

BRAINHUNTER INC.

**Management Discussion and Analysis
For the Period Ended
March 31, 2008**

May 9, 2008

BASIS OF PRESENTATION

The Management's Discussion and Analysis, dated May 9, 2008 should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes for the period ended March 31, 2008. Additional information relating to Brainhunter Inc. ("Brainhunter") is available on SEDAR.

The Company's unaudited consolidated financial statements and accounting policies are in accordance with Canadian generally accepted accounting principles ("GAAP") of the Canadian Institute of Chartered Accountants ("CICA") using the same accounting policies and methods as the most recent audited consolidated financial statements. All dollar amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

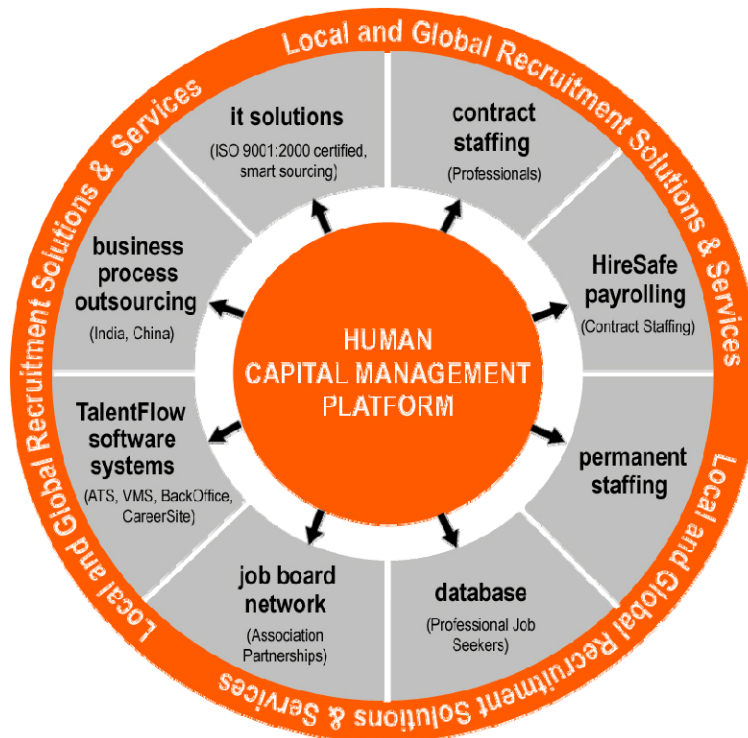
Certain statements in this MD&A may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Brainhunter and its subsidiary entities, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in Brainhunter's publicly filed documents (which are available on SEDAR at www.sedar.com) and elsewhere in this document. The risks and uncertainties include: the ability to maintain profitability and manage growth; reliance on and retention of professionals; competition; performance obligations and client satisfaction; fixed price and contingency engagements; collectability of accounts receivable; general state of the economy; possible acquisitions; possible future litigation; interest rate fluctuations; insurance limits; legislative and regulatory changes; revenue and cash flow volatility; operating risks; residential market risk; protection of intellectual property; appraisal mandates; restrictions on growth. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, Brainhunter cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and, except in accordance with applicable law, Brainhunter assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, Brainhunter undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Brainhunter, its financial or operating results, or its securities.

BUSINESS OVERVIEW

Brainhunter is an ISO 9001:2000 Certified “**Technology Driven Staffing Procurement Services and Solutions**” company. Brainhunter’s business is focused on using the Brainhunter Human Capital Management Platform to provide fully integrated end-to-end recruiting and staffing services and solutions in the following market sectors: Information Technology, Engineering, Industrial and Health Care.

