



BURNTSAND

Burntsand Inc.

Q3 2006 Quarterly Report

**For the Quarter
Ended September 30, 2006**

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Dear Shareholder,

With only three months behind me at Burntsand, it is certainly a pleasure to report that this quarter continues the progress made over the past year and a half in improving operations and the performance of Burntsand. Your company has shown improvement over the previous quarter – this time by a sequential increase in service revenue of 19% and in an increase of EBITDA⁽¹⁾ by \$281,000. Our key financial metrics have improved – gross margin, utilization and most importantly, EBITDA⁽¹⁾ and net income. Truly a meaningful step forward. The large numbers of clients I have met recently continue to reinforce that Burntsand has some of the best people in the business.

Our key financial results are:

	Three months ended			Nine months ended	
	Sep-30-06	Jun-30-06	Sep-30-05	Sep-30-06	Sep-30-05
Revenue	\$ 7,187	\$ 5,462	\$ 4,862	\$ 17,784	\$ 15,655
EBITDA ⁽¹⁾	\$ 150	\$ (131)	\$ (155)	\$ (254)	\$ (1,354)
Net Income (Loss)	\$ 68	\$ (225)	\$ (288)	\$ (542)	\$ (1,804)
Cash and equivalents	\$ 4,164	\$ 3,701	\$ 4,815	\$ 4,164	\$ 4,815
Working capital	\$ 4,952	\$ 5,038	\$ 5,633	\$ 4,952	\$ 5,633

Highlights

The third quarter results include a number of events and announcements for the company. These include:

- Achieved positive EBITDA⁽¹⁾ and net income on sequential revenue growth of 32%,
- Announced signing a contract for outsourced services totaling \$2,400,000 with a client. Subsequent to quarter end, we announced an additional contract for \$520,000 for a new initiative at a client with \$1,800,000 in previously signed contracts,
- Increased our book of contracted business at the start of the quarter to \$6.6 million. While not all of this will be delivered in Q4, the continuing growth of booked business represents longer commitments by our clients and demonstrates the success of marketing and sales efforts.
- Maintained a strong balance sheet with no debt and cash and short term investments of \$4.2 million to fund future growth.

With a strong management team in place that has clearly demonstrated that they can create and manage growth, and a dedicated team of employees committed to delivering results for and with our clients – it's hard not to be excited about being on the Burntsand team! We all feel very positive about our future.

As always, we invite your comments and encourage you to follow the progress of your company on our website www.burntsand.com.

Best regards



Tim Duffy
President & CEO



Jim Yeates
Chairman

⁽¹⁾ EBITDA

EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, taxes, depreciation and amortization, as well as any restructuring charges and impairment for goodwill. Burntsand uses EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. EBITDA should not be construed as the equivalent of net cash flows from operating activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 1, 2006

The Management's Discussion and Analysis should be read in conjunction with our consolidated financial statements and the accompanying notes for the period ended September 30, 2006. Additional information relating to Burntsand Inc. ("Burntsand"), including our Annual Information Form, is available on SEDAR at www.sedar.com.

The consolidated financial statements of Burntsand have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Consolidated Financial Statements and Management's Discussion and Analysis have been reviewed by the Burntsand Audit Committee and approved by the Burntsand Board of Directors. All amounts are in Canadian dollars unless otherwise specified.

Forward Looking Information

Certain information in the Letter to Our Shareholders, this MD&A and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Forward looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives.

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the business in which the Company participates; changes in IT spending; general economic conditions and normal business uncertainty; fluctuations in foreign currency exchange rates; and changes in the laws, rules and regulations applicable to the Company.

While the Company believes that its forecasts and assumptions are reasonable, results or events predicted in this forward-looking information may differ materially from actual results or events. For information on these and other factors, see the reports filed by the Company with Canadian securities regulators. The Company intends the forward-looking information to speak only as of the time first made and does not undertake to update or revise it whether as a result of new information, future events or otherwise.

Overview of Our Business

Summary

Burntsand is a business consulting and technology services company that designs, architects, and implements information technology to deliver business advantage for its Mid-Market clients, including divisions of Global 2000 companies in Canada and the United States. Burntsand is primarily focused on "business to business" relationships and has developed expertise in certain industries including: financial services, government, healthcare, life sciences and energy.

Our Business Strategy and Objectives for 2006

Our overall business strategy is to first and foremost drive our business to profitability and then grow our business while maintaining operating profitability through appropriate investments in personnel and strategic acquisitions.

