

March 2, 2006

TSC

US - Education & Training
Services

SEAMLESS TECHNOLOGY INC.

(SLSX - OTC)

Michael Grobler, CFA
Romark7@aol.com
(917) 345 9894

Website: <http://www.seamlesstech.com>
Exchange: **US-OTC Pink Sheets**
Contact: Investor Relations 1-772-219-7525

Recent Price: **\$1.55**
Target Price: **\$2.60**

SPECULATIVE BUY RATING

Main Headquarters

Seamless Technologies
3155 NW 82nd Ave Suite 200
Miami, FL 33122
Unites States of America

Tel: (305)477-8177



Company Highlights

Seamless Technology, Inc. ("Seamless") ("SLSX") is a public holding company for Internet-based technology companies based in e-Learning and Internet Commerce Operations. Through acquisition, SLSX wholly owns two established technology companies with excellent industry name recognition and reputations.

- SLSX expects to file its form 10Q to become a reporting company during the first quarter of 2006, and immediately apply for a NASDAQ Listing.
- The Company offers web based course management, learning management systems, LMS hosting and e-Learning technical support. Unlike its competitors, who offer a product that is one size fits all, Pinneast is capable of designing e-Learning products that are tailored to the specific needs of each client.
- Seamless Technology Inc announced its e-learning subsidiary on Team selected for \$483 million Army contract over the next 5 years.
- The integration of e-learning and distance learning into corporate and military applications is an enormous yard mark for this burgeoning industry. "A company like Seamless Technology Inc, reporting that they have been selected to provide distance learning services to the U.S. Army is significant as it clearly demonstrates the true ability of its service and dedication.
- **SLSX** projects \$4,065,000 of Gross Revenues for 2006 and Net Income of \$1,366,000, without consideration of contemplated strategic acquisitions (Seamless has other synergistic businesses that it intends to acquire to fit its business model).
- The Company has achieved a sustainable level of profitability due to the multi-year contracts that it has with its clients. Furthermore, the Company has a present order backlog exceeding \$500,000, including 2 contracts from the US-Army. Other customers of Pinneast include Dow Chemical, Wachovia, Delta Airlines, among others.
- Seamless has consolidated gross assets of over \$4,400,000 and net shareholders equity of \$3,100,000. The Company's consolidated revenues have increased from \$388,000 in 2004, and a loss of (\$451,000) to 2005 gross revenues of \$1,600,000 and an EBITDA of \$350,000. The Company, without considering acquisitions and other substantial projects under negotiation, is projected to increase gross revenues to \$4,065,000 in 2006 and \$5,873,000 in 2007, with projected EBITDA of approximately \$1,366,000 in 2006 and 2,100,000 in 2007.
- Seamless Technology Inc, e-learning subsidiary begins new fiscal year with \$500k in orders which are the strongest in its history. In addition, the company has qualified pricing proposals to over a half-dozen clients totaling over \$350,000 in additional revenues. The amount of existing orders combined with new sales will put the company on track to double its 2005 sales of \$2 million in just less than Q1.
- **We expect the company to exceed its current projection revenue goal from \$4.07m to our new target of \$4.38m for FY 2006 as the company is growing and reaching out to new clients. Its recent win in the quarter for \$500k, represents a high paced growth in the quarter, and we expect the company to widen the gap with new orders as they have been submitted in the same period. We believe shares are attractive given the growth at Pinneast subsidiary which is growing rapidly as it locked big contract names and the army. With our estimate of \$1.5m EBITDA for 2006, the company is trading at roughly 12x earnings, which we believe is low compared to its peers, such as Appolo Group that trades at 42x earnings. But given the growth of the product, acquisitions, the company expects to produce \$2.5m for 2007 which represents roughly a P/E of 7x earnings, and trading at today's price the growth is not reflected in the price of the stock. Therefore we believe the stock is undervalued at these levels. See INVESTMENT THESIS & RECOMMENDATION for more in-depth discussion (FULL REPORT)**

SEAMLESS TECHNOLOGY, INC

(all figures in Millions)

52 Wk Hi/Lo **\$0.50 / 1.95**

Shares Out **18.2**
Float **2.0**
Share price **1.40**
Market Cap **25.5**
Avg Vol (3 mon) **7,000**
Insider Ownshp **87%**

	12/31/06	12/7
(EPS)	0.08	0.14
(P/E)	18.25	7.27
	FY2006 E	FY 07
Total Revenue	4.07	4.9
Cost of Sales	1.600	1.7
Gross Profit/Loss	2.47	3.2
Oper expenditures	1.1	0.7
Net Income	1.37	2.5

See Appendix A-1 for Analyst Certification and Important Disclosures.

The Company

A leading business solutions provider, Seamless Technology, Inc., (symbol SLSX on OTC Exchange) designs and develops integrated applications to facilitate complex business requirements. Utilizing both existing and emerging technologies, we blend proven years of expertise with fresh creativity to produce innovative, customized business solutions to meet our customer's key business initiatives. Our company focuses on four key business solution components: creativity, strategic focus, productive development, and efficient infrastructure. We feel that each of these components is crucial to our development engagements and must work seamlessly with each other to achieve efficient, comprehensive results for our clients, their employees, partners, and customers.

About Seamless Technology, Inc.

