



**Third Quarter Report
November 30, 2003**

Management's Discussion and Analysis of Financial Condition and Results of Operations Third Quarter ending November 30, 2003

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the third quarter ended November 30, 2003 in conjunction with the unaudited consolidated financial statements for the period ending November 30, 2003 and the audited consolidated financial statements for the year ending February 28, 2003. The following discussion also contains forward-looking statements and should be read in conjunction with the factors described in the "Forward-looking statements" section of the MD&A.

Business Overview

On September 5, 2003 the Company's shareholders agreed to change the name of the Company to Homeserve Technologies Inc. ("Homeserve" or the "Company"). The Company's shareholders also approved the consolidation of Homeserve's Common Shares on a one for 25 basis and the reduction in stated capital of \$3.36 million to eliminate a deficit which was related to the historical operations of the Company. Management believes that these changes will allow shareholders to more accurately evaluate the future performance of Homeserve.

Due to the inability of Homeserve to meet the continued listing requirements of the Toronto Stock Exchange ("TSX"), Homeserve's Common Shares were delisted from trading on the TSX on August 29, 2002. Currently Homeserve is not listed for trading on any major stock exchange. While Homeserve is not listed on a stock exchange a shareholders ability to buy or sell shares is limited. However, a shareholders ownership stake in Homeserve is not impacted by the fact that the shares no longer trade on a recognized stock exchange.

Homeserve has evolved into a technology company focusing on the development of proprietary software solutions and its Home-Link Services Canada Ltd. ("Home-Link") business unit. The software development business units consist primarily of a co-ownership of the Credit Adjudication & Lending Management System ("CALMS") and the development of specific software applications on a client by client basis.

Home-Link Services Canada

Management continues to focus on identifying and developing new streams of revenue for the Home-Link business. During the second quarter of 2003 management made progress on this goal by entering into a joint venture agreement with Royal LePage Relocation Services Limited ("Relocation Services") and AMJ Van Lines. Home-Link and Relocation Services provide their services to AMJ Van Lines customers.

Home-Link continues to market its services to the real estate channel coupled with efforts to enroll new suppliers in its network. Home-Link has also begun to market its software and service solutions to mortgage lenders as a customer relationship management solution.

Software Development

As previously announced, Homeserve entered into an agreement to purchase the ICON relocation software system from Royal LePage Real Estate Services Ltd. and its affiliate Relocation Services (collectively, "Royal LePage"). The Board of Directors subsequently withdrew its recommendation and the transaction was removed from the agenda of matters to be voted on at the September 5, 2003 meeting. The recommendation was withdrawn due to uncertainty raised by a Canadian International Trade Tribunal recommendation to the Department of Public Works and Government Services (PWGS) to re-evaluate certain Royal LePage service

contracts and a subsequent decision by PWGS to re-tender the contracts. Management and Royal LePage are continuing to negotiate the terms of the transaction and the Company anticipates submitting revised terms to the Company's shareholders for approval.

Software development projects also include ongoing development of CALMS and the further development and licensing of Home-Link's CRM Care II technology.

CALMS represents an opportunity to provide additional products and services to Home-Link clients including banks, trust companies and other lenders.

Home-Link's Care II technology is a robust CRM software technology, which provides a number of application and licensing opportunities. Management believes that further analysis and resourcing against this market opportunity has the potential to yield profitable results for the Company.

Third Quarter 2004 Compared to Third Quarter 2003

Results of Operations

The Company reported a loss of \$0.8 million (\$0.37 per share) for the three months ended November 30, 2003 as compared to a loss of \$2.7 million (\$1.09 per share) for the same period of last year. Of the loss reported for the three months ended November 30, 2003, \$0.8 million is attributable to the operations of Home-Link and \$0.2 million is attributable to the software development business and corporate operating activities, offset by \$0.2 million in investment income. The decrease in loss of \$1.9 million from the same period in 2002 is primarily the result of not having severance and restructuring costs and lower selling general and administration costs during the 3rd quarter, offset by higher amortization and depreciation costs. Severance and other costs decreased since the restructuring of Homeserve was largely completed at the end of fiscal 2003.

