

**Komunik Corporation Inc.**  
**Consolidated Financial Statements**  
**April 30, 2008**

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## **Management's Responsibility for Financial Statements**

The consolidated financial statements of Komunik Corporation Inc. (the "Company") and the other financial information are the responsibility of the Company's management and have been examined and approved by its Board of Directors. These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include some amounts that are based on management's best estimates and judgments. The selection of accounting principles and methods is management's responsibility.

Management is responsible for the design, establishment and maintenance of appropriate internal controls and procedures over financial reporting, to ensure that financial statements for external purposes are fairly presented in conformity with generally accepted accounting principles. Pursuant to these internal controls and procedures, processes have been designed to ensure that the Company's transactions are properly authorized, the Company's assets are safeguarded against unauthorized or improper use, and the Company's transactions are properly recorded and reported to permit the preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors assigns its responsibility for the consolidated financial statements and other financial information to the Audit Committee, all of whom are non-management and unrelated directors.

The Audit Committee's role is to examine the consolidated financial statements and other financial information included in the Company's annual report and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the Audit Committee meets periodically with the external auditors to review their audit plans and discuss the results of their examination. The Audit Committee is also responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The Company's external auditors, Raymond Chabot Grant Thornton, LLP, were appointed by the shareholders at the Annual and Special Meeting of Shareholders on June 7, 2007, to conduct the audit of the Company's consolidated financial statements. Their report indicating the scope of their audit and their opinion on the consolidated financial statements follows.

/S/ Alain Paquin

Alain Paquin  
President and Chief Executive Officer

/S/ Sébastien P. Demers

Sébastien P. Demers  
Chief Financial Officer

Montréal, Québec  
July 24, 2008



# Raymond Chabot Grant Thornton

## Auditors' Report

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To the Shareholders of  
Komunik Corporation Inc.

We have audited the consolidated balance sheet of Komunik Corporation Inc. as at April 30, 2008 and the consolidated statements of earnings, comprehensive income (loss), shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Komunik Corporation Inc. as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at April 30, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on these consolidated financial statements in their report dated June 27, 2007.

/S/ Raymond Chabot Grant Thornton, LLP

Chartered Accountants

Montréal  
July 24, 2008

Chartered Accountants  
Member of Grant Thornton International Ltd.

**Komunik Corporation Inc.**  
**Consolidated Earnings**

Year ended April 30, 2008

	2008	2007
	\$	\$
<b>Sales</b>	<b>95,047,876</b>	<b>8,108,462</b>
Cost of sales	<b>66,619,683</b>	<b>4,416,716</b>
<b>Gross profit</b>	<b>28,428,193</b>	<b>3,691,746</b>
Operating expenses		
Selling		
Administrative	<b>16,159,927</b>	1,166,062
Gain on disposal of property and equipment	<b>10,393,695</b>	1,431,836
Foreign exchange loss (gain)	<b>(15,473)</b>	
Restructuring costs (Note 6)	<b>4,578</b>	(21,097)
Write-off of deferred development costs	<b>232,493</b>	
Amortization of property and equipment	<b>,700</b>	
Amortization of intangible assets	<b>3,320,390</b>	352,955
Amortization of deferred charges	<b>920,092</b>	
Financial expenses	<b>156,685</b>	
Impairment of goodwill (Note 15)	<b>2,518,310</b>	230,147
	<b>2,000,000</b>	
	<b>36,094,397</b>	<b>3,159,903</b>
Earnings (loss) before income taxes	<b>(7,666,204)</b>	531,843
Income taxes (recovery) (Note 9)	<b>(1,452,221)</b>	56,287
<b>Net earnings (loss)</b>	<b>(6,213,983)</b>	<b>475,556</b>
Earnings (loss) per share (Note 10)		
Basic	<b>(0.21)</b>	0.03
Diluted	<b>(0.21)</b>	0.03

The accompanying notes are an integral part of the consolidated financial statements and Note 7 provides additional information on consolidated earnings.

**Komunik Corporation Inc.**  
**Consolidated Comprehensive Income (Loss)**  
 Year ended April 30, 2008

	<u>2008</u>	<u>2007</u>
<b>Net earnings (loss)</b>	<b>\$</b>	<b>\$</b>
Other comprehensive income	<u>(6,213,983)</u>	<u>475,556</u>
Foreign currency translation adjustments	<u>(951)</u>	
Other comprehensive income	<u>(951)</u>	
<b>Comprehensive income (loss) for the year</b>	<b><u>(6,214,934)</u></b>	<b><u>475,556</u></b>

The accompanying notes are an integral part of the consolidated financial statements.

**Komunik Corporation Inc.**  
**Consolidated Shareholders' Equity**  
 Year ended April 30, 2008

	Common shares		Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income	Total shareholders' equity
	Number	Amount				
Balance as at April 30, 2006		\$				\$
Net earnings	13,815,790	2,100,085		762,136		2,862,221
Balance as at April 30, 2007				475,556		475,556
Shares cancelled pursuant to a business amalgamation (Note 21)	13,815,790	2,100,085		1,237,692		3,337,777
Shares issued pursuant to a business amalgamation (Note 21)	(13,815,790)	(2,100,085)				(2,100,085)
Shares issued pursuant to a business combination (Notes 5 and 21)	22,645,350	2,100,085				2,100,085
Shares issued pursuant to a private placement (Note 21)	4,389,603	8,899,920				8,899,920
Shares issued pursuant to a debt financing (Note 21)	4,438,964	9,000,000				9,000,000
Share issuance costs (net of future of taxes of \$148,775)	765,721	1,552,499				1,552,499
Stock-based compensation expense		(404,087)	574,408			(404,087)
Net loss				(6,213,983)		574,408
Changes in currency translation adjustments					(951)	(6,213,983)
<b>Balance as at April 30, 2008</b>	<b>32,239,638</b>	<b>21,148,417</b>	<b>574,408</b>	<b>(4,976,291)</b>	<b>(951)</b>	<b>16,745,583</b>

The accompanying notes are an integral part of the consolidated financial statements.

**Komunik Corporation Inc.**  
**Consolidated Cash Flows**  
Year ended April 30, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings (loss)		
Non-cash items	(6,213,983)	475,556
Amortization		
Write-off of deferred development costs	4,891,342	352,955
Impairment of goodwill	403,700	
Gain on disposal of property and equipment	2,000,000	
Stock-based compensation expense	(15,473)	
Pension	574,408	
Deferred revenue	(134,276)	
Future income taxes	(146,850)	
Other	(1,437,408)	58,669
	<u>(4,616)</u>	<u>(16,317)</u>
Cash flows from operations before changes in working capital items	(83,156)	870,863
Changes in working capital items (Note 8)	4,797,075	326,411
<b>Cash flows from operating activities</b>	<u>4,713,919</u>	<u>1,197,274</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment		
Proceeds on disposal of property and equipment	(1,930,287)	(451,215)
Business acquisitions (Note 5)	15,473	
Other assets	(18,632,731)	
Intangible assets	(770,309)	(130,258)
	<u>(31,776)</u>	<u>(5,686)</u>
<b>Cash flows from investing activities</b>	<u>(21,349,630)</u>	<u>(587,159)</u>
<b>FINANCING ACTIVITIES</b>		
Bank indebtedness		
Bank loan	7,833,292	281,203
Long-term debt	(1,135,000)	
Debt issue expenses	11,250,000	
Repayment of long-term debt	(448,561)	
Repayment of obligations under capital leases	(8,374,771)	(243,931)
Due to shareholders	(830,040)	(219,188)
Issue of common shares	(105,396)	(64,661)
Share issue expenses	9,000,000	
Redemption of Class "B" shares	(552,862)	
		<u>(368,150)</u>
<b>Cash flows from financing activities</b>	<u>16,636,662</u>	<u>(614,727)</u>
<b>Increase (decrease) in cash</b>	<u>951</u>	<u>(4,612)</u>
Effect of foreign currency translation adjustments	(951)	
Cash, beginning of year		4,612
Cash, end of year	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the consolidated financial statements.



**Komunik Corporation Inc.**  
**Consolidated Balance Sheet**  
 April 30, 2008

	2008	2007
	\$	\$
<b>ASSETS</b>		
Current assets		
Accounts receivable (Note 11)	15,648,550	1,786,779
Inventories (Note 12)	12,275,633	73,136
Prepaid expenses	639,263	855,232
	<u>28,563,446</u>	<u>2,715,147</u>
Property and equipment (Note 13)	11,419,274	1,940,594
Other assets (Note 14)		168,103
Pension (Note 24)	39,992	
Intangible assets (Note 16)	7,734,154	52,470
Goodwill (Note 15)	2,000,101	2,690,229
	<u>49,756,967</u>	<u>7,566,543</u>
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 17)	9,373,013	21,203
Bank loan		1,135,000
Accounts payable and accrued liabilities (Note 18)	12,635,558	1,710,179
Due to shareholders (Note 19)	106,876	212,272
Future income taxes (Note 9)	87,742	78,173
Current portion of deferred revenue	150,664	
Current portion of long-term debt (Note 20)	9,157,649	500,067
	<u>31,511,502</u>	<u>3,656,894</u>
Long-term debt (Note 20)	732,764	541,044
Deferred revenue	256,833	
Future income taxes (Note 9)	510,285	30,828
	<u>33,011,384</u>	<u>4,228,766</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 21)	21,148,417	2,100,085
Contributed surplus	574,408	
	<u>21,722,825</u>	<u>2,100,085</u>
Retained earnings (deficit)	(4,976,291)	1,237,692
Accumulated other comprehensive income (Note 23)	(951)	
	<u>(4,977,242)</u>	<u>1,237,692</u>
	<u>16,745,583</u>	<u>3,337,777</u>
	<u>49,756,967</u>	<u>7,566,543</u>

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/s/ Patrick Préfontaine  
 Director

/s/ Alain Paquin  
 Director

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
April 30, 2008

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**1 - GOING CONCERN, GOVERNING STATUTES AND NATURE OF OPERATIONS**

**Going concern**

These consolidated financial statements have been prepared using generally accepted accounting principles (GAAP) applicable to a going concern, which assume that Komunik Corporation Inc. (hereafter the "Company") will be able to realize its assets and settle its liabilities and commitments in the normal course of operations for the foreseeable future. For the year ended April 30, 2008, the Company recorded a net loss of \$6,213,983. In addition, the Company is subject to several covenants and other restrictions under its Subordinated debt, Acquisition loan and Revolving Credit Facility (collectively the "Debt") all of which are described in Notes 17 and 20 to these consolidated financial statements. As at April 30, 2008 the Company was in breach of its funded debt over earnings (loss) before interest, income taxes, depreciation and amortization ("EBITDA") covenant for the most recently completed twelve-month period (the "Covenant"). Finally, based on the Company's budgets and forecasts, it is likely that it would not meet the Covenant during the year ending April 30, 2009. The Company did not obtain a waiver from its primary lenders for the Covenant breach. Accordingly, as at April 30, 2008, the Debt has been classified as part of current liabilities on the consolidated balance sheet, thus resulting in a negative working capital.

There can be no guarantee that adequate funds will be available on acceptable terms and timing as required by the Company. Failure to obtain ongoing support of its shareholders and lenders or the Company's ability to obtain new debt financing may make the going concern basis of accounting inappropriate, in which case the Company's assets and liabilities would need to be recorded at their liquidation values. If the use of the going concern assumption is not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying value and classification of assets, liabilities and reported results of operations. Such adjustments could be material.

In accordance with GAAP appropriate for a going concern, property and equipment and intangible assets having finite useful lives are carried at cost less accumulated amortization and any impairment losses and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Intangible assets having in-finite useful lives and goodwill are carried at cost less any impairment losses. Goodwill is tested for impairment annually and between annual tests when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. Intangible assets having in-finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Covenant breach coupled with the decline in the Company's results from operations and cash flows triggered impairment tests as at April 30, 2008 of the Company's property and equipment, intangible assets and goodwill. The Company made assumptions about the future cash flows expected from the use of its assets and has concluded that a goodwill impairment charge of \$2,000,000 is required. There can be no assurance that expected future cash flows will be realized or will be sufficient to recover the carrying amount of long lived assets or goodwill.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
April 30, 2008

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**1 - GOING CONCERN, GOVERNING STATUTES AND NATURE OF OPERATIONS**  
*(Continued)*

**Governing statutes and nature of operations**

The Company incorporated under the Canada Business Corporations Act, based in Montréal, Canada, develops, produces and sells a variety of forms, labels and commercial printing products and provides marketing analysis and direct media communication services to a diversified clientele primarily in Canada, and the United States of America.

Effective February 9, 2007, Komunik Corporation ("Komunik") entered into an Acquisition Agreement (the "Agreement") to acquire all the issued and outstanding shares of Datamark Systems Group Inc. ("Datamark"). Pursuant to this Agreement, effective June 12, 2007, Komunik acquired all the issued and outstanding shares of Datamark, for a total cash consideration of \$16,751,016 and \$8,899,920 in the form of share consideration, representing 4,389,603 common shares of the Company, as described in more detail in Note 5. Immediately thereafter, Komunik and Datamark were amalgamated to form the combined entity, the Company. Consequently, the common shares of Datamark and Komunik were cancelled. Finally, in accordance with this Agreement, the common shares of the Company are listed on the Toronto Stock Exchange in Canada.

The comparative period amounts and disclosures, included in these consolidated financial statements, are those of Komunik.

**2 - BASIS OF PRESENTATION**

The consolidated financial statements are expressed in Canadian dollars and are prepared in accordance with GAAP.

**Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Upon consolidation, all intercompany transactions and balances have been eliminated.

**3 - ACCOUNTING CHANGES**

*Accounting changes*

On May 1, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of the new Section 1506, "Accounting Changes", of the *Canadian Institute of Chartered Accountants Handbook* (CICA). This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. The adoption of the new standard has no impact on the Company's financial results and the additional disclosures required by this Section were included in Note 4.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
April 30, 2008

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**3 - ACCOUNTING CHANGES (Continued)**

*Financial instruments, hedges and equity*

On May 1, 2007, in accordance with the applicable transitional provisions, the Company adopted the new recommendations in Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", 3861, "Financial Instruments – Disclosure and Presentation", 3865, "Hedges", and 3251, "Equity", of the *CICA Handbook*.

Sections 3855 and 3861 address the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Company remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of retained earnings at the beginning of the fiscal year of initial application or as an adjustment of the opening balance of a separate component of accumulated other comprehensive income, as appropriate. The financial statements of prior fiscal years are not restated.

Section 1530 requires the presentation of comprehensive income and its components in a new financial statement and establishes standards for reporting and display of comprehensive income. Comprehensive income is the change in the Company's net assets that result from transactions, events and circumstances from sources other than the Company's shareholders. It also includes revenues, expenses, gains and losses that, in accordance with primary sources of GAAP are recognized in comprehensive income, but excluded from net earnings (loss). Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting fiscal year. Pursuant to the transitional provisions of these sections, the Company's financial statements of prior fiscal years are not restated, except for the accumulated currency translation adjustments, which is presented as a component of accumulated other comprehensive income.

The adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Company's financial instruments, which were previously recognized at cost:

- Trade receivables and other receivables, excluding income, sales and other taxes are classified as loans and receivables. They are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements of trade receivables are recorded at amortized cost, which usually corresponds to the amount initially recorded less any allowance for doubtful accounts. Subsequent measurements of other receivables are recorded at amortized cost using the effective interest method, including any impairment;
- Bank indebtedness, bank loan and accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method and the gains and losses resulting from their subsequent measurement, at the end of each period, are recognized in net earnings (loss);

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
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**3 - ACCOUNTING CHANGES (Continued)**

- Long-term debt and due to shareholders are classified as other financial liabilities. They are measured at amortized cost using the effective interest method, which is the amount on initial recognition net of the accumulated amortization of the related debt issue expenses incurred at the time the long-term debt was issued. The amount recorded upon initial recognition corresponds to the notional amount of the long-term debt less the related debt issue expenses.

The Company recognizes as separate assets and liabilities derivatives embedded in hybrid instruments issued, acquired or substantially modified by the Company, when the hybrid instruments are not recognized as held for trading and are still in effect as at May 1, 2007. Embedded derivatives that are not closely related to the host contract must be separated and classified as held-for-trading financial instruments; they are then measured at fair value and changes in fair value are recognized in net earnings (loss). The Company has not identified any embedded derivatives that should be separated from the host contracts as at May 1, 2007. For embedded derivatives instruments, the Company elected May 1, 2002 as its transition date.

Section 3865 describes when and how hedge accounting may be applied. The adoption of hedge accounting is optional. It offers entities the possibility of applying different reporting options than those set out in Section 3855, to qualifying transactions that they elect to designate as hedges for accounting purposes and ensures that gains, losses, revenues and expenses related to a hedging and hedged items are recognized in net earnings (loss) in the same period.

The adoption of these new standards has no impact on the Company's financial results and the additional disclosures required by these Sections were included in the notes to these consolidated financial statements.

**4 - ACCOUNTING POLICIES**

**Accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates.

**Revenue recognition**

Revenue from product sales is recognized when there is persuasive evidence of an agreement, the amount is fixed or determinable, delivery of the product to the customer has occurred, there are no uncertainties surrounding product acceptance and collection of the amount is considered probable. Title to the product generally passes upon delivery of the product. The majority of products are customized, thus product returns are not significant. However, sales returns and allowances are treated as reductions to sales and are provided for based on historical experience and current estimates. Revenues from marketing analysis and direct media communication services are recognized over the contract period, which is the period during which the services are provided and the related expenses are incurred.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**

April 30, 2008

**4 - ACCOUNTING POLICIES (Continued)**

Under some agreements requested by certain customers, customized products may be stored by the Company for future delivery as "bill and hold". In these situations, the Company receives a logistics and warehouse management fee for the services provided. Revenues under the "bill and hold" transactions are recognized when delivery schedules are agreed and fixed with the customer, manufacturing is complete, title transfers to the customer, the order is invoiced and there is reasonable assurance of collectibility. When the Company sells goods and warehousing services to a customer as part of its sales activity, the individual components of these multiple deliverables are recorded based on their relative fair value.

**Accounts receivable**

Credit is extended based on evaluation of a customer's financial condition and generally, collateral is not required. Accounts receivable are stated at amounts due from customers based on agreed upon payment terms net of an allowance for doubtful accounts. Accounts outstanding longer than the agreed upon payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they are determined to be uncollectible and any payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

**Inventory valuation**

Raw materials are valued at the lower of cost and replacement cost. Work-in-process and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis. Work-in-process and finished goods include the cost of raw materials, direct labour and manufacturing overhead.

**Amortization**

Property and equipment are amortized over their estimated useful lives using the straight-line method over the following periods:

	<u>Periods</u>
Machinery and equipment, including machinery and equipment under capital leases	3 to 10 years
Furniture and fixtures	5 years
Data processing equipment	5 years
Leasehold improvements	Over the lease term ranging from 5 to 10 years

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**4 - ACCOUNTING POLICIES (Continued)**

**Impairment of long-lived assets**

Property and equipment and intangible assets having finite lives are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

**Intangible assets**

Intangible assets consist of a trademark, software and customer relationships. These intangible assets are acquired through business combinations and are initially recorded at their respective fair value.

The Company amortizes certain of its intangible assets over the following estimated useful lives using the straight-line method over the following periods:

Software	Three years
Customer relationships	Seven years

The trademark, having an infinite useful life, is not amortized but rather tested for impairment when changes in events and circumstances may indicate that the recoverability of its carrying amount is in doubt.

**Goodwill**

Goodwill is the excess of the cost of acquired enterprises over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is impaired. Goodwill is allocated to reporting units and any potential goodwill impairment is identified by comparing the carrying amount of a reporting unit with its fair value. If any potential impairment is identified, it is quantified by comparing the carrying amount of goodwill to its fair value. The fair value of a reporting unit is calculated using discounted cash flows.

**Research and development costs and investment tax credits**

Research and development costs are generally expensed as they are incurred, net of any related investment tax credits, unless the criteria for capitalization of development expenses in accordance with GAAP are met. For the year ended April 30, 2008, cost of sales was reduced by \$521,601 (\$713,294 in 2007) and deferred development costs were reduced by \$392,239 for investment tax credits received.

**Deferred rents**

The deferred rents are constituted as the variance between the rent expense allocated in accordance with the lease agreement and related lease term and the minimum rent due, considering lease inducements.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
April 30, 2008

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**4 - ACCOUNTING POLICIES (Continued)**

**Income taxes**

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

**Earnings per share**

Basic net earnings per share are calculated using the weighted average number of common shares outstanding during the year. Diluted net earnings per share are calculated using the treasury stock method giving the effect to the exercise of options. The treasury stock method assumes that any proceeds that could be obtained upon the exercise of options would be used to repurchase common shares at the average market price during the year.

**Foreign currency translation**

*Reporting currency*

The Company's accounts having a functional currency other than the Canadian dollar have been translated into the reporting currency using the current rate method as follows: assets and liabilities have been translated at the exchange rate in effect at year-end and revenues and expenses have been translated at the average rate during the year. All translation gains and losses of the Company's net equity investment have been included in accumulated other comprehensive income account in shareholders' equity.

*Foreign currency translation*

Transactions denominated in currencies other than the functional currency have been translated into the functional currency as follows: monetary assets and liabilities have been translated at the exchange rate in effect at the end of each year and revenues and expenses have been translated at the average exchange rate for each year, except for depreciation and amortization which are translated at the historical rate; non-monetary assets and liabilities have been translated at the rates prevailing at the transaction dates. Exchange gains and losses arising from such transactions are included in consolidated earnings.

**Stock option plan**

The Company has a stock-based compensation plan that grants stock options to employees. Stock-based compensation expense is recognized over the vesting period of the options granted. Any consideration paid by employees on exercise of stock options is credited to capital stock together with any related stock-based compensation expense recorded in contributed surplus. Forfeitures are accounted for based on actual events.



**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
April 30, 2008

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**4 - ACCOUNTING POLICIES (Continued)**

**Transaction costs**

Transaction costs with respect to financial instruments not classified as held-for-trading are recorded as an adjustment to the cost of the underlying financial instruments, when they are recognized, and amortized using the effective interest rate method.

Transaction costs with respect to equity instruments are recorded as a reduction to the proceeds received.

**Environmental costs**

The Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations.

**Employee future benefits**

The Company is the sponsor of both defined benefit and defined contribution plans.

The Company accrues its obligation under the employee benefit plan and the related costs, net of plan assets. The Company has adopted the following policies:

- The actuarial determination of the accrued benefit obligation for pensions and net pension expense uses the projected benefit method prorated on service. This determination incorporates management's best estimate of expected rate of return on plan assets, retirement ages of employees and other actuarial factors;
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets at the beginning of the year is amortized over a straight-line basis over a period of 5 years.

Defined contributions for the multi-employer plan are charged to income for services rendered during the period.

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**4 - ACCOUNTING POLICIES (Continued)**

**New accounting pronouncements not yet implemented**

The CICA has issued the following new Handbook Sections:

*Financial instruments – disclosures*

In December 2006, the CICA published Section 3862, "Financial Instruments – Disclosures", which is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. This section describes the required disclosures for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, "Financial Instruments – Presentation" will replace Section 3861, "Financial Instruments – Disclosure and Presentation". The Company will implement this new standard as of May 1, 2008. This new standard only addresses disclosure and will have no impact on the Company's financial results.

*Financial instruments – presentation*

In December 2006, the CICA also published Section 3863, "Financial Instruments – Presentation", which is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. This section establishes standards for presentation of financial instruments and non-financial derivatives. The Company will implement this new standard as of May 1, 2008. This new standard only addresses disclosure and will have no impact on the Company's financial results.

