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## **Burntsand Releases Fourth Quarter and Fiscal Year 2008 Results**

**Toronto, ON, March 5, 2009.** Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported revenue and earnings results for its fourth quarter and year ended December 31, 2008.

### **Fourth Quarter and 2008 Financial Results Highlights (000's) - unaudited**

	<b>Q4</b>		<b>Year ended Dec. 31</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Service revenue	\$ 6,610	\$ 5,314	\$ 22,347	\$ 22,879
Total revenue	\$ 7,597	\$ 5,636	\$ 25,442	\$ 26,481
Adjusted EBITDA <sup>(1)</sup>	\$ 401	\$ 393	\$ 428	\$ 461
Net income (loss)	\$ 18	\$ 336	\$ (217)	\$ 6
Cash and equivalents			\$ 4,876	\$ 3,644
Working capital			\$ 6,359	\$ 4,716

### **Results for the Fourth Quarter ended December 31, 2008**

Service revenues for the fourth quarter of 2008 were \$6.6 million compared to \$5.3 million for the fourth quarter of 2007. US operations contributed \$5.2 million of service revenue for the quarter, an increase of \$1.4 million compared to \$3.8 million for the fourth quarter of 2007. Approximately \$1.0 million of the increase in US service revenue related to the strengthening of the US dollar in the fourth quarter of 2008. Gross profit on services revenue was 34.2% for the fourth quarter compared to 35.2% for the fourth quarter of 2007.

Adjusted EBITDA <sup>(1)</sup> for the fourth quarter of 2008 was \$401,000 compared to \$393,000 for the fourth quarter of 2007. Net income for the fourth quarter of 2008 was \$18,000 or \$0.00 per share and included a non-recurring realized foreign currency translation loss of (\$314,900). Net income was \$336,000 or \$0.00 per share for the fourth quarter of 2007.

Backlog as at December 31, 2008 increased to \$7.5 million up \$0.2 million over the backlog at December 31, 2007.

### **Financial Position at December 31, 2008**

The Company finished the year ended December 31, 2008 with cash and short-term investments of \$4.9 million and working capital of \$6.4 million. This compared to \$3.6 million of cash and short-term investments and working capital of \$4.7 million as at December 31, 2007. The Company has not borrowed under its US \$2.5 million line of credit.

“We are pleased by our results for the fourth quarter of 2008, our backlog and strong financial position as at December 31, 2008.” said Martin Glover, Burntsand’s President and Chief Executive Officer. “In the current environment we continue to focus on operational effectiveness in order to closely manage our costs. Our focus on delivering cost effective solutions in our Collaboration, Enterprise Content

Management and Service Management practice areas enhances our competitive position in this market.” added Mr. Glover.

### **Results for the year ended December 31, 2008**

Service revenues for 2008 were \$22.3 million compared to \$22.9 million for 2007. US operations contributed \$16.3 million of service revenues for 2008, a decrease of \$0.1 million compared to \$16.4 million for 2007. Gross profit on services revenue was 32.1% for 2008 compared to 33.2% for 2007.

Net loss for 2008 was (\$217,000) or (\$0.00) per share and included a non-recurring realized foreign currency translation loss of (\$314,900). Net income was \$6,000 or \$0.00 per share for 2007. Adjusted EBITDA for 2008 was \$428,000 compared to \$461,000 for 2007.

The Company has filed its financial statements and management’s discussion and analysis on SEDAR at [www.sedar.com](http://www.sedar.com). This information includes various metrics and performance measurements used by the company, including headcount information, average bill rates, utilization, project data, new customers and new contract information.

As always we invite your comments and encourage you to follow the progress of your company on the Burntsand website at [www.burntsand.com](http://www.burntsand.com).

### **About Burntsand**

Burntsand is a leader in the delivery of technology consulting services for customers with complex information processing and information management requirements in three practice areas - Enterprise Content Management, Collaboration and Service Management - aligned around our strategic partners, EMC, Microsoft and BMC. The Company delivers strategic design, technology architecture and custom application development through our proven Time-to-Value methodology, which mitigates business risk and speeds process improvements and returns. Headquartered in Toronto, Burntsand operates from locations across North America. The Company's shares (TSX: BRT) are traded on the Toronto Stock Exchange. Learn more about Burntsand at [www.burntsand.com](http://www.burntsand.com).

