



**Quarterly report** to our shareholder's  
1<sup>st</sup> Quarter ending September 30, 2005

## **Management's Discussion and Analysis**

### **Of financial Position and Results of Operations**

#### **Scope of Report**

This management's report is designed to assist the reader in better understanding the business of Amadeus International Inc. and its key financial results. It explains the Company's financial position for the first quarter of fiscal year 2006, and includes the results for the three months ended September 30, 2005 comparing them to the results of the previous year. It also contains the balance sheet as at September 30, 2005 and 2004.

Prepared in accordance with National Instrument 51-102 – Continuous Disclosure Obligations, this management's discussion should be read in conjunction with the Company's audited financial statements and accompanying notes for the fiscal year ended June 30, 2005. Unless otherwise indicated, the terms "Company" and "Amadeus" refer to Amadeus International Inc., and the term "M3K Solutions" refers to an acquired business that is now a subsidiary of the Company.

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). These financial statements and this management's discussion have been reviewed by the Company's Audit Committee and approved by its Board of Directors. Unless otherwise indicated, all amounts in this management's analysis are expressed in Canadian dollars.

#### **Business Overview**

Founded in 1994, Amadeus International Inc. develops and implements compliance process control and corporate governance solutions for highly regulated companies engaged especially in the life sciences, financial and manufacturing industries. Organizations subject to stringent controls in regard to quality, environmental protection or workplace health and safety are also targeted. Finally, public companies having to comply with various corporate governance regulations will also benefit from of Amadeus's expertise.

Secondly, the Company's revenues are derived from the marketing of two proven software solutions: eQRP® (Enterprise Quality Resource Planning – on a customer/server platform) and eQCM® (Enterprise Quality Compliance Management – on a Web platform). These applications offer an integrated approach to automating compliance management processes. Their functions include the organization of audits, information gathering, the identification of non-compliance, the monitoring of corrective action, complaint management, the monitoring of performance indicators and others.

The Company's applications offer concrete advantages. These applications reduce compliance management costs, paper record handling costs, and access time to operational and strategic content. They also provide better control of information and allow more informed decision-making. Finally, they favour the use of best practices and continuous improvement, while lowering business risks considerably.

Headquartered in Quebec City (Canada), the Company has sales offices in Montreal (Canada), Chicago and Philadelphia (United States). Its applications are utilized by more than 33,000 users and 200 companies around the world. Amadeus employs some 70 people and its shares are listed on the TSX Venture Exchange under the trading symbol AML.

### Business Context

More than ever, companies are required to comply with various standards and legislative measures such as the Sarbanes-Oxley Act, Patriot Act, FDA 21 CFR, Basel II Agreement, Kyoto and others. In addition, to satisfy their customers and remain profitable, many companies set their own quality standards and implement continuous improvement systems. For most companies, meeting those standards while achieving their earnings objectives represents a challenge at all times. This awareness of compliance management has truly exploded in light of financial scandals, the implementation of stringent regulations, the globalization of markets, increased environmental protection and the respect of public safety.

Several studies have shown that compliance-related products and services represent a huge, growing and recurring market. According to *AMR Research*, a well-known U.S.-based research firm, companies will spend more than \$80 billion to set up and improve their compliance management between 2005 and 2009, nearly 50% of which will be allocated to the provision of services and purchase of technological equipment. Within the pharmaceutical industry alone, it is estimated that compliance management accounts for 40% of all information technology spending.

### Results of Operations

	Three months ended	
	September, 30	
	2005	2004
	\$	\$
Revenues	1 426 376	253 096
Net Loss	(465 802)	(590 316)
EBITDA *	(179 393)	(488 822)
Basic and Diluted loss per share	(0,01)	(0,03)
Basic and Diluted weighted average number of shares outstanding	34 831 379	19 237 253

*\* Definition of EBITDA: Earnings (loss) before financial expenses, income tax on earning and amortization. EBITDA is presented as an additional measurement of earnings in order to assist the reader to establish the Company's ability to generate cash from activities and to acquit its financial charges. It is also an indicator generally used for purposes of evaluation. Canadian generally accepted accounting principles give no standard interpretation to this measurement and it cannot therefore be compared to similar measurements used by other enterprises.*

### Revenues

For the first quarter Amadeus's revenues increased by 463.6% to \$1,426,376 for the three months period ended September 30, 2005, versus \$253,096 for the three months period ended September 30, 2004. The Company's revenues are derived first from the provision of professional consulting, implementation, technical support and training services. Most of the revenues are generated by M3K Solutions which was acquired in June 2005 and now a subsidiary of the Company. This consulting firm helps companies comply with the corporate governance regulations and legislation (Sarbanes-Oxley Act, Law 198, Basel II and others). Software licencing revenues increase by 102.9% to reach \$154,782 for the first quarter of fiscal 2006 compared to \$76,300 in the same period in 2005.

