U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2003

Commission file number 10039

eB2B COMMERCE, INC.
(Exact name of small business issuer as specified in its charter)

NEW JERSEY	22-2267658
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

665 BROADWAY
NEW YORK, NY 10012
(Address of Principal Executive Offices)

(212) 477-1700
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES |X| NO |_|

As of June 30, 2003, there were 3,157,431 shares of Common Stock, $0.0001 par value per share, of the registrant outstanding.

Transitional Small Business Disclosure format YES |_| NO |X|

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
eB2B COMMERCE, INC.
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

<S>	June 30, 2003 (Unaudited) <C>
ASSETS	
Current Assets	
Cash and cash equivalents	$ 307
Accounts receivable, net of allowance of $131	368
Other current assets	8
Total Current Assets	683
Property and equipment, net	18
Product development costs, net of accumulated amortization of $5,499	432
Deferred financing costs, net of accumulated amortization of $140	326
Other intangibles, net of accumulated amortization of $2,768	313
Deposit	35
Total assets	$ 1,807
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current Liabilities	
Accounts payable	$ 1,224
Accrued expenses and other current liabilities	998
Current maturities of long-term debt	2,777
Deferred revenue	185
Current liabilities of discontinued operations	252
Total current liabilities	5,436
Long-term debt, less current maturities	373
Total liabilities	5,809
Commitments and contingencies	

Stockholders' Deficit	
Preferred stock, convertible Series A - $.0001 par value; 2,000 shares authorized; 7 shares issued and outstanding	--
Preferred stock, convertible Series B - $.0001 par value; 4,000,000 shares authorized; 2,211,675 shares issued and outstanding	--
Preferred stock, convertible Series C - $.0001 par value; 1,750,000 shares authorized; 732,875 shares issued and outstanding	--
Common stock - $.0001 par value; 200,000,000 shares authorized; 3,157,431 shares issued and outstanding	--
Additional paid-in capital	157,291
Accumulated deficit	(161,293)
Total stockholders' deficit	(4,002)
Total liabilities and stockholders' deficit	$ 1,807

</TABLE>

See accompanying notes to consolidated financial statements.

eB2B COMMERCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Revenue	$ 1,213	$ 832	$ 2,244	$ 1,917
Costs and Expenses:				
Cost of revenue	300	282	600	533
Marketing and selling	100	101	225	248
Product development costs	54	350	182	695
General and administrative	430	884	853	2,074
Amortization of other intangibles	82	195	324	389
Depreciation	30	543	72	1,086
Restructuring credit	--	(655)	--	(655)
Gain on settlement of licensing liability	(566)	--	(566)	--
Stock-based compensation expense	--	81	--	162
Total costs and expenses	430	1,781	1,690	4,532
Income (loss) from continuing operations before interest and other expenses, net	783	(949)	554	(2,615)
Interest and other expenses, net	(168)	(115)	(331)	(230)
Income (loss) from continuing operations	615	(1,064)	223	(2,845)
Income (loss) from discontinued operations	17	(529)	(6)	(342)
Net income (loss)	$ 632	$ (1,593)	$ 217	$ (3,187)
Income (loss) per common share from continuing operations	$ 0.19	$ (0.56)	$ 0.07	$ (1.51)
Income (loss) per common share from discontinued operations	0.01	(0.28)	--	(0.18)
Net income (loss) per common	$ 0.20	$ (0.84)	$ 0.07	$ (1.69)
Weighted average number of common shares outstanding	3,157,416	1,892,196	3,140,931	1,883,730

</TABLE>

See accompanying notes to consolidated financial statements.

eB2B COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	For the Six Months Ended June 30, 2003	2002
Cash flows from operating activities:		
Net income (loss) from continuing operations	$ 223	$ (2,845)
Adjustments to reconcile net income (loss) from continuing operations to net cash used in operating activities:		
Depreciation and amortization	578	2,219
Restructuring credit	--	(655)
Gain on settlement of licensing liability	(566)	--
Stock-based compensation expense	--	162
Non-cash interest expense	211	176
Changes in operating assets and liabilities		
Accounts receivable	240	668
Other current assets	46	14
Other assets	15	--
Accounts payable	(229)	(477)
Accrued expenses and other liabilities	(150)	157
Deferred revenue	(555)	--
Other liabilities	--	(218)
Net cash used in operating activities	(187)	(799)
Cash flows from investing activities:		
Acquisition of Bac-Tech Systems, Inc., net	--	(198)
Purchases of property and equipment	--	(40)
Product development expenditures	(182)	(240)
Net cash used in investing activities	(182)	(478)
Cash flows from financing activities:		
Payments on borrowings	(24)	--
Proceeds from long-term debt	275	--
Payment of capital lease obligations	--	(65)
Net cash provided by (used in) financing activities	251	(65)
Net cash used in continuing operations	(118)	(1,342)
Net cash used in discontinued operations	(36)	(633)
Net change in cash and cash equivalents	(154)	(1,975)
Cash and equivalents - beginning of period	461	2,240
Cash and equivalents - end of period	$ 307	$ 265