### **Forward Looking Statements**

Certain information in this press release and in other public announcements contains forward-looking information. Such statements include, but are not limited to, statements which indicate the results, events or activities that Burntsand expects or anticipates will or may occur in the future, including statements which give guidance as to future revenues or other financial results of Burntsand and statements regarding the growth of business or operations, competitive strengths and strategic initiatives and plans. Such forward-looking statements can generally be identified by words such as “outlook”, “guidance”, “estimate”, “forecast”, “objective”, “anticipate”, “intend”, “likely”, “will”, “may”, “should”, “could”, “expect”, “believe”, and similar expressions and statements relating to matters that are not historical facts.

The forward-looking statements in these documents are based upon the reasonable beliefs of Burntsand and its management as of the date the information; however, forward-looking statements involve risks and uncertainties and are based upon factors that may change and assumptions that may prove, with the passage of time, to be incorrect. Accordingly, undue reliance should not be placed upon such statements. If factors materially change or assumptions are materially incorrect, the actual results, performance or achievements of Burntsand may be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

Important factors that could cause actual results, events or activities to differ materially from the forward-looking statements contained in this press release include: general economic business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Burntsand; changes in laws and regulations; Burntsand’s ability to compete successfully,

protect its intellectual property rights, and adapt to technological advances and changing industry standards and other factors. Important assumptions that were used in making the forward-looking statements include: effective daily rates, estimated utilization, estimated new bookings and realization on contracts.

All statements made in these documents that contain forward-looking information are made as of the date of this document. Burntsand disclaims any intention and undertakes no obligation to update or revise any forward-looking statements to reflect new information, future events or otherwise.

## Note

### <sup>(1)</sup> Adjusted EBITDA

Adjusted EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, taxes, depreciation, amortization as well as any realized foreign currency translation losses or gains. Burntsand uses Adjusted EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term Adjusted 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. Adjusted EBITDA should not be construed as the equivalent of net cash flows from operating activities. The following is a reconciliation of net income (loss) to Adjusted EBITDA for the periods indicated:

	Three months ended		Years ended	
	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
Net income/(loss)	\$ 18,120	\$ 336,111	\$ (216,690)	\$ 6,004
Amortization of capital assets	79,242	91,790	328,339	432,126
Interest and other investment income	(17,831)	(45,800)	(72,308)	(94,633)
Interest expense and financing costs	6,417	11,085	34,633	80,718
Income taxes	289	-	38,963	37,100
Standardized EBITDA	<u>86,237</u>	<u>393,186</u>	<u>112,937</u>	<u>461,315</u>
Realized currency translation loss	314,900	-	314,900	-
Adjusted EBITDA	<u>\$ 401,137</u>	<u>\$ 393,186</u>	<u>\$ 427,837</u>	<u>\$ 461,315</u>

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**BURNTSAND INC.**  
**Consolidated Balance Sheets**

	December 31, 2008	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 4,876,377	\$ 3,643,932
Accounts receivable	5,216,377	3,781,308
Prepaid expenses	241,252	192,530
	<b>10,334,006</b>	<b>7,617,770</b>
Capital assets	815,441	1,172,430
Goodwill	177,566	144,517
	<b>\$ 11,327,013</b>	<b>\$ 8,934,717</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,828,319	\$ 2,068,648
Deferred revenue	1,046,277	706,250
Current portion of obligations under capital leases	100,089	127,298
	<b>3,974,685</b>	<b>2,902,196</b>
Long-term portion of deferred revenue	-	59,820
Long-term portion of obligations under capital leases	4,926	101,173
	<b>3,979,611</b>	<b>3,063,189</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common shares	9,611,454	9,602,855
Contributed surplus	1,325,017	1,159,680
Deficit	(2,239,061)	(2,022,371)
Accumulated other comprehensive loss	(1,350,008)	(2,868,636)
	<b>(3,589,069)</b>	<b>(4,891,007)</b>
	<b>7,347,402</b>	<b>5,871,528</b>
	<b>\$ 11,327,013</b>	<b>\$ 8,934,717</b>