In order to achieve this strategy, the following objectives have been set as of the end of 2005:

- achieve profitability through revenue growth and cost management initiatives;
- focus on profitable technologies on a company wide basis; and
- acquire regional companies to enable critical mass and overall scale of operations.

Key Events in the Quarter

During the third quarter of 2006, the company achieved a number of milestones:

- The Company achieved both positive net income and EBITDA for the quarter
- Services revenue grew by 19% over the previous quarter and by 32% over the comparable quarter (Q3 2005)
- Our cash balance increased to \$4.2 million
- Our backlog of booked business increased to \$6.6 million
- Our new CEO, Tim Duffy, joined the company on August 8, 2006

Quarterly Financial Information

Two Year Summary By Quarter (unaudited, in thousands except per share amounts)

Years ended December 31

	2004	2005				2006		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Services Revenue	\$ 5,269	\$ 4,724	\$ 4,234	\$ 4,313	\$ 4,467	\$ 4,456	\$ 4,790	\$ 5,688
Total Revenue	\$ 6,080	\$ 5,698	\$ 5,094	\$ 4,862	\$ 5,126	\$ 5,135	\$ 5,462	\$ 7,187
EBITDA ⁽¹⁾	\$ (726)	\$ (565)	\$ (635)	\$ (155)	\$ 10	\$ (273)	\$ (131)	\$ 150
Net income (loss)	\$ (989)	\$ (725)	\$ (792)	\$ (288)	\$ (127)	\$ (385)	\$ (225)	\$ 68
Income (Loss), basic and diluted, per share ⁽²⁾	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	\$0.00

(1) Loss before restructuring charge, amortization, interest, and income taxes. EBITDA is a non-GAAP measure, has no standardized meaning under GAAP and is therefore unlikely to be comparable to similar measures for other issuers. The Company provides EBITDA to separate the effect of restructuring charges, amortization, interest and taxes from its results.

(2) Rounded to the nearest cent.

Results of Operations

Our results of operations are affected by the economic conditions, levels of business activity and rates of change in the industries we serve. Our business is also driven, in part, by the pace of technological change and the type and amount of technology spending by our clients. The ability to identify and capitalize on these market and technological changes early in their cycles is a key driver of our performance. The current industry factors and economic trends that we are faced with are consistent with those disclosed in our 2005 Annual MD&A available on SEDAR at www.sedar.com.

The Company's quarterly results fluctuate based on a number of factors. License and maintenance ("LMI") revenue is project specific and is normally a small number of large transactions. As such, the timing from quarter to quarter often increases the variability of revenue.

Quarter ended September 30, 2006 (Q3 2006) compared to the quarter ended June 30, 2006 (Q2 2006) and to the quarter ended September 30, 2005 (Q3 2005).

Revenues

Revenues for the three months ended September 30, 2006 were \$7.2 million compared to \$5.5 million for Q2 2006 and \$4.9 million for Q3 2005. The increase from Q3 2005 was a result of higher service revenue (\$1.4 million), LMI revenue (\$0.8 million) and other revenue (\$0.1 million). During the current quarter, service revenues were 79% of total revenues compared to 88% for Q2 2006 and 89% for Q3 2005. LMI revenues were 17% of total revenues compared to 9% for Q2 2006 and 9% for Q3 2005. The Company's focus is on profitable services revenue, however, it will continue to earn revenues from LMI since the Company is an integrator in the business of delivering complete solutions to its customers. In the current quarter, 56% of revenue was from offices in the United States compared to 60% for Q2 2006 and 60% for Q3 2005.

The factors which have impacted service revenues in the current quarter were: significantly higher utilization in Q3 2006 of 84%, compared to 75% in Q2 2006 and 72% in Q3 2005; a lower effective rate by 1% compared to Q2 2006, and lower by 4% compared to Q3 2005; and a change in our average headcount to 109 full-time-equivalent (FTE) delivery people, compared to 94 FTE in Q2 2006 and 95 FTE in Q3 2005.

During the quarter, the Company worked on 127 projects (Q2 2006 - 124; Q3 2005 - 100) for 78 customers (Q2 2006 - 65; Q3 2005 - 54), of which 12 were new customers (Q2 2006 - 11; Q3 2005 - 6). Of the 127 projects this quarter, 47 were new projects (Q2 2006 - 50; Q3 2005 - 43) started this quarter. During the quarter, the Company signed 15 new contracts (Q2 2006 - 13; Q3 2005 - 17), each valued at \$100,000 or more, which includes the \$2.4 million three year outsourcing contract announced on August 4th, 2006. The Company's top 10 customers accounted for 57% of total revenues (Q2 2006 - 56%; Q3 2005 - 60%) and included two customers which accounted for 24% of total revenues.

