

M PARTNERS RES SMALL CAP TECHNOLOGY UPDATE

- The M Partners RES Small Cap Tech Index tracks 30 companies which we believe are most representative of the state of the Canadian small cap technology sector (See Appendix A). These companies are covered by at least three equity analysts and therefore provide us with a consensus view of forward looking multiples. We also track the overall performance and liquidity of the 130 or so small cap technology companies that comprise the sector (market cap \$5M to \$500M), along with related transactional activity. As of April, we are noticing some interesting trends for 2011.

FINDINGS & CONCLUSIONS

- Based on elevated liquidity, it appears that capital continues to rotate into the sector.
- Most of the activity is occurring in relatively speculative venture stocks.
- The compelling fundamentals of the top-end of the small-cap technology sector are not attracting new institutional capital. These companies are generating cash flow, have solid balance sheets, and generally do not need capital, so it is difficult for new institutional investors to rotate significant capital into these companies.
- Since the beginning of the recession, the total number of viable small cap technology listings has shrank to approximately 130 companies in the TSX and TSX-Venture combined.
- Basically, as investors rotate capital into the technology sector, there is more cash chasing fewer companies. The companies with the best fundamentals do not need capital and it is difficult to create liquidity because most institutions that like these companies already have long positions.
- Because earlier stage company valuations are elevated, mid-cap companies and large small cap companies are having difficulty finding accretive acquisitions to deploy their cash.
- Our conclusion is that even as capital searches for technology stocks to buy, there is not enough "product" available. As a result, we believe that this is a great time for qualified private companies to go public.

BALANCE SHEET ANALYSIS

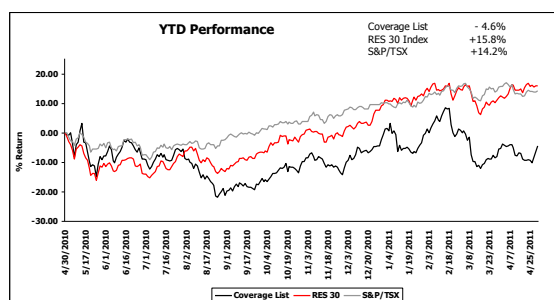
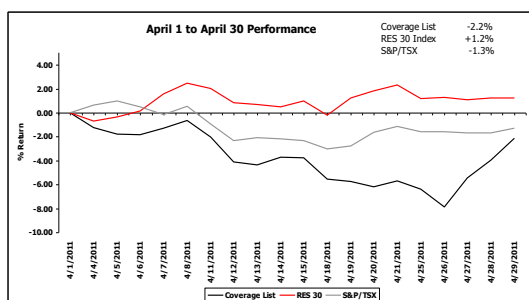
- The companies that comprise the RES 30 have a combined cash balance of roughly \$1.4B, representing 19.7% of their collective market caps. After subtracting debt, net cash stands at \$1.1B, or 15.9% of aggregate market cap.
- Including large cap companies, the entire sector has \$6.9B in cash, leaving Canadian technology companies flush with liquidity. As a result, top performing Canadian companies have had little need for financing, and institutional investors have had difficulty acquiring significant volume in the open market to create increased liquidity and demand for fundamentally solid small caps.

RES Small Cap Tech Index - Aggregate Balance Sheet Data

Total Cash	\$1,362
Total Debt	\$266
Total Net Cash	\$1,096
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Total Market Cap	\$6,901
Cash as % of Market Cap	19.7%
Net Cash as % of Market Cap	15.9%

PERFORMANCE

- The RES Small Cap Tech Index ticked up modestly by 1.2% during April.
- The M Partners coverage list was down by 2.1% for the month of April.
- LTM performance of the RES Small Cap Tech Index was +15.8%, compared to growth of +14.2% for the S&P/TSX main index. The M came in at -4.56%. Excluding Cyberplex, the MPartners coverage list was +3.3%.