Revenues were \$0.2 million during the current quarter compared to \$0.1 million for the same period last year. The \$0.2 million in revenues is comprised of \$0.1 million from Home-Link and \$0.1 million from our software development business.

Operating expenses were \$0.7 million for the three months ended November 30, 2003. Of the \$0.7 million, \$0.5 million in expenses were attributable to Home-Link with the balance attributable to operating expenses associated with our software development business and ongoing corporate operating costs. Operating expenses during the same period of the previous year were \$2.6 million. The decrease is attributable to no restructuring charges in the third quarter of fiscal 2004.

Investment income was \$0.2 million in the third quarter of 2004, representing an increase of \$0.1 million from the third quarter of 2003. The increase is attributable to a full quarter of interest income earned from cash balances, as opposed to a partial quarter ended November 30, 2002. The cash is a result of Brascan Financial Corporation ("Brascan Financial") subscribing during the third quarter of the previous fiscal year for 20,000,000 Series B Preferred shares in exchange for cash proceeds of \$20 million.

Amortization and write-down of property, plant and equipment was \$0.1 million for the three months ended November 30, 2003 unchanged from the same period last year.

Amortization of intangible assets was \$0.3 million for the three months ended November 30, 2003 compared with nil for the previous period. The amortization relates to \$5.5 million of intangible assets acquired in the purchase of Home-Link

For the three month period ending November 30, 2002 there was a loss on equity investment of \$0.2 million. The amount is the result of the purchase of 49% of Home-Link on September 13, 2002 which was accounted for using the equity method until the remaining 51% of Home-Link was purchased on October 7, 2002 at which time the Company began to consolidate the results of Home-Link.

Year to Date Results of 2004 Compared to Year to Date Results of 2003

Results of Operations

As previously mentioned, the Company received approval of its restructuring plan during the second quarter ending August 31, 2002. On September 13, 2002 the Company announced that it had purchased 49% of Home-Link and that Brascan Financial was subscribing for 20,000,000 Series B Preferred Shares in exchange for proceeds of \$20 million. The remaining 51% of Home-Link was purchased on October 7, 2002. As such, the following comparison for the nine month period ending November 30, 2002 includes 54 days of consolidated results for Home-Link and investment income for a portion of the quarter while the period ending November 30 2003 includes a full quarter of results of Home-Link and investment income earned from cash balances arising from the Brascan Financial investment.

The Company reported a loss of \$2.5 million (\$1.16 per share) for the nine months ended November 30, 2003 as compared to a loss of \$4.9 million (\$2.49 per share) for the same period last year. Of the loss reported for the nine months ended November 30, 2003, \$3.2 million is attributable to the operations of Home-Link offset by income of \$0.7 million in investment income. The results from the software development business net of corporate operating costs had a negligible impact on the loss. Of the \$4.9 million loss reported for the nine-month period ending November 30, 2002 \$0.5 million is attributable to the operations of Home-Link, \$3.9 million to the software development Business and \$1.3 million to corporate costs and loss on investments reduced by \$0.8 million of non-recurring items. These items were comprised of a gain on the sale of a business unit of \$0.2 million and a gain from the acceptance of the CCAA plan of \$0.8 million and a loss on equity investment of \$0.2 million.

Revenues were \$1.4 million for the nine months ending November 30, 2003 as compared to \$3.6 million for the same period of last year. The \$1.4 million in revenues is comprised of \$0.4 million from Home-Link and \$1.0 million from our software development business. During the nine month period ending November 30, 2002, \$3.5 million in revenue was attributable to the software development business unit. The remaining \$0.1 million was attributable to Home-Link from October 7, 2002 (the date of acquisition) to November 30, 2002.