See accompanying notes to consolidated financial statements.

eB2B COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(CONTINUED)
(IN THOUSANDS)

	For the Six Months Ended June 30, 2003	2002
Non-cash transactions:		
Common and preferred stock issued in connection with acquisition	$ --	$ 1,240

Issuance of warrants with convertible debt	$ --	$ 750
Issuance of long-term note in connection with acquisition	$ --	$ 397
Beneficial conversion with issuance of convertible debt	$ --	$ 512
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 2	$ 2

</TABLE>

See accompanying notes to consolidated financial statements.

eB2B COMMERCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. ORGANIZATION AND LIQUIDITY PLANS

eB2B Commerce, Inc. (the "Company") utilizes proprietary software to provide a technology platform for buyers and suppliers to transfer business documents via the Internet to their small and medium-sized trading partners. These documents include, but are not limited to, purchase orders, purchase order acknowledgements, advanced shipping notices and invoices. The Company provides access via the Internet to its proprietary software, which is maintained on its hardware and on hosted hardware. The Company also offers professional services, which provide consulting expertise to the same client base, as well as to other businesses that prefer to operate or outsource the transaction management and document exchange of their business-to-business relationships. In addition, until it discontinued these operations as of September 30, 2002, the Company provided authorized technical education to its client base, and also designed and delivered custom computer and Internet-based training seminars.

Since its inception, the Company has accumulated deficits and negative cash flows from operations, which raises substantial doubt about its ability to continue as a going concern.

To ensure the success of the Company, and to address the accumulated deficits and negative cash flows from operations, management enacted a plan for the Company, which includes various cost cutting measures commencing in 2001. Management is currently prepared to take the following actions:

- Raise additional capital, for which there can be no assurance of obtaining, to fund the Company's internal growth, and to sustain the Company if positive cash flow from operations is not generated, or if there are unanticipated expenses.

- Continue to pursue negotiations with its remaining unsecured creditors.

- Investigate potential transactions involving the sale or merger of the Company.

NOTE 2. BASIS OF PRESENTATION

The accompanying quarterly financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

In the opinion of management, all material adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation and certain other prior period balances have been reclassified to conform to the current period presentation. The accompanying unaudited condensed consolidated financial statements are not necessarily indicative of full year results.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the audited consolidated financial statements and footnotes therein included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002.

In January 2002, the Company completed a fifteen for one reverse stock split. All shares and per share amounts have been adjusted to reflect this reverse stock split.

NOTE 3. DISCONTINUED OPERATIONS

In September 2002, the Company discontinued its Training and Educational Services business segment. The Company was unable to find a buyer for this business segment and determined that it was in the best interests of its shareholders to discontinue its operations rather than continue to fund its working capital needs and operating losses. Accordingly, the related results of operations and cash flows have been

NOTE 3. DISCONTINUED OPERATIONS (CONTINUED)

reflected as discontinued operations in the accompanying consolidated financial statements. For the six months ended June 30, 2003 and 2002, the Company's discontinued operations contributed net sales of $0 and $724,000, respectively. As of June 30, 2003, there were no assets relating to this segment, and only the liabilities appear on the Company's balance sheet.

NOTE 4. ACCOUNTING FOR STOCK BASED COMPENSATION

Effective January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards ("FAS") No. 123, "Accounting for Stock-Based Compensation", prospectively to all employee awards granted, modified, or settled after January 1, 2003. Prior to 2003, the Company accounted for stock-based employee compensation under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation cost is reflected in 2002 net income, as all options granted to employees had an exercise price equal to the market value of the underlying common stock on the date of grant. No stock-based compensation cost is reflected in 2003 net income, as no awards were granted during the three and six months ended June 30, 2003. The following table illustrates the effect on net income (loss) and income (loss) per share as if the fair value based method had been applied to all outstanding and unvested awards in each period.

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Income (loss) from continuing operations, as reported	$ 615	$ (1,064)	$ 223	$ (2,854)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	--	(272)	--	(693)
Pro forma income (loss) from continuing operations, net of tax	$ 615	$ (1,336)	$ 223	$ (3,538)
Income (loss) from discontinued operations, as reported	$ 17	$ (529)	$ (6)	$ (342)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	--	--	--	--
Pro forma income (loss) from discontinued operations, net of tax	$ 17	$ (529)	$ (6)	$ (342)
Net income (loss), as reported	$ 632	$ (1,593)	$ 217	$ (3,187)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	--	(272)	--	(693)
Pro forma net income (loss)	$ 632	$ (1,865)	$ 217	$ (3,880)
Income (loss) per share:				
Income (loss) from continuing operations - as reported	$ 0.19	$ (0.56)	$ 0.07	$ (1.51)
Income (loss) from continuing operations - pro forma	$ 0.19	$ (0.71)	$ 0.07	$ (1.88)
Income (loss) from discontinued operations - as reported	$ 0.01	$ (0.28)	$-	$ (0.18)
Income (loss) from discontinued operations - pro forma	$ 0.01	$ (0.28)	$-	$ (0.18)
Net income (loss) - as reported	$ 0.20	$ (0.84)	$ 0.07	$ (1.69)
Net income (loss) - pro forma	$ 0.20	$ (0.99)	$ 0.07	$ (2.06)
Weighted average number of common shares outstanding	3,157,416	1,892,196	3,140,931	1,883,730

</TABLE>

NOTE 5. NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common and dilutive common-equivalent shares outstanding during the period. Dilutive common-equivalent shares consist of shares that would be issued upon the exercise of stock options and warrants (computed using the treasury stock method).