Seamless Technology's vision is to become a market leader for e-Learning, e-Commerce and e-Business solutions. Seamless intends to do this by leveraging the complementary, non-competing capabilities of its technology holdings to rapidly roll out new products and services ahead of its competition and capture an increasing market share in its respective technology sectors. Wherever possible, Seamless also seeks to combine capabilities, such as adding e-Commerce to e-Learning, to rapidly exploit market opportunities. This "seamless" technical approach incorporates "Fifth Wave"¹ technology concepts and programming techniques that exploit the growing influence of technology in nearly every facet of the world economy. This approach, combined with the carefully chosen and cultivated capabilities of the Seamless Technology companies, makes Seamless a unique entrepreneurial organization that is poised for rapid growth.

Today, Seamless Technology consists primarily, in addition to other minority holdings, of two established technology companies "Pinneast.com, Inc. and MerchandiZer Software, Inc." Both have excellent industry name recognition and reputation, but relatively small market share. A third division, e-TravelLeaders, does not yet have any active operations

Our 1st division, Pinneast, is an e-Learning service provider that has been in business since 1994. It, has recently re-established a sustainable level of profitability after the technology and economic downturn of 2000- 2003, and has achieved a \$500,000 order backlog. This includes service 2 contracts with the U.S. Army. Pinneast has accomplished this turnaround by radically revising its organization and business models to minimize fixed costs and tie profitability to specific projects. Similar to large software companies, Pinneast has also established a network of on- and off-shore programmers that enable it to maintain low direct costs and rapidly scale for even the largest projects. Pinneast has also begun an aggressive marketing effort to expand its volume by adding a sales representative in New York City, and has gained business opportunities with multiple Fortune 100 clients including, United Technologies, Unisys and CitiGroup. Pinneast is preparing to release the next generation of its learning management system, which will be targeted at national and international markets.

Our 2nd division, MerchandiZer, an e-Commerce software company and service provider, is in the final stages of software upgrades and a marketing initiative designed to move it from the number 3 ranked product in its market, as mentioned by TopTenReviews.com to number 1. MerchandiZer has also recently incorporated Search Engine Optimization (SEO) as a means of increasing its market share, as well as enabling it clients to leverage the same capability when they use MerchandiZer products.

Our 3rd division, e-TravelLeaders is wholly owned by Seamless, and is a spin-off of the 10-ranked business travel services company in the industry. It does not have any active operations as of yet due to a litigation with its original parent. However, its products and services include custom corporate travel webs with capabilities similar to Expedia and Orbitz; online training for home-based and new travel agents; and, online travel merchandising. These products and capabilities leverage those of its sister companies, Pinneast and MerchandiZer in order to maintain low overall costs and allow rapid time-to-market. The value of the litigation is estimated anywhere between \$4 million and \$30 million and at conclusion of this phase e-TravelLeaders is capable of rapidly executing its business plan. Detailed information will be provided upon request and general information is included in this document.

Seamless Real Estate, Seamless also has a real estate investment, amounting to 25% interest in the 20,000 Sq. ft office building at 3155 NW 82 Ave. The building is now under conversion to office condominiums with a 2:1 value to debt ratio. The approximate market value of the Seamless interest is \$1 million. Seamless has the opportunity to buy the 5,000 sq ft office condo where its main office is located.

Intellectual Property. Seamless Technology subsidiary companies have both proprietary software copyrights and proprietary trademark registration for their products. All companies own entirely their existing proprietary software and source code. MerchandiZer™, is a registered trademark of MerchandiZer Software, Inc. Pinneast proprietary software developed by the programmers of Pinneast is copyrighted with notice to Pinneast. Pinneast's combination of e-learning solutions is also unique and forms an important intellectual property value. The exception to full ownership is Pinneast's soon-to-be released learning management system, where Pinneast has negotiated with the developers to release 2% of its rights in exchange for product support. For added security MerchandiZer Hosts its merchants websites, and Pinneast's commercial applications using it's own servers, and incorporates both active and passive measures making it almost impossible to copy duplicate or reciprocate its software.

¹ The Fifth Wave recognizes that technology has advanced in four phases or "waves". The first was the introduction of mainframe computing in the 1960's. The spread of the minicomputer in the 70's was the second wave. The introduction of personal computing was the third wave. The 90's saw the rapid shift to use of the Internet and networking as the fourth wave. The Fifth Wave is a concept embraced by Microsoft and other forward thinking technology innovators. It assumes that cheap computing, the growing number and availability of high bandwidth and broadband connections, and the increasing use of open standards programming are already powering a technological transformation. Programming for Fifth Wave applications makes use of readily available "building blocks" and allows developers to rapidly build and customize applications, create related applications, and sell complementary products and services. The use of java and .net standards is a characteristic of Fifth Wave technology and are standards that have been adopted and exploited by Seamless' companies.

Pinneast.com, Inc., Subsidiary

Pinneast is a high growth-potential company in the rapidly expanding market of e-Learning. Its focus is improving business performance through human capital development and Pinneast is experienced in helping organizations of all sizes and across all industries. Its expertise lies in development of custom e-Learning products and services including those for the medical, chemical, and technology verticals. Since 1998, when the company derived its business primarily from building custom, Web-based Training (WBT) programs and software, Pinneast has each year expanded its services and client base. Its product line and services now include:

- Web-based Course Development- Pinneast provides end-to-end e-Learning custom content development services with a focus on design, development and delivery for the corporate and government market. Pinneast's strength is, in addition to technical skills, its documented processes, procedures, and analytics that enable it to accurately and rapidly determine project scope and deliver products on time and on budget. Pinneast's technical capabilities include instructional design, graphic design and development, programming, and audio and video recording and editing. A wide range of development tools is also offered, enabling customers to more easily maintain their courseware and lower their overall costs. Pinneast favors the Macromedia Studio MX products and does not use proprietary authoring tools or plug-ins. Delivered courseware is designed to meet the latest industry and international standards for e-Learning.
- Learning Management Systems- *TrainingWize!*®, to be released in Fall 2005 is a mid-level, multilingual, SCORM 2004-compliant Learning Management System for corporate training and education markets (License pricing TBD, but estimated at \$22k up to \$50k). It also owns and markets *Sensa™* --a low cost, ASP (web-based), corporate training portal software for integrating, managing, and measuring corporate learning. In addition to offering its own software, Pinneast is a reseller for high-end enterprise Learning Management Systems. These include partner relationships with SumTotal Systems, Plateau, IntraLearn, Elluminate and Centra.
- Professional Services - highly specialized consulting and support services for acquiring, installing, configuring and maintaining corporate LMS investments.
- LMS hosting— an ASP solution enabled by Pinneast's investment in specialized hardware and software. This is an alternative to the high cost of technology required for and organization wanting to enter e-Learning. For Pinneast, because this is a low cost, high margin service, it is a service in great demand in the expanding market.
- e-Learning Technical Support/Help Desk services— Pinneast supports licensed global users of the SumTotal Software Developers Kit, for which it is the sole distributor worldwide. Users are required to purchase Pinneast's support with each software license. Licenses are valid for one year and users must renew the license to continue to use the software. Part of this service includes the Content Integration Laboratory, which Pinneast operates as the exclusive partner of SumTotal for testing and certifying content to run in their Learning Management System. Several companies, including GlaxoSmithKlein, Wachovia, and Wells Fargo, require third party vendors to use Pinneast's service prior to installing e-Learning courses in their corporate learning portal.

Pinneast Vision

"Pinneast's vision is to be the dominant "end-to-end" e-Learning solutions provider for small- to mid-sized organizations in the U.S. and internationally, by providing a complete mix of software, courseware and service solutions." It intends to achieve this vision by leveraging current growth and the predicted dynamic increases in the global e-Learning market over the next four years and further expand on their client and market base. By exploiting Fifth Wave technology and concepts, using a combination of organic, onshore, and offshore programmers, and leveraging the capabilities of its sister companies Pinneast intends to achieve its vision quickly and efficiently. Specific strategies include:

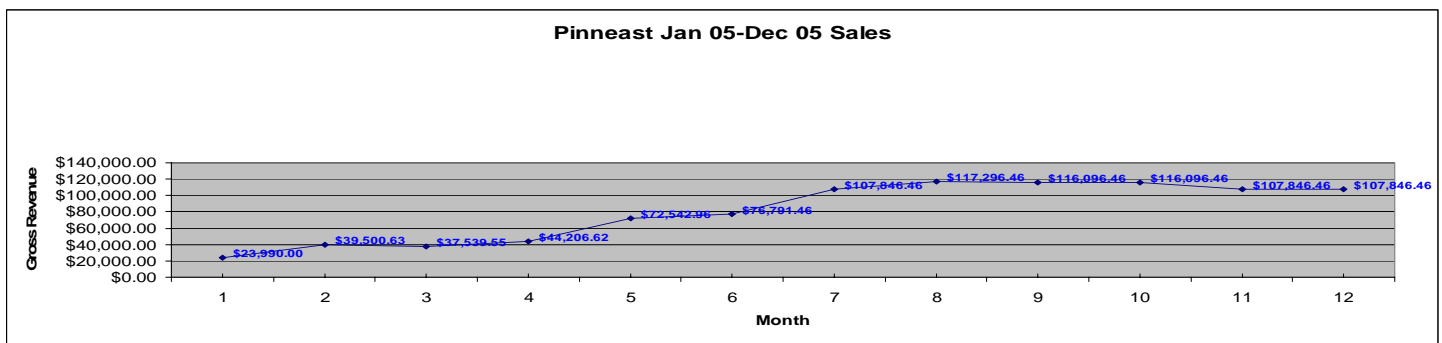
- Capitalizing on valuable partnerships and established reputation in the marketplace to aggressively market our existing products and capabilities to Fortune 500 clients;
- Continuing to market services through the lucrative government (U.S. Army) contract;
- Focusing on the growing sectors of the U.S. and worldwide economy to aggressively search out and penetrate new clients in the expanding healthcare, financial services, and corporate compliance markets;
- Expanding software marketing efforts for existing products. This will exploit the extremely favorable cost to sales ratio. **Sensa™** will be marketed as a training portal model. Additional revenue-sharing profits can be realized by gaining partners to license "re-branded" installations of the portal to sell and distribute their proprietary training products to their existing market verticals. MerchandiZer e-Commerce software can be tied in to generate additional revenues for both companies;
- Rolling out new software, specifically TrainingWize!© which will become Pinneast's flagship software product. This software is based on Pinneast's existing **Sensa™** product. However it has key product improvements that are in high demand in the global e-Learning market. These include a multi-language capability and the ability to take courses off-line—which is particularly important in many regions of the world where reliable connections are an issue. Pinneast is using Fifth Wave technology and concepts to rapidly roll out the software in .net format and expects it to be complete by early in the fourth quarter of 2005. The objective is to capture within 4 years 2-3% of the national and international Learning Management System software markets (Estimated at \$300-400 million annually. See the chart below from Bersin and Associates research firm);