Operating expenses were \$2.8 million for the nine months ended November 30, 2003 as compared to \$4.3 million for the same period of last year. Of the \$2.8 million, \$2.3 million is attributable to Home-Link with the balance attributable to operating expenses associated with our software development business unit and ongoing corporate operating costs. Of the \$4.3 million for the nine month period ending November 30, 2002, \$2.2 million is attributable to severance and other restructuring costs, \$1.7 for the operation of the software development business and other corporate costs and \$0.4 million for the operation of Home-Link from October 7, 2002 to November 30, 2002. The decrease in operating costs is attributable to not having restructuring costs during fiscal 2004. Lower operating costs in fiscal 2004 of the software development business were offset by higher operating costs from the acquisition of Home-Link.

Investment income increased to \$0.7 million for the nine months ended November 30, 2003 from \$0.1 million for the same period of last year. The increase is attributable to interest income earned from cash balances arising on the funds raised from Brascan Financial's subscription for 20,000,000 Series B Preferred Shares during the third quarter of fiscal 2003.

On January 28, 2002 the Company entered into a purchase and sale agreement with Cognicase Inc. for the sale of its Deployed Consulting Services Group ("DCS Group"). The purchase price of \$2 million was satisfied through the issuance of 196,329 shares of Cognicase Inc. The Company recognized a loss of \$1.4 million for the nine month period ended November 30, 2002 to reflect the decreased market value of these shares. There was no loss on the sale of marketable securities during the nine month period ending November 30, 2003 as all of the Company's marketable securities received from the sale of the DCS Group were sold during the third quarter ended November 30, 2002.

On July 19, 2002 the Company entered into an agreement to sell its CALMS Solution Group to White Clark North America ("WCG"). Homeserve recognized a gain on sale of the CALMS Solution Group of \$0.2 million. As part of the transaction, the Company retained a co-ownership interest in the CALMS software and has entered into a non-competition agreement with WCG in respect of certain businesses. No business units were sold during the nine month period ending November 30, 2003.

During the nine month period ending November 30, 2002 both secured and unsecured creditors unanimously approved the restructuring of the Company under the Companies Creditors Arrangement Act ("CCAA"). As a result of the settlement of creditors claims for less than their original amount, the Company recognized a gain from acceptance of the CCAA plan of \$0.8 million. As the impact of the CCAA restructuring on the financial results had previously been recorded, there was no effect on the current quarters results.

Amortization and write-down of property, plant and equipment was \$0.4 million for the nine months ended November 30, 2003 unchanged from the same period last year. The amortization for the current year is the result of capital assets purchased with the Home-Link acquisition whereas the amount in the prior year primarily relates to the write-off of the remaining assets of the Company prior to the acquisition of Home-Link.

Amortization of intangible assets was \$0.9 million for the nine months ended November 30, 2003 compared with nil for the previous period. The amortization relates to \$5.5 million of intangible assets acquired in the purchase of Home-Link.

Liquidity and Capital Resources

As at November 30, 2003, the Company had positive working capital of \$14.3 million compared to positive working capital of \$17.3 million as at February 28, 2003. The decrease in working capital is due primarily to the continued funding of the operating losses of Home-Link and funding dividend payments on the Company's preferred shares.

Cash and short-term investments on hand at November 30, 2003 was \$15.5 million compared to \$19.7 million as at February 28, 2003. The Company has invested its cash in investment grade corporate bonds as it continues to evaluate higher yield investment opportunities. The increase in cash is attributable to the investment in Series B Preferred shares of the Company by Brascan Financial.

Accounts receivable was \$0.5 million at November 30, 2003 a decrease of \$0.2 million from the balances at February 28, 2003. The decrease is the result of the collection of GST Input Tax

Credits from Canada Customs and Revenue Agency ("CCRA") which had been on hold pending the outcome of a CCRA audit.

Accounts payable and accrued charges were \$0.5 million as at November 30, 2003, unchanged from the balance at February 28, 2003.

Deferred revenue as at November 30, 2003 was \$0.6 million compared to \$1.7 million reported at February 28, 2003. The current deferred revenue balance is comprised of Relocation Services' prepayment to Homeserve for the development and upgrade of the ICON software and related computer systems and deferred service and marketing fee revenue of Home-Link. The decrease of \$1.1 million is primarily the result of the recognition of revenue from Homeserve delivering products and services to Relocation Services during the first quarter offset by an increase in deferred Home-Link service contracts revenue.

