
Income taxes receivable	17,018	1,820,396	538,883	2,049,232
Unbilled receivables	155,300	1,955,467	(208,835)	2,461,890
Prepaid expenses	589,027	304,778	260,170	421,446
Accounts payable and accrued liabilities	(125,633)	503,632	(2,715,246)	(1,826,593)
Deferred revenue	(586,910)	(579,197)	(236,620)	(233,523)
Accrued restructuring charge	(1,039,953)	5,652,801	(3,509,054)	9,469,046
	(1,848,025)	(934,753)	(6,193,447)	(10,087,740)
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term investments	3,160,071	6,309,997	7,528,734	8,145,546
Purchase of capital assets, net of related accounts payable	(47,891)	(171,838)	(180,322)	(1,076,046)
Acquisition of Primix, net of bank indebtedness acquired of \$554,642	-	(608,041)	-	(10,977,005)
	3,112,180	5,530,118	7,348,412	(3,907,505)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on capital lease obligations	(227,791)	(247,469)	(692,340)	(939,013)
Issue of common shares	1,539	-	3,639	14,457,304
Purchase of shares for cancellation	-	-	-	(389,579)
	(226,252)	(247,469)	(688,701)	13,128,712
NET CASH INFLOW (OUTFLOW)	1,037,903	4,347,896	466,264	(866,533)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	17,170	(244,965)	(391,695)	(202,286)
CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD	4,283,789	906,069	5,264,293	6,077,819
CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD	\$ 5,338,862	\$ 5,009,000	\$ 5,338,862	\$ 5,009,000