



Quarterly report for our shareholders
2nd quarter ended December 31, 2004

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

This analysis focuses on the financial position and results of operations of Amadeus International Inc. (TSX-V: AML) ("the Company") for the second quarter from October 1st, 2004 to December 31, 2004. The analysis should be read in conjunction with the Company's financial statements for the three-month and six-month periods ended December 31, 2004 and related notes, and with the audited consolidated financial statements for the year ended June 30, 2004.

The audited and unaudited consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are in Canadian dollars.

This document contains forward-looking statements that involve certain risks and uncertainties. Such statements are not guaranteed to be accurate and actual results as well as future events may be materially different from those anticipated herein. These risks and uncertainties include those described in the A77 Capital Inc. is circular under Risk Factors.

Certain sections of this management's discussion and analysis may contain forward-looking information. Statements based on current management expectations involve inherent risks and uncertainties, both known and unknown. Actual results may be different from forecasts.

This management's discussion and analysis of the Company's financial position and results of operations was prepared as of February 16, 2004. Updated information on the Company can be found on the SEDAR Web site at www.sedar.com.

Overview and Outlook

Created in 1994, Amadeus International Inc. (TSX-V: AML) is a worldwide leader of flexible software applications for the control of compliance processes. The Amadeus platform empowers highly regulated organizations to improve their compliance processes by decreasing the related costs, strengthen their governance process, manage their overall quality and reduce their operational risks. With its North-American head office in Quebec City and sales offices in New Jersey, USA; Paris, France as well as in Manchester, UK, Amadeus International's software applications are distributed in nearly 10 countries and have over 30,000 users in North America, Europe and Africa.

On December 23, 2004, the Company amalgamated with A77 Capital Inc. (TSX-V : VOG.P), a capital pool company and 9106-5086 Québec Inc. This amalgamation represented the qualifying transaction for the Company. On the same day, the Company completed a private placement of 2,729,190 units at a price of \$0.55 per unit for a total amount of \$1,501,050. Each unit consists of one common share of the Company and a

half-warrant. Each full warrant will entitle its holder to subscribe for one common share of the Company at a price of \$0.85 per share within eighteen months following the closing date of the private placement (at a price of \$0.65 per share, for those who invest \$500,000 and over, within twenty-four months following the closing date).

Results of Operations

(In Canadian dollars, except the number of shares)	Three months ended December 31,		Six months ended December 31,	
	2004 \$	2003 \$	2004 \$	2003 \$
Revenues	388 183	748 040	641 279	1 197 108
Net earnings (loss)	(660 079)	71 533	(1 250 395)	(129 614)
Basic and diluted earnings (loss) per share	(0,03)	0,01	(0,06)	(0,01)
Basic and diluted weighted average number of shares outstanding	20 193 913	19 237 253	19 715 583	19 237 253

Revenues

Revenues for the second quarter ended December 31, 2004, totaled \$388,183, a 48.1% decrease compared to revenues of \$748,040 for the same period last year. For the six-month period ended on December 31, 2004, revenues decreased by 46.43% and stood at \$641,279 compared to \$1,197,108 in 2003. The introduction of the new Web base solution of the company, eQCM®, during the first quarter caused a slowdown of the sales related to the client/server solution eQRP® which had generated the whole license revenues in the preceding fiscal year (eQRP® was available on the market in July 2000). With a sales cycle between three and eighteen months for the eQCM® solution, the management estimates that the marketing efforts carried out in the first two quarters of the year will allow to increase the sales of licenses during the third and fourth quarters of the year.

Cost of sales

The cost of sales for the second quarter stood at \$91,601 compared to \$87,761 for the same period a year earlier. For the first six months of the year, the cost of sales was \$149,706 compared to \$164,173 last year. The variances for the three-month and six-month periods are attributable to the reduction of the personnel in the customer service department resulting from the eQRP® stability.

Research and development expenses

Net research and development expenses totaled \$281,861 in the second quarter compared to \$116,467 last year. In 2003, the Company was developing the eQCM® solution; the related salaries and tax credits were capitalized as assets resulting in lower net expenses. Now that the solution is available on the market, all the research and development expenses are presented in the statement of earnings. For the first six months of the year, net research and development expenses were \$491,937 compared to \$273,093 last year.