*Capital disclosures*

In December 2006, the CICA published new Section 1535, "Capital Disclosures", which is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance. The Company will implement this new standard as of May 1, 2008. This new standard only addresses disclosure and will have no impact on the Company's financial results.

*Inventories*

In June 2007, the CICA published Section 3031, "Inventories", which replaces Section 3030 of the same title. The new section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

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**4 - ACCOUNTING POLICIES (Continued)**

The new section affects the following, in particular:

- Certain costs, such as storage costs and general and administrative expenses that do not contribute to bringing the inventories to their present location and condition, are excluded from the cost of inventories and expensed during the year in which they are incurred;
- The reversal of the write-down to net realizable value amounts when there is a subsequent increase in the value of the inventories is now required;
- The valuation of inventory at the lower of cost and replacement cost is no longer allowed;
- The new standard also requires additional disclosures.

This new standard is effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2008 and the Company will implement it as of May 1, 2008. The Company's management is currently evaluating the impact of the application of this new standard on the consolidated financial statements.

*Goodwill and intangible assets*

In February 2008, the CICA published new Section 3064, "Goodwill and Intangible Assets". This section which replaces "Goodwill and Other Intangible Assets", Section 3062, and "Research and Development Costs", Section 3450, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, Section 1000, "Financial Statement Concepts" was amended to clarify the criteria for recognition of an asset. Finally, once a company adopts this new section it may no longer apply the guidance in EIC Abstract 27, "Revenues and Expenditures during the Pre-Operating Period".

This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 and the Company will implement it as of May 1, 2009. The Company does not anticipate that the application of this new standard will have a material impact on the Company's financial results upon adoption.

**5 - BUSINESS COMBINATIONS**

Effective June 12, 2007, Komunik acquired all the issued and outstanding common shares of Datamark (the "Acquisition") for total consideration of \$27,831,760, (including direct acquisition costs of \$2,180,824), of which \$16,751,016 was paid in cash and \$8,899,920 in shares, representing 4,389,603 common shares of the Company based on a price of \$2.03 per share. The share price was determined using the Company's common share value divided by the number of common shares of 32,239,638, issued to accommodate the agreed upon ownership structure at the Acquisition date. Total cash paid in connection with the Acquisition amounted to \$18,632,731, including Acquisition costs paid by Datamark in the amount of \$299,109.

The Acquisition was accounted for using the purchase method of accounting.

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**5 - BUSINESS COMBINATIONS (Continued)**

The Acquisition was funded through the assumption of a revolving credit facility and long-term debt, described in Notes 17 and 20, respectively, and through the issuance of common shares of the Company (the "Private Placement") in the amount of \$8,447,138, net of share issuance costs amounting to \$404,087 (net of future income taxes of \$148,775), representing 4,438,964 common shares. The Private Placement is described in Note 21.

The operating results of Datamark have been included in the consolidated earnings from June 12, 2007.

Prior to the consummation of the Acquisition, the Company's management developed a plan to restructure and integrate the Datamark business and operations (the "Plan"). This Plan consisted, primarily of staffing reduction, facility closure and the termination of an operating lease relating to Datamark's operations. Accordingly, the Company recognized, in its purchase price allocation, a liability relating to these restructuring, exit and disposal activities amounting to \$2,604,565, which are composed as follows:

	<u>\$</u>
Staffing reduction	1,863,486
Facility closure	371,708
Termination of an operating lease	<u>369,371</u>
Cash payments	2,604,565
Balance included in accounts payable and accrued liabilities as at April 30, 2008	<u>(1,248,964)</u>
	<u>1,355,601</u>

The Company has substantially completed all restructuring activities planned in connection with the Acquisition and accordingly, does not expect to incur any additional costs in connection with this Plan in future periods.

The purchase price allocation was determined using the information available, evaluations obtained and fair value assessments performed by the Company's management. As a result of this process, management identified intangible assets, having finite and infinite useful lives, which were not previously recorded on Datamark's consolidated balance sheet, including the following:

	<u>Expected useful lives</u>	<u>\$</u>
Customer relationships	Seven years	6,990,000
Trademark	Infinite	1,520,000
Software	Three years	60,000

The amortization charge recorded in connection with the customer relationships and software identified is included in Note 16. As at April 30, 2008, the Company's management tested the trademark for possible impairment and concluded that no impairment charge is required.

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**5 - BUSINESS COMBINATIONS (Continued)**

The purchase price allocation was determined as follows:

	\$
Accounts receivable	15,890,946
Inventories	15,450,124
Other current assets	1,282,023
Property and equipment	10,000,000
Other long-term assets	313,320
Intangible assets	8,570,000
Goodwill <sup>(1)</sup>	1,309,872
<b>Total assets acquired</b>	<b>52,816,285</b>
Accounts payable and accrued liabilities	10,690,772
Restructuring costs	2,604,565
Other current liabilities	4,184,956
Pension	94,284
Long-term debt <sup>(2)</sup>	5,092,444
Deferred revenue	237,680
Future income taxes liability	2,079,824
<b>Total liabilities assumed</b>	<b>24,984,525</b>
<b>Net assets acquired</b>	<b>27,831,760</b>
Net cash paid for business acquisition	16,751,016
Common shares issued pursuant to business acquisition	8,899,920
Acquisition costs	2,180,824
Purchase price	<b>27,831,760</b>

(1) Goodwill recorded in connection with this Acquisition is not deductible for tax purposes.

(2) Including current portion of long-term debt.

**6 - RESTRUCTURING COSTS**

In the fourth quarter of 2008, the Company decided to undertake several restructuring activities, consisting primarily of staffing reduction, in order to better align its management structure with recent market developments, industry changes and economic conditions. Accordingly, the Company recorded a charge amounting to \$232,493 in the consolidated earnings under the caption "Restructuring costs". As at April 30, 2008, the amount included in accounts payable and accrued liabilities on the consolidated balance sheet is approximately \$232,493. The Company is currently in the process of assessing its management and employee structures, as well as, other areas where restructuring and cost cutting measures may be necessary in future periods in its efforts to secure the Company's future financial health and position. The Company expects to incur additional restructuring costs amounting to approximately \$1,500,000 to be completed during the year ending April 30, 2009.

**Komunik Corporation Inc.**  
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**7 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS**

	<u>2008</u>	<u>2007</u>
	\$	\$
Financial expenses		
Interest on long-term debt	985,652	99,807
Amortization of debt issue expenses on long-term debt	494,175	
Interest on credit facility	549,108	130,340
Debt issue expenses on revolving credit facility	225,211	
Other	264,164	
	<u>2,518,310</u>	<u>230,147</u>
Investment tax credits recorded as a reduction of research and development expenses	521,601	
Stock-based compensation expense	574,408	

**8 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS**

	<u>2008</u>	<u>2007</u>
	\$	\$
Changes in working capital items:		
Accounts receivable	2,421,414	215,798
Inventories	3,247,627	16,042
Prepaid expenses	1,064,625	(805,453)
Accounts payable and accrued liabilities	<u>(1,936,591)</u>	<u>900,024</u>
	<u>4,797,075</u>	<u>326,411</u>
Cash flows relating to income taxes, interest and assets acquired under capital lease obligations:		
Income taxes paid (received)	(28,068)	23,529
Interest paid	369,925	183,105
Assets acquired under capital lease obligations	868,783	

**9 - INCOME TAXES**

The provision for income taxes consists of the following:

	<u>2008</u>	<u>2007</u>
	\$	\$
Current	(14,813)	(2,382)
Future	<u>(1,437,408)</u>	<u>58,669</u>
	<u>(1,452,221)</u>	<u>56,287</u>

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**9 - INCOME TAXES (Continued)**

The reconciliation of the combined federal and provincial statutory income tax rate to the Company's effective income tax rate is detailed as follows:

	<u>2008</u>	<u>2007</u>
	%	%
Combined federal and provincial income tax rate	31.89	24.99
Non-deductible expenses	(13.98)	4.27
Impact of other differences	1.03	(12.39)
Recognition of unrecorded benefits		(6.29)
Effective income tax rate	<u>18.94</u>	<u>10.58</u>

The net future income tax liability is detailed as follows:

	<u>2008</u>	<u>2007</u>
	\$	\$
Future income tax assets		
Loss carry-forwards	1,473,210	
Restructuring costs and debt issue expenses	308,767	
Research and development	130,492	4,313
Accounts payable and accrued liabilities	107,556	
Other	62,507	1,280
	<u>2,082,532,59</u>	<u>3</u>
Future income tax liabilities		
Property and equipment	1,513,710	114,594
Intangible assets	1,128,578	
Pension	38,271	
	<u>2,680,559</u>	<u>114,594</u>
Total net future income tax liabilities	<u>598,027</u>	<u>109,001</u>
Current net future income tax liabilities	87,742	78,173
Long-term net future income tax liabilities	510,285	30,828
Total net future income tax liabilities	<u>598,027</u>	<u>109,001</u>

As at April 30, 2008, the Company has \$5,707,904 of operating losses carry-forward expiring in 2026 through 2028.

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**10 - EARNINGS PER SHARE**

The calculation of basic earnings per share and diluted earnings per share is as follows:

	<u>2008</u>	<u>2007</u>
Net earnings (loss)	\$ <u>(6,213,983)</u>	\$ <u>475,556</u>
Weighted average number of common shares outstanding	<u>30,075,088</u>	13,815,790
Effect of dilutive stock options <sup>(a)</sup>		
Weighted average number of diluted common shares outstanding	<u>30,075,088</u>	<u>13,815,790</u>
Basic earnings (loss) per share	<u>(0.21)</u>	<u>0.03</u>
Diluted earnings (loss) per share	<u>(0.21)</u>	<u>0.03</u>

<sup>(a)</sup> The following number of options were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented:

	<u>Number of options</u>	
	<u>2008</u>	<u>2007</u>
Options	<u>1,442,647</u>	<u>1,321,502</u>

**11 - ACCOUNTS RECEIVABLE**

	<u>2008</u>	<u>2007</u>
Trade	\$	\$
Research and investment development tax credits <sup>(a)</sup>	<u>14,427,985</u>	870,637
Sales taxes	<u>618,884</u>	760,981
Income taxes receivable		54,627
Other	<u>511,651</u>	35,403
	<u>90,030</u>	<u>65,131</u>
	<u>15,648,550</u>	<u>1,786,779</u>

<sup>(a)</sup> The investment tax credits related to the research and development expenses have been recorded in the consolidated earnings based on management's interpretation of the applicable legislation and historical experience. These claims are subject to an audit by the taxation authorities and the ultimate amount allowed may be subject to change. In the Company's view, such treatment of research and development expenses and related credits are allowable under current regulations and laws.



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**12 - INVENTORIES**

	2008	2007
Raw materials	\$	\$
Work-in-process	2,833,757	73,136
Finished goods	935,683	
	<u>8,506,193</u>	
	<u>12,275,633</u>	<u>73,136</u>

**13 - PROPERTY AND EQUIPMENT**

	2008		
	Cost	Accumulated amortization	Net
Machinery and equipment	\$ 49,048,248	\$ 42,705,913	\$ 6,342,335
Furniture and fixtures	2,463,407	2,188,178	275,229
Data processing equipment	7,004,810	6,017,176	987,634
Leasehold improvements	4,823,270	3,256,723	1,566,547
Machinery and equipment under capital leases	3,465,139	1,217,610	2,247,529
	<u>66,804,874</u>	<u>55,385,600</u>	<u>11,419,274</u>
			2007
	Cost	Accumulated amortization	Net
Machinery and equipment	\$ 509,480	\$ 55,819	\$ 453,661
Furniture and fixtures	59,673	30,109	29,564
Data processing equipment	547,550	207,581	339,969
Leasehold improvements	98,152	94,100	4,052
Machinery and equipment under capital leases	1,298,823	185,475	1,113,348
	<u>2,513,678</u>	<u>573,084</u>	<u>1,940,594</u>

**14 - OTHER ASSETS**

	2008	2007
Deferred development costs <sup>(a)</sup>	\$	\$
	-	168,103
	<u>-</u>	<u>168,103</u>

<sup>(a)</sup> The continuity of deferred development costs is as follows:

	2008	2007
Balance, beginning of year	\$	\$
Additions	168,103	117,724
Amortization	770,309	843,552
Write-off	(142,473)	(79,879)
Research and development investment tax credit recorded	(403,700)	
Balance, end of year	<u>(392,239)</u>	<u>(713,294)</u>
	<u>-</u>	<u>168,103</u>

**Komunik Corporation Inc.**  
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**15 - GOODWILL**

In accordance with the specific requirements of the *CICA Handbook*, Section 3062, "Goodwill and Other Intangible Assets", the Company performed an annual goodwill impairment test as at April 30. The Company determined that it has one reporting unit.

In performing the test, the Company compared the fair value of the reporting unit to the carrying amount, including goodwill. The Company determined that the carrying amount exceeded the fair value and, therefore, identified a potential impairment of goodwill. The Company was not able to complete the fair value determination of its goodwill prior to the completion of these financial statements but has, nonetheless, determined that an impairment loss is probable. As a result of this test and general changes to the operating market industry, the Company has estimated the impairment loss to be \$2,000,000 and has recorded this amount as a charge to earnings and as a reduction in the carrying amount of its goodwill.

The changes in the carrying amount of goodwill are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$	\$
Business acquisition (Note 5)	2,690,229	2,690,229
Impairment	1,309,872	
	<u>(2,000,000)</u>	
Balance, end of year	<u>2,000,101</u>	<u>2,690,229</u>

**16 - INTANGIBLE ASSETS**

	<u>2008</u>	<u>2007</u>
Software	\$	\$
Trademark	235,233	143,277
Customer relationships	1,520,000	
	<u>6,990,000</u>	
Less accumulated amortization	8,745,233	143,277
	<u>(1,011,079)</u>	<u>(90,807)</u>
	<u>7,734,154</u>	<u>52,470</u>

**17 - BANK INDEBTEDNESS**

In connection with Acquisition, described in Note 5, the Company secured a Revolving Credit Facility (the "Facility") to accommodate the financing of its day-to-day operations, the Acquisition and the repayment of existing indebtedness. The Facility is renewed annually in May. The Company paid a fee to its lenders of \$225,211, which was charged to the consolidated earnings.

The bank indebtedness consists of the utilized portion of the Facility.

The Facility is comprised of \$12,000,000 (\$1,200,000 in 2007) available in Canadian dollars or in a U.S. dollar equivalent.

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**17 - BANK INDEBTEDNESS (Continued)**

Any amounts drawn under the Facility bear interest at various interest rates including (i) US prime rate plus a premium varying between 25 and 100 basis points; (ii) Canadian prime rate plus a premium varying between 200 and 275 basis points (150 basis points in 2007); and (iii) LIBOR plus a premium varying between 200 and 275 basis points, depending on whether a certain financial ratio has been achieved. As at April 30, 2008, the effective rate is 7.99%.

As at April 30, 2008, as a result of certain restrictions, consisting primarily of the Company's total indebtedness and the availability of sufficient current assets security, the funds available to be drawn under the Facility were \$3,412,842 (\$1,200,000 in 2007), after considering outstanding letters of credit of \$167,506.

The Facility is guaranteed by the Company and is secured by first priority on substantially all of the Company's assets.

The Facility contains certain financial covenants, including a fixed charge coverage ratio and a current ratio, all of which were not respected as at April 30, 2008 as described in Note 1.

**18 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2008</u>	<u>2007</u>
Trade	\$	\$
Accrued liabilities	5,693,728	1,269,519
Sales taxes	4,502,224	440,660
Accrued restructuring costs	200,759	
Accrued interest expense	1,588,094	
Deferred rent	179,183	
	471,570	
	<u>12,635,558</u>	<u>1,710,179</u>

**19 - DUE TO SHAREHOLDERS**

The due to shareholders amounting to \$106,876 (\$212,272 in 2007) is comprised of unsecured loans funded by two members of the Company's executive management, both of which are members of the Company's Board of Directors, and one a significant shareholder. These loans bear no interest and have no repayment terms.

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**20 - LONG-TERM DEBT**

Long-term debt consists of the following:

	<u>2008</u>	<u>2007</u>
	\$	\$
Subordinated debt (a) <sup>(1)</sup>	<b>3,101,445</b>	
Acquisition loan (b) <sup>(1)</sup>	<b>4,982,670</b>	
Loans (c)	<b>109,522</b>	378,719
Obligations under capital leases (d)	<b>1,696,776</b>	662,392
	<b>9,890,413</b>	1,041,111
Less: Current portion of long-term debt (Note 1)	<b>9,157,649</b>	500,067
	<b>732,764</b>	541,044

<sup>(1)</sup> The Subordinated debt and the Acquisition loan are presented net of related debt issue expenses, amounting to \$1,398,555 and \$117,330, respectively as at April 30, 2008, which are amortized using the effective interest rate method, as described in Note 3.

**(a) Subordinated debt**

Subordinated debt bears interest at 10.0%, payable monthly, plus an additional 4.0% compounded monthly, payable at maturity. The principal is repayable in quarterly instalments of \$250,000 and is due on December 15, 2012. The effective interest rate of the Subordinated debt is 30.85% (36.47% including accrued and deferred compounded interest).

The Company and its wholly-owned subsidiaries have guaranteed the Subordinated debt by a second ranking security lien on the Company's tangible and intangible assets.

**(b) Acquisition loan**

Acquisition loan bears interest at various interest rates including (i) US prime rate plus a premium varying between 130 and 180 basis points; (ii) Canadian prime rate plus a premium varying between 305 and 355 basis points; and (iii) LIBOR plus a premium varying between 305 and 355 basis points, depending on whether a certain financial ratio has been achieved, payable in quarterly instalments of \$300,000 and is due on June 30, 2012. As at April 30, 2008, the effective interest rate of the Acquisition loan is 7.76%.

The Acquisition loan is guaranteed by the Company and each of its subsidiaries. It is also secured by a first ranking movable hypothec and a security interest for substantially all present and future assets of the Company.

**(c) Loans**

Loans bear interest at a floating rate plus a premium varying between 225 and 400 basis points (225 and 400 basis points in 2007), payable in monthly instalments varying between \$1,175 to \$2,250 (\$1,495 to \$8,472 in 2007) maturing at various dates between July 2008 and April 2010. As at April 30, 2008, the effective interest rate is 6.75%. The loans are secured by a mortgage on certain of the Company's tangible and intangible assets and a guarantee from a significant shareholder.

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**20 - LONG-TERM DEBT (Continued)**

**(d) Obligations under capital leases**

The Company has obligations under capital leases primarily for the rental of computer and manufacturing equipment, bearing interest at rates varying between 6.0% to 36.0% (5.12% to 18.77% in 2007), payable in monthly instalments ranging from \$35 to \$17,734 and one lump sum payment of \$280,000 in April 2009, including interest and maturing on various dates until 2012.

As at April 30, 2008, the Company did not comply with the maintenance of all financial ratios and with other conditions that are stipulated in the covenants contained in the various loan agreements as described in Note 1.

Long-term debt repayments are due as follows:

	Obligations under capital leases	Other long-term loans
2009	\$	\$
2010	1,123,955	9,638,872
2011	454,970	47,100
2012	209,433	23,550
	49,288	
Total minimum lease payments	1,837,646	9,709,522
Interest expenses included in lease payments	(140,870)	
Total	<u>1,696,776</u>	<u>9,709,522</u>

**21 - CAPITAL STOCK**

**Authorized**

Unlimited number of shares without par value  
Common shares, voting and participating

**Business combination**

In connection with the Acquisition described in Note 5, Komunik and Datamark amalgamated and as a consequence, the common shares of Komunik and Datamark were cancelled. The Company issued 27,034,953 common shares, valued at a price of \$2.03 per share, amounting to \$11,000,005, of which 4,389,603 common shares (valued at \$8,899,920) were issued in favour of Datamark shareholders as part of the purchase consideration paid and 22,645,350 (valued at \$2,100,085) were issued in favour of Komunik shareholders.

As part of securing the Subordinated debt in the amount of \$5,250,000, described in Note 20, obtained for the purpose of financing the Acquisition, 765,721 common shares representing 2.38% of the Company's outstanding common shares were issued to one of the Company's primary lenders. These shares were valued at \$1,552,499. A corresponding amount was recorded as debt issue expenses, which were netted against the Subordinated debt and are amortized using the effective interest rate method.

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**21 - CAPITAL STOCK (Continued)**

**Private placement**

In connection with the funding of the Acquisition, described in Note 5, the Company issued 4,438,964 common shares, amounting to \$8,447,138, net of related share issuance costs of \$404,087 (net of future income taxes of \$148,775), received in cash, pursuant to a private placement.

**22 - STOCK OPTIONS**

In connection with the Acquisition, described in Note 5, the Company exchanged all the outstanding stock options previously granted under Datamark's and Komunik's respective stock option plans for stock options issued under the Plan. Each stock option holder received the same number of stock options previously held. These new stock options had no related earned compensation costs, therefore, were not included in the consideration paid on the Acquisition.

**The "New" Plan**

Effective June 12, 2007, the Company has a new stock option plan for key employees, officers and members of the Board of Directors (the "Plan").

Under the Plan, options may be granted to the Company's employees, officers and directors for the purchase of up to 10% of the Company's issued and outstanding common shares. Options expire no later than 10 years after the date of granting. The Plan provides that such options will vest and may be exercisable 25% per year over four years at each anniversary date.

All options are granted at a price determined and approved by the Board of Directors and shall not be less than the market value of the Company's common shares at the time of the grant with the exception of the options granted to replace the Company's and Datamark's options, outstanding and exercisable under their previous respective stock option plans, as described above.

The Company adopted the fair value based method of accounting for stock-based compensation and other stock-based payments. Accordingly, the Company recorded a pre-tax stock-based compensation expense of \$574,408 in 2008.

The changes in the number of options outstanding were as follows:

	<u>Weighted average exercise price</u>	<u>2008 Number of options</u>
Balance, beginning of year	\$	
Granted		
Forfeited	0.98	2,246,070
Balance, end of year	2.43	(803,423)
Options exercisable at the end of the year	0.73	1,442,647
		-

**Komunik Corporation Inc.**  
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**22 - STOCK OPTIONS (Continued)**

The following table summarizes information about the options outstanding as at April 30, 2008:

	Options outstanding		
	Number	Weighted average remaining contractual life (in years)	Weighted average exercise price \$
Range of exercise prices			
\$0.12 to \$0.18	558,243	9.1	0.15
\$0.49 to \$0.74	65,564	9.1	0.49
\$0.82 to \$1.23	562,150	9.1	0.86
\$1.54 to \$2.31	196,690	9.1	1.54
\$2.32 to \$2.35	60,000	9.1	2.35
	<b>1,442,647</b>	<b>9.1</b>	<b>0.73</b>

The fair value of options granted was estimated using the Black-Scholes option-pricing model, taking into account the following assumptions:

	2008
Expected life	10 years
Expected volatility	74.80%
Risk-free interest rate	4.73%
Expected dividends	\$0.00

The weighted average fair value per option for all options granted is \$1.76 in 2008.

In the course of 2008, 1,792,421 stock options were granted at exercise prices less than the market price of the Company's common shares at the date of the grant. The weighted average exercise price and fair value of these options was \$0.70 and \$1.80, respectively.

In the course of 2008, 453,649 stock options were granted at exercise prices exceeding the market price of the Company's common shares at the date of the grant. The weighted average exercise price and fair value of these options was \$2.08 and \$1.60, respectively.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**22 - STOCK OPTIONS (Continued)**

**The "Old" Plan**

Prior to the acquisition of Datamark, described in Note 5, the Company had a stock option plan (the "Old" Plan) as follows:

According to the "Old" Plan, the Company granted stock options to directors, managers, employees, and contracting third parties. The exercise price and vesting period of the options granted were determined by the Board of Directors at the date of the grant. All options expire after ten years.