These services are provided to customers throughout Canada, the United States and globally under the brand Brainhunter. Brainhunter’s multifaceted revenue stream is in seven related practice areas including:

Contract Staffing (Annuity Revenue), **Permanent Staffing** (Transaction Fees / Retainers), **Specialized Job Boards** (Posting Fees / Subscriptions / Services), **Technology Sales** (Licenses / Services), **Professional Services / Solutions Delivery** (Project Revenue), and **Business Process Outsourcing (“BPO”) Centre** (Annuity Revenue)



Brainhunter’s Technology Platform and Best practices strive to deliver the most cost effective and flexible recruiting and staffing solutions in the marketplace today. Brainhunter offers solutions that are modular in nature and are customizable to suit both small and large scale business processes. Brainhunter’s has over 2,000 clients including over 200 of North America’s leading corporation’s plus over 30 federal and provincial government departments. Brainhunter’s Job Seeker Database currently

holds over 1.2 million professional resumes and is one of the largest active databases for professional staffing in North America.

Brainhunter is a publicly traded company with a senior listing on the Toronto Stock Exchange (**TSX:BH**). Brainhunter deploys over 1,800 Contractors / Consultants with an internal staff of over 250 personnel. The Company has delivery capability across Canada including Toronto, Ottawa, Maritimes, Montréal, Calgary, Edmonton, Vancouver, activities in Dalian China, a BPO office in Hyderabad, India and delivery capability in select US jurisdictions and the UK.

DIVESTITURES

Sale of Brainhunter's North American CareerSite Business

On February 6, 2008, the Company executed several agreements “(Agreements)” to sell various components which comprised its North American CareerSite Business (“Business”) to Workopolis for a total consideration of \$10,000,000 cash (“Consideration”) payable on meeting certain transition milestones specific to each agreement. The Business consisted of the existing client activity and a perpetual license to use the Brainhunter CareerSite technology in Canada and the United States. As part of the agreements, also executed were a non-compete agreement, a one-year technology support agreement and a transition services agreement. In addition, the Company entered into a software development agreement with Workopolis for separate consideration.

Pursuant to the Agreements, the Company received on March 3, 2008 the amount of \$7,500,000 less closing adjustments of \$7,809 for a net consideration of \$7,492,191. Further, pursuant to the Agreements, the Company received on April 4, 2008 the amount of \$2,000,000 for a total consideration received to date of \$9,500,000.

Pursuant to the Agreements the remaining \$500,000 of the Consideration will be paid to the Company at the rate of \$125,000 per quarter, as agreed quarterly transition milestones are achieved.

For Q2 of Fiscal 2008, the Company is recognizing a gain on the disposition of the CareerSite Business of \$6,992,181, being the proceeds received during the quarter less a reserve of \$500,000 for anticipated transaction and transition costs. No provision is being recorded for income tax expense as the gain on disposition is shielded from income tax by losses carried forward from previous periods.

The Company's results of operations related to discontinued operations for the 3 months ended March 31, 2008 and 2007 are shown below. The period for 2008 runs from January 1, 2008 to February 6, 2008 while the 2007 period covered is the entire quarter from January 1, 2007 to March 31, 2007.

	Three Months ended March 31,	
	2008	2007
Results of Operations		
Revenues	102,203	648,846
Costs and expenses	55,716	339,394
	46,487	309,452
Sales and marketing	10,043	122,098
General & administrative	4,582	17,334
Income before gain on disposition	31,862	170,020
Gain on disposition	6,992,181	-
Income before income taxes	7,024,043	170,020
Income tax expense	-	-
Net income	7,024,043	170,020

Although the Company has exited the market in Canada and the USA for its CareerSite Business, the Company is continuing to expand the CareerSite Business in other parts of the world. The company has opened an office in London, England and has begun signing agreements with professional associations to provide the technology to power the association's job boards in the same manner as was done in North America. The Company is also negotiating an arrangement with an association of newspapers in South America to provide the technology for job boards for the members of the association.

REVIEW OF OPERATIONS

Revenues

Revenues for the three months ending March 31, 2008 increased \$2,614,189 or 4.5% versus the three months ending March 31, 2007 from \$57,903,699 to \$60,517,888. For the six months ending March 31, 2008, revenues increased \$7,013,915 or 6.2% to \$119,648,012, up from \$112,634,097 for the same period in the prior year. The increase is attributable to organic growth across all sectors of the business.