Income taxes payable relate to liabilities of Homeserve for unpaid taxes from period prior to the CCAA restructuring. Management is currently in negotiations with CCRA to settle these amounts. Any potential liability is fully provided for in Homeserve's current financial statements.

Homeserve believes it has sufficient liquid assets to meet its obligations and continue to fund the operations of Home-Link, the Company's software development activities and its corporate operating activities for the foreseeable future.

Outlook

Forward-looking statements

Certain statements in this Interim Report, contain words such as "could," "expects," "may," "anticipates," "believes," "intends," "estimates," "plans," "envisions," and other similar language and are considered forward-looking statements. These statements are based on our expectations, estimates, forecasts and projections about the operating environment and markets in which we operate. In addition, other written or oral statements, which are considered forward-looking, may be made by us or others on our behalf. These statements are subject to important risks, uncertainties and assumptions, which are difficult to predict, and the actual outcome may be materially different. Some of the factors, which could cause results or events to differ from current expectations include, but are not limited to, the factors described below. Unless required by applicable securities law, we do not have any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Future Capital Needs and Uncertainty of Additional Financing

The Company may need to raise additional funds in the future in order to take advantage of its growth opportunities. These opportunities may require a more rapid expansion or acquisitions of complementary businesses or technologies, the development of new products and other responses to competitive pressures. There can be no assurance that additional financing will be available on terms favourable to the Company, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of strategic opportunities, develop new products and services or otherwise respond to competitive pressures.

Competition

The U.S. market for the aggregation of real estate ancillary services is highly competitive. While the Company believes that there are no Canadian competitors who possess the same sophistication of model focused on home servicing as the Company with its Home-Link business, initiatives by large financial institutions could result in a significant competitive threat. These large financial institutions would be able to capture customers through their financial products and the

level of trust, security, brand awareness and credibility these institutions enjoy in the marketplace. Existing or future competitors may develop or offer services that are comparable or superior to the Company at a lower price, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Key Customers & Suppliers

Sales cycles for adoption of the Home-Link service by real estate agents and brokers requires considerable time. Initial introduction of the Company's Home-Link service was exclusively focused on Royal LePage ("RLP") real estate brokerages and accordingly, a significant amount of current revenue from real estate brokerages is generated from RLP. The loss of Royal LePage as a client could have an adverse impact on the Company's results of operations and may impede the Company's ability to introduce this service across Canada. Sales efforts in 2003 have generated some momentum, but national supplier sales are still in start-up mode. There can be no assurances that such contracts will be entered and/or renewed on favourable terms or at all at their scheduled expiration, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence upon Key Personnel

The Company competes for qualified personnel and if qualified professionals cannot be attracted, motivated and retained, the business and results of operations and financial condition of the Company could be materially adversely affected.

Dependence on Proprietary Technology

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology, namely its Canadian licensing rights to Home-Link's CARE II software. The Company generally enters into non-disclosure agreements with employees and customers and historically has restricted access to its software products' source codes. The Company regards its source code as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as unpublished copyrighted works. In a few cases, the Company has provided copies of source codes for certain products to customers and strategic partners, for the purpose of special customization for identified projects. In these cases, the Company relies on non-disclosure and other contractual provisions to protect its proprietary rights. Despite the Company's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company's products or otherwise obtain and use information that the Company regards as proprietary.

There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of its technology or independent development by others of technologies that are substantially equivalent or superior to the Company's technology. The Company could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that the assertion of such claims will not result in litigation or that the Company would prevail in such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to the Company. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Company and divert management's attention and resources from the Company's operations. Any infringement claim or litigation against the Company could, therefore, materially adversely affect the Company's business, results of operations and financial condition.

Limited Profitability

The Company has reported net losses and losses from continuing operations in each of the last three fiscal years. Home-Link is an early stage corporation that is currently implementing its development strategy throughout major Canadian markets. There can be no assurance that cash flow from operations in future periods will be sufficient to fund operations or that Home-Link will be profitable.