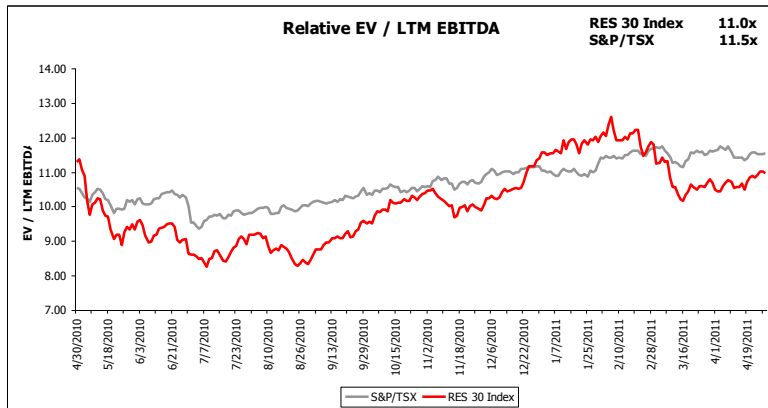


Source: Capital IQ, M Partners

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RELATIVE VALUATION MULTIPLES

- With the exception of a short period of time during Q1 2011, small cap technology companies have been trading at lower relative multiples in comparison to the TSX/S&P index. Despite the recent increased investor interest in small cap technology stocks, they generally trade at a discount to the TSX/S&P so there remains relative value. Prior to the recession, technology multiples were generally higher than the main index.



Source: Capital IQ, Bloomberg, M Partners

Forward Multiples	Current Year EV / EBITDA	FY+1 EV / EBITDA
S&P/TSX Composite	9.5x	8.4x
RES Small Cap Tech	8.9x	6.9x
Coverage List Median	7.8x	6.0x

Source: Capital IQ, Bloomberg, M Partners

APRIL TOP 5 AND BOTTOM 5

Company Name	Market Cap	Last Price	% Price Change (Apr)	% Price Change (YTD)
Top Five				
Entertainment Media Inc. (TSXV:INT)	\$ 189.5	\$ 1.49	122.4%	1390.0%
iSign Media Solutions Inc. (TSXV:ISD)	\$ 18.8	\$ 0.40	105.1%	37.9%
OPEL Solar International Inc. (TSXV:OPL)	\$ 130.2	\$ 1.46	64.0%	349.2%
MKS Inc. (TSX:MKX)	\$ 270.5	\$ 26.05	46.3%	52.3%
TransGaming Inc. (TSXV:TNG)	\$ 47.2	\$ 0.78	41.8%	-4.9%
Bottom Five				
01 Communique Laboratory Inc. (TSX:ONE)	\$ 24.9	\$ 0.42	-76.8%	-74.8%
Photon Control, Inc. (TSXV:PHO)	\$ 12.3	\$ 0.12	-33.3%	4.3%
Xebec Adsorption Inc. (TSX:XBC)	\$ 11.8	\$ 0.30	-25.9%	13.2%
Enablance Technologies Inc. (TSXV:ENA)	\$ 90.5	\$ 0.22	-25.9%	-60.2%
AgriMarine Holdings Inc. (TSXV:FSH)	\$ 26.7	\$ 0.36	-23.4%	-18.2%

Source: Capital IQ

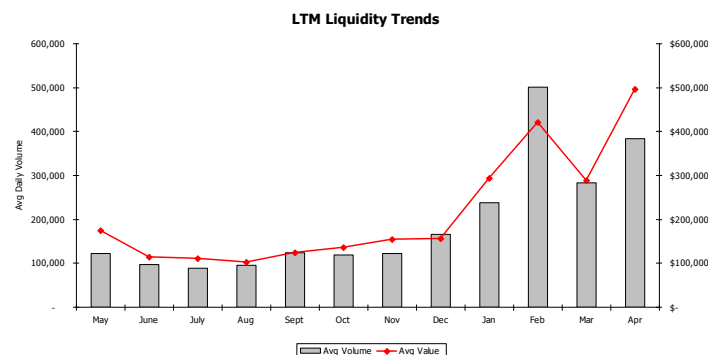
The story of the venture exchange for H1 2011 has been Entertainment Media. This is an example of a venture company with a compelling story that has yet to translate its promise into fundamentals. The company has attracted exceptional liquidity and nearly a 1400% increase in share value since the beginning of the year.