**Cost of Sales**

Cost of sales include the human resources expenses assigned to the documentation of business and financial process controls offered by M3K Solutions and the cost of third-party softwares licences that complete the Amadeus Software suite. Cost of sales rose to \$700,150 for the quarter, compared with \$58,105 a year earlier. This variation is due to the increase of services revenues, for which human resources is higher than for software licences sales.

**Research and Development Expenses**

Research and development expenses slightly decreased by 2.7% to reach \$204,413 for the first quarter of 2006 from \$210,076 in 2005. Investment in research and development is a priority for Amadeus management. The Company plans to continue to develop its products during the current fiscal year.

**Selling, General and Administrative Expenses**

Selling, General and Administrative expenses amounted to \$473,737 for the first quarter of 2005, compared with \$701,206 for the same quarter in 2006. This 48.4% increase is attributable mainly to the strengthening of the sales and marketing forces to penetrate the United States market. For this purpose a pre-sales and senior account managers have joined the Amadeus sales team to consolidate our position on the United States market. Moreover the company has signed a tele marketing contract to increase sales opportunity with prospecting clients.

**Depreciation and Amortization**

Depreciation and amortization expenses rose by 512.2% to \$195,745 for the first three months of fiscal year 2006 compared to \$31,976 for the same period in fiscal 2005. This increase is attributable to the amortization of development expenses and the amortization of the identifiable intangible assets arising from the acquisition of M3K Solutions.

**Interest**

Net interest expenses stood at \$86,566 for the first quarter of 2006 compared to \$66,196 for same period last year.

**Net Loss**

As a result of the increase in revenues and the executive management team restructuring, Amadeus incurred a net loss for the first quarter of \$465,802 or \$0.01 per share, compared with a net loss of \$590,316 or \$0.03 per share the previous year quarter. The loss before financial expenses, income tax on earning and amortization (EBITDA) decrease from 63.3% to \$179,393 compare with \$488,822 in the corresponding quarter last year. The weighted average number of common shares issued and outstanding rose from 19,237,253 in September 2004 to 34,831,379 in 2005 on account of the qualifying transaction and private placement in December 2004 and the acquisition of M3K Solutions at the end of last year.

**Quarterly Information**

Operating results for each of the last eight quarters are presented in the following table. Management believes that the information related to these quarters has been prepared using the same procedure as the audited financial statements for the fiscal year ended June 30, 2005. The unaudited quarterly financial statements have not been reviewed by the Company's external auditors.

	2005				2004			
	Q1-2006	Q4-2005	Q3-2005	Q2-2005	Q1-2005	Q4-2004	Q3-2004	Q2-2004
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	1 426 376	683 374	459 581	388 183	253 096	415 698	502 268	748 040
Net earnings (loss)	(465 802)	(887 232)	(668 011)	(660 079)	(590 316)	(652 170)	(326 615)	71 533
Net earnings (loss) per share	(0,01)	(0,03)	(0,02)	(0,03)	(0,03)	(0,03)	(0,02)	0,00
Weighted average number of common shares issued and outstanding	34 831 379	30 742 446	29 040 685	20 193 913	19 237 253	19 237 253	19 237 253	19 237 253

### Financial position and cash flows

(In Canadian dollars)	As at September 30, 2005	As at June 30, 2005
	\$	\$
Cash and bank loan	-	231 134
Current assets	2 592 945	2 230 906
Total assets	6 443 093	6 307 971
Current liabilities	3 061 647	2 338 443
Long term liabilities	3 557 254	3 703 874

As at September 30, 2005, current assets totaled \$2,592,945 compared to \$2,230,906 as at June 30, 2005. Current liabilities stood at \$3,061,647 at September 30, 2005, compared to \$2,338,443 as at June 30, 2005. The working capital decreased by \$361,165 to stand at a deficiency of \$468,702 as at September 30, 2005 compared to a deficiency \$107,537 as at June 30, 2005. The increase of the total assets is explained by the increase of services revenues and the resumption of software licences sales in September, July and August being historically slow because of the summer months.