Options and warrants to purchase 26,229,826 shares of common stock, and preferred shares or long term debt convertible into 50,437,000 shares of common stock for the three and six months ended June 30, 2003 were not included in diluted earnings per share as their effect would be anti-dilutive. Options and warrants to purchase 8,958,653 shares of common stock, and preferred shares or long term debt convertible into 8,103,759 shares of common stock for the three and six months ended June 30, 2002, respectively. were not included in diluted loss per share because they would have been antidilutive.

NOTE 6. LONG-TERM DEBT

On March 27, 2003, the Company and the selling shareholders of Bac-Tech Systems, Inc. amended the $600,000 non-interest bearing promissory notes, whereby the $200,000 installment due to the selling shareholders of Bac-Tech Systems, Inc. due May 1, 2003 was deferred until July 1, 2005. The installments of $200,000 due on January 1, 2004 and January 1, 2005 remain unchanged.

In April 2003, the $275,000 of the retained proceeds from the private financing of convertible notes in July 2002 was released from escrow. The proceeds are to be used to pay for negotiated reduced liabilities and working capital.

The Company is obligated to pay interest on its 5-year, 7%, senior subordinated secured convertible notes issued in January 2002 on a quarterly basis beginning March 2002, and each subsequent quarter thereafter, which interest payments have not been made. If the Company does not make these payments, or obtain waivers from the noteholders, the noteholders may pursue whatever legal remedies are available to them under the terms of the notes, which are secured by all of the assets of the Company. In view of the Company's cash position, it intends to seek waivers from these holders. There can be no assurance that such waivers can be obtained or that such holders will not declare a default of their entire indebtedness. Accordingly, such notes have been classified as current liabilities.

NOTE 7. ADDITIONAL PAID-IN CAPITAL

During December 2001, the Company renegotiated a potential $1,200,000 liability with a creditor relating to the licensing of software. The Company had previously issued 145,986 shares of common stock to this party for amounts then owing. The Company had agreed that in the event this party received gross proceeds less than the amount originally owed, the Company would reimburse this party for the shortfall. In December 2001, this agreement was amended whereby the creditor agreed to be issued up to 266,667 shares of the Company's common stock to offset any deficiency, and to the extent this amount is insufficient, the creditor would be paid one-half the remaining balance in cash no earlier than April 2003, with the other half forgiven.

At March 31, 2003, the Company remeasured its potential liability under the agreement. As a result of the remeasurement, the Company reduced its liability by $4,000 and increased additional paid-in capital as of March 31, 2003.

NOTE 8 - SUBSEQUENT EVENT

On July 8, 2003, the Company further amended the agreement discussed in Note 7 and superceded the prior compensation arrangement. The amended agreement provides for a two year term, continued use by the Company of the creditor's software, and compensation to the creditor as follows: (i) $20,000 in cash, (ii) such number of shares of common stock of the Company, if any, as is required to bring the ownership of the creditor to 9.9% of the outstanding common shares of the Company, (iii) 10% of the revenues that the Company generates through the use of the software and (iv) 7.5%; of the revenues (excluding those generated under provision (iii)) received by the Company from maintenance and other services performed by the Company for third parties for or an account of the software; in no event shall the amounts payable pursuant to provisions (iii) and (iv) above exceed the aggregate amount of $300,000. The effect of this amended agreement was to reduce the Company's licensing liability by $566,000. This gain has been reflected in the Company's consolidated statements of operations for the three and six months ended June 30, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward Looking Statements

The statements contained in this Form 10-QSB that are not historical facts may be "forward-looking statements," as defined in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, which contain risks and uncertainty. Such statements can be identified by the use of forward-looking terminology such as "estimates," "projects," "anticipates," "expects," "intends," "believes," or the negative of each of these terms or other variations thereon or comparable terminology or by discussions of strategy that involve risks and uncertainties. Although we believe that our expectations are reasonable within the bounds of our knowledge of our business operations, there can be no assurance that actual results will not differ materially from our expectations. The uncertainties and risks include, among other things, our plans, beliefs and goals, estimates of future operating results, our limited operating history, the ability to raise additional capital, our limited cash resources and negative working capital position, the risk that our secured noteholders will seek our assets in view of default in payment in interest, the risks and uncertainties associated with rapidly changing technologies such as the Internet, the risks of technology development and the risks of competition that can cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements are only estimates or predictions and cannot be relied upon. We can give you no assurance that future results will be achieved. Actual events or results may differ materially as a result of risks facing us or actual results differing from the assumptions underlying such statements. These risks and assumptions could cause actual results to vary materially from the future results indicated, expressed or implied in the forward-looking statements included in this Form 10-QSB. We disclaim any obligation to update information contained in any forward-looking statement.