General, selling, and administrative expenses

General, selling and administrative expenses (GSAE) amounted to \$536,713 for the second quarter compared to \$369,511 for the same period last year. The difference is primarily due to an expanded sales force in the United States and United Kingdoms and to the recruitment of new resources to face the increased requirements related to the fact that the Company is going public. For the first six months of the year, the GSAE were \$1,010,450 compared to \$684,513 last year.

Depreciation and amortization

Depreciation and amortization expenses rose by 46.5% to stand at \$64,144 for the second quarter compared to \$43,742 for the same period last year. The increase is attributable to the amortization of research and development expenses capitalized since 2000 and totaling \$31,965.

Interest

Net interest expenses stood at \$80,590 for the second quarter compared to \$61,959 for same period last year. The increase is attributable to interest on the bank loan highly used during the second quarter. For the six month period ended December 31, 2004, the net interest stood at \$146,786 compared to \$130,254 for the same period in 2003.

Net earnings (loss)

Amadeus posted a net loss of \$660,079 or \$0.03 per share for the second quarter, compared to net earning of \$71,533 or \$0.01 per share a year earlier. For the first six months of the year, the net loss amounted to \$1,250,395 or \$0.06 per share compared to \$129,614 or \$0.01 per share in 2003. This decrease can be explained by the transitional period between eQRP® and eQCM® which generated a downturn in revenues, the increased marketing efforts on the United States and United Kingdom markets combined with the increased administrative expenses due to the fact that the Company is going public.

Financial position and cash flows

(In Canadian dollars)	As at December 31, 2004 \$	As at June 30, 2004 \$
Cash and bank loan	443,520	(46,707)
Subscription receivable	450,004	-
Current assets	2,941,599	2,573,082
Total assets	4,081,356	3,823,637
Current liabilities	1,589,785	1,995,231
Long term liabilities	1,666,085	1,745,242

As at December 31, 2004, current assets totaled \$2,941,599 compared to \$2,573,082 as at June 30, 2004. Current liabilities stood at \$1,589,785 at December 31, 2004, compared to \$1,995,231 as at June 30, 2004.

The Company had cash of \$443,520 as at December 31, 2004, compared to a bank loan of \$46,707 as at June 30, 2004. The Company held \$450,004 of subscriptions receivable as at December 31, 2004. Those subscriptions receivable are related to the private placement completed on December 23, 2004.

In the second quarter of 2004, operating activities used \$842,607 in cash flows, compared to \$40,724 generated in the same quarter of 2003. The difference is due to various factors, including in particular the loss (\$660,079) compared to the net earnings of \$71,533 last year. The settlement of accounts payable (\$151,319) also affects the operating activities of 2004. For the first six months of the year, operating activities used \$1,495,301 in cash flow, compared to \$367,517 in 2003.

Financing activities generates cash flow of \$448,556 in the second quarter, compared to \$245,046 used in 2003. The difference was primarily attributable to the cash and cash equivalents held by A77 Capital Inc. upon amalgamation and amounting to \$1,182,850. The Company used a part of this amount to reimburse the bank loan of \$605,000. Moreover, the Company reimbursed an amount of \$325,000 on the loan secured by its tax credits with the tax credits cashed during the quarter. Last year, a payment of \$225,468 had been made in the second quarter on the loan secured by the tax credits. For the first six months of the year, financing activities generated cash flow of \$1,092,795, having used \$264,618 during the same period in 2003.

Investing activities generated cash flow of \$859,259 in the second quarter, compared to \$87,403 used in the same quarter of 2003. The difference was mainly due to the tax credits cashed during the second quarter and amounting to \$862,213. For the first six months of the year, investing activities generated cash flow of \$846,026 compared to \$135,388 used in 2003.

The Company considers that its current financial resources, combined with the cash flow from its activities, are sufficient to attain its objectives and maintain its financial independence for the foreseeable future. The Company is always working to seek additional financing in order to accelerate its marketing and to increase its working capital to support its growth. The Company is also studying the possibility of expanding its market share in the compliance segment through strategic business acquisitions that could create synergy with the Company.

Outstanding shares

As at February 18, 2005, the Company had 29,016,443 Class A shares outstanding.

(S) Frédéric Garand

Frédéric Garand, CA
Chief financial officer
Amadeus International Inc

The attached consolidated financial statements have been prepared by the Management of Amadeus International Inc. and have not been reviewed by an auditor. This quarterly report includes forward-looking statements that are based on certain assumptions and reflect Amadeus current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Additional factors are discussed in Amadeus materials filed with the securities regulatory authorities in Canada from time to time. Amadeus disclaims any intention or obligation to update or revise any forward looking statements.