Brainhunter's Staffing Division accounted for \$115,003,898 or 96.1% of total revenues for the six months ended March 31, 2008 compared to \$109,208,037 or 97.0% for the same period in fiscal 2007, representing an increase of \$5,795,861 or 5.3% increase over the prior year period. The increase is mainly attributable to an increase in the IT and Engineering contract staffing business, as a result of organic growth initiatives.

Brainhunter's Solutions Division accounted for \$4,644,114 or 3.9% of total revenues in the first six months of fiscal 2008 compared to \$3,426,060 or 3.0% in the same periods in fiscal 2007, representing an increase of \$1,218,054 or 35.6% increase over the prior year period. The increase is mainly attributable to a rise in customer's activity on existing contracts and a growth in new customer relationships.

A significant portion of the Company's revenue is derived from the Federal Government of Canada. During the six months ending March 31, 2008, 34.0% of revenues related to

various Federal Government of Canada agencies and departments, compared to 38.9% of revenues from the prior year. The overall dollar values of revenues derived from the Federal Government has decreased during the six months ended March 31, 2008 to \$40,622,001 compared to \$44,015,036 in the same period prior year. The revenues derived from the Federal Government of Canada are declining as a percentage of total Company revenues as more revenues are derived from other sectors of the business.

Management believes that there are long-term trends in North America, which will provide the Company with significant opportunities to profitably expand the business of the Company:

- The continuing trend by primary IT users to “outsource” IT development projects to Solutions providers like Brainhunter to avoid having a large IT infrastructure
- The continuing trend by large scale Information Technology users and Systems Integrators to use IT contractors for projects in lieu of using permanent employees

Management believes that these trends will significantly drive our revenue and profitability growth in the long term.

Cost of Sales & Gross Margin

Cost of sales includes all direct costs incurred in the providing of Staffing and Solutions services. These costs include primarily the costs of contract staff, and billable employees, with small amounts for hardware and software sold as part of a solution and travel and living expenses required to provide the service.

The overall cost of sales increased \$2,583,574 or 5.2% from \$49,398,187 in Q2 fiscal 2007 to \$51,981,761 in Q2 fiscal 2008. For the six months ending March 31, 2008, the cost of sales increased \$6,361,270 or 6.6% from \$95,765,965 in the first two quarters of fiscal 2007 to \$102,127,235 in the first two quarters of fiscal 2008, an amount commensurate with the increase in revenues. Cost of sales as a percentage of revenues increased from 85.0% in the first six months of fiscal 2007 to 85.4% in the same periods in fiscal 2008, on a period-over-period basis reflecting the evolution in the mix of the business which include significant vendor managed payrolling sales for several Tier-1 customer relationships. This business has lower margins than traditional full-service contract staffing sales because no recruiting function is required.

Cost of sales in the Company’s Staffing Division accounted for \$99,267,210 or 97.2% of the total cost of sales in the first two quarters of fiscal 2008 compared to \$93,909,748 or 98.1% of the total cost of sales in the first two quarters of fiscal 2007, representing an increase of \$5,357,462 or 5.7% increase over the prior year. The gross margin related to the Staffing Division is \$15,736,688 or 13.7% of related revenues in the six months ended March 31, 2008 compared to \$15,298,289 or 14.0% of related revenue for the same periods in the prior year. The decrease in gross margin percentage is a result of the vendor managed payrolling sales, as noted above, which have lower margins than the traditional full-service contract staffing sales.