General

The following discussion and analysis should be read with the financial statements and accompanying notes, included elsewhere in this form 10-QSB. It is intended to assist the reader in understanding and evaluating our financial position.

On April 18, 2000, eB2B Commerce, Inc., a Delaware corporation, merged with DynamicWeb, which is a New Jersey corporation, which was the surviving legal entity. Following the merger, although the merged company maintained the corporate and legal identity of DynamicWeb, we changed our name from DynamicWeb Enterprises, Inc. to eB2B Commerce, Inc. and assumed the accounting history of the former eB2B Commerce, Inc. (i.e. the Delaware corporation).

Overview

We are a provider of business-to-business transaction management services designed to simplify trading partner integration, automation and collaboration.

We use proprietary software to provide services that enable more efficient trading to take place between business partners. Our technology platform allows business partners to electronically initiate, communicate, and respond to business documents, regardless of the differences in the partners' respective computer systems.

Through our service offerings and technology, we:

- receive business documents including, but are not limited to, purchase orders, purchase order acknowledgments, advanced shipping notices and invoices in any data format,

- ensure that the appropriate data has been sent,
- translate the document into any other format readable by the trading partner,
- transmit the documents correctly to the respective trading partner,
- acknowledge the flow of transactions to each partner,
- allow the partners to view and interact with other supply chain information,
- alert the partners to time-critical information.

We provide access to our services via the Internet and traditional communications methodologies. Our software is maintained on both on-site hardware and remotely hosted hardware.

We also provide professional services and consulting services to tailor our software to our customers' specific needs with regard to automating the customers' transactions with their suppliers, as well as to businesses that wish to build, operate or outsource the transaction management of their business-to-business trading partner relationships and infrastructure.

In some instances, we provide access to our software to third-party software vendors as resellers, who use our solutions to meet their customers' requirements in this area. We may also allow certain of these customers to take delivery of our proprietary software on a licensed basis to support our services remotely.

Impact of Critical Accounting Policies

The SEC has recently issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggesting companies provide additional disclosure and commentary on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to our financial condition and results, and requires significant judgment and estimates on the part of management in its application. Management believes the following represent our critical accounting policies as contemplated by FRR 60. For a summary of all of our significant accounting policies, ncluding the critical accounting policies discussed below, see the Notes to the Financial Statements included in our Form 10-KSB for the year ended December 31, 2002.

Revenue Recognition

Revenue from transaction processing is recognized on a per transaction basis when a transaction occurs between a buyer and a supplier. The fee is based on the volume of transactions processed during a specific period, typically one month. Revenue from related implementation, if any, annual subscription and monthly hosting fees are recognized on a straight-line basis over the term of the contract with the customer. Deferred income includes amounts billed for implementation, annual subscription and hosting fees, which have not been earned. For related consulting arrangements on a time-and-materials basis, revenue is recognized as services are performed and costs are incurred in accordance with the terms of the contract. Revenues from related fixed-price consulting or large project arrangements are recognized using either the contract completion or percentage-of-completion method. The revenue recognized from fixed price consulting arrangements is based on the percentage-of-completion method if management can accurately allocate (i) the ongoing costs to undertake the project relative to the contracted price and

projected margin; and (ii) the degree of completion at the end of the applicable accounting period. Otherwise, revenue is recognized upon customer acceptance of the completed project. Fixed-price consulting arrangements are mainly short-term in nature and we do not have a history of incurring losses on these types of contracts. If we were to incur a loss, a provision for the estimated loss on the uncompleted contract would be recognized in the period in which such loss becomes probable and estimable. Billings in excess of revenue recognized are included in deferred income.

Accounting for Business Combinations and Intangible Assets

The judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact net income. For example, different classes of assets will have useful lives that differ--the useful life of a customer list may not be the same as the other intangible assets, such as patents, copyrights, or to other assets, such as software licenses. Consequently, to the extent a longer-lived asset (e.g., patents) is ascribed greater value than to a shorter-lived asset with a definitive life (e.g. customer lists and software licenses) there may be less amortization recorded in a given period. Furthermore, determining the fair value of certain assets and liabilities acquired is judgmental in nature and often involves the use of significant estimates and assumptions. One of the areas that requires more judgment in determining fair values and useful lives is intangible assets. While there were a number of different methods used in estimating the value of the intangibles acquired, there were two approaches primarily used: discounted cash flow and market multiple approaches. Some of the more significant estimates and assumptions inherent in the two approaches include: projected future cash flows (including timing); discount rate reflecting the risk inherent in the future cash flows; perpetual growth rate; determination of appropriate market comparables; and the determination of whether a premium or a discount should be applied to comparables. The value of our intangible assets is exposed to future adverse changes if our company experiences decline in operating results or experiences significant negative industry or economic trends or if future performance is below historical trends. We periodically review intangible assets for impairment using the guidance of applicable accounting literature.