AMADEUS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months period ended December 31,		Six months period ended December 31,	
	2004 \$ (unaudited)	2003 \$ (unaudited)	2004 \$ (unaudited)	2003 \$ (unaudited)
REVENUES				
Software	129 421	506 546	205 721	787 851
Services	86 055	81 302	91 035	130 930
Maintenance	172 707	160 192	344 523	278 327
	388 183	748 040	641 279	1 197 108
COST OF SALES	91 601	87 761	149 706	164 173
GROSS MARGIN	296 582	660 279	491 573	1 032 935
OPERATING EXPENSES				
Research and development	281 861	116 467	491 937	273 093
Selling, general and administrative	536 713	369 511	1 010 450	684 513
Depreciation and amortization	64 144	43 782	96 120	79 910
	882 718	529 760	1 598 507	1 037 516
EARNINGS (LOSS) BEFORE FINANCIAL EXPENSES	(586 136)	130 519	(1 106 934)	(4 581)
Accreditation on convertible debentures	2 956	1 006	5 470	1 436
Interest, net	80 590	61 959	146 786	130 254
	83 546	62 965	152 256	131 690
EARNINGS (LOSS) BEFORE INCOME TAXES	(669 682)	67 554	(1 259 190)	(136 271)
INCOME TAXES EXPENSES (RECOVERY)				
Current income taxes	-	234	-	484
Future income taxes	(9 603)	(4 213)	(8 795)	(7 141)
	(9 603)	(3 979)	(8 795)	(6 657)
NET EARNINGS (LOSS) FOR THE PERIODS	(660 079)	71 533	(1 250 395)	(129 614)
BASIC NET EARNINGS (LOSS) PER SHARE (note 7)	(0.03)	0.00	(0.06)	(0.01)
DILUTED NET EARNINGS (LOSS) PER SHARE (note 7)	(0.03)	0.00	(0.06)	(0.01)

The accompanying notes are an integral part of these consolidated interim financial statements

AMADEUS INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF DEFICIT

	Three months period ended		Six months period ended	
	December 31,		December 31,	
	2004	2003	2004	2003
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
BALANCE - BEGINNING OF PERIOD	(2 836 146)	(1 338 577)	(2 245 830)	(1 137 430)
NET EARNINGS (LOSS) FOR THE PERIOD	(660 079)	71 533	(1 250 395)	(129 614)
BALANCE - END OF PERIOD	(3 496 225)	(1 267 044)	(3 496 225)	(1 267 044)

The accompanying notes are an integral part of these consolidated interim financial statement

**AMADEUS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS**

	As at December 31, 2004	As at June 30, 2004
	\$ (unaudited)	\$
ASSETS		
CURRENT ASSETS		
Cash	443 520	-
Accounts receivable (note 4)	887 878	816 464
Subscription receivable (note 5)	450 004	-
Net investment in a lease agreement	34 310	32 644
Refundable tax credits	1 100 813	1 697 464
Prepaid expenses	25 074	26 510
	2 941 599	2 573 082
PROPERTY, PLANT AND EQUIPMENT	206 879	238 995
INTANGIBLE ASSETS AND OTHER ASSETS	642 482	690 299
NET INVESTMENT IN A LEASE AGREEMENT	41 234	58 816
FUTURE INCOME TAX ASSETS	249 162	262 445
	4 081 356	3 823 637
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	-	46 707
Loan secured by the refundable tax credits	600 000	803 000
Accounts payable and accrued liabilities	381 502	522 791
Deferred revenues	408 342	386 391
Current portion of long term debt	142 360	159 370
Future income tax assets	57 581	76 972
	1 589 785	1 995 231
DEFERRED REVENUES	15 932	24 534
LONG TERM DEBT	69 620	142 958
LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES	1 553 899	1 548 429
FUTURE INCOME TAX LIABILITIES	26 634	29 321
	3 255 870	3 740 473
SHAREHOLDER'S EQUITY		
Equity component of convertible debentures	380 924	380 924
Share capital (note 5)	3 109 660	1 813 059
Stock options (note 5)	499 455	-
Warrants (note 5)	196 661	-
Contributed surplus	135 011	135 011
Deficit	(3 496 225)	(2 245 830)
	825 486	83 164
	4 081 356	3 823 637