	Weighted average exercise price	2007 Number of options
Balance, beginning of year	\$	
Granted	0.62	1,020,580
Forfeited	2.28	710,922
Balance, end of year	0.74	<u>(410,000)</u>
	1.48	<u>1,321,502</u>

**23 - ACCUMULATED OTHER COMPREHENSIVE INCOME**

The components of other comprehensive income are as follows:

	\$
Accumulated currency translation adjustment	-
Foreign currency translation adjustments	<u>(951)</u>
	<u>(951)</u>

**24 - EMPLOYEE FUTURE BENEFITS**

The Company acquired Datamark on June 12, 2007 (Note 5) including its defined benefit and contribution pension plans.

The Company participates in the CEP Multi-Employer Pension Plan, a defined contribution plan funded by contributions made by the Company. The obligation of the Company is limited to the contributions negotiated with the union and is expensed as paid. The Company maintains a defined contribution plan for certain employees. The expense under these plans totalled \$323,464 in 2008.

The Company also maintains a defined benefit pension plan funded by contributions made by the Company, which is no longer active. Accordingly, no benefits accrue under this plan and the defined benefit pension obligation is based on years of service up to October 31, 2006. In accordance with legislation, the Company contributes amounts determined on an actuarial basis to the plan and has ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time.



**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**24 - EMPLOYEE FUTURE BENEFITS (Continued)**

Total cash payments for employee future benefits for 2008, consisting of cash contributed by the Company to its defined benefit pension plan, cash contributed to its defined contribution plan and cash contributed to its multi-employer defined contribution plan amounted to \$450,251 in 2008.

**Defined benefit plan**

The Company measures the fair value of its plan assets as at April 30 and its accrued benefit obligation for accounting purposes each year based on projections prepared by an independent actuary for the period ended April 30, 2008. The most recent actuarial valuation of the pension plan for funding purposes was established as at December 31, 2006 and the next required valuation will be established as at December 31, 2009.

Information about the Company's defined benefit plan is as follows:

	<u>2008</u>
Plan assets	\$
Acquisition (Note 5)	
Actual return on plan assets	2,096,054
Employer contributions	60,813
Benefits paid	126,787
Balance, end of year	<u>(219,015)</u>
	<u>2,064,639</u>
Accrued benefit obligation	
Acquisition (Note 5)	
Interest cost	2,190,338
Benefits paid	100,642
Actuarial gain	(219,015)
Balance, end of year	<u>(139,588)</u>
Funded status – plan surplus	<u>1,932,377</u>
	<u>132,262</u>

The Company's net benefit cost consists of the following:

	<u>2008</u>
Interest cost	\$
Actual return on plan assets	100,642
Actuarial gain	(60,813)
	<u>(139,588)</u>
Elements of employee future benefits costs before adjustments to recognize the long-term nature of employee future benefit costs	
Adjustments to recognize the long-term nature of employee future benefit costs	(99,759)
Difference between expected return and actual return on plan assets for the period	
	(47,318)
Difference between expected return and actual return on plan assets for the period and actual actuarial gain on accrued benefit obligation for the period	
	<u>139,588</u>
Net defined benefit gain recognized	<u>(7,489)</u>

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**24 - EMPLOYEE FUTURE BENEFITS (Continued)**

Reconciliation of the funded status of the benefit plan to the amounts recorded in the consolidated financial statements is as follows:

	<u>2008</u>
Fair value of plan assets	\$
Accrued benefit obligation	2,064,639
Funded status - plan surplus	<u>1,932,377</u>
Unamortized net actuarial gain	132,262
Accrued benefit asset	<u>(92,270)</u>
	<u>39,992</u>

The Company's pension plan asset allocations by asset category as at April 30 are as follows:

	<u>%</u>
International equity	11.5
Canadian equity	19.4
US equity	11.0
Bond fund	15.5
Mortgage fund	16.5
Real estate and dividend funds	26.1
	<u>100.0</u>

The significant actuarial assumptions adopted in measuring the Company's pension plan are as follows:

	<u>%</u>
Accrued benefit obligation discount rate as of April 30, 2008	6.00
Benefit costs discount rate for the year ended April 30, 2008	5.50
Expected long-term rate of return on plan assets	6.00

**25 - FINANCIAL INSTRUMENTS**

**Financial risk management objectives and policies**

The Company is exposed to various financial risks resulting from its operations. The Company's management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**25 - FINANCIAL INSTRUMENTS (Continued)**

**Fair value of financial instruments**

The carrying amounts reported in the consolidated balance sheet for short-term financial assets and liabilities, which include accounts receivable, bank indebtedness and accounts payable and accrued liabilities, excluding income, sales and other taxes, approximate fair values due to the immediate or short-term maturities of these financial instruments.

The fair value of the due to shareholders could not be determined since it is practically impossible to find a financial instrument on the market having substantially the same economic characteristics.

For the debt with a fixed interest rate, the fair value has been determined based on the discounted value of cash flows under the existing contract using rates representing those which the Company could currently obtain for loans with similar terms, conditions and maturity dates. For the debts with floating interest rates, the fair value is closely equivalent to their carrying amounts.

The carrying amounts and fair values of the Company's Subordinated debt as at April 30, 2008 are as follows:

	Fair value	2008 Carrying amount
Subordinated debt	\$ 3,101,445	\$ 3,101,445

**Exchange risk**

The Company is exposed to exchange risk due to cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long-term debt and future business transactions denominated in US dollars. As at April 30, 2008, financial assets in foreign currency represent cash and trade receivables totalling US\$917,462 (US\$43,491 as at April 30, 2007); and financial liabilities in foreign currency represent accounts payable and accrued liabilities totalling US\$1,924,293 (US\$40,010 as at April 30, 2007).

**Interest rate risk**

The Company's Subordinated debt bears interest at fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Company's Acquisition loan bears interest at a variable rate and the Company is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. The Company does not currently hold any derivative financial instruments to mitigate this risk.

The Company's other financial liabilities do not comprise any interest rate risk since they either bear interest at a fixed rate or do not bear any interest.

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**  
 April 30, 2008

**25 - FINANCIAL INSTRUMENTS (Continued)**

**Credit risk**

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount on the balance sheet of the Company's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk. Financial assets that potentially subject the Company to significant credit risk consist primarily of the following:

– Trade receivables:

Credit risk with respect to trade receivables is limited due to the Company's credit evaluation process, reasonably short collection terms and the credit worthiness of its customers. The Company regularly monitors the credit risk exposures and takes steps to mitigate the likelihood of these exposures from resulting in actual losses. Allowance for doubtful accounts is maintained, consistent with the credit risks, historical trends, general economic conditions and other information and is taken into account in the financial statements.

The Company does not believe it is subject to any significant concentration of credit risk.

**Liquidity risk**

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as its Facility for a sufficient authorized amount. The Company establishes budgets, cash estimates and cash management policies to ensure it has the necessary funds to fulfill its obligations for the foreseeable future. See Note 1 for additional information.

**26 - COMMITMENTS**

As at April 30, 2008, the Company has entered into long-term lease agreements for the rental of offices, warehouse space, automobiles and equipment, which call for lease payments of approximately \$8,334,162. The lease agreements expire on various dates up to 2015.

The minimum lease payments for the next years are as follows:

	\$
2009	
2010	3,028,414
2011	2,147,331
2012	1,037,738
2013	781,323
Thereafter	657,084
	682,272

**Komunik Corporation Inc.**  
**Notes to Consolidated Financial Statements**

April 30, 2008

**27 - CONTINGENCIES**

The Company is involved in various legal actions which are normal to the Company's business. In the opinion of the Company, potential liabilities that may result from these actions have been adequately provided for and are not expected to have a material adverse effect on the Company's financial position or its results.

**28 - GEOGRAPHIC INFORMATION**

The Company operates in one reportable segment. Revenues from external customers mainly fall in two categories: printing and marketing and communication services.

Information on the principal revenue classes, as well as, geographic information is as follows:

			<b>2008</b>
	<u>U.S.</u>	<u>Canada</u>	<u>Total</u>
	\$	\$	\$
External customer revenues <sup>(1)</sup>			
Printing	<b>6,777,982</b>	<b>84,808,940</b>	<b>91,586,922</b>
Marketing and communication services	<b>384,055</b>	<b>3,076,899</b>	<b>3,460,954</b>
	<u><b>7,162,037</b></u>	<u><b>87,885,839</b></u>	<u><b>95,047,876</b></u>
			<b>2007</b>
	<u>U.S.</u>	<u>Canada</u>	<u>Total</u>
	\$	\$	\$
External customer revenues <sup>(1)</sup>			
Printing	84,160	4,723,488	4,807,648
Marketing and communication services	57,783	3,243,031	3,300,814
	<u>141,943</u>	<u>7,966,519</u>	<u>8,108,462</u>

<sup>(1)</sup> Revenues from external customers, attributed to countries based on the location of the customer.

Substantially, all property and equipment and goodwill are located in Canada.

**29 - COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

**Komunik Corporation**  
**Consolidated Balance Sheet (Unaudited)**  
**As at September 30, 2008**

	Sept 30, 2008	April 30, 2008
<b>ASSETS</b>		
Current Assets		
Cash	0	0
Term deposit	-	-
Trade Accounts Receivable	14,180,510	14,537,422
Other Accounts Receivable	1,774	(19,407)
Inventories	12,404,178	12,275,633
Other Assets	599,540	639,263
R & D Receivable	981,398	718,239
Income Tax Receivable	811,029	313,975
Total current assets	<u>28,978,430</u>	<u>28,465,124</u>
Fixed Assets		
Intangible Assets - KOM Software	10,120,773	11,419,274
Intangible Assets - Marketing Related	180,000	106,392
Intangible Assets - Customer Related	1,520,000	1,520,000
Pension assets	5,691,858	6,107,762
Future Income Taxes	94,137	39,992
Goodwill	-	-
Goodwill - Datamark	2,000,101	2,000,101
	-	-
Total Assets	<u><u>48,585,299</u></u>	<u><u>49,658,645</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Bank Indebtedness	9,132,032	9,373,013
Accounts Payable and Accrued Liabilities	15,016,820	12,163,375
Income Taxes Payable	(240,421)	(97,705)
Accrued Pension Liability	-	-
Due to Shareholders	38,997	-
Deferred revenue	150,664	150,664
Deferred rent	44,438	-
Current Maturity of L-T Debt	8,121,702	-
Total Current Liabilities	<u>32,264,232</u>	<u>21,589,347</u>
Long term debt	(657,611)	1,913,174
Long Term Debt -HSBC	2,623,720	9,600,000
Long Term Debt -Deferred Costs	(1,292,701)	(1,515,885)
Deferred Income Taxes	599,084	598,027
Deferred rent	395,391	471,570
Deferred revenue	199,305	256,833
Total Liabilities	<u>34,131,420</u>	<u>32,913,066</u>
Minority Interest	-	-
Total Liabilities	<u>34,131,420</u>	<u>32,913,066</u>
<b>SHAREHOLDER'S EQUITY</b>		
Capital Stock	(0)	0
Capital Stock A	2,100,084	2,100,084
Capital Stock Datamark Shares	8,899,920	8,899,920
Capital Stock Fidelity	8,595,913	8,595,913
Capital Stock HSBC	1,552,500	1,552,500
Retained Earnings	(7,583,345)	(4,976,295)
Contributed Surplus	846,748	574,408
Cumulative translation adjustment	42,060	(951)
	<u>14,453,879</u>	<u>16,745,579</u>
Total Shareholders Equity	<u><u>48,585,298</u></u>	<u><u>49,658,645</u></u>

**Komunik Corporation**  
**Consolidated Statement of Earnings (Unaudited)**  
**For the Two Month Ended and Five Months Ended Sept 30, 2008**

	2 months ended 2008	%	5 months ended 2008	%
<b>Sales</b>	<b>15,256,407</b>	100%	<b>37,768,316</b>	100%
<b>Cost of Sales</b>				
Beginning Inventory	12,394,300	81.24%	12,182,880	32.26%
Direct Materials Purchased	5,644,488	37.00%	14,783,204	39.14%
Direct Labour	2,440,299	16.00%	5,805,306	15.37%
Factory Expenses	2,649,262	17.36%	6,936,810	18.37%
Ending Inventory	<u>(12,404,178)</u>	-81.30%	<u>(12,404,178)</u>	-32.84%
	<u>10,724,171</u>	70.29%	<u>27,304,022</u>	72.29%
<b>Gross Profit</b>	<b>4,532,237</b>	29.71%	<b>10,464,294</b>	27.71%
Selling	2,485,567	16.29%	6,476,625	17.15%
Administration	1,507,548	9.88%	3,587,702	9.50%
Stock-based compensation	108,580	0.71%	272,340	0.72%
Foreign Exchange Loss	(20,662)	-0.14%	(29,152)	-0.08%
Loss (Gain) on Disposal of F/A	-	0.00%	-	0.00%
Management Fee - Konmunik	<u>(2,665)</u>	-0.02%	<u>(2,665)</u>	-0.01%
	<u>4,078,368</u>	26.73%	<u>10,304,850</u>	27.28%
<b>Earnings before Int., Taxes &amp; Depr'n</b>	<b>453,869</b>	2.97%	<b>159,444</b>	0.42%
Depreciation factory	468,643	3.07%	1,183,668	3.13%
Depreciation ( Selling & Admin.)	149,019	0.98%	372,545	0.99%
Interest	375,991	2.46%	805,417	2.13%
Amortization of Intangible Assets	169,762	1.11%	424,405	1.12%
Depreciation of Deferred Charges	88,596	0.58%	223,184	0.59%
Amortization of Development costs	-	0.00%	-	0.00%
Corp Interest & Depr'n fees	<u>(1,539)</u>	-0.01%	<u>(1,539)</u>	0.00%
	<u>1,250,471</u>	8.20%	<u>3,007,679</u>	7.96%
<b>Earnings before Taxes &amp; Other Items</b>	<b>(796,602)</b>	-5.22%	<b>(2,848,235)</b>	-7.54%
Retirement Allowance - CP	-	0.00%	-	0.00%
Restructuring Costs	59,230	0.39%	118,171	0.31%
Severance Pay	49,351	0.32%	136,177	0.36%
Goodwill impairment	<u>-</u>	0.00%	<u>-</u>	0.00%
	<u>108,581</u>	0.71%	<u>254,348</u>	0.67%
<b>Earnings before Taxes &amp; Interest</b>	<b>(905,183)</b>	-5.93%	<b>(3,102,582)</b>	-8.21%
<b>Income Taxes</b>				
Current	-	0.00%	(497,054)	-1.32%
Deferred	<u>16</u>	0.00%	<u>1,525</u>	0.00%
	<u>16</u>	0.00%	<u>(495,529)</u>	-1.31%
<b>(Loss) Net Earnings</b>	<b>\$ (905,199)</b>	-5.93%	<b>\$ (2,607,053)</b>	-6.90%

	2 months ended		5 months ended		
Sales	\$	7,303,027.94		37,768,316	
<b>FACTORY EXPENSES</b>					
Supervisors Salaries		362,419	4.96%	897,863	2.38%
Quality Control Salaries		19,697	0.27%	47,935	0.13%
Helper's Salaries		117,293	1.61%	300,054	0.79%
Maintenance Salaries		57,917	0.79%	144,655	0.38%
Estimating Salaries		100,061	1.37%	255,588	0.68%
Purchasing Salaries		26,921	0.37%	74,418	0.20%
Shipping Salaries		160,028	2.19%	375,848	1.00%
Fringe Benefits		661,171	9.05%	1,900,236	5.03%
SR & ED Tax Credits		(47,792)	-0.65%	(119,480)	-0.32%
Repairs & Maintenance		298,035	4.08%	805,304	2.13%
Heating & Power		188,685	2.58%	465,363	1.23%
Insurance		53,680	0.74%	119,746	0.32%
Taxes		69,050	0.95%	162,160	0.43%
Rent		367,322	5.03%	920,224	2.44%
Automotive Expenses		5,006	0.07%	19,600	0.05%
Factory Supplies		209,770	2.87%	567,295	1.50%
Severance Pay - Factory		-	0.00%	0	0.00%
		<u>2,649,262</u>	36.28%	<u>6,936,809</u>	18.37%

#### SELLING & ADMINISTRATIVE

##### SELLING

Shipping & Delivery		436,192	5.97%	1,216,874	3.22%
Travel & Promotion		66,548	0.91%	192,195	0.51%
Club Dues		250	0.00%	250	0.00%
Commissions		1,139,530	15.60%	2,820,533	7.47%
Severance Pay		-	0.00%	-	0.00%
Fringe Benefits		248,536	3.40%	695,099	1.84%
Office Salaries		498,206	6.82%	1,303,673	3.45%
Telecommunication		16,866	0.23%	40,302	0.11%
Rent/Taxes		39,977	0.55%	108,055	0.29%
Other		39,462	0.54%	99,645	0.26%
		<u>\$ 2,485,567</u>	34.03%	<u>\$ 6,476,625</u>	17.15%

##### ADMINISTRATIVE

Office & General		109,098	1.49%	230,123	0.61%
Travel & Promotion		20,342	0.28%	78,002	0.21%
Telecommunication		39,387	0.54%	114,480	0.30%
Professional Fees		280,562	3.84%	540,088	1.43%
Office Salaries		583,374	7.99%	1,536,871	4.07%
Administrative Salaries		89,698	1.23%	207,705	0.55%
Fringe Benefits		195,299	2.67%	480,220	1.27%
Automotive Expenses		294	0.00%	869	0.00%
Tax on capital		28,217	0.39%	51,458	0.14%
Computer Expenses		66,859	0.92%	177,080	0.47%
Bad Debts		70,331	0.96%	98,354	0.26%
Investor Relations		-	0.00%	-	0.00%
Occupancy Expense		11,324	0.16%	29,059	0.08%
Public Company Expense		10,095	0.14%	18,229	0.05%
Mgmt. Fee Income		(36,143)	-0.49%	(79,285)	-0.21%
Foreign Exchange		(6,713)	-0.09%	(2,972)	-0.01%
Mgmt. Fee expense		59,069	0.81%	125,337	0.33%
Other		(13,545)	-0.19%	(17,918)	-0.05%
		<u>\$ 1,507,548</u>	20.64%	<u>\$ 3,587,702</u>	9.50%

##### FINANCIAL

Interest & Bank Charges		244,533	3.35%	418,789	1.11%
Amortization of Deferred Expenses		692	0.01%	1,730	0.00%
Interest on long term debt		176,181	2.41%	453,249	1.20%
Interest Expense (Income)		(45,415)	-0.62%	(68,350)	-0.18%
		<u>\$ 375,990</u>	5.15%	<u>\$ 805,418</u>	2.13%





Kommunik Corporation  
Consolidated Statement of Earnings (Unaudited)  
For the Two Month Ended and Five Months Ended Sept 30, 2008

	YTD		Month 1 in Q		Month 2 in Q		Month 3 in Q		Total in Q2 - 2 Month	
	5 months ended	%	AUGUST	1 months ended	SEPT	2 months ended	OCT	3 months ended	2008	%
	2008		2008	2008	2008	2008	2008	2008	2008	
Sales	37,768,316	100%	7,303,028	100%	7,953,379	100%	-	100.00%	15,256,407	100%
Beginning Inventory	12,182,880	32.26%	12,394,300	169.71%	11,892,943	149.53%	-	-	12,394,300	81.24%
Direct Materials Purchased	14,778,304	39.14%	2,316,413	31.72%	3,328,075	41.84%	-	-	5,644,488	37.00%
Direct Labour	5,805,306	15.37%	1,144,425	15.67%	1,295,874	16.29%	-	-	2,440,299	16.00%
Factory Expenses	6,936,810	18.37%	1,211,360	16.58%	1,437,902	18.08%	-	-	2,649,262	17.36%
Ending Inventory	(12,404,178)	-32.84%	(11,892,943)	-162.85%	(12,404,178)	-155.98%	-	-	(12,404,178)	-81.30%
	27,304,022	72.29%	5,173,534	70.84%	5,350,617	69.79%	-	-	10,724,171	70.29%
Gross Profit	10,464,294	27.71%	2,129,474	29.16%	2,402,762	30.21%	-	-	4,532,236	29.71%
Selling	6,476,625	17.15%	1,155,398	15.82%	1,330,169	16.72%	-	-	2,485,567	16.23%
Administration	3,587,702	9.50%	885,697	12.13%	621,851	7.82%	-	-	1,507,548	9.88%
Stock-based compensation	272,340	0.72%	55,180	0.76%	83,400	0.81%	-	-	108,580	0.71%
Foreign Exchange Loss	(29,152)	-0.08%	(18,257)	-0.25%	(2,405)	-0.03%	-	-	(20,662)	-0.14%
Loss (Gain) on Disposal of F/A	-	0.00%	-	0.00%	-	0.00%	-	-	-	0.00%
Management Fee - Kommunik	(2,665)	-0.01%	(1)	0.00%	(2,664)	-0.03%	-	-	(2,665)	-0.02%
	10,304,850	27.28%	2,078,016	28.45%	2,000,357	25.15%	-	-	4,078,368	26.73%
Earnings before Int., Taxes & Dep'n	159,444	0.42%	51,467	0.70%	402,411	5.08%	-	-	453,868	2.97%
Depreciation factory	1,183,688	3.13%	234,190	3.21%	234,453	2.95%	-	-	468,643	3.07%
Depreciation (Selling & Admin.)	372,545	0.99%	74,712	1.02%	74,308	0.93%	-	-	149,018	0.98%
Interest	805,417	2.13%	134,255	1.84%	241,738	3.04%	-	-	375,990	2.46%
Amortization of Intangible Assets	424,405	1.12%	84,881	1.16%	84,881	1.07%	-	-	169,762	1.11%
Depreciation of Deferred Charges	223,184	0.59%	44,833	0.61%	43,763	0.55%	-	-	88,596	0.58%
Amortization of Development costs	-	0.00%	-	0.00%	-	0.00%	-	-	-	0.00%
Corp Interest & Dep'n fees	(1,539)	0.00%	(0)	0.00%	(1,539)	-0.02%	-	-	(1,539)	-0.01%
	3,007,679	7.96%	572,870	7.84%	677,600	8.52%	-	-	1,250,471	8.20%
Earnings before Taxes & Other Items	(2,848,235)	-7.54%	(621,413)	-7.14%	(275,189)	-3.46%	-	-	(796,602)	-5.22%
Retirement Allowance	-	0.00%	-	0.00%	-	0.00%	-	-	-	0.00%
Restructuring Costs	118,171	0.31%	30,226	0.41%	29,004	0.36%	-	-	59,230	0.39%
Severance Pay	136,177	0.36%	6,505	0.09%	42,846	0.54%	-	-	49,351	0.32%
Goodwill Impairment	254,348	0.67%	36,731	0.50%	71,850	0.90%	-	-	108,581	0.71%
	(3,102,882)	-8.21%	(588,144)	-7.64%	(347,039)	-4.36%	-	-	(905,183)	-5.93%
Earnings before Taxes & Interest										
Income Taxes										
Current	(497,054)	-1.32%	-	0.00%	-	0.00%	-	-	-	0.00%
Deferred	1,525	0.00%	16	0.00%	-	0.00%	-	-	16	0.00%
	(495,529)	-1.31%	16	0.00%	-	0.00%	-	-	16	0.00%
(Loss) Net Earnings	(2,607,053)	-6.90%	(588,160)	-7.64%	(347,039)	-4.36%	-	-	(905,199)	-5.93%