Stock Listing

As a result of the Company's inability to meet the continued listing requirements, the TSX de-listed the Common Shares effective August 29, 2002. There can be no assurance as to whether the Company will be able to list its Common Shares on a recognized Canadian stock exchange or, if Common Shares are listed, an active and liquid trading market will develop. Given the Company's current results and mid-term prospects, the Company has no current plans to apply for a listing on a recognized stock exchange.

Homeserve is currently comprised of two business units: Home-Link Services Canada Ltd and software development.

Home-Link

Home-Link is a start up business involved in providing services to consumers during the home purchasing and selling cycle. Home-Link has never been profitable and has incurred significant losses since it started business in mid-2000. Home-Link continues to develop its service offerings and is in active negotiations with leading Canadian Financial Institutions to further its growth. While management believes that Home-Link will ultimately develop into a successful business it is expected that Home-Link will continue to incur losses for the foreseeable future.

Software Development

Software development projects consist primarily of ongoing development of CALMS and the further development and licensing of Home-Link's CRM Care II technology. Homeserve entered into an agreement to purchase the ICON relocation software system from Royal LePage Real Estate Services Ltd. and its affiliate Relocation Services (collectively, "Royal LePage"). The Board of Directors subsequently withdrew its recommendation and the transaction was removed from the agenda of matters to be voted on at the September 5, 2003 meeting. The recommendation was withdrawn due to uncertainty raised by a Canadian International Trade Tribunal recommendation to the Department of Public Works and Government Services (PWGS) to re-evaluate certain Royal LePage service contracts and a subsequent decision by PWGS to re-tender the contracts. Management and Royal LePage are continuing to negotiate the terms of the transaction. There can be no assurance that the Company will be able to complete the acquisition of the ICON Software or that such a transaction will receive the required shareholder approval.

Investment Operations

The Company's existing investment portfolio of \$15 million as at November 30, 2003 has a yield to maturity ranging from 4.8% to 6.2% while the Company's \$21.280 million Preferred Shares have a 9% annual cumulative dividend requirement.

Management will continue to evaluate higher yield investment opportunities, which meets its risk and liquidity tolerances in conjunction with advice provided by Trilon Securities Corporation, a related company within the Brascan group of companies.

Homeserve Technologies Inc.
Consolidated Balance Sheet

	November 30 2003 (unaudited)	February 28 2003 (audited)
<u>(thousands of dollars)</u>		
Assets		
Current Assets		
Cash and cash equivalents	514	4,062
Short-term investments	14,976	15,659
Accounts receivable	476	660
Prepaid expenses and other assets	<u>657</u>	<u>371</u>
	16,623	20,752
Property, plant and equipment	565	894
Intangible assets	<u>4,456</u>	<u>5,144</u>
	<u><u>21,644</u></u>	<u><u>26,790</u></u>
 Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	485	521
Income taxes payable	831	910
Dividends payable	320	310
Deferred revenue	<u>631</u>	<u>1,674</u>
	<u>2,267</u>	<u>3,415</u>
 Shareholders' Equity		
Share capital	23,375	26,735
Contributed surplus	917	917
Deficit	<u>(4,915)</u>	<u>(4,277)</u>
	<u>19,377</u>	<u>23,375</u>
	<u><u>21,644</u></u>	<u><u>26,790</u></u>

Homeserve Technologies Inc.
Unaudited
Consolidated Statement of Operations and
Statement of Retained Earnings and Deficit