<u>Number of LMS Companies</u>	<u>140+</u>
<u>Size of LMS Market</u>	<u>US \$ 350M, growing at 26% per year</u>
<u>(license and services)</u>	
<u>Purchased Cost per User :</u>	
<u><1000 users</u>	<u>US \$83 per user</u>
<u>1000-10,000 users</u>	<u>US \$35 per user</u>
<u>Implementation Cost</u>	<u>150 - 200% of purchase cost</u>
<u>Maintenance Cost</u>	<u>20% of purchase cost</u>

With success of these strategies, Pinneast also intends to expand its market to include the post-secondary and technical training markets, particularly in overseas markets, where e-Learning growth is expected to experience the same rapid growth pattern that has been occurring in the U.S. and other western economies since 1998. Overall, Pinneast has established its sales and budget targets based on a 40% annual growth in revenues. The growth is through a combination of growing organic sales and growth by merger and acquisition. Increasing sales of Pinneast products and services by 20% annually would result in an increase in annual revenues to \$2.6 million by 2008 and mergers could contribute an additional \$900 thousand to \$1.2 million to reach a target of approximately \$4.2 million by year end 2008. A goal at that time is to make an initial public offering of Pinneast stock in 2009 to generate additional capital to acquire or merge with an equal sized company and grow revenues to \$10-12 million by 2010. Initial growth/acquisition targets would be companies in the training and e-Learning markets with annual sales of \$300-600 thousand and complementary or niche skills, as well as a recognized presence within their market vertical (e.g. financial services, healthcare, compliance). Similar growth strategies have been successfully pursued by other e-Learning companies such as GeoLearning and DigitalThink.

Pinneast Current Sales

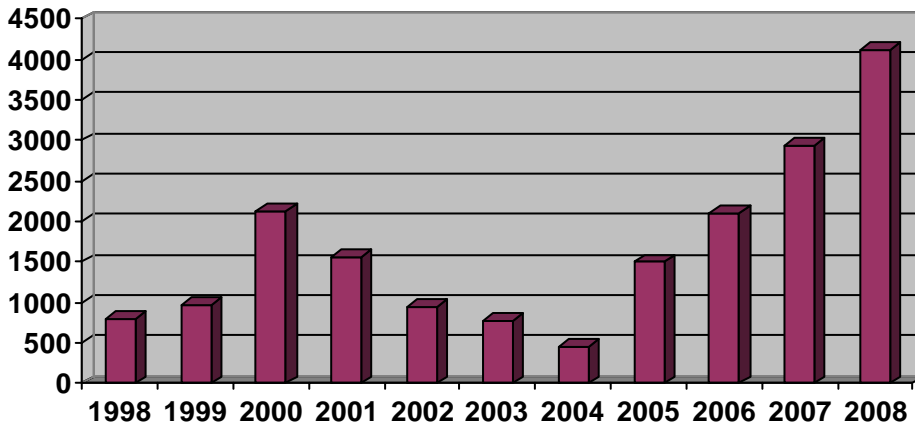
A mix of product sales has been integral to Pinneast's ability to withstand market pressures despite uneven economic and industry cycles. Numerous similar companies went out of business in the period between late 2001 and mid-2004. Uneven purchase levels within product types and between quarters have made it difficult to plan growth. Custom Web-Based Training (WBT) has historically been by far the strongest product line in both the industry and for Pinneast. With an improving economic climate and strategic changes made in 2004, Pinneast's performance as of the 2nd quarter 2005 has been impressive. An overview of performance since 1998 is provided later in this section. However, a chart showing order backlog and sales to date is below. At mid-year, the backlog was approximately \$1.25 million with orders going through April 2006. This is primarily due to Pinneast winning several large government contracts. The sales focus for the remainder of the year will be to "even out" the client and contract mix and use the additional revenues to invest in further marketing and growth.



(As of June 2005)

Pinneast's Projected Financial Performance

In 2004, Pinneast reorganized its business model to reduce fixed costs by relying more heavily on consultants and off-shore developers than had been the case in the past, while retaining core resources and intellectual property. This restored the company to profitability in the 1st quarter of 2005. With the rebounding economy in 2004 and 2005, as well as the restoration of funding to Army projects Pinneast has gained some market influence. This has also been propelled by the exit of numerous competing firms from the market over the past 2 years. Industry analysts expect the e-Learning market to continue its growth over for the next 4 years going from approximately \$11 billion in 2004 to approximately \$15 billion in 2008 (Source: The Gartner Group). With the addition of Pinneast product lines and strategic partnerships in 2002-2005, and investment in sales, marketing and research and development, Pinneast's goal is to mirror the industry increase as well as incrementally increase sales to increase gross revenues by 40% annually over the next three years. A chart outlining Pinneast gross revenues since 1998, and projected revenues through 2008 is below.



At the end of the 2nd quarter 2005, Pinneast had an order and work backlog of approximately \$1.25 million. Pinneast anticipates CY 05 sales to be approximately \$1.5 million. To mirror the overall industry growth and with the expected penetration of new markets a 50-75% growth in annual revenues is projected. Growth is planned across each product line with a proportionately larger share being occupied by "for resale" products, Learning Management System (LMS) services, hosting and Web-Based Training (WBT). This mirrors anticipated industry spending in those areas, as an increasing number of customers enter the e-Learning market and make capital investments in systems, software, and services.