Intercompany Sales

	KOMUNIK MONTREAL	KOMUNIK MISSISSAUGA	KOMUNIK CALGARY/ WINNIPEG	KOMUNIK INTRA - MEDIA INC.	KONVERSATION INC.	KOMUNIK CORPORATION
May	\$ -	\$ 78,154	\$ 152,497	\$ 425,052	\$ -	\$ 655,703
June		\$ 149,999	\$ 258,061	\$ 310,698	\$ -	\$ 718,758
July		\$ 125,852	\$ 145,934	\$ 525,979	\$ -	\$ 797,765
Aug		\$ 124,038	\$ 238,961	\$ 429,176	\$ -	\$ 792,175
Sept		\$ 158,883	\$ 167,537	\$ 383,572		\$ 709,992
Oct						
Nov						
Dec						
Jan						
Feb						
Mar						
April						
	\$ -	\$ 636,926	\$ 962,990	\$ 2,074,477	\$ -	\$ 3,674,393

KOMUNIKATAMARK -INTRAMEDIA  
CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2008

(Unaudited)

	KOMUNIK DMK MONTREAL	KOMUNIK USA (PROFORMS)	KOMUNIK WINNIPEG	CONSOLIDATING ENTRIES DT CT	KOMUNIK WINNIPEG & PROFORMS	DT	DT	DT	CT
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	-	-	-	-	-	-	-	-	-
Term deposit	-	-	-	-	-	-	-	-	-
Trade Accounts Receivable	8,810,953	98,252	3,106,750	-	3,205,002	-	-	949,600	-
Other Accounts Receivable	-	-	-	-	-	-	-	-	-
Inventories	8,543,694	35,878	2,631,351	-	2,667,229	-	-	-	-
Other Assets	437,976	11,755	(108,700)	-	(96,945)	-	-	-	-
Due from Montreal ( DSGI )	-	-	2,675,309	-	2,675,309	-	-	2,675,309	-
R & D Receivable	308,145	-	-	-	-	-	-	-	-
Income Tax Receivable	-	-	-	-	8,450,595	-	-	-	-
	18,100,769	145,885	8,304,710	-	-	-	-	-	-
Loan Receivable - Proforms	-	-	(1,165,998)	1,165,998	-	-	-	-	-
DUE FROM PARENT CO.	-	148,480	-	148,480	-	-	-	-	-
Investments-proforms US	-	-	194,416	194,416	-	-	-	-	-
<b>Fixed Assets</b>	2,116,437	14,626	1,812,061	-	1,826,688	-	-	-	-
<b>Intangible Assets - Marketing Related</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets - Customer Related</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets - SW</b>	-	-	-	-	-	-	-	-	-
Pension assets	-	-	94,137	-	94,137	-	-	-	-
Acquisition costs-Komunik	-	-	-	-	-	-	-	-	-
Investments	5,766,959	-	-	-	-	-	-	5,766,959	2
Investment in SBFL	8,450,847	-	-	-	-	-	166,044	8,616,889	-
Investment in Intra -Media	4,186,949	-	-	-	-	-	-	-	-
Investment in Datamark	200,000	-	-	-	-	-	-	-	200,000
Loan Receivable - Affiliated co's	-	-	-	-	-	-	-	-	-
Deferred costs - Sheraton	-	-	125,598	-	125,598	-	38,854	166,044	-
Deferred costs - Systems	-	-	-	-	-	-	23,287	23,287	-
Deferred costs	-	-	-	-	-	-	-	-	-
Deferred Development Costs	-	-	-	-	-	-	-	-	-
Deferred Taxes	-	-	-	-	-	-	-	-	-
Deferred Interest	-	-	-	-	-	-	-	-	-
Deferred costs - Other LT Assets	-	-	-	-	-	-	-	-	-
Future Income Taxes	-	-	-	-	-	-	-	-	-
Goodwill - KMK	-	-	-	-	-	-	-	-	-
Goodwill - Datamark	-	-	-	-	-	-	-	-	-
Goodwill - Datamark - Accrued Liabilities	1,148,577	-	1,833,398	-	1,833,398	-	-	-	671,411
Goodwill	-	209,937	1,567,746	-	1,777,683	-	331,385	1,966,799	-
	39,970,538	518,929	12,766,069	-	14,108,099	-	-	-	-
<b>LIABILITIES</b>									



CT	KOMUNIK DATAMARK CONSOLIDATED (Excluding Intra -Media)	INTRA - MEDIA INC.	Consolidating entries		KOMUNIK DATAMARK & INTRA-MEDIA (Consolidated)	KOMUNIK KONVERSATON	Consolidating entries		KOMUNIK CORPORATION CONSOLIDATED BALANCE SHEET		
			DT	CT			DT	CT			
	-	-	-	-	-	(11,730,852)	1	11730852	0	0	XX
	11,066,356	3,895,652	-	1,249,620	13,712,388	468,122		0		14,180,510	-
	-	-	-	-	1,774	-		0		1,774	-
	11,210,922	1,193,255	0	0	12,404,178	0		0		12,404,178	-
	341,031	12,582	-	-	353,613	245,927		-		599,540	-
	308,145	96,835	0	0	404,980	576,417		0		981,398	-
	-	-	396,613	-	396,613	(82,638)	4	497054	0	811,029	-
	22,926,455	5,198,324	-	-	27,271,772	(10,521,249)		-		28,978,430	-
	-	6,277,115	-	6,277,115	(0)	-		-		-	(0)
	3,943,125	3,653,908	-	-	7,597,033	2,613,740		0	90000.24	10,120,773	-
	-	-	-	-	-	1,520,000		0		1,520,000	-
	-	-	-	-	-	5,691,858		0		5,691,858	-
	94,137	-	-	-	94,137	90,000	3	90000.24		180,000	-
	-	-	-	-	-	-		-		94,137	-
	-	-	-	-	-	-		-		-	-
	4,186,949	-	-	-	-	-		-		-	-
	-	-	153,216	4,340,165	-	0		-1	0	(1)	-
	-	-	-	-	-	6,016,027		0	6016027.2	0	XX
	-	-	153,216	153,216	-	-		-		-	-
	-	-	-	-	-	(0)		-		(0)	-
	-	-	-	-	-	(254,632)	5	254632		0	XX
	-	-	-	-	-	0		0		0	-
	-	-	-	-	-	2,690,229		0		2,690,229	-
	2,981,975	-	0	0	2,981,975	123,818		0	0	3,105,793	-
7,015,039	152,269	33,867	1,776,311	232,037	1,730,410	(5,526,330)		0	0	(3,795,920)	-
	34,284,910	15,163,213	-	-	39,675,327	2,443,461		-	-	48,565,298	-







KOMUNIKDATAMARK -INTRAMEDIA  
CONSOLIDATED BALANCE SHEET  
(Unaudited)

		KOMUNK KONVERSATON		Consolidating entries	
		Consolidating JE		DT	CT
#	GL	ASSETS	Note	Dr	Cr
Current Assets					
1	26110	Income Taxes Payable - Fed estimate			\$ -
	26120	Income Taxes Payable - Prov estimate			\$ -
	80110	Income Taxes Provision			
		Provision for current Income taxes payable ( estimated)		\$ -	\$ -
2	18701	Deferred Taxes		\$ -	
	18700	Future Income Taxes		\$ -	
	17110	Goodwill - Datamark		\$ -	
	26130	Deferred Income Taxes			\$ -
		Estimated Tax on Acquisition		\$ -	\$ -
3	NEW -17000	Intangible Assets - Marketing Related		\$ -	
	NEW -17001	Intangible Assets - Customer Related		\$ -	
	16130	Intangible Assets - SW			\$ -
	17105	Investment in Datamark			\$ -
	17110	Goodwill - Datamark ( original on DMK)		\$ -	\$ -
4	NEW -31100	Capital Stock		\$ -	
	32110	Retained Earnings		\$ -	\$ -
	NEW -32115	Cumulative translation adjustment			\$ -
		Consolidating JE		\$ -	\$ -
Offset accounts - Do not do the entry below					
1	Bank		BS - Asset CA	\$ 11,730,852.00	
	Bank		BS - Liability CL	\$ -	\$ 11,730,852.00
2	Intercompany Loan Receivable		BS - Asset CA	\$ -	\$ 6,016,027.00
	Intercompany Loan Payable		BS - Liability CL	\$ 6,016,027.00	\$ -
	To offset and balances			\$ 17,746,879.00	\$ 17,746,879.00
3	Software for Komunik only		BS - Fixed Asset	\$ -	\$ 90,000.24
	Software for Komunik only		BS - Fixed Asset	\$ 90,000.24	\$ -
				\$ -	\$ -
				\$ -	\$ -
	To offset and balances			\$ 90,000.24	\$ 90,000.24
4	IS 1	Income Tax provision	IS	\$ -	\$ 471,570.00
		Income tax receivable	BS - Asset CA	\$ 471,570.00	\$ -
				\$ -	\$ -
				\$ -	\$ -
	To offset and balances			\$ 471,570.00	\$ 471,570.00
5	Deferred Interest		BS - Asset	\$ -	\$ 254,632.00
	Accounts payable		BS - Liability	\$ 254,632.00	\$ -
				\$ -	\$ -
				\$ -	\$ -
	To offset and balances			\$ 254,632.00	\$ 254,632.00
6	Deferred Rent ST				\$ 439,828.75
	Deferred Rent LT			\$ 439,828.75	\$ -
	Def Rent Opening Balance			\$ 439,828.75	\$ 439,828.75
	OB	471,570	76179 annually		
	5	439828.75	-31,741		
			44,438 current remainin		
6	Deferred Rent ST			\$ 395,391.00	
	Deferred Rent LT				\$ 395,391.00
				\$ 395,391.00	\$ 395,391.00
7	Due to Shareholders - ST			\$ -	\$ 38,997.00
	Long Term debt - ST			\$ -	\$ 5,837,283.00
	Long Term debt - LT			\$ -	\$ -
	Long Term debt - LT			\$ 5,876,280.00	\$ -
	To offset LT to ST due to not having bank renewal			\$ 5,876,280.00	\$ 5,876,280.00
7	The only thing that is LT are the LT portion of the capital leases, HSBC Banks + Def interest all assumed ST				
	Direct Material - Accrual - Miss			\$ 52,000.00	\$ -
	Direct Material - Accrual - Win			\$ 48,000.00	
	AP Accrual - Winnipeg			\$ -	\$ 48,000.00
	AP Accrual - Mississauga			\$ -	\$ 52,000.00
	To accrue for DM not entered in the system, invoices c:			\$ -	\$ -
				\$ 100,000.00	\$ 100,000.00

KOMUNIK KONVERSATION (Montreal)  
May 1 2008 to September 30 2008  
( Unaudited)

	Sep-08		Print	IMC	Interactive	Corporate	30-Sep 1 month consolidated	30-Sep 1 month corporate
	2008	%	2008	2008	2008	2007		
<b>Sales</b>	\$ 1,224,932	100%	\$ (11,869)	\$ -	\$ 1,236,801	\$ -	\$ 272,610	\$ -
<b>Cost of Sales</b>								
Beginning Inventory	\$ -	1.00%	-	-	-	-	-	-
Direct Materials Purchased	\$ 3,174	18.09%	3,781	-	(607)	-	-	-
Direct Labour	\$ 727,462	29.77%	(9,249)	(110)	800,080	(63,259)	204,082	(5,066)
Factory Expenses	\$ 195,575	9.90%	\$ (278)	\$ -	\$ 65,380	\$ 130,473	49,113	34,106
Ending Inventory	\$ -	-1.64%	-	-	-	-	-	-
	<u>926,211</u>	<u>57.12%</u>	<u>(5,746)</u>	<u>(110)</u>	<u>864,853</u>	<u>67,214</u>	<u>253,195</u>	<u>29,040</u>
<b>Gross Profit</b>	<b>298,721</b>	<b>42.88%</b>	<b>(6,123)</b>	<b>110</b>	<b>371,948</b>	<b>(67,214)</b>	<b>19,415</b>	<b>(28,040)</b>
Selling	\$ 240,178	19.33%	\$ 521	\$ -	\$ 238,930	\$ 727	41,883	-
Administration	\$ 1,275,935	53.18%	\$ 25,143	\$ -	\$ 222,226	\$ 1,028,566	134,146	71,772
Stock Based Compensation	\$ 272,340	19.15%	-	-	-	272,340	53,400	53,400
Foreign Exchange	\$ (29,152)	-0.09%	29	-	(1,948)	(27,233)	(2,405)	(923)
Loss(Gain)on Sale of Equipment	\$ -	0.00%	-	-	-	-	-	-
Management Fee Expense (Komunik)	\$ (1,037,448)		-	-	-	-	-	-
	<u>721,853</u>	<u>69.83%</u>	<u>25,693</u>	<u>0</u>	<u>495,186</u>	<u>200,974</u>	<u>19,534</u>	<u>(92,235)</u>
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>(423,132)</b>	<b>-26.95%</b>	<b>(31,816)</b>	<b>110</b>	<b>(123,238)</b>	<b>(268,188)</b>	<b>(120)</b>	<b>63,195</b>
Depreciation factory	\$ -	5.94%	-	-	-	-	-	-
Depreciation administration	\$ 302,420	2.89%	-	-	53,650	248,770	60,484	49,754
Interest	\$ 802,545	32.65%	2	-	(760)	803,303	253,973	253,304
Amortization of Intangible	\$ 424,405	0.00%	-	-	-	424,405	84,881	84,881
Amort-Def Charges	\$ 223,184	2.05%	-	-	-	223,184	43,763	43,763
Amort-Dev Costs	\$ -	1.75%	-	-	-	-	-	-
Corporate Int & Depr'n Fees	\$ (599,033)	-16.56%	-	-	20,774	(619,807)	(119,806)	(125,000)
	<u>1,153,521</u>	<u>28.73%</u>	<u>2</u>	<u>0</u>	<u>73,664</u>	<u>1,079,855</u>	<u>323,295</u>	<u>306,702</u>
<b>Earnings before Taxes &amp; Other Items</b>	<b>(1,576,653)</b>	<b>-55.68%</b>	<b>(31,818)</b>	<b>110</b>	<b>(196,902)</b>	<b>(1,348,043)</b>	<b>(323,415)</b>	<b>(243,507)</b>
Restructuring costs	\$ 22,223	0.00%	-	-	22,223	-	-	-
Relocation costs	\$ -	0.00%	-	-	-	-	-	-
Severance Pays	\$ -	0.00%	-	-	-	-	-	-
Asset Impairment	\$ -	0.00%	-	-	-	-	-	-
	<u>22,223</u>	<u>0.00%</u>	<u>0</u>	<u>0</u>	<u>22,223</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Earnings before Taxes</b>	<b>(1,598,876)</b>	<b>-55.68%</b>	<b>(31,818)</b>	<b>110</b>	<b>(219,125)</b>	<b>(1,348,043)</b>	<b>(323,415)</b>	<b>(243,507)</b>
<b>Income Taxes</b>								
Current	\$ -	-0.23%	-	-	-	-	-	-
Deferred	\$ -	-1.78%	-	-	-	-	-	-
	<u>0</u>	<u>-2.01%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Earnings</b>	<b>(1,598,876)</b>	<b>-53.68%</b>	<b>(31,818)</b>	<b>110</b>	<b>(219,125)</b>	<b>(1,348,043)</b>	<b>(323,415)</b>	<b>(243,507)</b>

KOMUNIK KONVERSATION (Montreal)		2008	%	2008	2008	2008	2008
Ending Inventory		0		0	0	0	0
Change in Inventory		0		0	0	0	0
Beginning Inventory		0		0	0	0	0

KOMUNIK KONVERSATION (Montreal)

FACTORY EXPENSES	YEAR TO DATE		MONTH TO DATE					
	2008	%	2008	2008	2008	2008		
Supervisors Salaries	\$ -	0.00%	0	0	0	0	-	-
Quality Control Salaries	\$ -	0.00%	0	0	0	0	-	-
Helper's Salaries	\$ -	0.00%	0	0	0	0	-	-
Maintenance Salaries	\$ -	0.00%	0	0	0	0	-	-
Estimating Salaries	\$ -	0.00%	0	0	0	0	-	-
Purchasing Salaries	\$ -	0.00%	0	0	0	0	-	-
Shipping Salaries	\$ -	0.00%	0	0	0	0	-	-
Fringe Benefits	\$ -	0.00%	0	0	0	0	-	-
SR & ED Tax Credits	\$ -	0.00%	0	0	0	0	-	-
Repairs & Maintenance ( part of Admin)	\$ 7,571	0.58%	0	0	4,339	3,232	1,995	-
Heating & Power	\$ 24,649	0.75%	0	0	4,664	19,984	2,901	694
Insurance	\$ 112,233	1.74%	0	0	498	111,735	35,816	35,318
Taxes	\$ -	0.05%	0	0	0	0	-	-
Rent	\$ 31,469	5.56%	0	0	46,325	(14,856)	6,294	(2,971)
Automotive Expenses	\$ -	0.00%	0	0	0	0	-	-
Factory Supplies	\$ 19,653	1.21%	(278)	0	9,554	10,377	2,107	1,065
Severance Pay - Factory	\$ -	0.00%	0	0	0	0	-	-
	\$ -	1.92%	0	0	0	0	-	-
	\$ 195,575	9.90%	(278)	-	65,380	130,473	49,113	34,106

KOMUNIK KONVERSATION (Montreal)

SELLING & ADMINISTRATIVE	YEAR TO DATE		MONTH TO DATE					
	2008	%	2008	2008	2008	2008		
<b>SELLING</b>								
Shipping & Delivery ( part of FOH)	\$ 917	1.92%	96	0	715	107	-	-
Travel & Promotion	\$ 28,009	1.28%	0	0	27,639	370	1,356	-
Club Dues	\$ 250	1.02%	0	0	0	250	-	-
Commissions	\$ 36,753	4.74%	1,002	0	35,751	0	5,855	-
Severance Pay	\$ -	0.00%	0	0	0	0	-	-
Fringe Benefits	\$ 20,615	1.80%	(177)	0	20,792	0	2,641	-
Office Salaries	\$ 143,234	8.53%	(400)	0	143,634	0	27,635	-
Telecommunication	\$ -	0.00%	0	0	0	0	-	-
Rent/Taxes	\$ -	0.00%	0	0	0	0	-	-
Other	\$ 10,400	0.05%	0	0	10,400	0	4,395	-
	\$ 240,178	19.33%	\$ 521	\$ -	\$ 238,930	\$ 727	\$ 41,883	\$ -
<b>ADMINISTRATIVE</b>								
Office & General	\$ 13,463	0.99%	546	0	6,847	6,071	541	302
Travel & Promotion	\$ 26,456	1.83%	0	0	8,076	18,381	4,605	3,220
Telecommunication	\$ 37,726	1.52%	386	0	11,723	25,617	8,407	6,335
Professional Fees	\$ 257,513	8.87%	22,711	0	29,130	205,672	(57,459)	(98,274)
Office Salaries	\$ 689,666	28.36%	(1,409)	0	97,806	593,268	123,948	110,679
Administrative Salaries	\$ -	0.00%	0	0	0	0	-	-
Fringe Benefits	\$ 202,245	5.44%	2,053	0	50,583	149,610	53,312	46,241
Automotive Expenses	\$ 146	0.28%	0	0	10	136	-	-
Tax on capital	\$ 3,894	1.26%	0	0	0	3,694	-	-
Computer Expenses	\$ 7,551	0.40%	0	0	4,513	3,038	2,290	599
Bad Debts	\$ -	1.45%	0	0	0	0	-	-
Investor Relations	\$ -	0.00%	0	0	0	0	-	-
Occupancy Expense	\$ 4,500	0.67%	0	0	2,000	2,500	500	500
Public Company Expense	\$ 18,229	0.62%	0	0	(1,085)	19,313	2,169	2,169
Mgmt. Fee Income	\$ 20,715	1.49%	147	0	19,302	1,265	1,356	-
Foreign Exchange	\$ -	0.00%	0	0	0	0	-	-
Mgmt. Fee expense	\$ -	0.00%	0	0	0	0	-	-
Other	\$ (5,968)	-0.01%	709	0	(6,677)	0	(5,524)	-
Repairs & Maintenance	\$ -	0.58%	0	0	0	0	-	-
Heating & Power	\$ -	0.75%	0	0	0	0	-	-
Insurance	\$ -	1.74%	0	0	0	0	-	-
Rent	\$ -	5.56%	0	0	0	0	-	-
	\$ 1,275,935	53.18%	\$ 25,143	\$ -	\$ 222,226	\$ 1,028,566	\$ 134,146	\$ 71,772
<b>INTEREST</b>								
Interest & Bank Charges	\$ 404,601	20.31%	2	0	(760)	405,359	177,273	176,603
Amortization of Deferred Expenses	\$ -	0.00%	0	0	0	0	-	-
Interest on long term debt	\$ 397,944	12.34%	0	0	0	397,944	76,701	76,701
Interest Expense(Income)	\$ -	0.00%	0	0	0	0	-	-
	\$ 802,545	32.65%	\$ 2	\$ -	\$ (760)	\$ 803,303	\$ 253,974	\$ 253,304

**KOMUNIK KONVERSATION  
BALANCE SHEET**

**As at 30-Aug-08  
(Unaudited)**

<b>ASSETS</b>		<b>Total</b>
	<b><i>Current Assets</i></b>	
	Cash	(11,730,851.80)
	Term deposit	0.00
	Trade Accounts Receivable	468,122.29
	Other Accounts Receivable	1,774.38
	Inventories	0.00
	Other Assets	245,927.18
	Due from Montreal ( DSGI )	0.00
	R & D Receivable	576,417.36
	Income Tax Receivable	(82,638.00)
		(10,521,248.59)
	Loan Receivable - Proforms	0.00
	Due from Parent Co.	0.00
	Investments-proforms US	0.00
		0.00
	Fixed Assets	2,613,740.09
	Intangible Assets - Marketing Related	1,520,000.00
	Intangible Assets - Customer Related	5,691,857.55
	Intangible Assets - SW	90,000.24
	Pension assets	0.00
	Acquisition costs-Komunik	0.00
	Investments	0.00
	Investment in SBFL	0.00
	Investment in Intra -Media	0.00
	Investment in Datamark	0.24
	Loan Receivable - Affiliated co's	6,016,027.38
	Deferred costs - Calgary	0.00
	Deferred costs - DSI	0.00
	Deferred costs	0.00
	Deferred Development Costs	(0.49)
	Deferred Taxes	0.00
	Deferred Interest	(254,632.03)
	Deferred costs - Other LT Assets	0.01
	Future Income Taxes	0.00
	Goodwill - KMK	2,690,228.58
	Goodwill - Datamark	(5,526,330.07)
	Goodwill - Datamark - Accrued Liabilities	123,818.21
	Goodwill	0.00
		12,964,710
	<b>Total Assets</b>	<b>2,443,461</b>
		<b>2,443,461</b>

**LIABILITIES****Total****Current Liabilities**

Bank Indebtedness	0.00	
Accounts Payable	946,615.42	
Accrued Liabilities	(195,053.27)	
Sales Tax payable	75,214.80	
Salary Payable	543,875.25	
Accrued Liabilities - PPA DMK	16,082.40	
Due to Komunik	0.00	
Due to Komunik	0.00	
Due to Winnipeg - ( DSI )	0.00	
Income Taxes Payable	(93,147.03)	
Accrued Pension Liability	0.00	
Deferred revenue	0.00	
Deferred rent	439,828.75	
Current Maturity of L-T Debt	2,284,418.55	4,017,834.87

Due to INTRA - MEDIA/ PARENT	(2,284,418.55)	
Long Term Debt - Capital Leases	178,184.04	
Long Term Debt -HSBC	8,500,000.00	
Long Term Debt -Deferred Costs	(1,292,701.04)	
Accrued Pension Liability	0.00	
Long Term Debt (Intra Media)	0.00	
Deferred Income Taxes	(268,581.00)	
Deferred revenue	0.00	4,832,483.45
<b>Total Liabilities</b>	<b>8,850,318</b>	<b>8,850,318</b>