RESULTS OF OPERATIONS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2003 AND 2002

Total revenue for the second quarter ended June 30, 2003 was $1,213,000, compared to $832,000 for the same period in 2002, an increase of $381,000, or 46%. Compared to revenue of $1,031,000 for the first quarter of 2003, total revenue increased by $182,000, or 18%. Revenue for the six-month periods ended June 30,2003 and 2002 amounted to $2,244,000 and $1,917,000, respectively, an increase of $327,000, or 17%.

Revenue from the Company's core transaction services business grew to $935,000, an increase of $383,000, or 69%, for the second quarter from the same period in 2002. Core transaction services revenue increased by $189,000, or 25%, from the $746,000 realized in the first quarter of 2003. For the six-month periods ended June 30, 2003 and 2002, core transaction services revenue was $1,681,000 and $1,232,000 respectively, an increase of $449,000, or 36%. The increase in overall revenue was attributable to completion and subsequent revenue recognition of several large projects for existing customers, as well as growth in eB2B's Trade GatewayTM supplier network. Professional services consulting revenue for the second quarter decreased by $2,000, or 1%, from the same period in 2002, and by $7,000, or 3% from the first quarter of 2003. The Company expects revenue from this business line to remain stable at this level.

In the three-month periods ended June 30, 2003 and 2002, one customer accounted for approximately 22% and 22% of our total revenue, respectively. No other customer accounted for 10% or more of our total revenue for the respective periods.

Cost of revenue consists primarily of salaries and benefits for employees providing technical support as well as salaries of personnel and consultants providing consulting services to clients. Total cost of revenue for the three-month periods ended June, 2003 and 2002 amounted to $300,000 and $282,000, respectively, an increase of $18,000 or 6% percent. The increase in 2003 was a result of increases in salaries and benefits. For the six-month periods ended June 30,2003 and 2002, cost of revenue was $600,000 and $533,000, respectively. The increase of $67,000, or 13%, was attributable to increases in salaries and benefits.

Marketing and selling expenses consist primarily of employee salaries, benefits and commissions, and the costs of promotional materials, trade shows and other sales and marketing programs. Marketing and selling expenses (exclusive of stock-based compensation) decreased to $100,000, or 1%, for the three months ended June 30, 2003, from the $101,000 for the three months ended June 30, 2002 due to a decrease in travel and related expenses. For the six-month periods ended June 30, 2003 and 2002, marketing and selling expense was $225,000 and $248,000 respectively. The decrease of $23,000, or 9% reflected a decrease in travel and related expense and the elimination of a sales position.

Product development expenses mainly represent amortization of capitalized software development costs and related costs associated with the development of our intellectual property and technology infrastructure necessary to capture and process transactions. Product development expenses (exclusive of stock-based compensation) were approximately $54,000 and $350,000 for the three-month periods ended June 30, 2003 and 2002, respectively. The decrease of $296,000, or 85%, was primarily attributable to a stabilized technology platform in 2002 and 2003, resulting in less development expense capitalized in prior periods and subsequent reduction in amortization in 2003. We capitalize qualifying computer software costs incurred during the application development stage. Accordingly, we anticipate that product development expenses will fluctuate from quarter to quarter as various milestones in the development are reached and future versions of our software are implemented. Product development expense for the six-month periods June 2003 and 2002 were $182,000 and $695,000 respectively. The decrease of $513,000 or 74% was due to the stabilized technology platform and subsequent reduction of amortization expense mentioned above.

General and administrative expenses consist primarily of employee salaries and related expenses for executives, administrative and finance personnel, as well as other consulting, legal and professional fees and, to a lesser extent, facility and communication costs. During the three-month periods ended June 30, 2003 and 2002, total general and administrative expenses (exclusive of stock-based compensation) amounted to $430,000 and $884,000, respectively, a decrease of $454,000, or 51%. The decrease is attributable primarily to reductions in employees resulting in savings on salaries, severance and related benefits of $355,000, insurance of $73,000 and telecommunications of $26,000. For the six-month periods June 2003 and 2002, general and administrative expenses were $853,000 and $2,074,000, respectively. The decrease of $1,221,000, or 59% was primarily due to (i) reduction in employee salaries and benefits of $595,000 (ii) reduction in healthcare expense of $72,000, (iii) reduction in insurance, legal, and accounting of $211,000, and, (iv) reduction in telecommunications expense of $123,000.