LMI revenues are impacted by the number of license sales during the quarter. Total license revenue was \$0.7 million and maintenance revenue was \$0.6 million. In general there are large single sales of licenses, which make up the majority of the license revenues. The large annual renewals of maintenance are typically at a low gross margin. LMI revenues

2006, compared to 13% in Q2 2006 and 15% in Q3 2005. Other expenses are relatively fixed in nature and do not vary substantially with incremental revenue changes.

Other

Amortization of capital assets decreased in Q3 2006 compared to Q2 2006 and Q3 2005. This decrease in amortization is the result of lower net book value of capital assets. The Company has continued to replace computer hardware on a regular basis, purchasing \$57,122 of new assets and amortizing \$113,216 of capital assets in Q3 2006. The Company expects amortization of capital assets to slowly decrease as the net book value of capital assets continues to decrease.

Net interest and investment income was higher in Q3 2006 compared with Q2 2006 and Q3 2005 due to better rates of return on short-term investments held in the United States. The Company has one capital lease which incurs nominal interest expense. Interest and investment income is impacted by the cash balances invested during the quarter.

Nine months ended September 30, 2006 (YTD 2006) compared to the nine months ended September 30, 2005 (YTD 2005).

Revenues

Revenues for the nine months ended September 30, 2006 were \$17.8 million compared \$15.7 million for YTD 2005. The increase from YTD 2005 was a result of higher LMI revenue (\$0.3 million) and higher service revenue (\$1.7 million). During the current period, service revenues were 84% of total revenues compared to 85% for YTD 2005. LMI revenues were consistent at 13% of total revenues in each period. In the current period, 60% of revenue was from offices in the United States compared to 56% for YTD 2005.

The factors which have impacted service revenues in the current period were: increased effective rate by 2% compared to YTD 2005; higher utilization in YTD 2006 of 77% compared to 72% in YTD 2005 and offset by a decrease in our average headcount to 96 FTE delivery people, compared to 98 FTE in YTD 2005.

LMI revenues are impacted by the number of license sales during the period. Total license revenue was \$1.3 million (YTD 2005 - \$1.1 million) and maintenance revenue was \$1.0 million (YTD 2005 - \$0.9 million). LMI revenues have been decreasing for several years as the Company has focused on fewer, but more strategic suppliers.

Costs

Cost of services in YTD 2006 increased by 6% from YTD 2005. The higher cost of services was due an increase in employee compensation, subcontractor compensation and benefit costs, offset by lower headcount in YTD 2006 over YTD 2005.

Cost of LMI increased by \$0.3 million from YTD 2005 due to the volume and change in mix of LMI products sold during the period. LMI costs are directly variable with revenue. LMI costs range from 50% to 95% of the manufacturer's list price and may fluctuate significantly from period to period. As a percentage of revenue, costs increased to 87% in YTD 2006 from 82% in YTD 2005 due to higher costs (lower gross margins) on renewals or maintenance and higher costs on larger individual sales.

Gross Profit

Gross profit for services, as a percentage of services revenue, was 35% for YTD 2006 compared to 31% in YTD 2005. The improved gross profit from YTD 2006 is due to improved average effective daily rates and the increase in utilization. The combination of higher service revenue on lower delivery costs has improved gross margin both as a percentage and in absolute terms in YTD 2006. Services profitability and company profitability is significantly impacted by utilization, average effective daily rates and headcount.

Gross profit for LMI was 13% in YTD 2006 compared to 18% in YTD 2005. Both specific opportunities and the mix of licenses, maintenance and network infrastructure products impact gross profit in this area. The supplier and the type of the product determine the cost, and therefore gross profit, of LMI products. LMI is not the focus of our overall business, although two locations continue to derive a portion of their local gross profit from this area.

Expenses

Sales and marketing expense increased by \$0.2 million in YTD 2006 compared to YTD 2005 due to higher sale commissions, on higher revenue, and a doubling of marketing programs. A key objective for the Company is to increase sales in 2006 and marketing efforts have been increased to create more opportunities. As a percentage of revenues, sales and marketing expenses were consistent at 8% in both periods.

of the TSX in accordance with TSX requirements. The price paid for any purchased common shares will be the market price of such shares on the TSX at the time of purchase. During the quarter ended June 30, 2006, the Company purchased and cancelled 481,000 common shares at a total cost of \$44,785. During the quarter ended September 30, 2006, no purchases were made under the NCIB.