Three year projections for the PinnEast Project Subsidiary

Revenue	2005	2006	2007	2008	2009
Software and License					
Renewals	191,420	542,105	966,000	1,488,900	1,980,300
Content Services	1,367,068	1,610,250	2,093,000	2,552,400	3,394,800
Renewals/Maintenance	21,420	112,705	272,094	488,245	737,832
Total	1,579,908	2,152,355	3,331,094	4,529,545	6,112,932
Direct Costs					
Salaries	171,151	188,266	205,381	222,496	239,611
Payroll Taxes	19,690	23,627.90	23,628	25,596.89	27,565.88
Consultants	563,827	687,040	933,800	1,218,990	1,555,950
Total	754,668	898,934	1,162,809	1,467,083	1,823,127
Operating Costs					
Admin/Executive Salaries	90,000.00	99,000.00	108,000.00	117,000.00	126,000.00
Payroll Taxes	11,700.00	12,870.00	14,040.00	15,210.00	16,380.00
Admin Consultants	6,000.00	6,000.00	6,804.00	7,560.00	8,400.00
Sales and Marketing	212,617	323,716.49	531,929	734,746	979,939
General and Administrative	56,400	57,762	63,510	69,168	77,480
R&D, Software Maintenance	19,142	42,940	96,600	148,890	198,030
Interest and Loan	30,600	0	0	0	0
Total	426,459.08	542,288.49	820,882.90	1,092,574.30	1,406,228.71
Retained Earn	\$377,361	\$705,778	\$1,236,308	\$1,694,343	\$2,428,644

Market Analysis

The Chart below summarizes the stock price and value growth of publicly traded e-Learning companies.

Stock Symbol	Company Name	Stock Price 1/1/03	Stock Price 3/06/2006	% up/down for 2003	IPO date	Company Type
AREL						<i>Live e-Learning</i>
ARLC	Communication	0.20	1.47	635.00%	5 Dec 94	<i>Provider</i>
ECLG	eCollege.com	3.21	20.56	6230%		<i>e-Learning</i>

Competition

The following companies represent competitors who offer services encompassing all three market segments of e-learning -- from content to technology to services. We believe these and other "end-to-end" solutions providers will represent Pinneast's competition. "Pure play" competitors, such as those who focus solely on custom content development or Learning Management Systems, will also bring competition. However, industry analysts believe that the maturing market environment will be one with one-stop-shopping and pricing pressure as the norm. This will be the result of expectations by of small-to-mid-sized organizations that are entering, and returning to, an e-Learning market that has long been dominated by extremely large, enterprise-level Learning Management Systems, and dominant off the shelf courseware library providers.

- *GeoLearning's* core business is as a provider of Managed Learning Services and hosted learning platforms. Their training management products and services are nearly identical to those of Pinneast and leverage the Internet to accelerate the critical business processes, and centrally manage human capital and knowledge acquisition. GeoLearning provides Learning Management System software, custom content development, language localization, learning and consulting services, hosted training portals, help desk and technical support services.
- *Learn.com* offers global services to ensure our client's successfully plan, execute, deliver and support their multi modality e-learning initiative and Human Capital Development & Management (HCDM). Their Learning Management System, LearnCenter, provides the ability to launch, manage, track, and assess enterprise-wide e-learning, both in the classroom and online. Learn.com also provides custom content development, course authoring tools, consulting services, and training portals, as well as a courseware library of off-the-shelf titles.
- *XTention, Inc.* was founded by one of Pinneast's original owners and provides a multilingual learning management system and other human resource software aimed at mid-market and enterprise organizations around the world. Xtention also offers a training portal, custom content development, content and software integration services, and technical support.

Pinneast Past and Present Clients

Dow Chemical, Wachovia, Nortel Networks, Volvo Trucks, Delta Airlines, Northrop Grumman Information Technology, Science Applications International Corporation, Lucent Technologies, GlaxoSmithKline, Johnson & Johnson, Pfizer, Staples, Westinghouse, Michelin, Bank of America, Hewlett-Packard, Georgia Tech, Kemet Electronics, Aegon, Hoechst, ServiceMaster, Hardee's, Winn-Dixie, Sonoco Products, Georgia-Pacific, Unisource, SumTotal Systems, Skillsoft, ElementK, Global Knowledge, Allen Interactions, Productivity Point International, Rosenbluth International, Dominion Power, Double Click, State of California Court System, American Bankers Association, International Institute for Learning, BrainShark, Vitesse.

Pinneast Partnerships

Because of its capabilities and reputation in the e-Learning industry Pinneast is a sought after and preferred vendor, partner, and service provider for numerous Fortune 500 and Global 1000 companies. Pinneast's partnerships are a model for the e-Learning industry and express its commitment to seek out the "best of breed" in order to deliver and integrate the right solution for customers. In addition to the premier technology partnerships with Elluminate and SumTotal, which are highlighted below, Pinneast is partnered with multiple other e-Learning providers whose products and or services distinguish them in the industry. This enables Pinneast to understand their technology, offer it as either a reseller or referral partner to Pinneast customers, and provide services to third parties that require a working knowledge of the partner's product. Pinneast is also partnered with larger prime contractors to provide services under specific contract vehicles (e.g. Northrop Grumman Information Technology and the U.S. Army TRADOC omnibus training contract with an estimated \$30-40 million annual funding line). Pinneast has also won multi-year, renewable indefinite quantity contracts to provide e-Learning services to Dow Chemical and the State of California Court System.

CASE STUDY



Overview – Nortel Networks is an industry leader and innovator focused on transforming how companies and people communicate and exchange information. Nortel supplies its customers with communications technology and infrastructure to enable value-added IP data, voice and multimedia services spanning metro and enterprise networks, wireless networks and optical long haul networks. Nortel has aggressively adopted e-learning to support critical business functions and stakeholders.