01 Communique Laboratory Inc *was* the story of H1 2011 until the validity of its patent was successfully challenged.

Enablance Technologies has been the story of the venture exchange for the past several years until it began suffering share declines starting in H2'10. Before it could get started, the FTTH market cratered along with the housing market

LIQUIDITY ANALYSIS

- Liquidity jumps in 2011:** Liquidity reached a 12-month high during the month of February as investors became more bullish on the worldwide recovery and began more aggressively shifting assets towards higher growth assets including small cap technology stocks.



Source: Capital IQ

	Avg Volume	Avg Value
May	123,172	\$ 173,802
June	96,990	\$ 113,815
July	89,004	\$ 110,807
Aug	96,299	\$ 101,657
Sept	124,465	\$ 124,725
Oct	119,257	\$ 136,506
Nov	121,901	\$ 153,687
Dec	165,811	\$ 155,713
Jan	238,631	\$ 293,355
Feb	500,894	\$ 420,706
Mar	282,585	\$ 288,217
Apr	384,601	\$ 496,486

Source: Capital IQ

TRANSACTIONS DURING APRIL 2011

- Even as liquidity within the small cap technology sector increased dramatically during Q1'11 sequentially and year-over-year, there were few financing transactions. There were only 9 TSX deals representing an aggregate of \$60 million of capital. Among the most covered and fundamentally sound small cap technologies there is limited demand for capital. In fact, many of these companies are executing share buy-back programs.

Announced Date	Target/Issuer	Transaction Types	Transaction Status	Transaction Value (In \$MM)	Buyers/Investors
04/20/2011	Intermap Technologies Corp. (TSX:IMP)	Private Placement	Closed	6.45	AWM Investment Company Inc.; Invesco Trimark Ltd.
04/04/2011	CRS Electronics Inc. (TSXV:LED)	Private Placement	Closed	5.16	-
04/11/2011	TrueContext Mobile Solutions Corporation (TSXV:TMN)	Private Placement	Closed	1.9	-
04/17/2011	Mad Catz Interactive Inc. (AMEX:MCZ)	Private Placement	Closed	11.73	-
02/23/2011	Frontline Technologies Inc., Prior to Merger with Belzberg Technologies Inc.	Merger/Acquisition	Closed	4.94	Frontline Technologies Inc. (TSX:FLC)
03/16/2011	Poynt Corporation (TSXV:PYN)	Private Placement	Closed	15.5	Socius Capital Group, LLC
03/21/2011	Pure Technologies Ltd. (TSXV:PUR)	Public Offering	Closed	20.0	-
09/30/2010	MicroPlanet Technology Corp. (TSXV:MP)	Private Placement	Closed	0.4	-

Source: Capital IQ

M PARTNERS COVERAGE LIST (CURRENT)

- We have started to cover US-listed small cap technology companies. So far, we have initiated on two NASDAQ listed companies and continue to search out undervalued and under-appreciated stocks listed on US stock exchanges. We believe that there are exceptional and fundamentally sound companies that trade with high liquidity, which could be an alternative to investors that are challenged to make investments on the TSX due to liquidity risk.

Market Data and Valuation	Recommendation			Market Data				Target		EV/EBITDA Multiples		CompMedians	
	Target Price	Rating	Implied Return	Share Price	Shares Out.	Market Cap (M)	Ent. Value	FYE	FYE+1	FYE	FYE+1	FYE	FYE+1
Coverage List													
InterDigital, Inc. (NasdaqGS:IDCC)	\$57.00	BUY	26.3%	\$45.13	45.4	\$2,046.96	\$1,519.94	7.5x	5.9x	5.5x	4.3x	10.8x	6.0x
TeleNav, Inc. (NasdaqGS:TNAV)	\$18.90	BUY	27.4%	\$14.84	41.6	\$617.23	\$405.95	7.0x	7.0x	4.9x	4.9x	7.7x	7.4x
Descartes Systems Group Inc. (TSX:DSG)	\$8.90	BUY	40.2%	\$6.35	61.8	\$392.32	\$322.80	14.3x	11.1x	9.6x	7.5x	18.0x	13.5x
Sandvine Corporation (TSX:SVC)	\$1.90	SELL	-15.6%	\$2.25	137.6	\$309.68	\$221.94	13.3x	7.4x	17.0x	9.4x	18.9x	14.6x
Bridgewater Systems Corporation (TSX:BWC)	\$13.00	BUY	65.8%	\$7.84	25.1	\$196.53	\$128.94	13.7x	10.1x	6.9x	5.1x	18.9x	14.6x
Redknee Solutions, Inc. (TSX:RKN)	\$1.70	BUY	41.7%	\$1.20	64.2	\$83.45	\$74.89	15.1x	9.5x	11.2x	7.0x	7.5x	13.3x
GuestLogix Inc. (TSX:GXI)	\$1.75	BUY	143.1%	\$0.72	64.8	\$46.66	\$40.88	13.2x	8.2x	5.0x	3.1x	17.9x	14.6x
Cyberplex Inc. (TSX:CX)	\$0.15	HOLD	15.4%	\$0.13	133.8	\$17.40	\$43.32	54.1x	7.2x	50.9x	6.8x	12.2x	9.3x
LOOKABOUT Corp. (TSXV:ILA)	\$0.75	BUY	120.6%	\$0.34	31.7	\$10.78	\$9.60	15.5x	9.4x	6.6x	4.0x	7.1x	6.2x