**SHAREHOLDER'S EQUITY**

Capital Stock	(16,897,183.00)	
Capital Stock A	2,100,084.00	
Capital Stock Datamark Shares	8,899,919.96	
Capital Stock Fidelity	8,595,912.52	
Capital Stock HSBC	1,552,500.00	4,251,233.48
Retained Earnings	(11,558,769.68)	
Contributed Surplus	846,748.00	
Cumulative translation adjustment	53,931.00	(10,658,090.68)
<b>Total Share</b>	<b>(6,406,857)</b>	<b>(6,406,857)</b>
<b>Total Liabilities &amp; Sharehold</b>	<b>2,443,461</b>	<b>2,443,461</b>

-	-	-
	0	0

**KOMUNIKDATAMARK & INTRA-MEDIA  
CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2008  
(Unaudited)**

	<b>SEPTEMBER 2008</b>	<b>APRIL 2008</b>
<b>ASSETS</b>		
Current Assets		
Cash (Bank Indebtedness)	-	-
Marketable securities	-	-
Accounts Receivable	13,712,388	13,450,484
Inventories	12,404,178	12,182,357
Other Assets	353,613	474,049
Future Income Taxes	-	-
Loan receivable - subsidiary co.	-	-
R&D Receivable	404,980	326,000
Income Tax Receivable	396,613	396,613
	27,271,772	26,829,502
Fixed Assets		
Pension asset	7,597,033	7,268,530
Acquisition costs - Komunik	94,137	39,992
Long term Investments	-	-
Investment in Intra - Media	-	-
Due from parent company	-	-
Loan receivable - subsidiary co.	-	-
Deferred costs - Sheraton	-	-
Deferred costs - Systems	-	-
Deferred costs	-	-
Goodwill	1,730,410	1,730,410
Goodwill-KOMDMK	2,981,975	2,981,975
	39,675,327	38,850,409
<b>LIABILITIES</b>		
Current Liabilities		
Bank Indebtedness ( Cash )	(2,598,820)	(3,156,132)
Accounts Payable and Accrued Liabilities	12,681,013	9,530,376
Retirement allowance accrual	-	-
Income Taxes Payable	(147,274)	(4,559)
Due to Komunik	6,016,028	7,213,044
Accrued Pension Liability	-	-
Deferred revenue	150,664	150,664
Current Maturity of L-T Debt	-	-
Current Maturity of capital lease obligation	-	-
Accrued Liability-PPA	594,441	1,047,957
	16,696,052	14,781,350
Long term Debt		
Long term portion of capital lease	1,448,623	1,119,716
Retirement allowance accrual-long term portion	-	-
Due to Komunik - CP retiring allowance	-	-
Due to Komunik	-	-
Accrued Pension Liability	-	-
Future Income Taxes	867,665	866,608
Deferred Revenue	199,305	256,833
	19,211,645	17,024,507
Non - Controlling Interest	-	-
	19,211,645	17,024,507
<b>SHAREHOLDER'S EQUITY</b>		
Capital Stock	16,897,183	16,897,183
Retained Earnings	3,578,370	4,983,601
Contributed Surplus	-	-
Cumulative translation adjustment	(11,871)	(54,882)
	20,463,682	21,825,902
	39,675,327	38,850,409

0

**KOMUNIKDATAMARK & INTRA-MEDIA  
CONSOLIDATED RETAINED EARNINGS  
SEPTEMBER 30, 2008  
(Unaudited)**

Statement of Retained Earnings

	SEP 30 5 months ended 2008	AUG 31 4 months ended 2008	SEP 30 1 month ended 2008	APRIL 30 10.5 months ended 2008
Balance Beginning of Year	4,983,601	4,983,601	3,501,994	5,379,653.51
Net earnings	(1,405,231)	(1,481,607)	76,376	(396,052.51)
	<u>3,578,370</u>	<u>3,501,994</u>	<u>3,578,370</u>	<u>4,983,601.00</u>
Dividends	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance - End of Three Months</b>	<b><u>3,578,370</u></b>	<b><u>3,501,994</u></b>	<b><u>3,578,370</u></b>	<b><u>4,983,601.00</u></b>

KOMUNIKDATAMARK & INTRA-MEDIA  
CONSOLIDATED INCOME STATEMENT  
SEPTEMBER 30, 2008  
(Unaudited)

	YTD		AUGUST 31		YTD		YTD	
	#REF! #REF! 2008	%	4 months ended 2008	%	#REF! #REF! 1 months ended 2008	%	APR 30 10.5 months ended 2,008	%
Sales	36,543,384	100%	28,862,615	100%	7,680,769	100%	87,332,591	100.00%
Cost of Sales								
Beginning Inventory	12,182,880	33.34%	12,182,880	42.21%	11,892,943	154.84%	15,450,123	17.69%
Direct Materials Purchased	14,680,030	40.17%	11,451,955	39.68%	3,228,075	42.03%	33,979,826	38.91%
Direct Labour	5,077,844	13.90%	3,986,051	13.81%	1,091,792	14.21%	12,008,007	13.75%
Factory Expenses	6,741,234	18.45%	5,352,446	18.54%	1,388,788	18.08%	13,716,845	15.71%
Ending Inventory	(12,404,178)	-33.94%	(11,892,943)	-41.21%	(12,404,178)	-161.50%	(12,182,358)	-13.95%
	<u>26,277,811</u>	71.91%	<u>21,080,389</u>	73.04%	<u>5,197,421</u>	67.67%	<u>62,972,444</u>	72.11%
Gross Profit	10,265,574	28.09%	7,782,226	26.96%	2,483,348	32.33%	24,360,148	27.89%
Selling	6,236,447	17.07%	4,948,161	17.14%	1,288,287	16.77%	14,658,449	16.78%
Administration	2,311,767	6.33%	1,824,061	6.32%	487,706	6.35%	4,536,186	5.19%
Stock-based compensation	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Foreign Exchange Loss	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Loss (Gain) on Disposal of F/A	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Management Fee - Konmunik	1,034,783	2.83%	829,958	2.88%	204,825	2.67%	(15,473)	-0.02%
	<u>9,582,997</u>	26.22%	<u>7,602,180</u>	26.34%	<u>1,980,817</u>	25.79%	<u>20,961,735</u>	24.00%
Earnings before Int., Taxes & Depr,n	682,577	1.87%	180,046	0.62%	502,531	6.54%	3,398,413	3.89%
Depreciation factory	1,183,668	3.24%	949,215	3.29%	234,453	3.05%	2,038,408	2.33%
Depreciation ( Selling & Admin.)	70,125	0.19%	56,303	0.20%	13,822	0.18%	258,362	0.30%
Interest	2,872	0.01%	15,109	0.05%	(12,238)	-0.16%	9,304	0.01%
Amortization of Goodwill	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amortization of Deferred charges	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Corp Interest & Depr'n fees	597,494	1.64%	479,226	1.66%	118,267	1.54%	1,357,500	1.55%
	<u>1,854,158</u>	5.07%	<u>1,499,853</u>	5.20%	<u>354,305</u>	4.61%	<u>3,677,786</u>	4.21%
Earnings before Taxes & Other Items	(1,171,581)	-3.21%	(1,319,807)	-4.57%	148,226	1.93%	(279,374)	-0.32%
Retirement Allowance	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Restructuring Costs	95,948	0.26%	66,944	0.23%	29,004	0.38%	(603,039)	-0.69%
Severance Pay	136,177	0.37%	93,331	0.32%	42,846	0.56%	-	0.00%
Goodwill impairment	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>232,125</u>	0.64%	<u>160,275</u>	0.56%	<u>71,850</u>	0.94%	<u>(603,039)</u>	-0.69%
Earnings before Taxes & Non-controlling interest	(1,403,706)	-3.84%	(1,480,082)	-5.13%	76,376	0.99%	323,665	0.37%
Income Taxes								
Current	-	0.00%	-	0.00%	-	0.00%	(30,313)	-0.03%
Deferred	1,525	0.00%	1,525	0.01%	-	0.00%	(9,202)	-0.01%
	<u>1,525</u>	0.00%	<u>1,525</u>	0.01%	<u>-</u>	0.00%	<u>(39,515)</u>	-0.05%
Earnings before Non controlling Interest	(1,405,231)	-3.85%	(1,481,607)	-5.13%	76,376	0.99%	363,181	0.42%
Non- Controlling Interest	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(Loss) Net Earnings	<u>\$ (1,405,231)</u>	-3.85%	<u>\$ (1,481,607)</u>	-5.13%	<u>\$ 76,376</u>	0.99%	<u>363,181</u>	0.42%
Earnings per share								
Weighted average # of shares								



KOMUNIKDATAMARK /INTRAMEDIA  
 SEPTEMBER 30, 2008  
 ( Unaudited)

FACTORY EXPENSES	#REF!	%	AUGUST 31		#REF!	%	APR 30	
	#REF!		4 monthS ended	2008	1 months ended		2008	10.5 months ended
	2008		2008		2008		2008	
Supervisors Salaries	897,863	2.46%	700,866	2.43%	196,997	2.56%	1,549,439	1.77%
Quality Control Salaries	47,935	0.13%	37,140	0.13%	10,795	0.14%	86,993	0.10%
Helper's Salaries	300,054	0.82%	239,388	0.83%	60,667	0.79%	740,517	0.85%
Maintenance Salaries	144,655	0.40%	113,792	0.39%	30,864	0.40%	318,165	0.36%
Estimating Salaries	255,588	0.70%	202,895	0.70%	52,692	0.69%	610,642	0.70%
Purchasing Salaries	74,418	0.20%	62,873	0.22%	11,544	0.15%	165,377	0.19%
Shipping Salaries	375,848	1.03%	292,776	1.01%	83,072	1.08%	946,951	1.08%
Fringe Benefits	1,900,236	5.20%	1,495,572	5.18%	404,664	5.27%	3,869,666	4.43%
SR & ED Tax Credits	(119,480)	-0.33%	(95,584)	-0.33%	(23,896)	-0.31%	(764,671)	-0.88%
Repairs & Maintenance	797,733	2.18%	649,562	2.25%	148,170	1.93%	1,552,937	1.78%
Heating & Power	440,714	1.21%	349,134	1.21%	91,580	1.19%	1,106,539	1.27%
Insurance	7,513	0.02%	2,415	0.01%	5,098	0.07%	105,189	0.12%
Taxes	162,160	0.44%	125,136	0.43%	37,024	0.48%	378,878	0.43%
Rent	888,755	2.43%	711,337	2.46%	177,417	2.31%	1,636,176	1.87%
Automotive Expenses	19,600	0.05%	16,479	0.06%	3,121	0.04%	59,043	0.07%
Factory Supplies	547,642	1.50%	448,491	1.55%	99,152	1.29%	1,355,002	1.55%
Severance Pay - Factory	0	0.00%	173	0.00%	(173)	0.00%	0	0.00%
	<u>6,741,233</u>	<u>18.45%</u>	<u>5,352,445</u>	<u>18.54%</u>	<u>1,388,788</u>	<u>18.08%</u>	<u>13,716,844</u>	<u>15.71%</u>

**KOMUNIKDATAMARK /INTRAMEDIA**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	#REF! #REF! 2008	%	AUGUST 31 4 months ended 2008	%	#REF! 1 months ended 2008	%	APR 30 10.5 months ended 2008	%
<b>SELLING &amp; ADMINISTRATIVE</b>								
<b>SELLING</b>								
Shipping & Delivery	1,215,956	3.33%	1,000,795	3.47%	215,162	2.80%	2,894,059	3.31%
Travel & Promotion	164,185	0.45%	127,348	0.44%	36,838	0.48%	451,334	0.52%
Club Dues	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Commissions	2,783,780	7.62%	2,147,937	7.44%	635,843	8.28%	6,993,146	8.01%
Severance Pay	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fringe Benefits	674,484	1.85%	552,889	1.92%	121,596	1.58%	1,302,038	1.49%
Office Salaries	1,160,440	3.18%	921,899	3.19%	238,540	3.11%	2,278,444	2.61%
Telecommunication	40,302	0.11%	34,591	0.12%	5,710	0.07%	89,025	0.10%
Rent/Taxes	108,055	0.30%	88,380	0.31%	19,675	0.26%	216,441	0.25%
Other	89,245	0.24%	74,322	0.26%	14,923	0.19%	304,657	0.35%
	<u>\$ 6,236,447</u>	<u>17.07%</u>	<u>\$ 4,948,161</u>	<u>17.14%</u>	<u>\$ 1,288,287</u>	<u>16.77%</u>	<u>14,529,145</u>	<u>16.64%</u>
<b>ADMINISTRATIVE</b>								
Office & General	216,660	0.59%	157,939	0.55%	58,721	0.76%	366,396	0.42%
Travel & Promotion	51,545	0.14%	41,555	0.14%	9,990	0.13%	107,997	0.12%
Telecommunication	76,754	0.21%	68,125	0.24%	8,629	0.11%	183,068	0.21%
Professional Fees	282,576	0.77%	208,879	0.72%	73,697	0.96%	493,387	0.56%
Office Salaries	847,206	2.32%	680,673	2.36%	166,533	2.17%	1,619,156	1.85%
Administrative Salaries	207,705	0.57%	165,297	0.57%	42,408	0.55%	290,601	0.33%
Fringe Benefits	277,975	0.76%	217,200	0.75%	60,775	0.79%	483,874	0.55%
Automotive Expenses	723	0.00%	491	0.00%	232	0.00%	1,523	0.00%
Tax on capital	47,764	0.13%	33,664	0.12%	14,100	0.18%	175,945	0.20%
Computer Expenses	169,529	0.46%	125,415	0.43%	44,114	0.57%	456,863	0.52%
Bad Debts	98,354	0.27%	83,064	0.29%	15,290	0.20%	214,992	0.25%
Investor Relations	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Occupancy Expense	24,559	0.07%	19,648	0.07%	4,912	0.06%	51,294	0.06%
Public Company Expense	-	0.00%	-	0.00%	-	0.00%	(9,775)	-0.01%
Mgmt. Fee Income	(100,000)	-0.27%	(80,000)	-0.28%	(20,000)	-0.26%	(288,474)	-0.33%
Foreign Exchange	(2,972)	-0.01%	9,265	0.03%	(12,236)	-0.16%	9,689	0.01%
Mgmt. Fee expense	125,337	0.34%	105,337	0.36%	20,000	0.26%	212,000	0.24%
Other	(11,950)	-0.03%	(12,491)	-0.04%	541	0.01%	(21,195)	-0.02%
	<u>\$ 2,311,767</u>	<u>6.33%</u>	<u>\$ 1,824,061</u>	<u>6.32%</u>	<u>\$ 487,706</u>	<u>6.35%</u>	<u>4,347,341</u>	<u>4.98%</u>
<b>FINANCIAL</b>								
Interest & Bank Charges	14,188	0.04%	10,812	0.04%	3,375	0.04%	38,653	0.04%
Amortization of Deferred Expenses	1,730	0.00%	1,384	0.00%	346	0.00%	17,878	0.02%
Interest on long term debt	55,306	0.15%	43,261	0.15%	12,044	0.16%	39,905	0.05%
Interest Expense (Income)	(68,350)	-0.19%	(40,348)	-0.14%	(28,003)	-0.36%	(74,158)	-0.08%
	<u>\$ 2,873</u>	<u>0.01%</u>	<u>\$ 15,110</u>	<u>0.05%</u>	<u>\$ (12,238)</u>	<u>-0.16%</u>	<u>22,278</u>	<u>0.03%</u>

**KOMUNIKDATAMARK (MONTREAL)**  
**NON - CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2008**  
**(Unaudited)**

	<b>September 30 2008</b>	<b>April 30 2008</b>
<b>ASSETS</b>		
Current Assets		
Cash (Bank Indebtedness)		
Short - term investment		
Accounts Receivable	8,810,953	9,435,048
Inventories	8,543,694	8,509,072
Other assets	437,976	378,332
Loan receivable - subsidiary		
Income Tax Receivable(R &D)	308,145	229,165
	18,100,769	18,551,617
Fixed Assets		
Investments	2,116,437	2,351,002
Investment in SBFL	5,766,959	5,766,959
Investment in INTRA-MEDIA	8,450,847	8,450,847
Acquisition costs - Komunik	4,186,949	4,186,949
Loan Receivable - Affiliated co's	-	-
Goodwill - PPA	200,000	200,000
	1,148,577	1,148,577
	<b>39,970,538</b>	<b>40,655,951</b>
<b>LIABILITIES</b>		
Current Liabilities		
Bank Indebtedness ( Cash )	(1,964,054)	(1,769,751)
Accounts Payable and Accrued Liabilities	8,154,289	6,789,418
Due to Komunik-CP retiring allowance		
Income Taxes Payable	52,789	52,789
Deferred revenue-current	150,664	150,664
Due to Komunik	4,729,819	5,913,002
Due to Winnipeg ( DSI )	2,675,309	2,675,309
Current Portion of LTD	-	-
DUE TO INTRA-MEDIA	6,277,115	6,277,115
Accrued Liabilities- PPA	120,982	371,333
	20,196,913	20,459,878
Longterm Debt : Capital lease	10,591	-
Deferred revenue	199,305	256,833
Deferred Income Taxes	307,414	307,414
	20,714,223	21,024,126
Minority Interest		
	20,714,223	21,024,126
<b>SHAREHOLDER'S EQUITY</b>		
Capital Stock	29,244,635	29,244,635
Retained Earnings	(9,988,320)	(9,612,809)
Contributed Surplus		
	19,256,315	19,631,826
	<b>39,970,538</b>	<b>40,655,951</b>

**KOMUNIKDATAMARK (MONTREAL)**  
**NON - CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2008**  
**(Unaudited)**

Statement of Retained Earnings	September 30 #REF! 2,008	August 31 4 months ended 2,008	September 30 1 month ended 2,008	Apr 30 10.5 months ended 2,008
Balance Beginning of Year	(9,612,809)	(9,612,809)	(10,060,473)	(10,663,975)
Net earnings	(375,511)	(447,664)	72,153	1,051,166
	<u>(9,988,320)</u>	<u>(10,060,473)</u>	<u>(9,988,320)</u>	<u>(9,612,809)</u>
Dividends	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance - End of Period</b>	<u><b>(9,988,320)</b></u>	<u><b>(10,060,473)</b></u>	<u><b>(9,988,320)</b></u>	<u><b>(9,612,809)</b></u>

**KOMUNIKDATAMARK (MONTREAL)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2,008		August 31 4 months ended 2,008		September 30 1 month ended 2,008		Apr 30 10.5 months ended 2008	
<b>Sales</b>	<b>21,208,073</b>	<b>100%</b>	<b>16,991,630</b>	<b>100%</b>	<b>4,216,442</b>	<b>100%</b>	<b>52,709,259</b>	<b>100.00%</b>
<b>Cost of Sales</b>								
Beginning Inventory	8,509,072	40.12%	8,509,072	50.08%	8,163,552	193.61%	10,699,797	20.30%
Direct Materials Purchased	10,793,696	50.89%	8,515,524	50.12%	2,278,172	54.03%	25,860,529	49.06%
Direct Labour	1,910,634	9.01%	1,474,255	8.68%	436,379	10.35%	4,817,456	9.14%
Factory Expenses	3,312,312	15.62%	2,579,834	15.18%	732,478	17.37%	6,743,017	12.79%
Ending Inventory	<u>(8,543,694)</u>	-50.28%	<u>(8,163,552)</u>	-62.43%	<u>(8,543,694)</u>	-202.63%	<u>(8,509,072)</u>	-16.14%
	<u>15,982,021</u>	75.36%	<u>12,915,134</u>	76.01%	<u>3,066,887</u>	72.74%	<u>39,611,727</u>	75.15%
<b>Gross Profit</b>	<b>5,226,052</b>	<b>24.64%</b>	<b>4,076,496</b>	<b>23.99%</b>	<b>1,149,556</b>	<b>27.26%</b>	<b>13,097,532</b>	<b>24.85%</b>
Selling	3,192,880	15.06%	2,567,337	15.11%	625,543	14.84%	7,050,479	13.38%
Administration	1,290,917	6.09%	1,046,062	6.16%	244,855	5.81%	2,484,654	4.71%
Stock-based compensation	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Gain on Disposal of F/A	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Corporate Management fee - Komunik	538,555	2.54%	430,844	2.54%	107,711	2.55%	950,967	1.80%
	<u>5,022,352</u>	23.68%	<u>4,044,243</u>	23.80%	<u>978,109</u>	23.20%	<u>10,486,100</u>	19.89%
<b>Earnings before int., Taxes &amp; Depr,n</b>	<b>203,700</b>	<b>0.96%</b>	<b>32,252</b>	<b>0.19%</b>	<b>171,447</b>	<b>4.07%</b>	<b>2,611,432</b>	<b>4.95%</b>
Depreciation factory	285,335	1.35%	230,724	1.36%	54,612	1.30%	623,784	1.18%
Depreciation administration	47,620	0.22%	37,971	0.22%	9,649	0.23%	107,637	0.20%
Interest	(64,712)	-0.31%	(37,552)	-0.22%	(27,160)	-0.64%	(65,102)	-0.12%
Corp Interest Expense	310,967	1.47%	248,774	1.46%	62,193	1.48%	724,202	1.37%
	<u>579,211</u>	2.73%	<u>479,916</u>	2.82%	<u>99,294</u>	2.35%	<u>1,390,520</u>	2.64%
<b>Earnings before Taxes &amp; Other Items</b>	<b>(375,511)</b>	<b>-1.77%</b>	<b>(447,664)</b>	<b>-2.63%</b>	<b>72,153</b>	<b>1.71%</b>	<b>1,220,912</b>	<b>2.32%</b>
Retirement Allowance		0.00%		0.00%		0.00%		0.00%
Relocation costs		0.00%		0.00%		0.00%		0.00%
Severance Pays		0.00%		0.00%	-	0.00%		0.00%
	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%
<b>Earnings before Taxes</b>	<b>(375,511)</b>	<b>-1.77%</b>	<b>(447,664)</b>	<b>-2.63%</b>	<b>72,153</b>	<b>1.71%</b>	<b>1,220,912</b>	<b>2.32%</b>
<b>Income Taxes</b>								
Current	-	0.00%	-	0.00%	-	0.00%	(84,228)	-0.16%
Deferred	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>(84,228)</u>	-0.16%
<b>Net Earnings</b>	<b>(375,511)</b>	<b>-1.77%</b>	<b>(447,664)</b>	<b>-2.63%</b>	<b>72,153</b>	<b>1.71%</b>	<b>1,305,140</b>	<b>2.48%</b>