The accompanying notes are an integral part of these consolidated interim financial statements

AMADEUS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months periods ended		Six months periods ended	
	December 31		December 31	
	2004	2003	2004	2003
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings (loss) for the period	(660 079)	71 533	(1 250 395)	(129 614)
Items not affecting cash				
Income derived from the net investment in a lease agreement	8 057	-	15 916	-
Depreciation and amortization	64 144	43 782	96 120	79 910
Accretion on convertible debentures	2 956	1 006	5 470	1 436
Future income taxes	(9 603)	(4 213)	(8 795)	(7 141)
	(594 525)	112 108	(1 141 684)	(55 409)
Net change in non-cash operating working capital items excluding deferred revenues (note 9)	(333 863)	(121 934)	(366 966)	(368 104)
Increase in deferred revenues	85 781	50 550	13 349	55 996
	(842 607)	40 724	(1 495 301)	(367 517)
CASH FLOWS FROM FINANCING ACTIVITIES				
Variation in bank loan	(605 000)	5 000	(46 707)	4 042
Decrease in loan secured by tax credits	(325 000)	(225 468)	(203 000)	(225 468)
Payments on long term debt	(54 294)	(24 578)	(90 348)	(43 192)
Net cash acquired on amalgamation (note 3)	1 182 850	-	1 182 850	-
Advance payable (note 3)	250 000	-	250 000	-
	448 556	(245 046)	1 092 795	(264 618)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1 027)	(43 974)	(4 824)	(48 058)
Acquisitions of intangible assets	(1 927)	(7 021)	(2 843)	(26 182)
Increases in other assets, net of tax credits received	862 213	(36 408)	853 693	(61 148)
	859 259	(87 403)	846 026	(135 388)
NET CHANGE IN CASH	465 208	(291 725)	443 520	(767 523)
CASH - BEGINNING OF THE PERIOD	(21 688)	265 055	-	740 853
CASH - END OF THE PERIOD	443 520	(26 670)	443 520	(26 670)

The accompanying notes are an integral part of these consolidated interim financial statements

AMADEUS INTERNATIONAL INC
ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. STATUTES AND NATURE OF ACTIVITIES

The company, incorporated under Part 1A of the Québec Companies Act results from the amalgamation of A77 Capital inc., Amadeus International inc. and 9106-5086 Quebec Inc. on December 23, 2004. It is specializing in the development and marketing of compliance software solutions that help companies to improve their business performance by automating management of their processes and management systems.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information as at December 31, 2004 and for the periods ended December 31, 2004 and 2003 is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the company's most recent annual financial statements.. However, these financial statements do not include all the disclosures required for annual financial statements. These interim financial statements should therefore be read in conjunction with the Company's most recent annual financial statements.

3. AMALGAMATION

On December 23, 2004, Amadeus international Inc., A77 Capital Inc and 9106-5086 Quebec Inc. (9106-5086) amalgamated under part 1A of the Québec Companies Act ("Amadeus" or the "Company"). Pursuant to the Amalgamation, the security holders of Amadeus international Inc., and 9106-5086 Quebec Inc., received an aggregate of 19,237,253 Amadeus Common Shares and the security holders of A77 Capital received an aggregate of 9,779,190 Amadeus Common Shares. The Amalgamation constituted the Qualifying Transaction for A77 Capital inc. within the meaning of Policy 2.4 of the TSX Venture Exchange. This transaction has been accounted for as the acquisition of 9106-5086 and A77 Capital by Amadeus. Accordingly, the financial statements of the Company are the continuation of those of Amadeus international Inc.

The net value of the assets of A77 Capital Inc and 9106-5086 Quebec Inc acquired by Amadeus International inc. were as follows:

	Capital A77 \$	9106-5086 \$	Total \$
Cash	1 182 862	(12)	1 182 850
Advance to a Company	250 000	-	250 000
Other current assets	569 897	-	569 897
			-
Other current liabilities	(9 280)	(750)	(10 030)
Long term liabilities and equity			
Net assets acquired	1 993 479	(762)	1 992 717

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The consideration issued as part of that business combination is allocated as follows :

Consideration issued	
9 779 190 issued and outstandings shares	1 701 731
1 205 000 stock options at fair market value	499 455
1 364 608 warrants at fair market value	196 661
Issue expenses	(405 130)
	1 992 717

On the same day, A77 Capital Inc completed a private placement of 2,729,190 units at a price of \$0.55 per unit for a total amount of \$1,501,050. Each unit consists of one common share of the Company and a half-warrant. Each full warrant will entitle its holder to subscribe for one common share of the Company at a price of \$0.85 per share within eighteen months following the closing date of the private placement (at a price of \$0.65 per share, for those who invest \$500,000 and over, within twenty-four months following the closing date). At the time of amalgamation a balance of \$450,004 was still receivable.