**BURNTSAND INC.**  
**Consolidated Statements of Operations**

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
<b>REVENUE</b>				
Services	\$ 6,610,299	\$ 5,314,379	\$ 22,346,733	\$ 22,879,256
License and maintenance	606,324	116,449	2,038,519	2,632,169
Other revenue	379,976	205,500	1,056,568	969,587
	<b>7,596,599</b>	<b>5,636,328</b>	<b>25,441,820</b>	<b>26,481,012</b>
<b>COSTS</b>				
Cost of services	4,350,408	3,442,390	15,179,924	15,286,160
Cost of license and maintenance	562,373	92,018	1,928,816	2,401,605
Cost of other revenue	364,350	189,874	992,456	901,207
	<b>5,277,131</b>	<b>3,724,282</b>	<b>18,101,196</b>	<b>18,588,972</b>
<b>GROSS PROFIT</b>	<b>2,319,468</b>	<b>1,912,046</b>	<b>7,340,624</b>	<b>7,892,040</b>
<b>EXPENSES</b>				
Sales and marketing	619,574	385,924	2,087,805	1,796,669
General and administrative	647,466	621,742	2,496,599	3,041,762
Other expenses	651,291	511,194	2,328,383	2,592,294
	<b>1,918,331</b>	<b>1,518,860</b>	<b>6,912,787</b>	<b>7,430,725</b>
Earning before the undernoted	401,137	393,186	427,837	461,315
Realized currency translation loss	(314,900)	-	(314,900)	-
Amortization of capital assets	(79,242)	(91,790)	(328,339)	(432,126)
Interest and investment income	17,831	45,800	72,308	94,633
Interest expense and financing costs	(6,417)	(11,085)	(34,633)	(80,718)
Income (loss) before income taxes	18,409	336,111	(177,727)	43,104
Income tax expense	(289)		(38,963)	(37,100)
<b>NET INCOME/(LOSS)</b>	<b>\$ 18,120</b>	<b>\$ 336,111</b>	<b>\$ (216,690)</b>	<b>\$ 6,004</b>
Net income (loss) basic and diluted, per share	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.00
Weighted average number of common shares used to calculate per share amounts, basic and diluted				
	<b>72,660,220</b>	<b>72,552,793</b>	<b>72,631,805</b>	<b>72,523,977</b>

**BURNTSAND INC.**  
**Consolidated Statements of Cash Flows**

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income/(loss)	\$ 18,120	\$ 336,111	\$ (216,690)	\$ 6,004
Items not affecting cash:				
Amortization of capital assets	79,272	91,790	328,339	432,126
Amortization of assets used in outsourcing contract	44,260	44,260	177,010	177,040
Realized currency translation loss	314,900	-	314,900	-
Stock-based compensation	42,563	36,714	168,937	111,675
	<b>499,115</b>	<b>508,875</b>	<b>772,496</b>	<b>726,845</b>
Changes in operating assets and liabilities:				
Accounts receivable	(692,387)	1,116,223	(821,416)	(49,726)
Prepaid expenses	125,583	149,323	(2,519)	264,338
Accounts payable and accrued liabilities	37,285	(742,362)	565,427	(197,552)
Deferred revenue	(273,306)	(304,058)	211,543	(375,964)
	<b>(303,710)</b>	<b>728,001</b>	<b>725,531</b>	<b>367,941</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Short term investments	-	-	-	2,696,558
Purchase of capital assets, net of related accounts payable	(1,245)	(134,853)	(116,645)	(272,238)
	<b>(1,245)</b>	<b>(134,853)</b>	<b>(116,645)</b>	<b>2,424,320</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments on capital lease obligations	(33,568)	(31,119)	(127,892)	(119,357)
Issue of common shares	-	3,750	5,000	9,213
	<b>(33,568)</b>	<b>(27,369)</b>	<b>(122,892)</b>	<b>(110,144)</b>
NET CASH INFLOW	<b>(338,523)</b>	<b>565,779</b>	<b>485,994</b>	<b>2,682,117</b>
EFFECT OF FOREIGN EXCHANGE RATE				
CHANGES ON CASH	517,677	5,938	746,451	(206,509)
CASH AND CASH EQUIVALENTS (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF YEAR	<b>4,697,223</b>	<b>3,072,215</b>	<b>3,643,932</b>	<b>1,168,324</b>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <b>4,876,377</b>	\$ <b>3,643,932</b>	\$ <b>4,876,377</b>	\$ <b>3,643,932</b>