**KOMUNIKDATAMARK (MTL)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2008		August 31 4 monthS ended 2008		September 30 1 months ended 2008		%	April 30 10.5 months ended 2008	
<b>FACTORY EXPENSES</b>									
Supervisors Salaries	219,217	1.03%	169,167	1.00%	50,050	1.19%		444,391	0.84%
Quality Control Salaries	47,935	0.23%	37,140	0.22%	10,795	0.26%		86,993	0.17%
Helper's Salaries	126,347	0.60%	99,182	0.58%	27,165	0.64%		324,257	0.62%
Maintenance Salaries	110,060	0.52%	86,781	0.51%	23,279	0.55%		222,542	0.42%
Estimating Salaries	163,377	0.77%	129,995	0.77%	33,383	0.79%		385,058	0.73%
Purchasing Salaries	41,034	0.19%	36,309	0.21%	4,725	0.11%		96,561	0.18%
Shipping Salaries	250,675	1.18%	194,794	1.15%	55,881	1.33%		631,226	1.20%
Fringe Benefits	1,261,956	5.95%	963,726	5.67%	298,230	7.07%		2,491,100	4.73%
SR & ED TAX CREDITS	(78,980)	-0.37%	(63,184)	-0.37%	(15,796)	-0.37%		(608,235)	-1.15%
Repairs & Maintenance	413,502	1.95%	325,928	1.92%	87,574	2.08%		841,949	1.60%
Heating & Power	206,846	0.98%	166,148	0.98%	40,697	0.97%		536,359	1.02%
Insurance	3,160	0.01%	238	0.00%	2,922	0.07%		68,427	0.13%
Taxes	105,441	0.50%	79,761	0.47%	25,680	0.61%		213,058	0.40%
Rent	204,383	0.96%	163,507	0.96%	40,877	0.97%		433,325	0.82%
Automotive Expenses	19,600	0.09%	16,479	0.10%	3,121	0.07%		59,043	0.11%
Factory Supplies	217,760	1.03%	173,691	1.02%	44,069	1.05%		516,965	0.98%
Shipping & Delivery	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Severance Pay - Factory	0	0.00%	173	0.00%	(173)	0.00%		-	0.00%
	<u>3,312,312</u>	<u>15.62%</u>	<u>2,579,834</u>	<u>15.18%</u>	<u>732,478</u>	<u>17.37%</u>		<u>6,743,017</u>	<u>12.79%</u>

**KOMUNIKDATAMARK (MONTREAL)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2,008		August 31 4 months ended 2,008		September 30 1 months ended 2,008	%	April 30 10.5 months ended 2008		
<b>SELLING &amp; ADMINISTRATIVE</b>									
<b>SELLING</b>									
Shipping & Delivery	714,929	3.37%	599,649	3.53%	115,280	2.73%	1,573,182	2.98%	
Travel & Promotion	87,208	0.41%	62,909	0.37%	24,300	0.58%	259,280	0.49%	
Club Dues		0.00%		0.00%	-	0.00%	-	0.00%	
Commissions	1,336,172	6.30%	1,056,598	6.22%	279,574	6.63%	3,438,307	6.52%	
Severance Pay	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Fringe Benefits	394,034	1.86%	319,484	1.88%	74,549	1.77%	643,655	1.22%	
Office Salaries	571,430	2.69%	455,578	2.68%	115,853	2.75%	920,205	1.75%	
Telecommunication	22,501	0.11%	19,532	0.11%	2,969	0.07%	50,959	0.10%	
Rent/Taxes	33,232	0.16%	26,599	0.16%	6,633	0.16%	69,653	0.13%	
Other	33,374	0.16%	26,989	0.16%	6,385	0.15%	95,238	0.18%	
	<u>3,192,880</u>	<u>11.68%</u>	<u>2,567,337</u>	<u>11.58%</u>	<u>625,543</u>	<u>14.84%</u>	<u>7,050,479</u>	<u>13.38%</u>	
<b>ADMINISTRATIVE</b>									
Office & General	88,694	0.42%	65,444	0.39%	23,249	0.55%	137,131	0.26%	
Travel & Promotion	46,071	0.22%	37,636	0.22%	8,435	0.20%	88,480	0.17%	
Telecommunication	38,432	0.18%	35,489	0.21%	2,943	0.07%	100,834	0.19%	
Professional Fees	103,059	0.49%	93,362	0.55%	9,698	0.23%	280,176	0.53%	
Office Salaries	513,649	2.42%	416,566	2.45%	97,083	2.30%	911,401	1.73%	
Administrative Salaries	154,996	0.73%	122,688	0.72%	32,308	0.77%	229,881	0.44%	
Fringe Benefits	179,635	0.85%	147,346	0.87%	32,290	0.77%	315,736	0.60%	
Automotive Expenses	723	0.00%	491	0.00%	232	0.01%	1,523	0.00%	
Tax on capital	22,264	0.10%	13,264	0.08%	9,000	0.21%	95,400	0.18%	
Computer Expenses	87,160	0.41%	60,764	0.36%	26,396	0.63%	286,019	0.54%	
Bad Debts	53,154	0.25%	50,864	0.30%	2,290	0.05%	35,181	0.07%	
Investor Relations	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Occupancy Expense	6,404	0.03%	5,124	0.03%	1,281	0.03%	12,805	0.02%	
Public Company Expense	-	0.00%	-	0.00%	-	0.00%	(9,775)	-0.02%	
Mgmt. Fee Income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Foreign exchange	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Mgmt. Fee expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Other	(3,325)	-0.02%	(2,974)	-0.02%	(351)	-0.01%	(139)	0.00%	
	<u>1,290,917</u>	<u>6.09%</u>	<u>1,046,062</u>	<u>6.16%</u>	<u>244,855</u>	<u>5.81%</u>	<u>2,484,654</u>	<u>4.71%</u>	
<b>INTEREST</b>									
Interest & Bank Charges	3,639	0.02%	2,796	0.02%	843	0.02%	9,711	0.02%	
Amortization of Deferred Expenses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Interest on long term debt	-	0.00%	-	0.00%	-	0.00%	(655)	0.00%	
Interest Expense(Income)	(68,350)	-0.32%	(40,348)	-0.24%	(28,003)	-0.66%	(74,158)	-0.14%	
	<u>(64,712)</u>	<u>-0.31%</u>	<u>(37,552)</u>	<u>-0.22%</u>	<u>(27,160)</u>	<u>-0.64%</u>	<u>(65,102)</u>	<u>-0.12%</u>	

**KOMUNIK-DSI (WINNIPEG)**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 2008	April 30 2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	-	-
Short - term investment		
Accounts Receivable	3,106,750	2,839,507
Inventories	2,631,351	2,953,249
Other assets	(108,700)	78,565
Due from Montreal (DSGI)	2,675,309	2,675,309
Income taxes recoverable		
	<b>8,304,710</b>	<b>8,546,630</b>
<b>Due from KOMUNIK</b>		
<b>Loan Receivable-Proforms</b>	(1,165,998)	(1,167,783)
<b>Investment in Porforms-USA</b>	194,416	194,416
<b>Fixed Assets</b>	1,812,061	2,194,300
<b>Pension asset</b>	94,137	39,992
<b>Deferred costs - Sheraton</b>	-	-
<b>Deferred costs - merger</b>	125,598	127,328
<b>Deferred costs - DSI</b>	-	-
<b>Goodwill-KOMUNIK</b>	1,833,398	1,833,398
<b>Goodwill-SBFL</b>	1,567,746	1,567,746
	<b>12,766,069</b>	<b>13,336,028</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Indebtedness	(326,105)	(911,662)
Accounts Payable and Accrued Liabilities	3,005,529	3,027,612
Notes payable-parent com		
Income Taxes Payable	29,445	19,501
Accrued Liability-PPA	473,460	676,624
Current portion - LTD		
	<b>3,182,328</b>	<b>2,812,075</b>
<b>Due to komdmk-mtl</b>	<b>200,000</b>	<b>200,000</b>
<b>Due to Komunik</b>	<b>(125,918)</b>	<b>347,650</b>
<b>Accrued Pension Liability</b>		
<b>Deferred Income Taxes</b>	<b>199,367</b>	<b>199,367</b>
	<b>3,455,778</b>	<b>3,559,093</b>
<b>SHAREHOLDER'S EQUITY</b>		
Capital Stock	317,050	317,050
Retained Earnings	8,990,741	9,457,385
Contributed Surplus-DSI		
Contributed Surplus-PRF	2,500	2,500
Cumulative translation adjustment		
	<b>9,310,291</b>	<b>9,776,935</b>
	<b>12,766,069</b>	<b>13,336,028</b>



**KOMUNIK-DSI (WINNIPEG)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

Statement of Retained Earnings	September 30 #REF! 2008	August 31 4 months ended 2008	September 30 1 month ended 2008	APR 30 10.5 months ended 2008
<b>Balance Opening</b>	9,457,385	9,457,385	8,978,440	11,188,501
Net earnings	(466,644)	(458,945)	(7,699)	(1,731,116)
	<u>8,990,741</u>	<u>8,978,440</u>	<u>8,970,741</u>	<u>9,457,385</u>
 <b>Balance end of period</b>	 <u><u>8,990,741</u></u>	 <u><u>8,978,440</u></u>	 <u><u>8,970,741</u></u>	 <u><u>9,457,385</u></u>

**KOMUNIK-DSI (WINNIPEG)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF!		August 31 4 months ended 2008		September 30 1 months ended 2,008		April 30 10.5 months ended 2008	
	2,008	%	\$	%	2,008	%	2008	%
<b>Sales</b>	<b>3,471,295</b>	<b>100</b>	<b>\$ 2,822,340</b>	<b>100</b>	<b>648,955</b>	<b>100</b>	<b>8,784,039</b>	<b>100</b>
<b>Cost of Sales</b>								
Beginning Inventory	1,587,470	45.73%	1,587,470	56.25%	1,299,678	200.27%	1,457,282	16.59%
Direct Materials Purchased	1,038,279	29.91%	851,607	30.17%	186,672	28.76%	3,429,231	39.04%
Direct Labour	675,792	19.47%	557,261	19.74%	118,531	18.26%	2,002,363	22.80%
Factory Expenses	553,712	15.95%	447,529	15.86%	106,183	16.36%	1,364,930	15.54%
Ending Inventory	<u>(1,280,775)</u>	-36.90%	<u>(1,299,678)</u>	-46.05%	<u>(1,280,775)</u>	-197.36%	<u>(1,587,470)</u>	-18.07%
	<u>2,574,478</u>	74.16%	<u>2,144,190</u>	75.97%	<u>430,289</u>	66.30%	<u>6,666,336</u>	75.89%
<b>Gross Profit</b>	<b>896,817</b>	<b>25.84%</b>	<b>678,150</b>	<b>24.03%</b>	<b>218,667</b>	<b>33.70%</b>	<b>2,117,703</b>	<b>24.11%</b>
Selling	665,269	19.16%	532,677	18.87%	132,592	20.43%	1,675,320	19.07%
Administration	191,196	5.51%	120,255	4.26%	70,940	10.93%	260,413	2.96%
Gain on Disposal of F/A	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Corporate Management fee - Komunik	<u>77,730</u>	2.24%	<u>62,184</u>	2.20%	<u>15,546</u>	2.40%	<u>167,817</u>	1.91%
	<u>934,194</u>	26.91%	<u>715,117</u>	25.34%	<u>219,078</u>	33.76%	<u>2,103,550</u>	23.95%
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>(37,378)</b>	<b>-1.08%</b>	<b>(36,967)</b>	<b>-1.31%</b>	<b>(411)</b>	<b>-0.06%</b>	<b>14,153</b>	<b>0.16%</b>
Depreciation factory	233,795	6.74%	187,036	6.63%	46,759	7.21%	468,532	5.33%
Depreciation administration	12,415	0.36%	9,932	0.35%	2,483	0.38%	71,115	0.81%
Interest	13,341	0.38%	8,976	0.32%	4,365	0.67%	11,654	0.13%
Corp Interest Expense	<u>44,882</u>	1.29%	<u>35,905</u>	1.27%	<u>8,976</u>	1.38%	<u>127,800</u>	1.45%
	<u>304,433</u>	8.77%	<u>241,850</u>	8.57%	<u>62,583</u>	9.64%	<u>679,101</u>	7.73%
<b>Earnings before Taxes &amp; Other Items</b>	<b>(341,811)</b>	<b>-9.85%</b>	<b>(278,816)</b>	<b>-9.88%</b>	<b>(62,995)</b>	<b>-9.71%</b>	<b>(664,948)</b>	<b>-7.57%</b>
Restructuring costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Severance Pays	<u>10,000</u>	0.29%	<u>10,000</u>	0.35%	<u>-</u>	0.00%	<u>-</u>	0.00%
	<u>10,000</u>	0.29%	<u>10,000</u>	0.35%	<u>-</u>	0.00%	<u>-</u>	0.00%
<b>Earnings before Taxes</b>	<b>(351,811)</b>	<b>-10.13%</b>	<b>(288,816)</b>	<b>-10.23%</b>	<b>(62,995)</b>	<b>-9.71%</b>	<b>(664,948)</b>	<b>-7.57%</b>
Income Taxes								
Current	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>(22,105)</u>	-0.25%
	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>(22,105)</u>	-0.25%
<b>Net Earnings</b>	<b>(351,811)</b>	<b>-10.13%</b>	<b>\$ (288,816)</b>	<b>-10.23%</b>	<b>(62,995)</b>	<b>-9.71%</b>	<b>(642,843)</b>	<b>-7.32%</b>

**SYSTEM BUSINESS FORMS LTD**  
**SEPTEMBER 30, 2008**  
(Unaudited)

<b>FACTORY EXPENSES</b>	<b>September 30 #REF! 2008</b>	<b>%</b>	<b>August 31 4 monthS ended 2008</b>	<b>%</b>	<b>September 30 1 months ended 2008</b>	<b>%</b>	<b>April 30 10.5 months ended 2,008</b>	<b>%</b>
Supervisors Salaries	39,410	1.14%	28,831	1.02%	10,579	1.63%	32,980	0.38%
Quality Control Salaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Helper's Salaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Maintenance Salaries	429	0.01%	429	0.02%	-	0.00%	-	0.00%
Estimating Salaries	18,782	0.54%	13,571	0.48%	-	0.00%	28,901	0.33%
Purchasing Salaries	14,162	0.41%	11,261	0.40%	5,211	0.80%	76,802	0.87%
Shipping Salaries	-	0.00%	-	0.00%	2,901	0.45%	30,041	0.34%
Fringe Benefits	7,516	0.22%	6,344	0.22%	-	0.00%	-	0.00%
SR & ED Tax Credits	-	0.00%	-	0.00%	1,172	0.18%	18,050	0.21%
Repairs & Maintenance	41,733	1.20%	33,245	1.18%	-	0.00%	(29,161)	-0.33%
Heating & Power	57,186	1.65%	45,030	1.60%	8,488	1.31%	155,840	1.77%
Insurance	-	0.00%	-	0.00%	12,156	1.87%	155,619	1.77%
Taxes	13,454	0.39%	10,763	0.38%	-	0.00%	6,186	0.07%
Rent	205,720	5.93%	164,590	5.83%	2,691	0.41%	28,514	0.32%
Automotive Expenses	-	0.00%	-	0.00%	41,130	6.34%	392,085	4.46%
Factory Supplies	155,321	4.47%	133,466	4.73%	-	0.00%	-	0.00%
Severance Pay - Factory	-	0.00%	-	0.00%	21,856	3.37%	469,072	5.34%
	<u>553,712</u>	<u>15.95%</u>	<u>447,529</u>	<u>15.86%</u>	<u>106,183</u>	<u>16.36%</u>	<u>1,364,930</u>	<u>15.54%</u>

**SYSTEM BUSINESS FORMS LTD**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2008	%	August 31 4 months ended 2008	%	September 30 1 months ended 2008	%	###	April 30 10.5 months ended 2008	%
<b>SELLING &amp; ADMINISTRATIVE</b>									
<b>SELLING</b>									
Shipping & Delivery	84,828	2.44%	66,050	2.34%	18,778	2.89%		223,918	2.55%
Travel & Promotion	11,101	0.32%	10,305	0.37%	796	0.12%		33,146	0.38%
Club Dues	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Commissions	327,803	9.44%	257,546	9.13%	70,257	10.83%		799,014	9.10%
Severance Pay	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Fringe Benefits	71,072	2.05%	58,492	2.07%	12,580	1.94%		146,415	1.67%
Office Salaries	101,658	2.93%	83,514	2.96%	18,144	2.80%		272,534	3.10%
Telecommunication	10,078	0.29%	8,209	0.29%	1,868	0.29%		21,080	0.24%
Rent/Taxes	36,226	1.04%	29,297	1.04%	6,930	1.07%		72,471	0.83%
Other	22,503	0.65%	19,264	0.68%	3,238	0.50%		106,742	1.22%
	<u>\$ 665,269</u>	19.16%	<u>\$ 532,677</u>	18.87%	<u>\$ 132,592</u>	20.43%		<u>1,675,320</u>	19.07%
<b>ADMINISTRATIVE</b>									
Office & General	60,949	1.76%	42,638	1.51%	18,311	2.82%		85,654	0.98%
Travel & Promotion	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Telecommunication	4,232	0.12%	3,449	0.12%	784	0.12%		9,735	0.11%
Professional Fees	46,003	1.33%	11,268	0.40%	16,914	2.61%		222,875	2.54%
Office Salaries	80,363	2.32%	63,449	2.25%	34,735	5.35%		40,904	0.47%
Administrative Salaries	23,900	0.69%	13,800	0.49%	10,100	1.56%		60,720	0.69%
Fringe Benefits	18,733	0.54%	10,824	0.38%	7,909	1.22%		34,261	0.39%
Automotive Expenses	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Tax on capital	5,000	0.14%	4,000	0.14%	1,000	0.15%		10,600	0.12%
Computer Expenses	31,482	0.91%	26,409	0.94%	5,072	0.78%		66,424	0.76%
Bad Debts	1,432	0.04%	-2,768	-0.10%	4,200	0.65%		(1,229)	-0.01%
Investor Relations	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Occupancy Expense	18,155	0.52%	14,524	0.51%	3,631	0.56%		38,489	0.44%
Public Company Expense	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Mgmt. Fee Income	(100,000)	-2.88%	(80,000)	-2.83%	(20,000)	-3.08%		(288,474)	-3.28%
Foreign Exchange	-3,313	-0.10%	8,923	0.32%	(12,236)	-1.89%		9,820	0.11%
Mgmt. Fee Expense	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Other	4,261	0.12%	3,739	0.13%	522	0.08%		(29,365)	-0.33%
	<u>\$ 191,196</u>	5.51%	<u>\$ 120,255</u>	4.26%	<u>\$ 70,940</u>	10.93%		<u>260,413</u>	2.96%
<b>INTEREST</b>									
Interest & Bank Charges	0	0.00%	0	0.00%	-	0.00%		-	0.00%
Amortization of Deferred Expenses	1,730	0.05%	1,384	0.05%	346	0.05%		3,668	0.04%
Interest & Bank Charges	11,611	0.33%	7,592	0.27%	4,019	0.62%		7,986	0.09%
Interest	0	0.00%	0	0.00%	-	0.00%		-	0.00%
	<u>\$ 13,341</u>	0.38%	<u>\$ 8,976</u>	0.32%	<u>\$ 4,365</u>	0.67%		<u>11,654</u>	0.13%

**KOMUNIK - USA (PROFORMS)**  
**BALANCE SHEET**  
**SEPTEMBER 2008**  
(Unaudited)

ASSETS	Aug 31 2008 US\$	fx rate	Aug 31 2008 CDN\$	September 2008 CDN\$	April 30 2,008.00 CDN\$
<b>Current Assets</b>					
Cash	-				
Short - term investment	-				
Accounts Receivable	95,949.14	1.0240	98,251.92	98,251.92	75,504.42
Inventories	35,036.87	1.0240	35,877.75	35,877.75	43,943.16
Other assets	11,479.75	1.0240	11,755.26	11,755.26	11,888.80
Due from Montreal (DSGI)	-	1.0240	-	-	-
Income taxes recoverable	-	1.0240	-	-	-
	<u>142,465.76</u>		<u>145,884.94</u>	<u>145,884.94</u>	<u>131,336.37</u>
<b>Due From Parent Company</b>	145,000.00	1.0240	148,480.00	148,480.00	146,044.00
<b>Due From Sub-Proforms</b>	-	1.0240	-	-	-
<b>Fixed Assets</b>	14,283.63	1.0240	14,626.44	14,626.44	15,961.77
<b>Pension asset</b>	-	1.0240	-	-	-
<b>Deferred costs - Sheraton</b>	-	1.0240	-	-	-
<b>Deferred costs - merger</b>	-	1.0240	-	-	-
<b>Deferred costs - DSI</b>	-	1.0240	-	-	-
<b>Goodwill</b>	205,016.90	1.0240	209,937.31	209,937.31	206,493.02
	<u>506,766.29</u>		<u>518,928.68</u>	<u>518,928.68</u>	<u>499,835.17</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Bank Indebtedness	(27,937.69)	1.0240	(28,608.19)	(28,608.19)	(27,162.17)
Accounts Payable and Accrued Liabilities	34,879.35	1.0240	35,716.45	35,716.45	60,305.46
Notes payable Parent-SBFL	-	1.0240	-	-	-
Income Taxes Payable	1,497.06	1.0240	1,532.99	1,532.99	3,475.91
Accrued Pension Liability	-	1.0240	-	-	-
Current portion - LTD	-	1.0240	-	-	-
	<u>8,438.72</u>		<u>8,641.25</u>	<u>8,641.25</u>	<u>36,619.19</u>
<b>Due to Parent Company</b>	(654,414.14)	1.0240	(670,120.08)	(670,120.08)	(701,211.81)
<b>Due to Komunik</b>	-	1.0240	-	-	-
<b>Accrued Pension Liability</b>	-	1.0240	-	-	-
<b>Deferred Income Taxes</b>	62,903.00	1.0240	64,412.67	64,412.67	63,355.90
	<u>(583,072.42)</u>		<u>(597,066.16)</u>	<u>(597,066.16)</u>	<u>(601,236.72)</u>
<b>SHAREHOLDER'S EQUITY</b>					
Capital Stock - common	1,000.01	1.3408	1,340.81	1,340.81	1,340.81
- preferred	144,000.00	1.3408	193,075.20	193,075.20	193,075.20
	<u>145,000.01</u>		<u>194,416.01</u>	<u>194,416.01</u>	<u>194,416.01</u>
Retained Earnings-opening balance	947,710.98	1.336,652.94	1,336,652.94	1,336,652.94	1,336,570.00
YTD Profits	(2,872.28)	(2,930.57)	(2,930.57)	(2,930.57)	82.94
	<u>944,838.70</u>	<u>1,333,722.37</u>	<u>1,333,722.37</u>	<u>1,333,722.37</u>	<u>1,336,652.94</u>
Cumulative translation adjustment	-	(412,143.55)	(412,143.55)	(412,143.55)	(429,997.07)
	<u>1,089,838.71</u>	<u>1,115,994.84</u>	<u>1,115,994.84</u>	<u>1,115,994.84</u>	<u>1,101,071.89</u>
	<u>506,766.29</u>		<u>518,928.68</u>	<u>518,928.68</u>	<u>499,835.17</u>

Rates as per Bank of Canada

closing rate july 08	1.02	931,072.23	
Rate carried over	1.34	518,928.68	For balancing
Current year average	1.02	(412,143.55)	purposes only

Journal entry for the the cash purchase of Proforms USA

**KOMUNIK USA**  
**SEPTEMBER 30, 2008**  
(Unaudited)

Statement of Retained Earnings For the Three Months Ended January 31, 2008	<u>September 30</u> <u>4 months ended</u> <u>2008</u>	<u>August 31</u> <u>4 months ended</u> <u>2008</u>	<u>September 30</u> <u>1 months ended</u> <u>2008</u>	<u>APR 30</u> <u>10.5 months ended</u> <u>2008</u>
<b>Balance Opening</b>	\$ 1,336,653	\$ 1,336,653	\$ 1,333,722	\$ 1,336,570
Net earnings	(2,931)	(2,931)	-	83
	<u>\$ 1,333,722</u>	<u>\$ 1,333,722</u>	<u>\$ 1,333,722</u>	<u>\$ 1,336,653</u>
 <b>Balance end of period</b>	 <u><u>\$ 1,333,722</u></u>	 <u><u>\$ 1,333,722</u></u>	 <u><u>\$ 1,333,722</u></u>	 <u><u>\$ 1,336,653</u></u>