Cost of sales in the Company's Solution Division accounted for \$2,860,026 or 2.8% of the total cost of sales in the six months ended March 31, 2008 compared to \$1,856,217 or 1.9% of the total cost of sales in same period in the prior year, representing an increase of \$1,003,809 or 54.1% increase over the prior year. The gross margin related to the Solutions Division is \$1,784,088 or 38.4% of related revenues in the first two quarters of fiscal 2008 compared to \$1,569,843 or 45.8% of related revenue for the same period in fiscal 2007. The \$214,245 or 13.6% increase in gross margin is a result of organic growth in the Solution's Division as a result of new customer relationships and a rise in customer contracts. The decline in gross margin percentages is the result of utilizing more contractors, versus employees, in delivering services.

Overall, the Company reported gross margins of \$8,536,127 or 14.1% of revenues in the quarter ending March 31, 2008, compared to \$8,505,512 or 14.7% of revenues in the quarter ending March 31, 2007. The gross margin % fluctuates as it is dependent on the level of revenue generated from each division, and changes due to demands and competition in the market place, and as noted above, it has been impacted by the increase in vendor managed payrolling revenues, which have lower gross margin percentage.

Overhead expenses (“Other Staffing Costs” and “General, Selling and Administrative”)

Other staffing costs have increased \$1,121,251 or 22.9% to \$6,007,148 in Q2 fiscal 2008, up from \$4,885,898 in the same period in the prior year. For the six months ended March 31, 2008, other staffing costs have increased from \$9,416,631 in fiscal 2007 to \$11,350,129 in fiscal 2008, representing an increase of \$1,933,498 or 20.5%. The major components of the increase in Q2 2008 are:

- Sales staff salaries increased by \$566,110. This was deemed necessary by management to properly service the new tier one relationships which the company has obtained. It is expected that additional revenues and margins will flow from the addition of these personnel.
- Finance, IT, HR salaries and management fees increased by \$455,375. This was the addition of new staff was hired during the period to meet the increased business needs.

Selling, general and administrative expenses have increased \$2,381,868 or 144.6% in Q2 fiscal 2008 from \$1,647,204 to \$4,029,072. For the six months ended March 31, 2008, Selling, general and administrative expenses have increased from \$3,471,905 in fiscal 2007 to \$6,369,512 in fiscal 2008, representing an increase of \$2,897,607 or 83.5%. As a percentage of revenue, the selling, general and administrative costs have increased from 3.1% in first two quarters of fiscal 2007 to 5.3% in the same periods of fiscal 2008.

The largest components of the increase are non-recurring costs in the amount of \$2,049,868 described below:

- costs and reserves recorded for current and potential litigation settlements (\$923,537)

- amounts spent on the review of Internal Controls pursuant to National Instrument 52-109 and increase in audit accruals (\$270,493)
- severances to senior employees (\$80,208)
- legal fees on acquisition cancelled (\$47,737)
- other legal fees (\$69,893)
- write off of investments in a start-up business (\$108,000)
- reserves for employee loans to acquire shares, where the value of the shares as loan collateral has declined as a result of the decline the price of the Company's shares (\$250,000)
- general provision for uncollectible receivables and other items (\$300,000).

Earnings before interest, taxes and amortization (EBITDA)

As a result of the above, EBITDA is reported as a negative of \$1,500,094 for Q2 fiscal 2008 versus a positive of \$1,972,410 for Q2 fiscal 2007. On a YTD basis, EBITDA is a loss of \$198,866 for the six months of fiscal 2008 versus a positive of \$3,979,596 for the same six months of fiscal 2007. The decrease in EBITDA is due largely to the sale of Job Board business to Workopolis on February 6, 2008 and the inclusion of one-time non-recurring costs as set out above. As a result, income from the Job Board business has been reclassified as Income from Discontinued operations on a separate line of the Statement of Operations and Losses.

Interest

The interest costs are predominantly related to amounts paid on the Company's term bank facility, the convertible notes, and the debentures. Interest expense is composed of cash interest expense and non-cash or accretive interest. Accretive interest is a notional interest cost which represents the difference between the coupon rate of the specific piece of debt and an estimated cost of capital to the Company. When a piece of debt is incurred at a rate below the Company's estimated cost of capital, GAAP requires the debt to be discounted by the difference between the two interest rates and that discount amortized over the life of the debt as accretive or non-cash interest expense.