Note: M Partners has published this morning note on Interentertainment Media Inc. (INT-TSXV), 01 Communique Laboratory (ONE-TSX) and Enablence Technologies Inc. (ENA-TSXV), for which it does not and may not choose to provide continuous research coverage. We do not provide a formal recommendation or target price. Bulletins are unrelated to our normal rating system described in our disclosures.

APPENDIX A – RES 30 INDEX

											Valuation Multiples				
											TEV/EBITDA			Current FY	
Company Name	Ticker	Share Price	Market Cap	TEV	Cash & Equiv.	LTM Revenue	LTM EBITDA	LTM	Current FY	FY+1	P/E	TEV/LTM Revenues			
20-20 Technologies Inc. (TSX:TW7)	TSX:TW7	\$3.00	\$56.8	\$50.3	\$13.0	\$65.1	\$6.6	7.6x	5.7x	4.9x	15.0x	0.8x			
Aastra Technologies Ltd. (TSX:AAH)	TSX:AAH	\$20.85	\$293.4	\$227.0	\$79.1	\$712.5	\$55.7	4.1x	4.0x	3.5x	12.3x	0.3x			
Absolute Software Corporation	TSX:ABT	\$3.40	\$149.8	\$120.4	\$28.5	\$69.8	\$3.5	62.2x	32.8x	21.4x	NM	1.8x			
Axia NetMedia Corp. (TSX:AXX)	TSX:AXX	\$1.35	\$86.4	\$68.8	\$16.0	\$77.2	\$15.6	4.7x	4.0x	4.0x	18.2x	0.9x			
Bridgewater Systems Corporation	TSX:BWC	\$8.45	\$210.5	\$142.9	\$61.7	\$93.4	\$20.5	7.0x	7.8x	6.0x	17.2x	1.5x			
COM DEV International Ltd.	TSX:CDV	\$2.80	\$214.1	\$219.9	\$16.7	\$212.9	\$18.0	12.2x	8.0x	5.9x	18.1x	1.0x			
Computer Modelling Group Ltd.	TSX:CMG	\$28.70	\$522.7	\$484.7	\$38.0	\$51.7	\$27.0	17.9x	19.0x	17.3x	30.8x	9.4x			
Cyberplex Inc. (TSX:CX)	TSX:CX	\$0.14	\$18.1	\$46.3	\$5.2	\$106.9	\$4.6	10.1x	11.8x	6.5x	NM	0.4x			
Descartes Systems Group Inc.	TSX:DSG	\$6.29	\$388.6	\$319.1	\$69.6	\$99.2	\$25.6	12.4x	10.4x	9.0x	13.9x	3.2x			
DragonWave Inc. (TSX:DWI)	TSX:DWI	\$7.87	\$278.8	\$196.6	\$77.8	\$118.0	\$6.1	6.5x	24.9x	27.9x	22.6x	1.1x			
Enablonce Technologies Inc.	TSXV:ENA	\$0.22	\$90.5	\$91.0	\$6.9	\$58.8	-\$19.4	NM	NM	NM	NM	1.5x			
EXFO Inc (TSX:EXF)	TSX:EXF	\$8.82	\$530.7	\$460.7	\$25.9	\$252.2	\$34.4	13.7x	12.8x	9.9x	22.7x	1.9x			