(thousands of dollars - except per share amounts)	Three months ended November 30		Nine months ended November 30	
	2003	2002	2003	2002
Sales	151	84	1,415	3,636
Cost of sales	41	-	588	3,334
Gross profit	110	84	827	302
Operating expenses				
Selling, general and administration	673	941	2,824	2,094
Severance and other costs	-	1,696	-	2,239
	673	2,637	2,824	4,333
Loss from continuing operations before the following	(563)	(2,553)	(1,997)	(4,031)
Investment income	203	100	680	133
Investment loss on marketable securities	-	(48)	-	(1,448)
Gain on sale of business unit	-	-	-	200
Gain from acceptance of CCAA Plan	-	-	-	835
Amortization and write-down of capital assets	(123)	(58)	(363)	(358)
Amortization of intangible assets	(302)	-	(877)	-
Equity accounted investment	-	(174)	-	(174)
Loss from continuing operations before income taxes	(785)	(2,733)	(2,557)	(4,843)
Provision for Income taxes	-	-	-	50
Loss from continuing operations	(785)	(2,733)	(2,557)	(4,893)
(Deficit) surplus beginning of period	(7,013)	749	(4,277)	(22,731)
Deficit applied to stated capital	3,360	-	3,360	25,640
Preferred share dividends	(477)	(403)	(1,441)	(403)
Deficit, end of the period	(4,915)	(2,387)	(4,915)	(2,387)
Loss per share	(0.37)	(1.09)	(1.16)	(2.49)

Homeserve Technologies Inc.
Unaudited
Consolidated Statement of Cash Flow

(thousands of dollars)	Three months ended November 30		Nine months ended November 30	
	2003	2002	2003	2002
Cash provided by (used in):				
Operating Activities				
Loss from continuing operations	(785)	(2,733)	(2,557)	(4,893)
Items not affecting cash				
Amortization of premium on bond purchase	36	-	111	-
Amortization and write-down of capital assets	123	58	363	358
Amortization of intangible assets	302	-	877	-
Loss on marketable securities	-	48	-	1,448
Equity accounted investment	-	174	-	174
	(324)	(2,453)	(1,206)	(2,913)
Increase (decrease) in non-cash working capital	675	934	(579)	(2,416)
	351	(1,519)	(1,785)	(5,329)
Investing Activities				
Purchase of property, plant and equipment	-	-	(34)	-
Proceeds from sale of marketable securities	-	552	-	552
Purchase of intangible assets	-	-	(189)	-
	-	552	(223)	552
Financing Activities				
Issuance of preferred shares	-	20,000	-	20,000
Amortization of premium on bond purchase	(36)	-	(111)	-
Payment of preferred share dividends	(482)	-	(1,431)	-
Advances from related party	(355)	-	2	-
	(873)	20,000	(1,540)	20,000
Increase (Decrease) in cash during the period	(522)	19,033	(3,548)	15,223
Cash and cash equivalents, beginning of period	1,036	2,043	4,062	5,853
Cash and cash equivalents, end of period	514	21,076	514	21,076

**Supplemental Disclosure of Non-Cash Investing
and Financing Activities**

Common shares issued under Outside Directors				
Compensation program	-	-	-	4
Common shares issued as part of settlement with landlord	-	100	-	100
Conversion of receivable into common shares of Cognicase Inc.	-	-	-	2,000
Gain from acceptance of CCAA Plan	-	-	-	(835)
Common shares issued in connection with acquisition				
of Home-Link	-	4,420	-	4,420
Preferred shares issued in connection with acquisition of Home-Link	-	1,280	-	1,280

Notes to Unaudited Interim Consolidated Financial Statements

1. BASIS OF PRESENTATION

On September 5, 2003 Shareholders voted to change the name of Microforum Inc. to Homeserve Technologies Inc.

The unaudited interim financial statements of Homeserve Technologies Inc. ("Homeserve" or the "Company") for the period ending November 30, 2003 should be read in conjunction with the consolidated financial statements for the year ended February 28, 2003 as interim financial statements do not conform in all respects to the note disclosure requirements of generally accepted accounting principles for annual financial statements.

Except as otherwise noted in this interim report, the unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended February 28, 2003.

2. SEGMENTED REPORTING

General description

Homeserve operates in two reportable operating segments, Home-Link and CRM Software Development.

Home-Link provides services to buyers and sellers throughout the home purchasing and selling cycle through a proprietary software solution. CRM Software Development includes the Company's co-ownership of the CALMS software solution and the ongoing development and application of proprietary software solutions.