As at September 30, 2005, the Company utilized its bank line. During the quarter the Company cashflows primarily served to finance the operating activities.

### Operating Activities

Operating activities used cashflows of \$710,717 in quarter ended on September 30, 2005, compared with \$652,694 in 2004. The net loss and non-cash items used cash flows of \$231,539,

versus \$547,159 in 2004. Conversely, changes in non-cash working capital items engaged cash flows of \$479,178 as a result of the none recurring and extraordinary delay regarding payments of an important client of Amadeus subsidiary M3K Solutions.

### Financing Activities

Financing activities provided cash flows of \$608,917 for the first quarter of 2006, down from \$644,239 in 2005. The Company used its operating bank line to finance for a total amount of \$403,098, which stands at \$803,098 as at September 30, 2005. Moreover the Company had an authorized line of credit to finance tax credit receivable as at June 30, 2005. The balance of this line of credit is \$245,600 as at September 30, 2005. For the same quarter a year earlier financing activities cashflows were generated by the same line of credit for a total amount of \$644,239.

### Investing Activities

Investing activities used cash flows of \$14,930 for the first three months of the year, totally engaged for additions to property, plant and equipment.

In upcoming quarters, Amadeus plans to continue growing its professional services and increasing its software sales. The Company also remains on the lookout for business opportunities to strengthen its position in the compliance management industry. The cash resources required to finance its various projects will come from working capital and possibly from short and long-term loans as well as share issues. It should be pointed out that Amadeus did not attain certain financial ratios relating to the long-term debt in an amount of \$1,500,000 contracted to pay the cash portion in connection with the acquisition of M3K Solutions. Management has taken diverse financial initiatives in order to remedy this situation.

### Contractual Obligations

The Company has entered into long-term lease agreements expiring between October 2005 and April 2010. Future minimum lease payments totalled \$303,157 as at September 30, 2005. Minimum annual payments required over the next five years under these agreements amount to \$84,926 in 2006, \$66,553 in 2007 and 2008, \$57,206 in 2009 and \$27,919 in 2010.

### Shareholder's equity

	September 30 2005 \$	June 30 2005 \$
Share capital		
34 472 287 common shares (34 472 287 as at June 30, 2005)	4 187 651	4 187 651
Warrants and Stock options (Number)	September 30 2005	June 30 2005
Warrants	1 378 244	1 378 244
Stock options	2 923 276	2 923 276

Amadeus did not pay any dividends on its common shares in 2005 and does not plan to pay any in the near future, preferring to retain its cash resources to finance its growth.

**Risks and Uncertainties**

Amadeus is involved in an industry subject to various risks and uncertainties. Its operating results and financial position could be adversely affected by each of the following factors along with the financial risks described above. Other risks and uncertainties that are currently unknown or deemed immaterial could potentially affect the Company.

**Capital Requirements****Exclusive Intellectual Property Rights****Competition and Technological Obsolescence****Conflicts of Interest****Qualified Labour****Acquisitions****Market Uncertainty****Exchange Rates****Tax Credit Related Risk**

The risk factors and uncertainties listed here are not the only ones that may affect the Company. Other risks and uncertainties currently unknown to the company or regarded as negligible could also impact its business.

**Forward-Looking Statements**

Certain statements set forth in this management's report or any other section of this annual report may be forward-looking. Forward-looking statements involve known and unknown risks, uncertainties and other factors (see Risks and Uncertainties section) that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Amadeus disclaims any intention or obligation to update or revise any forward-looking statements in order to account for any new information or any other event. The reader is warned against the risk of attributing excessive credibility to these forward-looking statements.

**Outlook**

Fiscal 2005 and the first quarter of fiscal 2006 were marked by many achievements, which temporarily had an adverse impact on the Company's sales, will yield benefits as of the current fiscal year. On the strength of a targeted strategy, a services offering that is more comprehensive and competitive than ever, and skilled human resources driving its success, Amadeus is on a firm footing to consolidate its positioning in the compliance management and corporate governance industry, one of the most promising sectors in the information technology industry.