	Q2 2008	Q2 2007	Q2 YTD 2008	Q2 YTD 2007
Interest Expense Cash	972,511	738,904	1,848,723	1,492,329
Interest Expense Non Cash	409,644	325,933	745,348	638,462

Interest expense is increasing over time commensurate with the increase in revenues, being the cost of financing accounts receivable for contract staffing and solutions business.

Amortization

Amortization expense of capital and intangible assets in Q2 fiscal 2008 is \$476,205 and \$790,167 respectively, an increase of \$10,394 for capital assets and a decrease of \$185,168 for amortization of intangible assets from the same period of the prior year. For the six months ending March 31, 2008, the amortization expense for capital assets increased \$220,691 to \$957,708 while the amortization for intangible assets decreased \$343,333 to \$1,607,331.

In addition, the Company amortized Deferred Financing Cost of \$319,408 for Q2 2007 and \$633,127 for the first six months of fiscal 2007. No amount has been amortized in fiscal 2008. This is because the Company has adopted the new recommendations of the CICA Handbook Section 1530: Comprehensive Income; Section 3251: Equity; Section 3855: Financial Instruments – Recognition and Measurement; and Section 3865: Hedging. Pursuant to these new accounting policies, transaction costs relating to obtaining bank and other debt financing are netted against the carrying value of the related debt and amortized into accreted interest expenses, whereas in the past those costs were deferred and amortized over the term of the related financing.

Income Tax Expense

The provision for income taxes differs from the expense that would be obtained by applying the statutory rate to net income before income taxes as a result of such items as, amounts not deductible for tax purposes, future tax assets and liabilities, and the benefit of losses recorded. The Company has sufficient tax losses acquired through acquisitions to reduce the payment of income taxes but is still subject to corporate minimum taxes, and future tax provisions. The Company has recorded a recovery of \$5,054 in Q2 fiscal 2008 compared to a recovery of \$450,533 in Q2 fiscal 2007, and a recovery of \$221,229 for the six months ended March 31, 2008 versus \$808,237 for the six months ended March 31, 2007.

Net Earnings (Loss)

The Company is reporting for Q2 fiscal 2008 a net earnings of \$2,880,476 or loss of \$0.09 per share from Continued Operations, offset by a gain of \$0.16 per share from Discontinued Operations, and a net earnings of \$1,887,296 for the six months ended March 31, 2008, compared to a net loss of \$232,428 or \$0.01 per share basic and diluted for Q2 fiscal 2007 and a net loss of \$493,746 for the six months ended March 31, 2007.

SELECTED QUARTERLY INFORMATION

For the Three Months ended March 31st (\$,000 except earning per share)

	2008	2007	2006
Revenue	60,518	57,903	42,712
Cost of Sales	51,982	49,398	35,895
Gross Margin	8,536	8,505	6,817
Other operating costs	10,036	6,533	5,881
EBITDA	(1,500)	1,972	936
Interest - cash	973	739	584
Interest - non cash	410	326	448
Amortization of capital assets	476	466	282
Amortization of intangibles	790	975	1,187
Amortization of deferred financing costs	-	319	235
Earnings (loss) before tax	(4,149)	(853)	(1,800)
Income Tax	(5)	(451)	(167)
Earnings (loss) from continuing operations	(4,144)	(402)	(1,633)
Income from discontinued operations	32	170	151
Gain from disposal of discontinued operations	6,992	-	-
Net earnings (loss)	2,880	(232)	(1,482)
Earnings per share Continued operations - Basic and Diluted	(\$0.09)	(\$0.01)	(\$0.04)
Earnings per share Discontinued operations - Basic	\$0.16	\$ -	\$ -
Earnings per share Discontinued operations - Diluted	\$0.14	\$ -	\$ -
Total assets	82,871	85,194	81,451
Total long-term financial liabilities	25,611	38,836	38,889