Challenge – As part of a strategic initiative to heighten employee awareness of Nortel's quality standards for work processes, Nortel's global operations quality division sought to develop a fully outsourced and scalable web-based training program within very tight project time constraints.

Solution – Pinneast was selected to design and develop a comprehensive solution for Nortel that included full instructional design, course development, a customized online learning portal for course administration and tracking, and hosting. Using a rapid prototype project development approach, Pinneast worked closely with Nortel's quality process subject-matter-experts to develop the course content literally from scratch. Leveraging Nortel's desire for engaging, interactive content treatment, the program incorporates a robust mix of media elements including audio, video, flash animations, and simulations. Pinneast developed a unique ASP based learning portal for the course that provided full tracking and reporting functionality and allowed for the integration of learning results to Nortel's standard ERP application.

Results – Pinneast successfully completed the entire project and delivered a turnkey solution with a four-hour Level 3 course in less than 6 weeks from kickoff to launch. Nortel met its aggressive project rollout deadline and has continued to leverage technical support from Pinneast for course updates and custom modifications to the learning management system.

MerchandiZer Software Division

HipHip Software, Inc. originally developed the e-Commerce software now known as Mechandizer™ in 1998. HipHip provided services to its customers utilizing this software through 2002. Seamless Technology, Inc. acquired the software from HipHip Software, Inc on June 1, 2002. MerchandiZer Software also acquired the client data base of HipHip. Using the assets acquired from HipHip, the MerchandiZer division began providing e-Commerce software and related services on the Internet in mid-2002. Since that time it has successfully developed a new version of Mechandizer™ and is launching 4 new websites in the 3rd Quarter of 2005.

Today MerchandiZer Software is a full service e-Commerce service provider and software development company. It provides end-to-end online services and products for small to medium companies wanting to expand their sales to the Internet sales channel. The company provides both applications and software development and its flagship product, Mechandizer™ continues to be ranked among the best in the industry. With the launch of the new version of its software and the acquisition of services from a Search Engine Optimization firm, the company is now able to bring MerchandiZer™ to a wider audience.

MerchandiZer™ Overview Software

The core product of the MerchandiZer division is the e-Commerce software MerchandiZer™. It is a mature, reliable, and fully-tested program that has been utilized by over 3000 customers and was awarded *PC Magazine's Editor's Choice Award* in November, 1998. *PC Magazine's* product reviews are the most highly respected in the industry, is the equivalent of a *Consumer Digest Best Buy*. The review, at over 15 pages long, put MerchandiZer™ well ahead of competitive offerings from Yahoo, IBM and Intel. Subsequently, MerchandiZer™ has continued to be the subject of numerous flattering press articles, but since 1998 has slipped to number 3 in surveys of the best software for small to medium-sized implementations. Product updates and improvements are aimed at reclaiming the number 1 spot.

The key feature of MerchandiZer™ that makes it popular is the ability to allow users to add customized design features. Most shrink-wrapped e-commerce software requires the merchant to have a store that looks like all other stores utilizing the same software. MerchandiZer™ provides a wide range of templates that enable web designers to customize sites. This allows merchants without design flair to build a respectable looking site by simply picking pre-packaged design themes, and then choosing from the 30 built-in templates designed to suit every catalog layout requirement.

The original MerchandiZer™ product line has now been expanded and the number of software products and services has increased from 5 to 20 in order to satisfy growing customer needs for products and services.

The expanded products complement the flagship product, but the product and service suite is also designed to provide additional revenue opportunities during the process of implementation an online store. Accordingly MerchandiZer Software, Inc. now also offers:

- High end Web design which may include, dynamic pages, XHTML, and Java;
- Web promotion and online marketing including Search Engine Optimization (SEO);
- A wide variety of e-Commerce software, all based on the flagship product, but with a range of capabilities and features that are "right-sized" for the customer's needs and budget.

All the new products can be implemented quickly upon request of the customer and save them time and effort in obtaining the products and services from a number of companies. This also helps to create customer loyalty while simultaneously increasing the amount of revenue per customer. The following is a listing of MerchandiZer products and a web link where additional information can be found.

MerchandiZer has earned the following honors:

- Internet.com - 5 Star rating "Merchandizer is one of the top choices for creating small to medium size hosted storefronts on the web." (03/2000)
- PC Magazine - PC Magazines Editors Choice award for best ECommerce product. (11/99)
- Interactive Week - Ranked in the top 500 Internet companies by Interactive Week according to research conducted by Ernst and Young and MIT (11/99)
- Cahners In-stat - Ranked as a leading E-Business Service Provider (eBSPs) (03/2000)
- PCWorld.com - recognized for superior product and customer support. (05/99)
- ClickZNetwork - Four Stars "If your in the market for a web commerce package, MerchandiZer is a first-rate product worthy of inclusion on any short list"

On Feb 28th, Seamless Technology Inc. E-Commerce Subsidiary Announces Signing of First Revenue Sharing On-Line Sales Agreement with Manufacturer and Distributor

Company Combines the Talents of its Two Subsidiaries and Its Latest Acquisition to Generate Significant New Revenue Source for Seamless Expected to Exceed \$5 Million in 2006 and \$10 Million in 2007.