Amortization of other intangibles are non-cash charges associated with the DynamicWeb, and Bac-Tech business combinations. Amortization expense was $82,000 and $195,000 for the three-month periods ended June 30, 2003 and 2002, respectively. The decrease of $113,000 is due to the full effect of the previous adjustment which wrotedown goodwill acquired in the Bac-Tech business combination. For the six-month periods ending June 30, 2003 and 2002, amortization expense was $324,000 and $389,00 respectively, a decrease of $65,000, or 17%, also related to the writedown of goodwill and certain intangibles with indefinite lives.

During the three-month periods ended June 30, 2003 and 2002, stock-based compensation expense amounted to $0 and $81,000, respectively. The deferred stock compensation cost in 2002 related to warrants issued to non-employees, and was expensed over the period of the expected benefit. The balance of unearned stock-based compensation at June 30, 2003 was zero. For the six-month periods ending June 30,2003 and 2002, stock-based compensation expense amounted to $0 and $162,000 respectively, related to the aforementioned warrants.

The Company defines Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") as net income (loss) adjusted to exclude: (i) provision (benefit) for income taxes, (ii) interest income and expense, (iii) depreciation, amortization and write-down of assets, (iv) stock-related compensation, (v) non-recurring items such as restructuring credit and gain on settlement of licensing liability, and (vi) income or loss from discontinued operations.

EBITDA is discussed because management considers it an important indicator of the operational strength and performance of its business based in part on the significant level of non-cash expenses recorded by the Company to date, coupled with the fact that these non-cash items are managed at the corporate level. EBITDA, however, should not be considered an alternative to operating or net income as an indicator of the performance of the Company, or as an alternative to cash flows from operating activities as a measure of liquidity, in each case determined in accordance with accounting principles generally accepted in the United States of America. See Liquidity and Capital Resources for a discussion of cash flow information.

For the three-month periods ended June 30, 2003 and 2002, EBITDA from continuing operations was $383,000 versus negative EBITDA of $435,000, respectively, an improvement of $818,000. For the six months ended June 30, 2003, EBITDA was $566,000, as compared to the a negative $938,000 reported for the same period in 2002. The improvement in EBITDA is a result of the savings from the Company's restructuring and cost reduction measures implemented in 2002, particularly in regard to general and administrative expense, as well as an increase in revenues.

A reconciliation of net income (loss) to EBITDA for the three months ended June 30, 2003 and 2002 is as follows (in thousands):

	2003	2002
Net income/(loss)	$ 632	$ (1,593)
Depreciation and amortization	166	1,088
Interest	168	115
Settlement of licensing liability	(566)	--
Restructuring credit	--	(655)
Income/(loss) from disc/ops	(17)	529
Stock-based compensation	--	81
EBITDA	$ 383	$ (435)

Interest and other expenses, net amounted to an expense of $168,000 for the three-month period ended June 30, 2003 compared to $115,000 for the three-month period ended June 30, 2002. The higher interest expense for the second quarter 2003 is a result of non-cash interest expense of $106,000 related to the amortization of deferred financing fees and debt discount related to

warrants combined with interest of $26,000 on the notes issued during the second half of 2002 and $35,000 of interest expense related to the $2 million senior subordinated convertible notes issued in January 2002 compared to interest income earned on a higher average cash balance in the three month period ended June 30, 2002. Such income, net of other expenses, related primarily to interest earned on cash balances and available-for-sale marketable securities during the respective periods.

A one-time adjustment to settlement of licensing liability of $566,000 was recorded during the period as a result of settling a liability with eB2B's largest creditor. This adjustment represented the reversal of the fully reserved liability, which was not impacted by the terms of the settlement.

Net income in the second quarter of 2003 was $632,000, or $0.20 per share, compared to a net loss of $1,593,000, or ($0.84) per share, for the same period last year, representing an improvement of $2,225,000. For the six-month period ended June 30,2003, net income was $217,000, or $.07 per share compared to a net loss of $3,187,000, or ($1.69) per share for the six-month period ended June 30, 2002. The improvement in net income/loss is a combined result of the changes discussed above.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2003, our principal source of liquidity was approximately $307,000 of cash and cash equivalents. The Company drew down the remaining funds held in escrow pursuant to our July 2002 financing on April 29, 2003. As of June

30, 2003, we had a negative working capital position of $4,753,000. The report of our independent auditors' on our financial statements as of and for the year ended December 31, 2002 contains an unqualified report with an explanatory paragraph which states that our recurring losses from operations and negative cash flows from operations raise substantial doubt about our ability to continue as a going concern.

As of August 20, 2003, our unaudited cash and cash equivalent balance was approximately $123,000. Though our ongoing quarterly cash expenses more closely approximate our quarterly revenue, the Company requires additional capital to resolve its outstanding obligations, improve its working capital position, and to accelerate its growth.