4. ACCOUNTS RECEIVABLE

	As at December 31, 2004 \$ (unaudited)	As at June 30, 2004 \$
Trade	778 889	816 464
Consumption taxes receivable	58 989	-
Advance to an officer, prescribed rates	50 000	-
	887 878	816 464

5. CAPITAL STOCK

Authorized

Unlimited number of shares, without par value

Class A, voting and participating

Class B, non-voting and non-participating, non-cumulative dividend of 6%, redeemable at the issue price

Class C, non-voting and non-participating, non-cumulative dividend of 0.5% calculated on redemption value, redeemable at the holder's or company's option at paid-up amount plus a premium equivalent to the difference between the paid-up capital and the fair market value of the consideration received upon issuance

AMADEUS INTERNATIONAL INC
ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	As at December 31, 2004 \$ (unaudited)	As at June 30, 2004 \$
Issued and fully paid		
Class A shares	2 659 656	1 813 059
Issued and unpaid		
818 183 Class A shares	450 004	-
	3 109 660	1 813 059

The following tables summarize the capital stock activity since July 1st, 2003.

	As at December 31, 2004 (6 months)		As at June 30, 2004 (12 months)	
	Number	Stated value \$ (unaudited)	Number	Stated value \$
Balance - Beginning of the period	19 237 253	1 813 059	19 237 253 *	1 813 059
Issuance of class A shares on the date of the amalgamation	9 779 190	1 701 731		
Issue expenses		(405 130)		
Balance - End of the period	29 016 443	3 109 660	19 237 253	1 813 059

* On the date of amalgamation, the company issued 19 237 253 Class A shares in exchange for 13 695 894 Class A shares of Amadeus International Inc.

AMADEUS INTERNATIONAL INC
ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Stock options

In June 2003, the company modified its stock option plan for directors and employees. All the options granted under the plan may be exercised within a maximum period of ten years following the date of grant. The company's directors have agreed that options might be exercised at the rate of 25% per annum from the first anniversary of the date of grant. The Board of Directors will designate the optionees and will determine the number of common shares covered by each of these options, the date of vesting of each option, the exercise price of each option, the expiry date, the acquisition conditions and the restrictions related to the exercise of these options. The purchase price of these shares may not be lower than their closing price on the day preceding the date of grant. The maximum number of common shares that is issuable under the plan was fixed at 756,000 common shares, and the maximum number that may be granted to an optionee shall not exceed 3% of all the outstanding common shares. Options expire after a maximum period of ten years following the date of grant.

The following table presents the stock option activity:

	As at December 31, 2004 (6 months)			As at June 30, 2004 (12 months)		
	Number	Value \$ (unaudited)	Weighted average exercise price \$ (unaudited)	Number	Value \$	Weighted average exercise price \$
Balance - Beginning of the period	87 086	-	0.69	87 086 *	-	0.69
Issuance of stock options on the date of the amalgamation	1 205 000	499 455	0.20	-	-	-
Balance - End of the period	1 292 086	499 455	0.23	87 086	-	0.69

* On the date of amalgamation, the Company issued 87 086 stock option in exchange for 62 000 stock option of Amadeus International Inc.

The following table summarizes information about stock options as at December 31, 2004:

Exercise price	Options outstanding as at December 31, 2004		Options exercisable as at December 31, 2004	
	Number	Weighted average remaining contractual life (years) (unaudited)	Number	Weighted average remaining contractual life (years) (unaudited)
1.00 \$	22 474	6.1	20 367	6.1
0.58 \$	64 612	8.4	16 154	8.4
0.20 \$	1 205 000	2.8	-	2.8
	1 292 086	3.3	36 521	7.1

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Warrants

The following table summarizes information about warrants since July 1st 2003

	As at December 31, 2004			As at June 30, 2004		
	Number	(6 months)		Number	(12 months)	
		Value	Weighted average exercise price		Value	Weighted average exercise price
	\$	\$	(unaudited)	\$	\$	
Balance - Beginning of the period	-	-	-	-	-	-
Issuance of warrants on the date of the amalgamation	1 364 608	196 661	0.78	-	-	-
Balance - End of the period	1 364 608	196 661	0.78	-	-	-