Its subsidiary, MerchandiZer Software Inc. (www.MerchandiZer.com), has executed an On-Line Revenue Sharing Sales Agreement with Pet Ecology Brands Inc. (OTC:PECB) www.petecology.com, that will provide Pet Ecology with a customized Internet-based E-Commerce Shopping Cart distribution of its products and services for sale to its various clients via the World Wide Web. MerchandiZer's E-Commerce Shopping Cart uses its proprietary online development and Internet marketing capabilities to increase the effectiveness, organic traffic and conversion ratios for its customer websites. As opposed to the traditional fee for services model, MerchandiZer will receive a percentage of gross revenues under the previously announced revenue sharing contracts that it is signing with its clients. MerchandiZer will also be managing the online sale and digital delivery of Pet Ecology products through online retail, content and portal sites in the Pet Ecology online sales channel.

The Company's other subsidiary Pinneast.com, Inc. (www.pinneast.com) will participate in the On-Line Sales Agreement providing its E-Learning services to Pet Ecology by converting their existing education and training functions associated with selling, distribution, and customer support to web-based methods. Pinneast will create a knowledge portal populated with information designed to help achieve strategic objectives such as online courses, presentations, and documents will be organized around a centralized, online knowledge or learning portal. Selected numbers of these will also be made available through the public B2C and B2B portals to support customers and distribution channels and, include features like links to blogs or chat rooms that enhance and reinforce learning and product placement by providing new information in near "real time". The inclusion of this feature in the e-commerce activities of Pet Ecology will result in the reduction of the training costs of Pet Ecology's field reps, distributors and retailers carrying the unique products manufactured by Pet Ecology Inc.

Additionally Pinneast will establish a learning portal called "Pet Ecology University" that will be used by Pet Ecology to educate the ultimate customer on the attributes of its various products in an informative and entertaining manner. At its core will be an entry-level Learning Management System that will enable organizing online courses, documents, and presentations into learning tracks designed to meet the knowledge requirements of each specific audience.

"MerchandiZer's E-Commerce Shopping Cart designed specifically for Pet Ecology will permit our online store to permit our consumers to efficiently and quickly access our high-demand products for their pets," said Debra Evans, Pet Ecology's Vice President of Marketing. "By taking a multi-channel approach to our online business, Pet Ecology can expose its products to a much broader and more mainstream base of consumers, retailers and distributors. One of the unique features of the new website, that was specifically designed for us by MerchandiZer is the ability of the consumer to elect to receive a referral to a local retailer and the use of a digital coupon for redemption of that coupon at the retailer. Furthermore, we intend to fulfill all online sales where the customer desires direct delivery to the home through our local retailer base thereby supporting their sales efforts and providing a continuing source of revenues and new customers for our retailer base. Unlike our pet products manufacturers, we are going to use our new website to support our retailers and distributors, and not to compete with them. We can expect to grow our Internet sales with the MerchandiZer E-Commerce Shopping Cart by several million dollars per year when fully implemented." The On-Line Sales

Agreement permits MerchandiZer to receive approximately 10% based on Pet Ecology e-commerce revenues direct to the consumer and 3% for all sales generated to retailers and distributors in the B to B commerce section of the new website.

David Langle, Chief Operating Officer of Seamless indicated:” This launch is the culmination of months of research and development, as well as design for this unique site. We will now use the template that we created for Pet Ecology to service other manufacturers and retailers that desire our services and have agreed to share revenues with us. We expect that we will sign agreements with a minimum of 20 clients in 2006 for this revenue sharing model that we project should result in realizing gross revenues of approximately \$5 million in 2006 and \$10 million in 2007. These enhanced revenues have not been included in our guidance of revenues and profits that we have released, and we anticipate issuing new guidance within the next 30 days.”

MerchandiZer Software Clients and Sales

While the MerchandiZer™ product is scalable to serve business of any size, the company will be targeting mid-size and small business to help their customers to build markets, manage online commerce capabilities, and successfully integrate the Internet into their business. The company currently has about 200 clients that subscribe for the e-Commerce software. Among these are well-known companies like Dole-Plantation, Total Discount Vitamins, Go-To Forms, KidsCustoms, and NReagan. The technology partner for hosting the MerchandiZer servers is *Anewbroadband* a data center that also provides services to the U.S. Government. It hosts MerchandiZer Software servers in a hurricane-proof building capable of withstanding a level 5 storm.

The most significant revenue stream for MerchandiZer Software will continue to be provided by merchants paying e-Commerce license fees on a recurring monthly basis. The standard subscription is \$149 per month, with a basic “starter” plan available for as little as \$9.95. For larger subscribers fees can go over \$500 per month and include a dedicated server. These packages will be sold through a network of resellers. Currently there are only three resellers. However, MerchandiZer plans to increase this number through a marketing and direct contact campaign. Plans are also in place to increase the technical support base for the growing numbers of customers as required..

MerchandiZer Software Marketing Strategy

The company's goal is to be a global market leader in e-Commerce software applications for the mid-size and small business market. To achieve its goal MerchandiZer will pursue a multi-faced strategy of increasing company and brand awareness, as well as e-Marketing and increased sales and marketing capacity. Additional services and products that include design, Internet marketing support, merchant accounts, and technical services will enable MerchandiZer Software to meet the full range of customer needs for online sales and are intended to position MerchandiZer products and services uniquely within the e-Commerce software industry. Additionally, product improvements and application development will, similar to its sister companies, seek to use "Fifth Wave" technology concepts and techniques. This will enable it to rapidly exploit currently evolving future market opportunities such as delivering MerchandiZer™-based e-Commerce through broadband connections, and adding e-Commerce capabilities to the offerings of its sister companies.