Though the Company has shown stronger financial performance in the past six months, its reported EBITDA, which has been positive for three quarters, and its net income, reported for the first time this quarter, are partially due to one-time margin gains as a result of negotiated settlements with creditors or reversals of accruals associated with resolved issues. Though the Company has reported positive EBITDA for the first six months of 2003, we still have negative cash flows from operations for this period. We used $187,000 of cash in continuing operations for the six-months ended June 30, 2003. At our current quarterly expense rates, we will require approximately $900,000 in quarterly revenue and $960,000 in cash collections, respectively, to report positive EBITDA and cash flow from operations. However, there can be no assurances in this regard.

Currently, we are dependent on our month-to-month collection activity as well as our best efforts in anticipating expenses in order to continue operations. Any unexpected shortfall in collections or unanticipated major expense could cause us to scale back our operations or even cause us to suspend or cease operations.

The Company currently has verbal commitments from existing and prospective customers to proceed with projects sufficient, along with current capital, to fund its ongoing near term operational needs. However, should the Company not be successful in converting these commitments into contractual obligations, and is unsuccessful in pursuing potential remedies discussed below, it will need additional capital immediately.

The Company successfully settled a potential liability of approximately $566,000 with a creditor who holds a license to software used by the Company to support its Trade Gateway TM platform. The settlement included a combination of a $20,000 cash payment, which has been made, stock of eB2B Commerce equivalent to bring the creditor to ownership of approximately 9.9% of the outstanding common shares of the Company, and an ongoing royalty of between seven and one-half (7 1/2) and ten(10) percent of revenue generated by the platform, up to a maximum payment of $300,000. As a result of the settlement, eB2B's margin derived from the platform will decrease by the amount of the royalty. Over the two year period of the agreement, the Company anticipates that growth of the Trade Gateway network will more than offset the effect of the royalty payments, however, in the near term, cash generated by the platform will be negatively affected.

Further, the Company is obligated to pay interest on its 5-year, 7%, senior subordinated secured convertible notes issued in January 2002 on a quarterly basis beginning March 2002, and each subsequent quarter thereafter, which interest payments have not been made. As a result of this default, the Company has likely cross-defaulted on its July 2002 5-year, 7%, senior secured convertible notes. If the Company does not make these payments, or obtain waivers from the noteholders, the noteholders may pursue whatever legal remedies are available to them under the terms of the notes, which are secured by all of the assets of the Company. In view of the Company's cash position, it intends to seek waivers from these holders. There can be no assurance that such waivers can be obtained or that such holders will not declare a default of their entire indebtedness and make claim to all of the assets of the Company.

Because of the substantial anti-dilution provisions contained in the Company's previous rounds of financing, in addition to the security interests of its noteholders, the Company is seriously constrained by its current capital structure, limiting its ability to raise additional capital and making traditional financing from banks or corporate lenders extremely difficult, if not impossible, to secure.

As a result of the above constraints, the Company is exploring both its strategic and structural options to resolve its issues, including filing for bankruptcy protection under Chapter 11. The Company has retained a creditor's rights attorney and will retain other advisors as appropriate.

We have taken actions to improve our cash position and fund any remaining operating losses including:

- Additional cost reduction measures, which we believe will further reduce annual salaries, benefits or other operating expenses by approximately $20,000 per month for the remaining six months of 2003.

- Discussions aimed at securing additional capital, through commercial banking, investment banking, and receivables financing channels,

- Discussions with potential sale or merger partners of the Company.

- Discussions with secured and unsecured creditors regarding the Company's financial status.

These concerns about capital may lead us to take additional steps to eliminate or curtail certain projects and conserve cash that may adversely affect operations. If we are unable to obtain additional capital as needed, we may be required to cease operations altogether. If we are able to raise additional funds on an equity basis, for which there can be no assurance, extensive dilution to existing shareholders would likely occur in light of the antidilution provisions of our preferred stock, notes, and related warrants. In

fact, under certain scenarios, there may be virtually no value remaining to the common stock shareholders. Some of the alternatives that we are pursuing, however, may be less dilutive or non-dilutive to existing shareholders.

Notwithstanding the foregoing, the Company believes that our negative cash flow will continue to improve on a quarterly basis. A large percentage of our operating expense is fixed and as we increase our revenues, for which there can be no assurance, our operating expenses will remain relatively stable.

The Company has entered into various financing and commercial commitments. The Company's long-term debt is carried on its financial statements net of discounts of $1,034,000 at June 30, 2003. Following is a summary of required cash obligations as they come due:

<TABLE>
<CAPTION>

	Year Ended March 31,				
	2004	2005	2006	2007	2008
<S>	<C>	<C>	<C>	<C>	<C>
Long-term debt	$3,415,300	$ 225,402	$ 200,000	$ --	$ --
Operating leases	111,715	115,067	118,519	122,074	114,971
Capital leases	78,202	--	--	--	--
	$3,605,217	$ 340,469	$ 318,519	$ 122,074	$ 114,971