**KOMUNIK -USA (PROFORMS)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	Aug 31 FIGURES		Aug 31 FIGURES		Aug 31		Sep 30		April 30		June 12	
	Sep 30 2008 US\$	1.0203	Sep 30 5 months ended 2,008	%	4 months ended 2008	%	1 months ended 2008	%	10.5 months ended 2008	%	5.5 months ended 2007	%
<b>Sales</b>	<b>402,768</b>		<b>410,944</b>	<b>100</b>	<b>\$ 410,944</b>	<b>100</b>	<b>\$ -</b>	<b>100</b>	<b>1,055,942</b>	<b>100</b>	<b>\$ 618,351</b>	<b>100</b>
<b>Cost of Sales</b>												
Beginning Inventory	43,629	1.0072	43,943	10.69%	43,943	10.69%	\$ -	#DIV/0!	56,396	5.34%	61,019	14.85%
Direct Materials Purchased	246,656	1.0203	252,365	61.41%	252,365	61.41%	\$ -	#DIV/0!	667,588	63.22%	388,031	94.42%
Direct Labour	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
Factory Expenses	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
Ending Inventory	(35,037)	1.0240	(35,878)	-8.73%	(35,878)	-8.73%	\$ -	#DIV/0!	(43,943)	-4.16%	(56,396)	-13.72%
	<u>255,248</u>		<u>260,430</u>	<u>63.37%</u>	<u>260,430</u>	<u>63.37%</u>	<u>-</u>	<u>#DIV/0!</u>	<u>680,040</u>	<u>64.40%</u>	<u>392,654</u>	<u>95.55%</u>
<b>Gross Profit</b>	<b>147,520</b>		<b>150,514</b>	<b>36.63%</b>	<b>150,514</b>	<b>36.63%</b>	<b>-</b>	<b>#DIV/0!</b>	<b>375,901</b>	<b>35.60%</b>	<b>225,697</b>	<b>54.92%</b>
Selling	46,079	1.0203	47,014	11.44%	47,014	11.44%	\$ -	#DIV/0!	129,303	12.25%	97,733	23.78%
Administration	84,316	1.0203	86,028	20.93%	86,028	20.93%	\$ -	#DIV/0!	188,844	17.88%	35,926	8.74%
Gain on Disposal of F/A	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
Corporate Mgt. Fees	10,448	1.0203	10,660	2.61%	10,660	2.61%	\$ -	#DIV/0!	13,985	1.32%	-	0.00%
	<u>140,843</u>		<u>143,702</u>	<u>34.97%</u>	<u>143,702</u>	<u>34.97%</u>	<u>-</u>	<u>#DIV/0!</u>	<u>332,132</u>	<u>31.45%</u>	<u>133,659</u>	<u>32.52%</u>
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>6,677</b>		<b>6,812</b>	<b>1.66%</b>	<b>6,812</b>	<b>1.66%</b>	<b>-</b>	<b>#DIV/0!</b>	<b>43,769</b>	<b>4.14%</b>	<b>92,038</b>	<b>22.40%</b>
Depreciation factory	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
Depreciation administration	1,564	1.0203	1,596	0.39%	1,596	0.39%	\$ -	#DIV/0!	3,049	0.29%	1,639	0.40%
Interest	458	1.0203	467	0.11%	467	0.11%	\$ -	#DIV/0!	4,311	0.41%	-	0.00%
Corporate Interest Fees	6,033	1.0203	6,155	1.53%	6,155	1.53%	\$ -	#DIV/0!	10,649	1.01%	-	0.00%
	<u>8,054</u>		<u>8,218</u>	<u>2.00%</u>	<u>8,218</u>	<u>2.00%</u>	<u>-</u>	<u>#DIV/0!</u>	<u>18,009</u>	<u>1.71%</u>	<u>1,639</u>	<u>0.40%</u>
<b>Earnings before Taxes &amp; Other Items</b>	<b>(1,378)</b>		<b>(1,406)</b>	<b>-0.34%</b>	<b>(1,406)</b>	<b>-0.34%</b>	<b>-</b>	<b>#DIV/0!</b>	<b>25,759</b>	<b>2.44%</b>	<b>90,399</b>	<b>22.00%</b>
Restructuring costs	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
Severance Pays	-	1.0203	-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	-	0.00%
	<u>-</u>		<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>#DIV/0!</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<b>Earnings before Taxes</b>	<b>(1,378)</b>		<b>(1,406)</b>	<b>-0.34%</b>	<b>(1,406)</b>	<b>-0.34%</b>	<b>-</b>	<b>#DIV/0!</b>	<b>25,759</b>	<b>2.44%</b>	<b>90,399</b>	<b>22.00%</b>
<b>Income Taxes</b>												
Current	-		-	0.00%	-	0.00%	\$ -	#DIV/0!	-	0.00%	12,586	3.06%
Deferred	1,494	1.0203	1,525	0.37%	1,525	0.37%	\$ -	#DIV/0!	25,677	2.43%	-	0.00%
	<u>1,494</u>		<u>1,525</u>	<u>0.37%</u>	<u>1,525</u>	<u>0.37%</u>	<u>-</u>	<u>#DIV/0!</u>	<u>25,677</u>	<u>2.43%</u>	<u>12,586</u>	<u>3.06%</u>
<b>Net Earnings</b>	<b>(2,872)</b>	<b>1.0203</b>	<b>(2,931)</b>	<b>-0.71%</b>	<b>\$ (2,931)</b>	<b>-0.71%</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>83</b>	<b>0.01%</b>	<b>\$ 77,813</b>	<b>18.94%</b>

Rates as per Bank of Canada

closing rate Apr 30 0	1.0072
closing rate June 30	1.0197
closing rate July 31-1	1.0240
Current year average	1.0203

Average rates	days	ytd current Weighted Average
May 21	1	0.2498
June 21	1	0.2542
July 22	1	0.2652
Aug 20	1	0.2510
84		1.0203

KOMUNIK -USA (PROFORMS)  
 SEPTEMBER 30, 2008  
 (Unaudited)

	Aug 31 FIGURES		Aug 31 FIGURES		Aug 31		Sep 30		Apr 30		June 12	
	Sep 30	Sep 30	Sep 30	Sep 30	4 months ended	%	1 months ended	%	10.5 months ended	%	5.5 months ended	%
	US\$	2008	2008	%	2008	%	2008	%	2008	%	2007	%
<b>SELLING &amp; ADMINISTRATIVE</b>												
<b>SELLING</b>												
Shipping & Delivery	(156)	1.0203	-160	-0.01%	-160	-0.01%	-	0.00%	-	0.00%	-	0.00%
Travel & Promotion	3,351	1.0203	3,419	0.12%	3,419	0.12%	-	0.00%	-795	-0.01%	250	2.30%
Club Dues	-	1.0203	0	0.00%	0	0.00%	-	0.00%	10,005	0.11%	2,230	0.38%
Commissions	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Severance Pay	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Fringe Benefits	7,718	1.0203	7,875	0.28%	7,875	0.28%	-	0.00%	0	0.00%	0	7.73%
Office Salaries	28,163	1.0203	28,735	1.02%	28,735	1.02%	-	0.00%	0	0.00%	0	0.00%
Telecommunication	4,364	1.0203	0	0.00%	0	0.00%	-	0.00%	18,937	0.22%	12,163	1.78%
Rent/Taxes	2,638	1.0203	4,453	0.16%	4,453	0.16%	-	0.00%	74,238	0.84%	60,177	3.64%
Other	46,079	1.0203	2,692	0.10%	2,692	0.10%	-	0.00%	0	0.00%	3,253	0.30%
			<u>47,014</u>	<u>1.67%</u>	<u>47,014</u>	<u>1.67%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>16,454</u>	<u>0.19%</u>	<u>9,261</u>	<u>1.08%</u>
									<u>10,464</u>	<u>0.12%</u>	<u>10,400</u>	<u>1.06%</u>
									<u>\$ 129,303</u>	<u>1.47%</u>	<u>\$ 97,733</u>	<u>18.27%</u>
<b>ADMINISTRATIVE</b>												
Office & General	3,109	1.0203	3,172	0.11%	3,172	0.11%	-	0.00%	8,225	0.09%	0	0.38%
Travel & Promotion	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Telecommunication	2,207	1.0203	2,252	0.08%	2,252	0.08%	-	0.00%	5,000	0.06%	0	0.00%
Professional Fees	18,737	1.0203	19,118	0.68%	19,118	0.68%	-	0.00%	0	0.00%	0	0.13%
Office Salaries	-	1.0203	0	0.00%	0	0.00%	-	0.00%	6,356	0.07%	2,802	0.37%
Administrative Salaries	28,236	1.0203	28,810	1.02%	28,810	1.02%	-	0.00%	0	0.00%	2,656	3.53%
Fringe Benefits	4,004	1.0203	4,085	0.14%	4,085	0.14%	-	0.00%	73,947	0.84%	0	1.27%
Automotive Expenses	-	1.0203	0	0.00%	0	0.00%	-	0.00%	9,230	0.11%	5,737	0.77%
Tax on capital	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Computer Expenses	2,558	1.0203	2,610	0.09%	2,610	0.09%	-	0.00%	0	0.00%	0	0.11%
Bad Debts	(444)	1.0203	-453	-0.02%	-453	-0.02%	-	0.00%	7,995	0.09%	3,816	0.79%
Investor Relations	-	1.0203	0	0.00%	0	0.00%	-	0.00%	3,032	0.03%	245	-0.29%
Occupancy Expense	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Public Company Expense	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.40%
Mgmt. Fee Income	-	1.0203	0	0.00%	0	0.00%	-	0.00%	0	0.00%	0	0.00%
Foreign Exchange	335	1.0203	341	0.01%	341	0.01%	-	0.00%	-	0.00%	-	-2.23%
Mgmt. Fee Expense-WIN charges	24,833	1.0203	25,337	0.90%	25,337	0.90%	-	0.00%	177	0.00%	0	1.23%
Other	741	1.0203	756	0.03%	756	0.03%	-	0.00%	75,036	0.85%	0	0.00%
	<u>84,316</u>	<u>1.0203</u>	<u>\$ 86,028</u>	<u>3.05%</u>	<u>\$ 86,028</u>	<u>3.05%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>(154)</u>	<u>0.00%</u>	<u>669</u>	<u>-0.08%</u>
									<u>\$ 188,844</u>	<u>2.15%</u>	<u>\$ 35,926</u>	<u>6.40%</u>
<b>INTEREST</b>												
Interest & Bank Charges	458	1.0203	467	0.02%	467	0.02%	-	0	4,311	0.05%	3,835	0.08%
Amortization of Deferred Expenses	-	1.0203	0	0.00%	0	0.00%	-	0	0	0.00%	1,868	0.04%
Interest on Longterm Debt	-	1.0203	0	0.00%	0	0.00%	-	0	0	0.00%	6,634	0.13%
Interest	-	1.0203	0	0.00%	0	0.00%	-	0	0	0.00%	0	0.00%
	<u>458</u>	<u>1.0203</u>	<u>\$ 467</u>	<u>0.02%</u>	<u>\$ 467</u>	<u>0.02%</u>	<u>\$ -</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>12,337</u>	<u>0.25%</u>



**DATAMARK SYSTEMS INC. (Sheraton - Calgary)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30		August 31		September 30		April 30	
	#REF!	%	4 monthS ended	%	1 months ended	%	10.5 months ended	%
	2,008		2,008		2,008		2008	
<b>Sales</b>	<b>3,264,571</b>	<b>100</b>	<b>2,437,124</b>	<b>100</b>	<b>827,447</b>	<b>100</b>	<b>\$ 6,712,013</b>	<b>100</b>
<b>Cost of Sales</b>								
Beginning Inventory	887,827	27.20%	887,827	36.43%	968,398	117.03%	1,186,975	17.68%
Direct Materials Purchased	1,212,965	37.16%	938,445	38.51%	274,520	33.18%	2,312,578	34.45%
Direct Labour	550,412	16.86%	437,106	17.94%	113,306	13.69%	1,133,049	16.88%
Factory Expenses	409,429	12.54%	327,283	13.43%	82,145	9.93%	882,141	13.14%
Ending Inventory	(920,194)	-28.19%	(968,398)	-39.74%	(920,194)	-111.21%	(887,827)	-13.23%
	<u>2,140,438</u>	<u>65.57%</u>	<u>1,622,263</u>	<u>66.56%</u>	<u>518,176</u>	<u>62.62%</u>	<u>4,626,916</u>	<u>68.93%</u>
<b>Gross Profit</b>	<b>1,124,133</b>	<b>34.43%</b>	<b>814,861</b>	<b>33.44%</b>	<b>309,272</b>	<b>37.38%</b>	<b>2,085,097</b>	<b>31.07%</b>
Selling Administration	553,646	16.96%	439,976	18.05%	113,670	13.74%	1,288,463	19.20%
Gain on Disposal of F/A	117,772	3.61%	84,313	3.46%	33,459	4.04%	179,852	2.68%
Corporate Management fee - Komunik	79,950	2.45%	63,960	2.62%	-	0.00%	-	0.00%
	<u>751,368</u>	<u>23.02%</u>	<u>588,250</u>	<u>24.14%</u>	<u>15,990</u>	<u>1.93%</u>	<u>125,864</u>	<u>1.88%</u>
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>372,764</b>	<b>11.42%</b>	<b>226,611</b>	<b>9.30%</b>	<b>146,153</b>	<b>17.66%</b>	<b>490,919</b>	<b>7.31%</b>
Depreciation factory	78,855	2.42%	63,084	2.59%	15,771	1.91%	107,187	1.60%
Depreciation administration	4,674	0.14%	3,748	0.15%	926	0.11%	39,008	0.58%
Interest	-	0.00%	-	0.00%	-	0.00%	14,456	0.22%
Corp Interest Expense	46,164	1.41%	36,931	1.52%	9,233	1.12%	95,850	1.43%
	<u>129,693</u>	<u>3.97%</u>	<u>103,763</u>	<u>4.26%</u>	<u>25,930</u>	<u>3.13%</u>	<u>256,500</u>	<u>3.82%</u>
<b>Earnings before Taxes &amp; Other items</b>	<b>243,071</b>	<b>7.45%</b>	<b>122,848</b>	<b>5.04%</b>	<b>120,223</b>	<b>14.53%</b>	<b>234,418</b>	<b>3.49%</b>
Restructuring Costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Severance Pays	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Relocation costs	6,023	0.18%	6,023	0.25%	-	0.00%	-	0.00%
	<u>6,023</u>	<u>0.18%</u>	<u>6,023</u>	<u>0.25%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<b>Earnings before Taxes</b>	<b>237,049</b>	<b>7.26%</b>	<b>116,825</b>	<b>4.79%</b>	<b>120,223</b>	<b>14.53%</b>	<b>234,418</b>	<b>3.49%</b>
Income Taxes								
Current	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred	-	0.00%	-	0.00%	-	0.00%	0	0.00%
	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<b>Net Earnings</b>	<b>237,049</b>	<b>7.26%</b>	<b>116,825</b>	<b>4.79%</b>	<b>120,223</b>	<b>14.53%</b>	<b>\$ 234,418</b>	<b>3.49%</b>

**DATAMARK SYSTEMS INC. (Sheraton - Calgary)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

<b>FACTORY EXPENSES</b>	<b>September 30 #REF! 2008</b>	<b>%</b>	<b>August 31 4 months ended 2008</b>	<b>%</b>	<b>September 30 1 months ended 2008</b>	<b>%</b>	<b>April 30 10.5 months ended 2008</b>	<b>%</b>
Supervisors Salaries	112,643	3.45%	90,426	3.71%	22,217	2.68%	234,353	3.49%
Quality Control Salaries	0	0.00%	0	0.00%	-	0.00%	-	0.00%
Helper's Salaries	0	0.00%	0	0.00%	-	0.00%	-	0.00%
Maintenance Salaries	0	0.00%	0	0.00%	-	0.00%	-	0.00%
Estimating Salaries	34,197	1.05%	27,176	1.12%	7,021	0.85%	64,575	0.96%
Purchasing Salaries	19,222	0.59%	15,303	0.63%	3,919	0.47%	38,776	0.58%
Shipping Salaries	22,698	0.70%	18,373	0.75%	4,324	0.52%	62,093	0.93%
Fringe Benefits	21,697	0.66%	17,277	0.71%	4,419	0.53%	31,458	0.47%
SR & ED Credits	0	0.00%	0	0.00%	-	0.00%	(26,977)	-0.40%
Repairs & Maintenance	56,285	1.72%	48,726	2.00%	7,559	0.91%	109,159	1.63%
Heating & Power	44,360	1.36%	31,549	1.29%	12,811	1.55%	93,152	1.39%
Insurance	0	0.00%	0	0.00%	-	0.00%	2,250	0.03%
Taxes	15,765	0.48%	12,612	0.52%	3,153	0.38%	56,858	0.85%
Rent	41,236	1.26%	32,988	1.35%	8,247	1.00%	123,447	1.84%
Automotive Expenses	0	0.00%	0	0.00%	-	0.00%	-	0.00%
Factory Supplies	41,325	1.27%	32,851	1.35%	8,474	1.02%	92,996	1.39%
Severance Pay - Factory	0	0.00%	0	0.00%	-	0.00%	0	0.00%
	<b>409,429</b>	<b>12.54%</b>	<b>327,283</b>	<b>13.43%</b>	<b>82,145</b>	<b>9.93%</b>	<b>882,141</b>	<b>13.14%</b>

**DATAMARK SYSTEMS INC. (Sheraton - Calgary)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2008	%	August 31 4 months ended 2008	%	September 30 1 months ended 2008	%	April 30 10.5 months ended 2007	%
<b>SELLING &amp; ADMINISTRATIVE</b>								
<b>SELLING</b>								
Shipping & Delivery	105,757	3.24%	84,175	3.45%	21,582	2.61%	260,093	3.88%
Travel & Promotion	19,273	0.59%	17,271	0.71%	2,001	0.24%	37,117	0.55%
Club Dues	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Commissions	247,293	7.58%	184,638	7.58%	62,655	7.57%	516,150	7.69%
Severance Pay	0	0.00%	0	0.00%	-	0.00%	-	0.00%
Fringe Benefits	49,264	1.51%	44,946	1.84%	4,317	0.52%	129,380	1.93%
Office Salaries	74,260	2.27%	60,743	2.49%	13,517	1.63%	206,920	3.08%
Telecommunication	6,310	0.19%	5,669	0.23%	641	0.08%	14,468	0.22%
Rent/Taxes	34,144	1.05%	28,031	1.15%	6,113	0.74%	74,317	1.11%
Other	17,345	0.53%	14,501	0.60%	2,844	0.34%	50,019	0.75%
	<u>\$ 553,646</u>	16.96%	<u>\$ 439,976</u>	18.05%	<u>\$ 113,670</u>	13.74%	<u>\$ 1,288,463</u>	19.20%
<b>ADMINISTRATIVE</b>								
Office & General	8,949	0.27%	1,923	0.08%	7,026	0.85%	2,914	0.04%
Travel & Promotion	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Telecommunication	674	0.02%	533	0.02%	140	0.02%	1,961	0.03%
Professional Fees	13,062	0.40%	8,132	0.33%	4,930	0.60%	21,644	0.32%
Office Salaries	22,427	0.69%	16,844	0.69%	5,583	0.67%	30,350	0.45%
Administrative Salaries	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Fringe Benefits	4,010	0.12%	2,969	0.12%	1,041	0.13%	7,173	0.11%
Automotive Expenses	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Tax on capital	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Computer Expenses	3,150	0.10%	1,613	0.07%	-	0.00%	0	0.00%
Bad Debts	15,500	0.47%	12,300	0.50%	1,538	0.19%	10,663	0.16%
Investor Relations	0	0.00%	0	0.00%	3,200	0.39%	(854)	-0.01%
Occupancy Expense	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Public Company Expense	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Mgmt. Fee Income	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Life Insurance Premiums	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Mgmt. Fee Expense-FR. WIN	50,000	1.53%	40,000	1.64%	-	0.00%	0	0.00%
Other	(0)	0.00%	(0)	0.00%	10,000	1.21%	106,000	1.58%
	<u>\$ 117,772</u>	3.61%	<u>\$ 84,313</u>	3.46%	<u>\$ 33,459</u>	4.04%	<u>\$ 179,852</u>	2.68%
<b>INTEREST</b>								
Interest & Bank Charges	0	0.00%	0	0.00%	-	0.00%	245	0.00%
Amortization of Deferred Expenses	0	0.00%	0	0.00%	-	0.00%	14,211	0.21%
Interest on Longterm Debt	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Interest	0	0.00%	0	0.00%	-	0.00%	0	0.00%
	<u>\$ -</u>	0.00%	<u>\$ -</u>	0.00%	<u>\$ -</u>	0.00%	<u>\$ 14,456</u>	0.22%

**KOMUNIKDATAMARK - (MISSISSAUGA)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF!		August 31 4 months ended 2008		September 30 1 month ended 2,008		April 30 10.5 months ended 2007	
	2,008	%		%	2,008	%		%
<b>Sales</b>	<b>2,781,052</b>	<b>100</b>	<b>\$ 2,091,825</b>	<b>100</b>	<b>689,226</b>	<b>100</b>	<b>\$ 7,924,370</b>	<b>100</b>
<b>Cost of Sales</b>								
Beginning Inventory	478,475	17.20%	478,475	22.87%	413,361	59.97%	929,324	11.73%
Direct Materials Purchased	1,177,941	42.36%	869,410	41.56%	308,531	44.76%	3,563,406	44.97%
Direct Labour	339,191	12.20%	270,870	12.95%	68,320	9.91%	1,127,781	14.23%
Factory Expenses	565,066	20.32%	464,706	22.22%	100,360	14.56%	1,574,951	19.87%
Ending Inventory	(430,382)	-15.48%	(413,361)	-19.76%	(430,382)	-62.44%	(478,475)	-6.04%
	<u>2,130,290</u>	<u>76.60%</u>	<u>1,670,100</u>	<u>79.84%</u>	<u>460,189</u>	<u>66.77%</u>	<u>6,716,988</u>	<u>84.76%</u>
<b>Gross Profit</b>	<b>650,762</b>	<b>23.40%</b>	<b>421,725</b>	<b>20.16%</b>	<b>229,037</b>	<b>33.23%</b>	<b>1,207,382</b>	<b>15.24%</b>
Selling	488,994	17.58%	330,464	16.75%	158,530	23.00%	1,477,587	18.65%
Administration	184,745	6.64%	143,721	6.87%	41,024	5.95%	378,889	4.78%
Gain on Disposal of F/A	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Corporate Management fee - Komunik	36,644	1.32%	29,315	1.40%	7,329	1.06%	139,849	1.76%
Loss & (Gain) Sale on Equipment	-	-	-	-	-	-	(8,000)	-0.10%
	<u>710,383</u>	<u>25.54%</u>	<u>503,500</u>	<u>25.03%</u>	<u>206,883</u>	<u>30.02%</u>	<u>1,988,325</u>	<u>25.09%</u>
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>(59,621)</b>	<b>-2.14%</b>	<b>(81,775)</b>	<b>-4.87%</b>	<b>22,154</b>	<b>3.21%</b>	<b>(780,943)</b>	<b>-9.85%</b>
Depreciation factory	48,680	1.75%	38,944	1.86%	9,736	1.41%	159,662	2.01%
Depreciation administration	3,820	0.14%	3,056	0.15%	764	0.11%	37,554	0.47%
Interest	2,500	0.09%	2,000	0.10%	500	0.07%	5,540	0.07%
Corp Interest Expense	21,159	0.76%	16,927	0.81%	4,232	0.61%	106,499	1.34%
	<u>76,159</u>	<u>2.74%</u>	<u>60,927</u>	<u>2.91%</u>	<u>15,232</u>	<u>2.21%</u>	<u>309,255</u>	<u>3.90%</u>
<b>Earnings before Taxes &amp; Other Items</b>	<b>(135,779)</b>	<b>-4.88%</b>	<b>(142,702)</b>	<b>-7.78%</b>	<b>6,922</b>	<b>1.00%</b>	<b>(1,090,198)</b>	<b>-13.76%</b>
Relocation costs	89,925	3.23%	60,921	2.91%	29,004	4.21%	232,493	2.93%
Severance Pays	126,177	4.54%	83,331	3.98%	42,846	6.22%	-	0.00%
	<u>216,102</u>	<u>7.77%</u>	<u>144,252</u>	<u>6.90%</u>	<u>71,850</u>	<u>10.42%</u>	<u>232,493</u>	<u>2.93%</u>
<b>Earnings before Taxes</b>	<b>(351,881)</b>	<b>-12.65%</b>	<b>(286,954)</b>	<b>-14.67%</b>	<b>(64,928)</b>	<b>-9.42%</b>	<b>(1,322,691)</b>	<b>-16.69%</b>
<b>Income Taxes</b>								
Current	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<b>Net Earnings</b>	<b>(351,881)</b>	<b>-12.65%</b>	<b>\$ (286,954)</b>	<b>-14.67%</b>	<b>(64,928)</b>	<b>-9.42%</b>	<b>\$ (1,322,691)</b>	<b>-16.69%</b>