The Company has no material outstanding commitments for capital expenditures. In general, the Company does not incur significant capital requirements for equipment as the Company grows its employee base. There is an ongoing requirement to upgrade existing capital assets, but the Company expects to fund this through operational cash flow. As well, the Company does not have a lease line of credit established, but expects that lease funding would be available for new capital assets should it be required.

A component of the \$2.4 million outsourcing contract announced August 4th, 2006 includes provision of infrastructure to provide the portal services. These assets will be purchased as required and amortized as cost of other revenue over the life of the contract. The total purchases are expected to be approximately \$0.7 million. The contract was structured to provide payments to effectively offset the cash requirements for these assets. The company had purchased \$0.3 million of these assets at September 30, 2006.

The Company requires working capital as the Company grows to support the timing differences between collection of receivables and disbursements of costs and expenses. The Company has adequate cash reserves to fund this working capital requirement. As well, the Company does not have a line of credit established, but expects that funding would be available against receivables should it be required.

To date, the Company has financed its operations, including operating losses, entirely through the issuance of share capital. The Company currently has cash reserves and expects to finance any requirements for internal growth with cash flow from operations. However, in the event that cash flow is insufficient to support such expenditures, the Company has working capital to meet such requirements.

Share Capital

As of October 31st, 2006, there are 72,502,885 common shares issued and outstanding and 10,056,432 options outstanding at exercise prices ranging from \$0.07 to \$2.32 with remaining weighted average contractual lives of 3.2 years.

At the Annual and Special Meeting of Shareholders on June 16th, 2006, the shareholders approved the Share Consolidation Resolution. The Share Consolidation Resolution is designed to authorize the Board of Directors, if and when it deems appropriate but no later than June 1, 2007, to consolidate the then outstanding Common Shares into one (1) new Common Share for ten (10) outstanding Common Shares. The Board has not yet authorized the consolidation.

Risk Factors and Risk Management

We believe our strategy of creating value through maintaining and enhancing our leadership in Enterprise Content Management (ECM), Service Management, and Portals / Integration / Custom Application development for our customers provides us with a strategic advantage. However, as with any business, we are subject to risks that require prudent risk management. We believe the following risks are among the most important in order to understand the issues that face our business and our approach to risk management.

- Lengthy Sales and Implementation Cycles
- Market for Services; Market Acceptance
- Rapid Technological Change; New Products
- Management of Restructuring and Growth
- Dependence on Key Personnel
- Integration of Newly Acquired Businesses
- Competition
- International Operations
- Reliance on Customers; Capital Spending
- Reliance on Third-Party Vendors (Partnerships)
- Limited Intellectual Property Protection
- Failure to Meet Performance Criteria

Additional information on these risks is available in our Annual Information Form filed on SEDAR at www.sedar.com.

Related Party Transactions

The Company has no (2005 – \$26,970) related party transaction during the current quarter. For the nine month period ended September 30, 2006, revenues of \$10,920 (2005 - \$89,730) were recorded related to services performed for a company (Bridges Transitions Inc.) with a director in common. These transactions were negotiated at arms length, valued at fair market value for the services performed and were in the ordinary course of business. The Company has no ongoing commitments under these agreements and Bridges transitions Inc is no longer a related party.