For the Six Months ended March 31st (\$,000 except earning per share)

	2008	2007	2006
Revenue	119,648	112,634	76,574
Cost of Sales	102,127	95,766	63,992
Gross Margin	17,521	16,868	12,582
Other operating costs	17,720	12,889	10,931
EBITDA	(199)	3,979	1,651
Interest - cash	1,849	1,492	980
Interest - non cash	745	638	649
Amortization of capital assets	958	737	538
Amortization of intangibles	1,607	1,951	1,966
Amortization of deferred financing costs	-	633	235
Earnings (loss) before tax	(5,358)	(1,472)	(2,717)
Income Tax	(221)	(808)	(145)
Earnings (loss) from continuing operations	(5,137)	(664)	(2,572)
Income from discontinued operations	32	170	151
Gain from disposal of discontinued operations	6,992	-	-
Net earnings (loss)	1,887	(494)	(2,421)
Earnings per share Continued operations - Basic and Diluted	(\$0.12)	(\$0.02)	(\$0.06)
Earnings per share Discontinued operations - Basic	\$0.16	\$ -	\$ -
Earnings per share Discontinued operations - Diluted	\$0.14	\$ -	\$ -

The Company's quarterly results fluctuate based on a number of factors. Operations are driven by the timing of contracts, business renewals, acquisitions, reorganizations, and are subject to some quarterly seasonality due to the timing of the Federal Government of Canada's year-end, vacation periods and statutory holidays.

Liquidity

The nature of the Company's business requires it to have access to cash to fund the payments to contractors until the related invoices to the Company's clients can be collected. To that end, the Company relies on cash generated from operations, and has a term credit facility with a Schedule "A" bank.

Term Credit Facility

The Company has a revolving demand term credit facility from a Schedule "A" bank, initiated November 14, 2005, which facility is collateralized by a general security agreement that constitutes a first charge over all the assets of the Company. The facility bears interest at prime plus 0.5% to 1.5%, depending on a specific bank covenant ratio,

The original amount of the facility was \$20,000,000 with a maturity date of November 14, 2007.

On September 22, 2006, the demand term credit facility was increased from \$20,000,000 to \$22,000,000 on substantially the same terms.

On May 14, 2007, the demand term credit facility was increased from \$22,000,000 to \$26,000,000 on substantially the same terms, except for covenant amendments, and the term was extended to October 15, 2008.

On December 14, 2007, the demand credit facility was increased until January 14, 2008 by \$4,000,000 from \$26,000,000 to \$30,000,000. This temporary increase was subsequently extended to February 29, 2008. At March 31, 2008, the facility stands at \$26,000,000.

At September 30, 2007, December 31, 2007 and March 31, 2008, the Company was in breach of bank covenants relating to specific financial ratios tied to EBITDA. The bank waived the covenant requirement at September 30, 2007 and is expected to waive the covenant requirement as at December 31, 2007 and March 31, 2008.

At management's request, the review of the terms of the demand credit facility will be delayed until the fourth quarter of Fiscal 2008, at the time of the Bank's annual review of the demand credit facility. The CareerSite transaction closed in February, 2008, resulting in the injection of \$9.5 million in cash, \$7.5 million in March, 2008, and \$2.0 million in April, 2008. Additionally, the Company is actively engaged in transactions that are expected to result in further cash injections by the fourth quarter, 2008. The CareerSite transaction has substantially reduced the Company's credit requirements. The CareerSite transaction combined with other strategic initiatives currently in process will be sufficient to significantly reduce both term and operating facilities and substantially strengthen the Company's balance sheet. At March 31, 2008, the balance outstanding of the term credit facility was 72% of bankable accounts receivable or 54% of total accounts receivable.

Following discussions with the bank expected to take place in the fourth quarter of Fiscal 2008, management anticipates that the Bank will extend the term of the facility beyond October 15, 2008 and that agreement will be reached to amend the covenants to better fit the nature of the business of the Company.