Gennum Corporation (TSX:GND)	TSX:GND	\$7.95	\$282.6	\$231.4	\$52.4	\$130.8	\$33.9	7.0x	6.6x	4.9x	15.0x	1.8x			
GuestLogix Inc. (TSX:GXI)	TSX:GXI	\$0.78	\$50.6	\$47.2	\$8.1	\$26.1	\$1.5	31.7x	5.8x	3.3x	22.3x	1.8x			
Mediagrif Interactive Technologies Inc.	TSX:MDF	\$11.50	\$157.3	\$125.7	\$32.3	\$45.5	\$14.5	8.7x	7.9x	6.8x	18.0x	2.8x			
Miranda Technologies Inc. (TSX:MT)	TSX:MT	\$7.19	\$156.2	\$146.1	\$30.5	\$143.7	\$26.0	5.6x	4.6x	4.1x	10.0x	1.0x			
MKS Inc. (TSX:MKX)	TSX:MKX	\$26.05	\$270.5	\$246.7	\$23.7	\$67.9	\$13.4	18.4x	18.0x	15.5x	27.9x	3.6x			
MOSAID Technologies Inc. (TSX:MSD)	TSX:MSD	\$30.09	\$357.5	\$238.7	\$89.2	\$78.5	\$45.6	5.2x	5.1x	5.1x	10.6x	3.0x			
Peer 1 Network Enterprises, Inc.	TSX:PIX	\$1.73	\$208.5	\$242.7	\$2.5	\$104.9	\$21.4	11.4x	9.5x	7.1x	182.2x	2.3x			
Pure Technologies Ltd. (TSXV:PUR)	TSXV:PUR	\$4.65	\$226.0	\$211.9	\$14.2	\$48.4	\$7.1	29.7x	18.0x	10.5x	42.9x	4.4x			
Redknee Solutions, Inc. (TSX:RKN)	TSX:RKN	\$1.24	\$79.6	\$72.6	\$15.2	\$54.4	\$4.0	16.4x	12.9x	7.2x	37.7x	1.4x			
RuggedCom Inc. (TSX:RCM)	TSX:RCM	\$20.55	\$251.6	\$215.1	\$36.8	\$86.7	\$15.5	13.9x	13.0x	9.2x	37.0x	2.5x			
Sandvine Corporation (TSX:SVC)	TSX:SVC	\$2.39	\$329.0	\$241.2	\$16.8	\$94.7	\$8.9	27.7x	23.2x	11.8x	85.4x	2.6x			
Sierra Wireless Inc. (TSX:SW)	TSX:SW	\$11.23	\$350.9	\$241.4	\$86.2	\$643.3	\$29.8	6.5x	6.5x	4.7x	18.6x	0.4x			
Softchoice Corp. (TSX:SO)	TSX:SO	\$8.50	\$168.1	\$145.2	\$46.1	\$932.2	\$42.5	3.5x	3.5x	3.3x	8.3x	0.2x			
Vecima Networks Inc. (TSX:VCM)	TSX:VCM	\$3.45	\$77.0	\$72.1	\$8.2	\$103.2	-\$2.2	NM	298.6x	10.1x	NM	0.7x			
Webtech Wireless Inc. (TSX:WEW)	TSX:WEW	\$0.43	\$44.8	\$42.5	\$4.0	\$41.4	-\$3.8	NM	34.6x	7.8x	NM	1.0x			
Wi-Lan Inc. (TSX:WIN)	TSX:WIN	\$5.97	\$728.7	\$619.7	\$82.2	\$50.7	\$32.3	19.2x	8.1x	6.1x	9.2x	12.2x			
Zarlink Semiconductor Inc. (TSX:ZL)	TSX:ZL	\$2.43	\$295.0	\$253.3	\$124.2	\$246.2	\$39.8	6.3x	7.7x	6.1x	14.2x	1.0x			
Zedi, Inc. (TSXV:ZED)	TSXV:ZED	\$0.86	\$83.0	\$73.4	\$9.6	\$57.8	\$7.0	9.9x	4.4x	3.7x	10.4x	1.3x			

Source: Capital IQ