Homeserve's President and Chief Executive Officer ["CEO"] has been identified as the chief operating decision maker in assessing the performance of the segments and the allocation of resources to the segments. Each reportable segment is managed separately with each segment manager reporting directly to the CEO. Contribution margin represents the primary financial measure used by the CEO in assessing performance and allocating resources, and includes cost of revenues, and selling, general and administrative expenses, for which the segment managers are held accountable. In addition, the CEO does not review asset information on a segmented basis in order to assess performance and allocate resources.

	Three Months Ended November 30, 2003	Three Months Ended November 30, 2002
(thousands of dollars)	\$	\$
Revenues		
Home-Link	74	78
Software development	77	6
Total	151	84
Contribution margin		
Home-Link	(418)	(413)
Software development and licensing	(145)	(2,140)
Total contribution deficit	(563)	(2,553)
Investment income	203	100
Loss on sale of marketable securities	-	(48)
Amortization and write-down of property, plant and equipment	(123)	(58)
Amortization of intangible assets	(302)	-
Loss on equity accounted investment	-	(174)
Loss from continuing operations before income taxes	(785)	(2,733)

Notes to Unaudited Interim Consolidated Financial Statements

	Nine Months Ended November 30, 2003	Nine Months Ended November 30, 2002
(thousands of dollars)	\$	\$
Revenues		
Home-Link	354	78
Software development	1,061	3,558
Total	1,415	3,636
Contribution margin		
Home-Link	(1,983)	(413)
Software development and licensing	(14)	(3,618)
Total contribution deficit	(1,997)	(4,031)
Investment income	680	133
Loss on sale of marketable securities	-	(1,448)
Gain on sale of business unit	-	200
Gain from acceptance of CCAA Plan	-	835
Loss on equity accounted investment	-	(174)
Amortization and write-down of property, plant and equipment	(363)	(358)
<u>Amortization of intangible assets</u>	<u>(877)</u>	<u>-</u>
Loss from continuing operations before income taxes	(2,557)	(4,843)

3. CAPITAL STOCK

Authorized:

- Unlimited Preference shares
- Unlimited Common shares

Issued:

Preference shares

Class A (thousands)	Number of Shares	Amount
Balance February 28, 2002	-	\$ -
Issued on acquisition of 49% of Home-Link Services Canada Ltd.	627	627
<u>Issued on acquisition of 51% of Home-Link Services Canada Ltd.</u>	<u>653</u>	<u>653</u>
Balance February 28, 2003 and November 30, 2003	1,280	\$ 1,280

Class B (thousands)	Number of Shares	Amount
Balance February 28, 2002	-	\$ -
Issued for cash by way of private placement	20,000	20,000
Balance February 28, 2003 and November 30, 2003	20,000	\$ 20,000

The Series A Preference shares are non-convertible, non-voting and redeemable by the Company for \$1 per share after December 1, 2004. The holder thereof is entitled to receive, if declared by the board of directors of the Company, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preference shares and a cumulative aggregate preferential annual participation dividend of 0.64% of the Company's annual consolidated net income before tax calculated in accordance with GAAP with the first such annual dividend accruing on February 28, 2003.

The Series B Preference shares are non-convertible, non-voting and redeemable by the Company for \$1 per share after December 1, 2004. The holder thereof is entitled to receive, if declared by the board of directors of the Company, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series B Preference shares and a cumulative aggregate preferential annual participation dividend of 10% of

Notes to Unaudited Interim Consolidated Financial Statements

the Company's annual consolidated net income before tax calculated in accordance with GAAP with the first such annual dividend accruing on February 28, 2003.