The following table summarizes information about warrants as at December 31, 2004:

Exercise price	Number	Expiration date
0.65 \$	454 546	December 22, 2005
0.85 \$	910 062	June 22, 2005
	1 364 608	

Pro-forma information on stock-based compensation plan

If the fair value based method had been used to account for stock-based compensation costs related to stock options granted to employees since the adoption of the new standard on July 1, 2002, the net loss and related net loss per share figures on a pro-forma basis would be as follows:

	Three months periods ended December 31,		Six months periods ended December 31,	
	2004	2003	2004	2003
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net earning (loss) for the period	(660 079)	71 533	(1 250 395)	(129 614)
Pro-forma adjustment for stock-based compensation costs	(953)	(86)	(1 905)	(173)
Pro-forma net earnings (loss) for the period	(661 032)	71 447	(1 252 300)	(129 787)
Basic and diluted net earnings (loss) per share	(0.03)	0.00	(0.06)	(0.00)
Basic and diluted pro-forma net earnings (loss) per share	(0.03)	0.00	(0.06)	(0.00)

AMADEUS INTERNATIONAL INC
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These options, which have a weighted average fair value of \$0.2147, will generate aggregate stock-based compensation costs of \$9,876 over their vesting periods. Those costs will be amortized over their vesting periods using the straight-line method, resulting in annual stock-based compensation costs of \$2,469 in 2005 and 2006 and of \$2,246 in 2007.

6. SEGMENTS INFORMATION

The company is organized under one single operating segment, which is the development and sale of software licenses and the related post-contract customer support services. Substantially all of the company's property, plant and equipment are located in Canada.

Revenues by geographic region are detailed as follows:

	Three months periods ended December 31,		Six months periods ended December 31,	
	2004	2003	2004	2003
	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)
Canada	173 305	264 695	364 380	598 236
Portugal	107 130	270 726	138 670	346 600
France	101 522	107 945	132 003	146 491
United States	6 226	104 674	6 226	105 781
	388 183	748 040	641 279	1 197 108

Revenues have been allocated to geographic regions based on the country of residence of the related customers

7. EARNINGS PER SHARE

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding used in the diluted earnings per share calculations:

	Three months periods ended December 31,		Six months periods ended December 31,	
	2004	2003	2004	2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Basic weighted average number of shares outstanding	20 193 913	19 237 253	19 715 583	19 237 253
Diluted effect of stock options	-	-	-	-
Diluted effect of convertible debenture	-	-	-	-
Diluted weighted average number of shares outstanding	20 193 913	19 237 253	19 715 583	19 237 253
Items excluded from the calculation of diluted net loss per share because the exercise price was greater than the average market price of the common shares or due to the antidilutive effect				
Stock options	226 035	111 589	146 025	120 406
Convertible debentures	3 361 941	3 361 941	3 361 941	3 361 941

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ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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For the periods ended December 31, 2003 and 2004, the diluted loss per share was the same as the basic loss per share since the dilutive effect of stock options and convertible debentures was not included in the calculation; otherwise, the effect would have been anti-dilutive. Accordingly, the diluted loss per share for those periods was calculated using the basic weighted average number of shares outstanding.

8. RELATED PARTY TRANSACTIONS

The following table summarize operations concluded by the company with related party during the period

	Three months periods ended December 31,		Six months periods ended December 31,	
	2004	2003	2004	2003
	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)
Expenses				
Management fees	11 136	-	11 136	-
		As at December 31, 2004		As at June, 30 2004
		\$ (unaudited)		\$
Account receivable				
Advance to an officer, prescribed rates		50 000		-

9. ADDITIONAL DISCLOSURES ON CASH FLOWS

	Three months periods ended December 31, 2004		Six months periods ended December 31, 2004	
	2004	2003	2004	2003
	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)
Net change in non-cash operating working capital items				
Accounts receivable	(181 093)	(389 931)	48 479	(388 990)
Refundable tax credits	(92 826)	275 206	(265 562)	69 102
Prepaid expenses	(8 192)	(7 407)	1 436	(6 237)
Accounts payable and accrued liabilities	(51 752)	198	(151 319)	(41 979)
	(333 863)	(121 934)	(366 966)	(368 104)