**Additional Information and Continuous Disclosure**

This Management's Report was prepared as of November 11, 2005. Additional information is available on SEDAR's website at [www.sedar.com](http://www.sedar.com).

*(S) Frédéric Garand*

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**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. They must be read along with the annual financial statement as at June 30, 2005 include in the last annual report of the Company. 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**

	<b>Three months period ended September 30,</b>	
	<b>2005</b>	<b>2004</b>
	\$	\$
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>REVENUES</b>	1,426,376	253,096
<b>COST OF REVENUES</b>	700,150	58,105
<b>GROSS MARGIN</b>	726,226	194,991
<b>OPERATING EXPENSES</b>		
Research and development	204,413	210,076
Selling, general and administrative	701,206	473,737
Depreciation and amortization	195,745	31,976
	1,101,364	715,789
<b>LOSS BEFORE OTHER EXPENSES</b>	(375,138)	(520,798)
Accretion on convertible debentures	4,098	2,514
Interest, net	86,566	66,196
	90,664	68,710
<b>LOSS BEFORE INCOME TAXES</b>	(465,802)	(589,508)
<b>INCOME TAX EXPENSE (RECOVERY)</b>		
Current income taxes	-	-
Future income taxes	-	808
	-	808
<b>NET LOSS FOR THE PERIODS</b>	(465,802)	(590,316)
<b>BASIC AND DILUTED NET LOSS PER SHARE (note 7)</b>	(0.01)	(0.03)

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

**AMADEUS INTERNATIONAL INC**  
**CONSOLIDATED STATEMENTS OF DEFICIT**

	Three months period ended September 30,	
	2005 \$ (unaudited)	2004 \$ (unaudited)
BALANCE - BEGINNING OF PERIOD	(5,051,468)	(1,267,044)
NET EARNINGS (LOSS) FOR THE PERIOD	(465,802)	(590,316)
BALANCE - END OF PERIOD	(5,517,270)	(1,857,360)

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

**AMADEUS INTERNATIONAL INC.  
CONSOLIDATED BALANCE SHEETS**

	As at September 30, 2005	As at June 30, 2005
	\$ (unaudited)	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	-	231,134
Accounts receivable (note 3)	1,920,152	1,408,278
Net investment in a lease agreement	36,061	36,061
Refundable tax credits	593,258	514,556
Income tax recoverable	10,000	10,000
Prepaid expenses	33,474	30,877
	2,592,945	2,230,906
<b>PROPERTY, PLANT AND EQUIPMENT</b>	198,780	216,256
<b>INTANGIBLE ASSETS AND OTHER ASSETS</b>	2,734,924	2,898,263
<b>GOODWILL</b>	203,089	203,089
<b>NET INVESTMENT IN A LEASE AGREEMENT</b>	12,675	22,755
<b>FUTURE INCOME TAX ASSETS</b>	700,680	736,702
	6,443,093	6,307,971
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Excess of outstanding cheques over bank balance	-	114,404
Bank loan	803,098	400,000
Loan secured by the refundable tax credits	245,600	-
Accounts payable and accrued liabilities	1,192,910	1,029,927
Deferred revenues	352,236	397,546
Incomes taxes	89,000	89,000
Current portion of long term debt	378,803	307,566
Future income tax assets	-	-
	3,061,647	2,338,443
<b>DEFERRED REVENUES</b>	4,898	8,576
<b>LONG TERM DEBT</b>	1,286,688	1,397,707
<b>LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES</b>	1,564,988	1,560,889
<b>FUTURE INCOME TAX LIABILITIES</b>	700,680	736,702
	6,618,901	6,042,317
<b>SHAREHOLDER'S EQUITY</b>		
Equity component of convertible debentures	380,924	380,924
Share capital (note 4)	4,187,651	4,187,651
Stock options (note 4)	476,061	451,721
Warrants (note 4)	161,815	161,815
Contributed surplus	135,011	135,011
Deficit	(5,517,270)	(5,051,468)
	(175,808)	265,654
	6,443,093	6,307,971