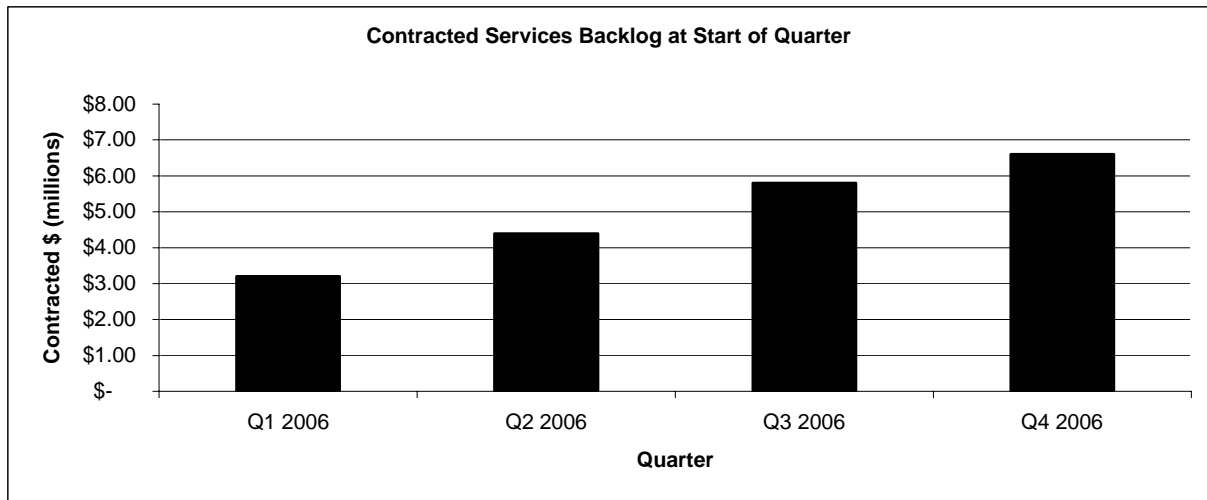
Outlook

The Company's history is one of expansion of its core business through the addition of new practice areas and geographical territories. This expansion has been accomplished in part by the acquisition of companies and in part by internal organic growth.

The Company entered Q4 2006 with \$6.6 million (Q3 2006 - \$5.8 million) in services backlog, of which \$3.5 million (Q3 2006 - \$3.5 million) is scheduled to be completed in the fourth quarter of 2006. The Company defines backlog as both signed contracts for specific projects or time and material contracts (T&M) with purchase orders/statements of work for specific people and periods of time. In addition to contracts for specific projects, the Company has contracts for T&M work which are general contracts, terminable by clients on short notice or without notice. Accordingly, we do not believe it is appropriate to characterize these contracts as backlog. Normally if a client terminates a project, the client remains obligated to pay for services performed and reimbursable expenses incurred by us through the date of termination. The Company entered Q4 2006 with \$0.4 million (Q3 2006 - \$0.4 million) in T&M contracts. The value of these T&M contracts is based upon an estimate of scheduled work within the next quarter. As well the company has backlog of \$0.7 million of other revenue to be recognized over three years related to an outsourcing contract.

During the quarter the Company announced a significant customer contract for outsourced services valued at \$2.4 million in August 2006. These services consist of custom integration, infrastructure and ongoing support over three years. This contract is included in the services backlog and other backlog. Subsequent to the end of the quarter, the Company announced a contract valued at \$520,000 for a new initiative at an existing client.

The Company has been focused on increasing revenue and this has been reflected in a higher backlog at the start of each of the last four quarters. The following graph highlights this trend.



The Company continues to focus on revenue growth, cost containment and the drive for long-term, sustainable profitability.

BURNTSAND INC.
Consolidated Balance Sheets

	September 30, 2006	December 31, 2005
	(unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,164,630	\$ 2,756,475
Short-term investments	2,999,335	1,761,578
Accounts receivable (Note 2)	5,363,559	3,285,774
Prepaid expenses	401,938	504,421
	9,929,462	8,308,248
Capital assets	1,128,450	1,356,662
Assets used in outsourcing contract	260,655	-
Goodwill and other intangibles	162,944	169,548
	\$ 11,481,511	\$ 9,834,458
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,561,671	\$ 1,915,154
Deferred revenue	1,368,138	488,633
Current portion of accrued restructuring charge	40,690	311,006
Current portion of obligations under capital leases	6,465	6,233
	4,976,964	2,721,026
Long-term portion of obligations under capital leases	5,060	9,938
	4,982,024	2,730,964
SHAREHOLDERS' EQUITY		
Common shares (Note 3)	9,588,902	9,633,687
Contributed surplus	1,034,533	908,718
Deficit	(1,769,646)	(1,227,824)
Cumulative translation adjustment	(2,354,302)	(2,211,087)
	6,499,487	7,103,494
	\$ 11,481,511	\$ 9,834,458