**DATAMARK SYSTEMS INC. (Toronto)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

<b>FACTORY EXPENSES</b>	<b>September 30 #REF! 2008</b>	<b>%</b>	<b>August 31 4 months ended 2008</b>	<b>%</b>	<b>September 30 1 month ended 2008</b>	<b>%</b>	<b>April 30 10.5 months ended 2008</b>	<b>%</b>
Supervisors Salaries	54,417	1.96%	44,956	1.62%	9,462	1.37%	148,053	1.87%
Quality Control Salaries	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Helper's Salaries	99,753	3.59%	80,617	2.90%	19,136	2.78%	231,710	2.92%
Maintenance Salaries	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Estimating Salaries	39,231	1.41%	32,153	1.16%	7,078	1.03%	85,107	1.07%
Purchasing Salaries	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Shipping Salaries	40,777	1.47%	32,820	1.18%	7,957	1.15%	92,397	1.17%
Fringe Benefits	84,332	3.03%	74,088	2.66%	10,244	1.49%	274,271	3.46%
SR & ED Tax Credits	0	0.00%	0	0.00%	-	0.00%	(28,793)	-0.36%
Repairs & Maintenance	37,079	1.33%	31,983	1.15%	5,096	0.74%	108,434	1.37%
Heating & Power	31,390	1.13%	24,411	0.88%	6,979	1.01%	118,069	1.49%
Insurance	0	0.00%	0	0.00%	-	0.00%	6,171	0.08%
Taxes	27,500	0.99%	22,000	0.79%	5,500	0.80%	80,447	1.02%
Rent	103,758	3.73%	83,407	3.00%	20,352	2.95%	283,928	3.58%
Automotive Expenses	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Factory Supplies	46,828	1.68%	38,271	1.38%	8,557	1.24%	175,158	2.21%
Severance Pay - Factory	0	0.00%	0	0.00%	-	0.00%	0	0.00%
	<b><u>565,066</u></b>	<b>20.32%</b>	<b><u>464,706</u></b>	<b>16.71%</b>	<b><u>100,360</u></b>	<b>14.56%</b>	<b><u>1,574,951</u></b>	<b>19.87%</b>

**DATAMARK SYSTEMS INC. (Toronto)**  
**SEPTEMBER 30, 2008**  
(Unaudited)

	September 30 #REF! 2008		August 31 4 months ended 2008		September 30 1 month ended 2008	%	April 30 10.5 months ended 2007	%
<b>SELLING &amp; ADMINISTRATIVE</b>								
<b>SELLING</b>								
Shipping & Delivery	42,694	1.54%	37,557	1.80%	5,137	0.75%	256,959	3.24%
Travel & Promotion	2,471	0.09%	1,780	0.09%	691	0.10%	26,062	0.33%
Club Dues	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Commissions	262,838	9.45%	145,651	7.92%	117,188	17.00%	628,480	7.93%
Severance Pay	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Fringe Benefits	33,163	1.19%	29,113	1.39%	4,050	0.59%	129,377	1.63%
Office Salaries	133,083	4.79%	104,307	4.99%	28,776	4.18%	381,534	4.81%
Telecommunication	1,412	0.05%	1,180	0.06%	232	0.03%	2,518	0.03%
Rent/Taxes	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Other	13,332	0.48%	10,876	0.52%	2,457	0.36%	52,657	0.66%
	<u>\$ 488,994</u>	<u>17.58%</u>	<u>\$ 330,464</u>	<u>16.75%</u>	<u>\$ 158,530</u>	<u>23.00%</u>	<u>\$ 1,477,587</u>	<u>18.65%</u>
<b>ADMINISTRATIVE</b>								
Office & General	9,927	0.36%	7,070	0.34%	2,857	0.41%	31,627	0.40%
Travel & Promotion	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Telecommunication	6,454	0.23%	6,170	0.29%	284	0.04%	19,824	0.25%
Professional Fees	18,602	0.67%	12,332	0.59%	6,270	0.91%	42,679	0.54%
Office Salaries	44,410	1.60%	35,542	1.70%	8,868	1.29%	74,522	0.94%
Administrative Salaries	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Fringe Benefits	14,194	0.51%	7,193	0.34%	7,001	1.02%	21,076	0.27%
Automotive Expenses	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Tax on capital	5,000	0.18%	4,000	0.19%	1,000	0.15%	10,600	0.13%
Computer Expenses	19,913	0.72%	17,769	0.85%	2,144	0.31%	26,925	0.34%
Bad Debts	16,245	0.58%	13,645	0.65%	2,600	0.38%	45,637	0.58%
Investor Relations	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Occupancy Expense	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Public Company Expense	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Mgmt. Fee Income	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Life Insurance Premiums	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Mgmt. Fee Expense-FR. WIN	50,000	1.80%	40,000	1.91%	10,000	1.45%	106,000	1.34%
Other	(0)	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
	<u>\$ 184,745</u>	<u>6.64%</u>	<u>\$ 143,721</u>	<u>6.87%</u>	<u>\$ 41,024</u>	<u>5.95%</u>	<u>\$ 378,889</u>	<u>4.78%</u>
<b>INTEREST</b>								
Interest & Bank Charges	2,500	0.09%	2,000	0.10%	500	0.07%	5,540	0.07%
Amortization of Deferred Expenses	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Interest on Longterm Debt	0	0.00%	0	0.00%	-	0.00%	0	0.00%
Interest	0	0.00%	0	0.00%	-	0.00%	0	0.00%
	<u>\$ 2,500</u>	<u>0.09%</u>	<u>\$ 2,000</u>	<u>0.10%</u>	<u>\$ 500</u>	<u>0.07%</u>	<u>\$ 5,540</u>	<u>0.07%</u>

**DATAMARK INC (Incl. Systems Business Forms Ltd)**  
**CONSOLIDATED**  
**SEPTEMBER 30, 2008**

**CONSOLIDATING ENTRIES**

DESCRIPTION	DT	CT
(1) SHARE CAPITAL	311,950	
CONTRIBUTED SURPLUS	2,500	
RETAINED EARNINGS	2,630,865	
CTA	52,149	
GOODWILL	7,686,450	
INVESTMENT IN SBFL		8,616,889
GOODWILL (OLD SYSTEMS)		2,043,738
Deferred Charges(Old Systems)		23,287
	<u>10,683,914</u>	<u>10,683,914</u>
to consolidate investment In SBFL		
(2) Old Goodwill (b/s)	-	
Old Deferred charges (b/s)	-	
New Deferred charges	1,592	
interest expense (R/E)		1,592
	<u>1,592</u>	<u>1,592</u>
to eliminate old amt included in interest expense of SBFL		
(3) Goodwill(b/s)	\$ -	\$ 115,866
Cumulative Translation Adj.(b/s)	\$ 115,866	\$ -
to eliminate f/x exchange effect of GOODWILL translated on SBFL stmts @ the current rate		
(4) INVESTMENT IN SBFL	\$ 166,044	
DEFERRED COSTS - SYSTEMS		\$ 166,044
-Relocation entry from deferred costs to Investment in SBFL		
(5) AMORTIZATION OF GOODWILL	\$ -	
GOODWILL (B/S)		\$ -
to record amt of goodwill over 40 years		
(6) RETAINED EARNINGS	\$ 671,411	
GOODWILL (B/S)		\$ 671,411
to adjust consolidated opening R/E as at		
(7) Old Goodwill (b/S)	331,385	
Old Deferred charges (b/s)	23,287	
New Deferred charges	35,049	
RETAINED EARNINGS		389,721
	<u>389,721</u>	<u>389,721</u>
to adjust opening balance on SBFL financials as at		
(8) AMORTIZATION OF Deferred Charges	\$ 3,851	
Interest Expense		\$ 3,851
to re-allocate		

**INTRA - MEDIA INC.**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 2008**  
(Unaudited)

	<b>SEPTEMBER 30 2008</b>	<b>APR 30 2008</b>	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash			
Term deposit			
Accounts Receivable	3,895,652	3,267,316	
Inventories	1,193,255	676,093	
Other Assets	12,582	5,263	
Loan receivable - subsidiary			
R & D Receivable	96,835	96,835	
	5,198,324	4,045,507	
<b>DUE FROM PARENT CO. Montreal (DSGI)</b>	6,277,115	6,277,115	
<b>Fixed Assets</b>	3,653,908	2,707,266	946,641.84
<b>Marketable securities</b>			
<b>Investment in SBFL</b>			
<b>Loan Receivable - Affiliated co's</b>			
<b>Deffered costs - Intra Media Transaction</b>			
<b>Deffered costs</b>			
<b>Goodwill</b>	33,867	33,867	
	<b>15,163,213</b>	<b>13,063,754</b>	
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank Indebtedness	(280,053)	(447,556)	
Accounts Payable and Accrued Liabilities	3,674,037	1,819,860	
Income Taxes Payable	(627,654)	(476,937)	
Note payable , 7%			
Due to Komunik	1,412,126	952,392	
	4,178,457	1,847,759	
<b>Due to Subsidiary Company</b>			
<b>Long term debt</b>	1,448,623	1,119,716	
<b>Long term debt - (DRH,ER)</b>			
<b>Future Income Taxes</b>	296,471	296,471	
	5,923,551	3,263,946	
<b>Minoroty Interest</b>			
	5,923,551	3,263,946	
<b>SHAREHOLDER'S EQUITY</b>			
Capital Stock	2,450,051	2,450,051	
Retained Earnings	6,789,612	7,349,758	
Contributed Surplus			
	9,239,662	9,799,809	
	<b>15,163,213</b>	<b>13,063,754</b>	



INTRA - MEDIA INC.  
 SEPTEMBER 2008  
 (Unaudited)

Statement of Retained Earnings	September 30 #REF! 2008	August 31 4 months ended 2008	September 30 1 month ended 2008	April 30 10.5 months ended 2007
Balance Beginning of Year	7,349,758	7,349,758	6,797,690	7,061,011
Net earnings	(560,146)	(552,068)	(8,078)	288,747
	<u>6,789,612</u>	<u>6,797,690</u>	<u>6,789,612</u>	<u>7,349,758</u>
Redemption of shares	-	-	-	-
<b>Balance</b>	<u><u>6,789,612</u></u>	<u><u>6,797,690</u></u>	<u><u>6,789,612</u></u>	<u><u>7,349,758</u></u>

**INTRA - MEDIA INC.**  
**CONSOLIDATED INCOME STATEMENT**  
**SEPTEMBER 2008**  
(Unaudited)

	September 30 5 months ended 2008	%	August 31 4 months ended 2008	%	September 30 1 months ended 2008	%	April 30 10.5 months ended 2007	%
<b>Sales</b>	<b>9,081,843</b>	<b>100</b>	<b>7,073,153</b>	<b>100</b>	<b>2,008,690</b>	<b>100</b>	<b>19,488,574</b>	<b>100</b>
<b>Cost of Sales</b>								
Beginning Inventory	676,093	7.44%	676,093	9.56%	1,012,077	50.38%	1,120,349	5.75%
Direct Materials Purchased	3,879,177	42.71%	2,989,004	42.26%	890,173	44.32%	7,548,928	38.74%
Direct Labour	1,601,815	17.64%	1,246,559	17.62%	355,256	17.69%	2,834,516	14.54%
Factory Expenses	1,900,716	20.93%	1,533,094	21.67%	367,622	18.30%	3,013,006	15.46%
Ending Inventory	<u>(1,193,255)</u>	-13.14%	<u>(1,012,077)</u>	-14.31%	<u>(1,193,255)</u>	-59.40%	<u>(676,093)</u>	-3.47%
	<u>6,864,546</u>	75.59%	<u>5,432,673</u>	76.81%	<u>1,431,873</u>	71.28%	<u>13,840,706</u>	71.02%
<b>Gross Profit</b>	<b>2,217,297</b>	<b>24.41%</b>	<b>1,640,480</b>	<b>23.19%</b>	<b>576,817</b>	<b>28.72%</b>	<b>5,647,868</b>	<b>28.98%</b>
Selling	1,288,644	14.19%	1,010,692	14.29%	277,952	13.84%	3,037,297	15.59%
Administration	441,109	4.86%	343,681	4.86%	97,428	4.85%	1,023,857	5.25%
(Gain) loss on Sale of F/A	-	0.00%	-	0.00%	-	0.00%	(7,473)	-0.04%
Management fee - Komunik	291,244	3.21%	232,995	3.29%	58,249	2.90%	384,091	1.97%
	<u>2,020,997</u>	22.25%	<u>1,587,368</u>	22.44%	<u>433,629</u>	21.59%	<u>4,437,772</u>	22.77%
<b>Earnings before Int., Taxes &amp; Depr,n</b>	<b>196,299</b>	<b>2.16%</b>	<b>53,112</b>	<b>0.75%</b>	<b>143,187</b>	<b>7.13%</b>	<b>1,210,096</b>	<b>6.21%</b>
Depreciation factory	537,002	5.91%	429,427	6.07%	107,575	5.36%	728,594	3.74%
Depreciation administration	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Interest	51,276	0.56%	41,219	0.58%	10,057	0.50%	52,569	0.27%
Amortization of Goodwill & Deferred Charges	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Corp Int & Depr'n Exp	168,167	1.85%	134,534	1.90%	33,633	1.67%	292,500	1.50%
	<u>756,446</u>	8.33%	<u>605,180</u>	8.56%	<u>151,266</u>	7.53%	<u>1,073,663</u>	5.51%
<b>Earnings before Taxes</b>	<b>(560,146)</b>	<b>-6.17%</b>	<b>(552,068)</b>	<b>-7.81%</b>	<b>(8,078)</b>	<b>-0.40%</b>	<b>136,433</b>	<b>0.70%</b>
<b>Income Taxes</b>								
Current	-	0.00%	-	0.00%	-	0.00%	(66,651)	-0.34%
Deferred	-	0.00%	-	0.00%	-	0.00%	(85,663)	-0.44%
	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>-</u>	0.00%	<u>(152,314)</u>	-0.78%
<b>Net Earnings</b>	<b>(560,146)</b>	<b>-6.17%</b>	<b>(552,068)</b>	<b>-7.81%</b>	<b>(8,078)</b>	<b>-0.40%</b>	<b>288,747</b>	<b>1.48%</b>

**INTRA - MEDIA  
SEPTEMBER 2008  
(Unaudited)**

<b>FACTORY EXPENSES</b>	<b>September 30 #REF! 2008</b>	<b>%</b>	<b>August 31 4 months ended 2008</b>	<b>%</b>	<b>September 30 1 month ended 2008</b>	<b>%</b>	<b>April 30 10.5 months ended 2,007.00</b>	<b>%</b>
Supervisors Salaries	472,176	5.20%	367,486	5.20%	104,690	5.21%	689,661.74	3.54%
Quality Control Salaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Helper's Salaries	73,955	0.81%	59,588	0.84%	-	0.00%	-	0.00%
Maintenance Salaries	34,167	0.38%	26,582	0.38%	14,367	0.72%	184,550.35	0.95%
Estimating Salaries	-	0.00%	-	0.00%	7,585	0.38%	66,721.95	0.34%
Purchasing Salaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Shipping Salaries	61,697	0.68%	-	0.00%	-	0.00%	-	0.00%
Fringe Benefits	524,735	5.78%	46,789	0.66%	14,908	0.74%	161,234.68	0.83%
SR & ED Tax Credits	(40,500)	-0.45%	434,136	6.14%	90,599	4.51%	1,054,787.53	5.41%
Repairs & Maintenance	249,134	2.74%	(32,400)	-0.46%	(8,100)	-0.40%	(211,204.19)	-1.08%
Heating & Power	100,933	1.11%	209,681	2.96%	39,453	1.96%	337,555.43	1.73%
Insurance	4,353	0.05%	81,996	1.16%	18,937	0.94%	203,339.46	1.04%
Taxes	0	0.00%	2,177	0.03%	2,176	0.11%	22,156.14	0.11%
Rent	333,658	3.67%	0	0.00%	-	0.00%	-	0.00%
Automotive Expenses	-	0.00%	266,846	3.77%	66,812	3.33%	403,390.97	2.07%
Factory Supplies	86,408	0.95%	-	0.00%	-	0.00%	-	0.00%
Severance Pay - Factory	-	0.00%	70,213	0.99%	16,195	0.81%	100,812.03	0.52%
	<u>1,900,716</u>	<u>20.93%</u>	<u>1,533,094</u>	<u>21.67%</u>	<u>367,622</u>	<u>18.30%</u>	<u>3,013,006.09</u>	<u>15.46%</u>

**INTRA - MEDIA  
SEPTEMBER 2008  
(Unaudited)**

	September 30 #REF! 2008	%	August 31 4 months ended 2008	%	September 30 1 months ended 2008	%	April 30 10.5 months ended 2,007	%
<b>SELLING &amp; ADMINISTRATIVE</b>								
<b>SELLING</b>								
Shipping & Delivery	267,907	2.95%	213,523	3.02%	54,384	2.71%	579,908	2.98%
Travel & Promotion	40,713	0.45%	31,663	0.45%	9,050	0.45%	95,729	0.49%
Club Dues	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Commissions	609,674	6.71%	483,505	6.84%	126,169	6.28%	1,611,196	8.27%
Severance Pay	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fringe Benefits	119,077	1.31%	92,978	1.31%	26,099	1.30%	253,212	1.30%
Office Salaries	251,273	2.77%	189,023	2.67%	62,250	3.10%	497,252	2.55%
Telecommunication	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Rent/Taxes	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>\$ 1,288,644</u>	<u>14.19%</u>	<u>\$ 1,010,692</u>	<u>14.29%</u>	<u>\$ 277,952</u>	<u>13.84%</u>	<u>3,037,297</u>	<u>15.59%</u>
<b>ADMINISTRATIVE</b>								
Office & General	44,970	0.50%	37,692	0.53%	7,278	0.36%	106,948	0.55%
Travel & Promotion	5,474	0.06%	3,919	0.06%	1,555	0.08%	19,517	0.10%
Telecommunication	24,710	0.27%	20,232	0.29%	4,478	0.22%	50,714	0.26%
Professional Fees	82,732	0.91%	64,667	0.91%	18,065	0.90%	107,984	0.55%
Office Salaries	186,356	2.05%	148,272	2.10%	38,084	1.90%	349,261	1.79%
Administrative Salaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fringe Benefits	57,318	0.63%	44,784	0.63%	12,534	0.62%	105,628	0.54%
Automotive Expenses	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tax on capital	15,500	0.17%	12,400	0.18%	3,100	0.15%	72,406	0.37%
Computer Expenses	25,215	0.28%	16,250	0.23%	8,965	0.45%	66,832	0.34%
Bad Debts	12,476	0.14%	9,476	0.13%	3,000	0.15%	136,256	0.70%
Investor Relations	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Occupancy Expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Public Company Expense	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Mgmt. Fee Income	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Life Insurance Premiums	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Gain on settlement (morguard)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other	(13,641)	-0.15%	(14,011)	-0.20%	370	0.02%	8,309	0.04%
	<u>\$ 441,109</u>	<u>4.86%</u>	<u>\$ 343,681</u>	<u>4.86%</u>	<u>\$ 97,428</u>	<u>4.85%</u>	<u>1,023,857</u>	<u>5.25%</u>
<b>INTEREST</b>								
Interest & Bank Charges	7,582	0.08%	5,550	0.08%	2,032	0.10%	12,710	0.07%
Amortization of Deferred Expenses	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Interest on Longterm Debt	43,694	0.48%	35,669	0.50%	8,025	0.40%	39,858	0.20%
Interest	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	<u>\$ 51,276</u>	<u>0.56%</u>	<u>\$ 41,219</u>	<u>0.58%</u>	<u>\$ 10,057</u>	<u>0.50%</u>	<u>52,569</u>	<u>0.27%</u>

**DATAMARK SYSTEMS GROUP INC**  
**INTRA - MEDIA**  
**CONSOLIDATED**  
**SEPTEMBER 30, 2008**

**CONSOLIDATING ENTRIES**

DESCRIPTION	DT	CT
(1) SHARE CAPITAL		
CONTRIBUTED SURPLUS	2,800,050	
RETAINED EARNINGS	-	
GOODWILL	253,120	
LONG TERM DEBT (Reclassified Preferred shares)	1,101,183	
INVESTMENT IN INTRA - MEDIA		850,000
GOODWILL (OLD SYSTEMS)		2,603,216
Non - Controlling Interest		57,408
		643,729
	<u>4,154,353</u>	<u>4,154,353</u>
to consolidate investment in Intra Media		
(2) Retained Earnings ( Non-controlling Interest)		
Non-Controlling Interest (B/S)	\$ 441,634	\$ 441,634
to adjust opening balance of Non-Controlling as Jan 1, 2001		
(3) Goodwill		
Non-Controlling Interest (B/S)	651,586	
INVESTMENT IN INTRA - MEDIA	1,085,363	
		1,736,949
to consolidate remaining 30 % investment in Intra-Media purchased as at Jan 1, 2001		
(4) Goodwill ( old goodwill on IMC b/s)		
Deferred Charges ( old deferred ccharges on acquisition)	-	
Retained Earnings ( Old GW & DC)	-	-
to adjust opening balance of Old goodwill & deferred charges Jan 1, 2002		
(5) Retained Earnings (Consolidated)		
Goodwill (B/S)	174,344	
		174,344
to adjust opening balance of Goodwill as Jan 1, 2002		
(6) AMORTIZATION OF GOODWILL		
GOODWILL (B/S)	-	-
to record amt of goodwill over 20 years for current period		
(7) Investment in Intra-Media		
Deferred costs	153,216	
		153,216
to reallocate to investment account		
(8) Longterm Debt (reclassified preferred shares)		
Share Capital	622,894	
Retained Earnings		256,485
		366,409
To adjust opening balance as at Jan 1, 2001		
(9) Goodwill ( old goodwill on IMC b/s)		
Deferred Charges ( old deferred ccharges on acquisition)	23,542	
Retained Earnings ( Old GW & DC)	153,216	
		176,758
to adjust opening balance of Old goodwill & deferred charges prior to acquisition		
(8) Longterm Debt (reclassified preferred shares)		
Share Capital	227,106	
Retained Earnings		93,513
		133,593
To adjust for reclassification of preferred shares in Intra-Media as long-term debt as at December 31, 2002		