Issued:

Common shares

(thousands of dollars)	Number of Shares	Amount
Balance February 28, 2002	43,732,345	\$ 26,570
Issued under outside directors compensation plan	43,211	4
Issued in connection with settlement with landlord	1,000,000	100
Reduction of stated capital	-	(25,639)
Abandonment and cancellation of shares	(6,000)	-
Issued on acquisition of 49% of Home-Link	20,248,088	2,166
Issued on acquisition of 51% of Home-Link	21,074,540	2,254
<u>Abandonment and cancellation of shares</u>	<u>(6,000)</u>	<u>-</u>
Balance February 28, 2003	86,092,184	\$ 5,455
Reduction of stated capital	-	(3,360)
<u>Share consolidation</u>	<u>(82,648,497)</u>	<u>-</u>
Balance November 30, 2003	3,443,687	\$ 2,095

Stated capital reduction

On August 26, 2002, a special resolution was passed by the shareholders of the Company to eliminate the deficit of the Company at February 28, 2002, by reducing the stated capital by \$25,639,467.

On September 5, 2003, a special resolution was passed by the shareholders of the Company to eliminate the deficit of the Company at February 28, 2003, by reducing the stated capital by \$3,360,456.

These deficits were accumulated in connection with the Company's historical operations and do not relate to the Company's current business mandate.

Share consolidation

On September 5, 2003, a special resolution was passed by the shareholders of the Company to consolidate the number of common shares outstanding by issuing one new common share for every 25 common shares currently outstanding.

The share consolidation was implemented in order to provide the Company with maximum flexibility in pursuing financing and other alternatives that may become available to it. As well as to make the Company more comparable with certain other entities which may in the future compete with the Corporation for the attention of institutional investors.

4. STOCK OPTIONS

For the quarter and year ended November 30, 2003, the Company did not grant any options under its stock-based compensation plan. As a result, the fair value method of valuing stock based compensation plans, applied prospectively in accordance with CICA 3870, resulted in no pro-forma compensation charge or pro-forma earnings per share adjustment.

As at November 30, 2003 no options were outstanding (February 28, 2003 – 755,969). The weighted average exercise price of the options outstanding at February 28, 2003 – was \$2.94.

As a result of the divestiture and sale of substantially all of the Company's previous operating business units, all of the stock options outstanding under both the fixed and performance based programs expired in September 2003.

Notes to Unaudited Interim Consolidated Financial Statements

5. RELATED PARTY TRANSACTIONS

The amount due to the related part is unsecured, non-interest bearing and has no fixed terms of repayment.

The Company had the following transactions with related parties of a significant shareholder in the Company. These transactions have been recorded at the exchange amount agreed to between the parties except where noted otherwise.

<u>(thousands of dollars)</u>	Three months Ended November 30, 2003	Three months Ended November 30, 2002
Expenses		
Management fee	83	25
Cost reimbursement	-	50
Rent expense	29	15
Revenue	110	74
Dividends	482	403

<u>(thousands of dollars)</u>	Nine months Ended November 30, 2003	Nine months Ended November 30, 2002
Expenses		
Management fee	250	25
Cost reimbursement	-	100
Rent expense	74	15
Revenue	1,121	74
Dividends	1,431	403

As at November 30, 2003 the Company had dividends payable of \$320 (February 28, 2003 - \$310) to a related party of a significant shareholder in the Company.

6. CONTINGENCIES

In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers or suppliers. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Company.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.

Corporate Information

BOARD OF DIRECTORS

Joseph S. Freedman
Chairman of the Board,
Homeserve Technologies Inc.

Simon P. Dean
President &
Chief Executive Officer,
Homeserve Technologies Inc.

Jason D. Meretsky
Secretary,
Homeserve Technologies Inc.

Donald W. Paterson

Craig Wallace

SENIOR MANAGEMENT

Simon P. Dean
President &
Chief Executive Officer

Kevin Cash
Chief Financial Officer

Max M. Cohen
General Counsel &
Assistant Secretary

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REGISTRAR & TRANSFER AGENT

Computershare Investor Services
151 Front Street
8th Floor
Toronto, Ontario
M5J 2N1

STOCK LISTING

The Company's shares are currently unlisted.

INVESTOR RELATIONS

Requests for a copy of the Annual Report or additional corporate materials should be directed to:

Mansfield Communications
Inc.

Attention: Eliza Walsh

Tel: (416) 599-0024

eliza@mcipr.com