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

**AMADEUS INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months periods ended September 30</b>	
	<b>2005</b> \$ <b>(unaudited)</b>	<b>2004</b> \$ <b>(unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings (loss) for the period	(465,802)	(590,316)
Items not affecting cash		
Proceeds derived from the net investment in a lease agreement	10,080	7,859
Depreciation and amortization	195,745	31,976
Stock-based compensation	24,340	-
Accretion on convertible debentures	4,098	2,514
Future income taxes	-	808
	(231,539)	(547,159)
Net change in non-cash operating working capital items excluding deferred revenues (note 7)	(430,190)	(33,103)
Increase in deferred revenues	(48,988)	(72,432)
	(710,717)	(652,694)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Variation in bank loan	403,098	558,293
Decrease in loan secured by tax credits	245,600	122,000
Payments on long term debt	(39,781)	(36,054)
	608,917	644,239
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(14,930)	(1,025)
Acquisitions of intangible assets	-	(916)
Increases in other assets, net of tax credits received	-	(11,292)
	(14,930)	(13,233)
<b>NET CHANGE IN CASH</b>	(116,730)	(21,688)
<b>CASH - BEGINNING OF THE PERIOD</b>	116,730	-
<b>CASH - END OF THE PERIOD</b>	-	(21,688)

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

**AMADEUS INTERNATIONAL INC**  
**ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**

**1. STATUTES AND NATURE OF ACTIVITIES**

The company, incorporated under Part 1A of the Québec Companies Act. It is specializing in the development and marketing of compliance process control 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 accompanying unaudited financial statements are in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are also consistent with the policies outlined in the Corporation's audited financial statements for the year ended June 30, 2005 available in the last annual report. The interim financial statements and related notes should be read in conjunction with the Corporation's audited financial statements for the year ended June 30, 2005. When necessary, the financial statements include amounts based on informed estimates and best judgements of management. The results of operations for the interim periods reported are not necessarily indicative of results to be expected for the year.

**3. ACCOUNTS RECEIVABLE**

	As at September 30, 2005 \$ (unaudited)	As at June 30, 2005 \$
Trade	1,962,844	1,374,242
Others	5,842	34,036
	1,968,686	1,408,278

**4. CAPITAL STOCK**

**Authorized**

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

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

	As at September 30, 2005 (3 months)		As at June 30, 2005 (12 months)	
	Number	Stated value \$ (unaudited)	Number	Stated value \$
Balance - Beginning of the period	34,381,378	4,187,651	19,237,253 *	1,813,059
Issuance of shares upon the amalgamation	-	-	7,050,000	63,713
Issuance of shares upon the business combination	-	-	5,428,571	1,088,063
Issuance of shares upon the private placement	-	-	2,756,463	1,354,235
Share issue expenses	-	-	-	(81,419)
Share purchase financing agreement	-	-	(90,909)	(50,000)
Balance - End of the period	34,381,378	4,187,651	34,381,378	4,187,651

\* 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**  
**SEPTEMBER 30, 2005**

**Stock options**

In March 2005, further to the amalgamation that occurred in December 2004, the company's Board of Directors adopted a stock option plan for directors, employees and consultants providing services to the company. The exercise price shall not lower than the quoted market price of the TSX Venture Exchange on the day preceding the date of grant. The number of shares that is issuable under the plan shall not exceed 3,090,264 common shares, and the maximum number that may be granted to an optionee shall not exceed 5% of all the outstanding common shares. The basis and vesting period of stock options will be determined and authorized by the Board of Directors. Options expire after a maximum period of ten years following the date of grant.

The following tables present the stock options activity:

a) Options granted under the stock option plan

	As at September 30, 2005 (3 months)			As at June 30, 2005 (12 months)		
	Number	Value \$ (unaudited)	Weighted average exercise price \$ (unaudited)	Number	Value \$	Weighted average exercise price \$
Outstanding - Beginning of the period	1,960,000	23,767	0.60	-	-	-
Granted	-	-	-	2,215,000	-	0.30
Cancelled	(295,000)	-	0.30	(255,000)	-	0.30
Net compensation costs		24,340		-	23,767	-
Outstanding - End of the period	1,665,000	48,107	0.23	1,960,000	23,767	0.60

b) Options granted external to the stock option plan

	As at September 30, 2005 (3 months)			As at June 30, 2005 (12 months)		
	Number	Value \$ (unaudited)	Weighted average exercise price \$ (unaudited)	Number	Value \$	Weighted average exercise price \$
Outstanding - Beginning of the period *	1,286,468	427,954	0.30	87,086	-	0.49
Granted further to the amalgamation	-	-	-	1,205,000	427,954	0.20
Cancelled	(28,092)	-	0.41	(5,618)	-	0.41
Net compensation costs	-	-	-	-	-	-
Outstanding - End of the period	1,258,376	427,954	0.26	1,286,468	427,954	0.30

\* As of the amalgamation date, the resulting company granted 87,086 stock options in consideration of the 62,000 stock options of Amadeus International Inc. These options are exercisable at the rate of 25% per annum commencing on the first anniversary of the date of grant.