Cash from Operations

Cash used in continued operating activities for the six months ending March 31, 2008 was \$2,139,692 while for the same six months ending March 31, 2007, the Company generated \$2,477,149 cash from continued operating activities. This significant change resulted mainly from the decline in Earnings from continued operations of \$5,136,747 in the first two quarters of fiscal 2008.

For the six months ending March 31, 2008, non-cash working capital increased \$789,734. The improvement in non-cash working capital was mainly due to the increased Accounts Payable, but offset by the increased Accounts Receivable and Prepaids and deposits.

Obligations by year (\$,000)

			Operating Leases	Long Term Debt		Total
				Pay in Cash	Pay in Shares	
Year ending:	Sept	2008	\$927	\$1,119	\$200	\$2,247
	Sept	2009	\$1,659	\$15,072	-	\$16,730
	Sept	2010	\$1,467	\$142	-	\$1,609
	Sept	2011	\$1,459	-	-	\$1,459
	Sept	2012	\$1,480	-	-	\$1,480
	Sept	2013	\$1,459	-	-	\$1,459
	Sept	2014	\$1,345	-	-	\$1,345
	Sept	2015	\$526	-	-	\$526
	Sept	2016	\$253	-	-	\$253
	Sept	2017	\$21	-	-	\$21
	Total		\$10,596	\$16,333	\$200	\$27,129

Issue of Common Shares

No common shares were issued by the Company in the second quarter of 2008. The Company issued 275,000 stock options during the quarter, while 316,467 options expired during the period. No options were exercised in Q2 fiscal 2008.

Advances to Related Parties and Share Purchase Loans

In Q2 of fiscal 2008, the Company advanced to the Chairman of the Company \$410,000 to purchase convertible notes of the Company from other non-related note-holders. The loan bears interest at 8% per annum, is secured by the convertible notes, and is repayable on the maturity dates of the convertible notes, being November 15, 2008. The Chairman holds the convertible notes on the same terms as other holders of the convertible notes.

Repayment of Long-term Obligations

The Company repaid \$785,000 of long-term debt during Q2 fiscal 2008, compared to a repayment of \$832,171 in the same quarter of 2007. On a YTD basis, the Company repaid \$2,200,756 of long-term debt during the six months ended March 31, 2008 compared to a repayment of \$1,308,855 for the same period of the prior year. All of the repayments were scheduled payments of long-term debt.

Capital Expenditures

The Company recorded \$158,158 of Capital Expenditures during Q2 fiscal 2008, compared to \$120,110 for same period in fiscal 2007. During the six months ended March 31, 2008, the Company spent \$534,960 compared to \$725,008 spent in the six months ended March 31, 2007. The current expenditures were made primarily in computer hardware and software (\$130,058), Furniture & Office Equipment (\$13,581) and leasehold improvements of (\$14,519) for the Company's new premises in Toronto.

EBITDA

Management defines EBITDA as earnings before amortization, interest and taxes. The Company's method of recording EBITDA may not be comparable to similar measures presented by other companies.

OTHER

Other Instruments

The fair values of the Company's current assets and current liabilities approximate their carrying values due to their short-term nature. The fair market value of long-term debt approximates carrying value based on the Company's current borrowing rates for similar types of borrowing arrangements.

The Company sells primarily to large, well-established customers. The Company is exposed to risk due to fluctuations in the exchange rate of the U.S. dollar. The company is also exposed to risk as its term bank facility interest rate fluctuates with the prime interest rate.

Transactions with Related Parties

Other than as described above, no transactions were executed or contemplated between the Company and Related Parties during the period ended March 31, 2008.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control Over Financial Reporting

During the most recent period ending March 31, 2008, there have been no changes in the design of the Company's internal controls over financial reporting that have materially

affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Legal Proceedings

The company is involved in several pieces of litigation. Management believes that the litigation provisions which have been made by the Company are sufficient to offset any uncertainties.

Additional Information

Additional information about the Company may be obtained on SEDAR at www.SEDAR.com.