</TABLE>

In July 2002, we initially closed a private placement of five-year 7% senior subordinated secured notes, which are convertible into shares of our common stock at the conversion price of $0.101 per share (the closing price of the common stock on the trading day prior to the closing). Ten persons or entities, consisting of certain of our significant investors and members of our management, purchased these notes. The gross proceeds of this transaction, amounting to $1,200,000, have been and are intended to be used for working capital and general corporate purposes. These notes contain full ratchet anti-dilution protection in certain events, including the issuances of shares of stock at less than market price or the applicable conversion price. These notes along with the $2,000,000 of notes issued in the January 2002 private placement are secured by substantially all of our assets. The security interest with respect to the notes issued in the July 2002 financing is senior in right to the security interest created with respect to the notes issued in January 2002. In connection with the July 2002 financing, all subscription proceeds were held in escrow by an escrow agent for the benefit of the holders of these notes pending our acceptance of subscriptions and were disbursed as provided in the escrow agreement. On the closing of this financing, proceeds of $350,000 were released to us. As provided in our escrow agreement, the remaining proceeds were disbursed as follows: $275,000 in September 2002, $275,000 in November 2002 and $300,000 in April 2003.

On April 29, 2003, we drew down the remaining funds held in escrow. The draw down on our financing triggered anti-dilution provisions affecting the conversion price of the Company's notes issued in January 2002, Series B preferred stock and Series C preferred stock and the exercise price of and number of shares issuable under various outstanding warrants.

Net cash used in continuing operating activities totaled approximately $187,000 for the six-months ended June 30, 2003 as compared to $799,000 for the same period in 2002. Net cash used in continuing operating activities for the six-month period resulted primarily from (i) a $633,000 use of cash from operating assets and liabilities, including the recognition of a significant portion of deferred revenue, offset by (ii) the $223,000 net income from continuing operations and (iii) an aggregate of $223,000 of non-cash charges consisting primarily of depreciation, amortization, stock-based compensation expense, non-cash interest expense less the gain from the creditor settlement discussed previously. Net cash used in operating activities for the six-months ended June 30, 2002, resulted primarily from (i) the $2,845,000 net loss from continuing operations offset by (ii) $144,000 of cash provided by operating assets and liabilities, (iii) an aggregate of $1,902,000 of non-cash charges consisting primarily of depreciation, amortization and stock-based compensation expense, less a restructuring credit.

Net cash used in investing activities totaled approximately $182,000 of product development costs for the six months ended June 30, 2003 as compared to net cash used by investing activities of approximately $478,000 for the same period in 2002. Net cash used in investing activities for the six months ended June 30,2002 resulted from (i) the acquisition of Bac-Tech Systems, Inc., including net cash outlays of $198,000, (ii) $240,000 in product development costs consisting of fees of outside contractors and capitalized salaries, and (iii) $40,000 of property and equipment acquisitions.

Net cash provided by financing activities totaled $251,000 for the six-months ended June 30,2003 and resulted from the draw down of the remaining funds in escrow from the July 2002 financing of $275,000 less payments of borrowings totaling $24,000. Net cash used for financing activities for the six-months ended June 30, 2002 resulted from payments of capital leases totaling $65,000.

ITEM 3 - CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

Our principal executive and financial officer has reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of a date within ninety days before the filing of this quarterly report. Based on that evaluation, such officer has concluded that our current disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms.

Changes in internal controls.

There have not been any significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weakness in the internal controls, and therefore no corrective actions were taken.

PART II. OTHER INFORMATION

ITEM 3. DEFAULT ON SENIOR SECURITIES

According to the terms of its January 2002 5-year, 7%, subordinated senior secured notes, the Company was obligated to begin making interest payments each quarter, in cash or registered shares of company stock, beginning March 2002. To date, the Company has paid no cash interest and because we do not have an effective registration statement covering the applicable shares, we are in default in the approximate amount of $238,000, representing interest payments for March, June, September, and December of 2002, as well as March and June 2003. The total amount of indebtedness equals $2,262,500 plus the unpaid interest.

Because of the amount owing on the January 2002 notes, it is likely that we are in a cross-default position regarding our July 2002 notes, which limit the amount of indebtedness the Company may incur. The total amount of the July 2002 notes is $1,200,000.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31. Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32. Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

A Form 8-K was filed on April 29, 2003 to report the drawn down of the remaining funds pursuant to the Company's July 2002 financing.

A Form 8-K was filed on June 25, 2003 to report certain changes on the Board of Directors of the Company.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

eB2B Commerce, Inc.

(Registrant)

August 22, 2003

By: /s/ Richard Cohan

Chief Executive Officer and President
(Principal financial officer)

EXHIBIT 31. CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 302 OF THE CERTIFICATION

I, Richard S. Cohan, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of eB2B Commerce, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrants' other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not here were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 21, 2003

/s/ Richard S. Cohan

Richard S. Cohan
Chief Executive Officer and
President (Principal Executive and
Financial Officer)

EXHIBIT 32. CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of eB2B Commerce, Inc. (the "Company") on Form 10-QSB for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard S. Cohan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard S. Cohan

Richard S. Cohan
Chief Executive Officer and
President (Principal Executive and
Financial Officer)

Dated: August 21, 2003