**AMADEUS INTERNATIONAL INC**  
**ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**

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

Exercise price	Options outstanding as at September 30, 2005		Options exercisable as at September 30, 2005	
	Number	Weighted average remaining contractual life (years) (unaudited)	Number	Weighted average remaining contractual life (years) (unaudited)
0.20 \$	1,205,000	2.1	1,205,000	2.1
0.30 \$	1,665,000	4.6	231,247	4.6
0.41 \$	30,902	7.6	15,803	7.6
0.71 \$	22,474	5.3	22,474	5.3
	2,923,376	3.6	1,474,524	2.6

**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, 2003, the net loss and related net loss per share figures on a pro-forma basis would be as follows:

	Three months periods ended September 30,	
	2005 \$ (unaudited)	2004 \$ (unaudited)
Net earning (loss) for the period	(465,802)	(590,316)
Pro-forma adjustment for stock-based compensation costs	(617)	(86)
Pro-forma net earnings (loss) for the period	(466,419)	(590,402)
Basic and diluted net earnings (loss) per share	(0.01)	(0.03)
Basic and diluted pro-forma net earnings (loss) per share	(0.01)	(0.03)

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.

**AMADEUS INTERNATIONAL INC**  
**ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**

**Warrants**

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

	As at September 30, 2005 (9 months)			As at June 30, 2004 (12 months)		
	Number	Value \$	Weighted average exercise price \$ (unaudited)	Number	Value \$	Weighted average exercise price \$
Outstanding - Beginning of the period	1,378,244	161,815	0.78	-	-	-
Granted upon the amalgamation	-	-	-	1,378,244	161,815	0.78
Outstanding - End of the period	1,378,244	161,815	0.78	1,378,244	161,815	0.78

The following table summarizes information about warrants as at September 30, 2005

Exercise price \$	Number	Weighted average remaining contractual life (years) (unaudited)
0.65 \$	454,546	0.73
0.85 \$	923,698	1.23
	1,378,244	1.07

**5. SEGMENTED 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 September 30,	
	2005 \$ (unaudited)	2004 \$ (unaudited)
Canada	1,300,932	191,075
Portugal	11,998	31,540
France	27,860	30,481
United States	64,937	-
Others	20,649	-
	1,426,376	253,096

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

**AMADEUS INTERNATIONAL INC**  
**ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**

**6. 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 September 30,	
	2005 (unaudited)	2004 (unaudited)
Basic weighted average number of shares outstanding	34,831,379	19,237,253
Diluted effect of stock options	-	-
Diluted effect of convertible debenture	-	-
Diluted weighted average number of shares outstanding	34,831,379	19,237,253
<b>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</b>		
Stock options	1,909,475	82,836
Warrants	1,378,244	-
Convertible debentures	4,722,182	4,722,182

For the periods ended September 30, 2004 and 2005, the potentially dilutive weighted average number of shares outstanding was the same as the basic weighted average number of share outstanding since the effect of stock option at an exercise price of \$0.20 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.

However, should the company's basic earnings per share have been positive, the options at an exercise price of \$0.20 would have been dilutive and would have resulted in the addition of 1,052,862 shares to the weighted average number of shares outstanding used in the diluted earnings per share calculation.

**7. ADDITIONAL DISCLOSURES ON CASH FLOWS**

	Three months periods ended September 30,	
	2005 \$ (unaudited)	2004 \$ (unaudited)
<b>Net change in non-cash operating working capital items</b>		
Accounts receivable	(511,874)	229,572
Refundable tax credits	(78,702)	(172,736)
Prepaid expenses	(2,597)	9,628
Accounts payable and accrued liabilities	162,983	(99,567)
	(430,190)	(33,103)