See accompanying Notes to the Consolidated Financial Statements

BURNTSAND INC.
Consolidated Statements of Shareholders' Equity

	Common Shares		Contributed Surplus	Accumulated Deficit	Cumulative Translation Adjustment	Total Shareholders' Equity
	Number	Amount				
Balance at December 31, 2004	72,978,228	\$ 117,880,660	\$ 752,872	\$ (107,552,025)	\$ (2,115,157)	\$ 8,966,350
Shares issued on exercise of stock options	5,657	29,699	(29,560)	-	-	139
Stock-based compensation	-	-	164,476	-	-	164,476
Revaluation of share purchase loans	-	-	20,930	(20,930)	-	-
Translation adjustment	-	-	-	-	(95,930)	(95,930)
Reduction of stated capital	-	(108,276,672)	-	108,276,672	-	-
Net loss for the period	-	-	-	(1,931,541)	-	(1,931,541)
Balance at December 31, 2005	72,983,885	\$ 9,633,687	\$ 908,718	\$ (1,227,824)	\$ (2,211,087)	\$ 7,103,494
Stock-based compensation	-	-	125,815	-	-	125,815
Purchase of shares under Normal Course Issuer Bid	(481,000)	(44,785)	-	-	-	(44,785)
Translation adjustment	-	-	-	-	(143,215)	(143,215)
Net loss for the period	-	-	-	(541,822)	-	(541,822)
Balance at September 30, 2006 (unaudited)	72,502,885	\$ 9,588,902	\$ 1,034,533	\$ (1,769,646)	\$ (2,354,302)	\$ 6,499,487

See accompanying Notes to the Consolidated Financial Statements

BURNTSAND INC.

Notes to the Consolidated Financial Statements (unaudited)

September 30, 2006 and 2005

These interim unaudited Consolidated Financial Statements do not include all note disclosures required by Canadian generally accepted accounting principles ("GAAP") for annual financial statements and therefore should be read in conjunction with the audited Consolidated Financial Statements, including the Notes thereto in the Company's 2005 Annual Report.

In the opinion of management, these interim consolidated financial statements contain all of the adjustments of a normal and recurring nature necessary to present fairly the Company's financial position as at September 30, 2006 and the results of operations and cash flows for the three and nine month periods ended September 30, 2006 and 2005.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES:

The interim Consolidated Financial Statements include the accounts of the Company and its subsidiaries (collectively "the Company"). The Notes presented in these interim Consolidated Financial Statements include only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all matters normally disclosed in the Company's annual audited consolidated financial statements. These consolidated financial statements are prepared using the same accounting principles and application thereof as the financial statements for the year ended December 31, 2005.

2. ACCOUNTS RECEIVABLE

	September 30, 2006	December 31, 2005
Accounts receivable	\$ 5,183,554	\$ 3,190,486
Unbilled receivables	319,050	260,566
Provision for doubtful accounts and unbilled receivables	(139,045)	(165,278)
	<u>\$ 5,363,559</u>	<u>\$ 3,285,774</u>

3. SHARE CAPITAL

As at September 30, 2006, there were 72,502,885 (December 31, 2005 – 72,983,885) common shares issued and outstanding; and 10,080,874 (December 31, 2005 – 8,019,627) options issued and outstanding at exercise prices ranging from \$0.07 to \$2.32 with remaining weighted-average contractual lives of 3.3 years.

On December 19, 2005, the Company announced it had filed a normal course issuer bid ("NCIB"), under which it may purchase up to 5,800,907 of its common shares. The Company will cancel any common shares purchased pursuant to the NCIB. Purchases may commence on December 21, 2005 and will terminate on December 20, 2006, or on such earlier date as the Company may complete its purchases. Any purchases will be made on the open market through the facilities of the TSX in accordance with TSX requirements. The price paid for any purchased common shares will be the market price of such shares on the TSX at the time of purchase. During the quarter ended September 30, 2006, the Company did not purchase any shares under the NCIB. During the nine month period ended September 30, 2006, the Company purchased and cancelled 481,000 common shares at a total cost of \$44,785.

BURNTSAND INC.

Notes to the Consolidated Financial Statements (unaudited)

September 30, 2006 and 2005

7. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements include:

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenues earned from a company with a director in common	\$ -	\$ 26,970	\$ 10,920	\$ 89,730

8. SEGMENTED INFORMATION

The Company operates in one business segment – business solutions that deliver enhanced productivity. Revenues are allocated to countries based on location of the primary office providing the services. The Company earned revenue from sales to customers in the following geographic locations:

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Canada	\$ 3,158,087	\$ 1,960,458	\$ 7,177,997	\$ 6,924,282
United States	4,029,104	2,901,569	10,605,970	8,730,316
	\$ 7,187,191	\$ 4,862,027	\$ 17,783,967	\$ 15,654,598

Long-lived assets (capital assets and goodwill) are located as follows:

	September 30,	December 31,
	2006	2005
Canada	\$ 942,626	\$ 807,509
United States	609,423	718,701
	\$ 1,552,049	\$ 1,526,210