MerchandiZer Software is now focusing on offering new and existing clients a combination of services in addition to storefronts powered by its flagship software. Through its recent joint venture agreement with Online Development Associates² a Texas-based company specializing in online marketing, Search Engine Optimization (SEO), and Search Engine Marketing (SEM), MerchandiZer will be able to position itself extremely high within different search engines and offer that same capability to its clients. For an online merchant, being high in a search engine is the difference between success and failure. This service linked with the MerchandiZer software products will be a strong market differentiator. On July 1st, 2005 MerchandiZer Software began offering its clients Search Engine Optimization and Search Marketing.

Interest has been high with services starting at 1,600 dollars per year, plus a maintenance fee, and can go up to \$ 10,000 dollars per online campaign. MerchandiZer will also offer other services related to e-Commerce, e-Marketing, Web Design, Back Office Integrations and other products making it a truly full "e-Service" provider.

MerchandiZer Future Strategy

Future plans include expanding on MerchandiZer Software partnerships, alliances and strong relationships with the Latin American market. Internet use in Latin America is in a relatively early stage of development, and is concentrated in the upper and middle socio-economic classes. One analyst estimates that 57% of Internet users in Latin America have been users for one year, as compared to 25% in the U.S. and 36% in Western Europe. However, Internet use in Latin America has grown rapidly in recent years, and that growth is expected to significantly outpace growth in worldwide Internet usage over the next several years. One estimate is that there will be 45 million Internet users in Latin America in 2005. A substantial portion of the buying power in Latin America is concentrated within the top 13% of the population, according to Strategy Research Corporation. This group controls an estimated 53% of the overall buying power there and enjoys a standard of living comparable to that of the populations of Germany and Great Britain. This is the group most likely to have access to the Internet. As a result, this market represents a highly desirable demographic profile for advertisers and businesses. The growing number of "host sites" throughout the region further evidences the growth in the popularity of the Internet.

Seamless' proximity to the Latin American marketplace bodes well for sales in that region. Furthermore, the MerchandiZer Software and Seamless Technology management teams have numerous existing relationships that will facilitate sales into that region. Some MerchandiZer personnel are multi-lingual and MerchandiZer software will be translated into Spanish and Portuguese. This may also complement the multi-lingual capability of the Pinneast learning management system. MerchandiZer also plans to increase awareness of prospective both in the U.S. and Latin America by being at are near the top of the first page on the major search engines like Google, Yahoo, MSN, AOL etc. through its SEO initiative. Another initiative will be to leverage partnerships with businesses that have an established client base in Latin America and the U.S. One, possible example is TransExpress, a Logistics company with 20 years in the market and which handles thousands of parcels every day for 145,000 clients in Latin America and the U.S. A partnership would allow TransExpress to offer its clients e-Commerce services and related products using MerchandiZer™. Another example is Anewbroadband an ISP, and VOIP Telecommunication provider. As an ISP reseller of the MerchandiZer™ product it may be possible to bundle its other services with e-Commerce, and allow MerchandiZer and/or other Seamless companies to do the same.

Below are the three year projections for Merchandizer subsidiary

Three Years Projections

MerchandiZer	2006	2007	2008
Revenues	1,891,949.21	3,450,000.00	4,900,000.00
Profits @ 35%	662,182.22	1,207,500.00	1,715,000.00

Directors and Advisors

Borys B. Rafalowicz. Borys Rafalowicz, was born in Waldenburg, Poland on May 26, 1950, of a Russian mother and Polish father. He spent his early years in Poland and moved to Sweden in 1969 to pursue his Bachelor of Arts in Mathematics and Economics from the University of Stockholm in Sweden. He completed his studies in 1973. He has a degree from the University of Stockholm. Mr. Rafalowicz speaks fluent Russian, Polish, Swedish and English.

While living in Sweden, Rafalowicz founded Svea Rare Stamp and Coin. This company was engaged in the wholesaling and retailing of collectible Swedish and U.S. Stamps & Coins. Svea handled some of the rarest stamps in the world and had such clients as the King of Sweden and leading stamp and coin collectors in the United State and Europe. He sold the companies in 1986.

Rafalowicz resided in Sweden until 1986 and was active in the Swedish Real Estate Market. He bought and sold numerous properties profitably. In 1984 he founded the Swedish Exchange Analyst AB. This was a company, which originated computer programs and evaluations of businesses, real estate, and publicly traded companies. Rafalowicz invested \$1.2 million in the creation of VISION SYSTEM, a technical trading analyst program for trading stocks. These systems were amongst the most sophisticated programs available in the market place.

Mr. Rafalowicz semi-retired in 1986, moved to the United States and settled in Coral Gables, Florida. In 1988 Rafalowicz incorporated Danam, Inc., in Florida and today Danam continues to provide consulting services to private and public companies.

During the period of 1990 to 1993, Mr. Rafalowicz was a representative of and consultant to Skandia Direct Insurance Operations, a holding company for Skandia's primary insurance operations in the US with twenty six subsidiaries, and an approximate total annual premium volume of U\$300 million. Skandia is the largest insurance company in Skandinavia, and for reinsurance, the thirteenth largest reinsurance company in the world. During his tenure with Skandia, Mr. Rafalowicz assisted the company to substantially decrease overhead costs and increase returns in the stock market and in bonds (U\$400 Million Portfolio) for the corporation. During the period of 1992 to 1996, Mr. Rafalowicz was a senior consultant to Promstroybank and the bank's exclusive representative in North America, Sweden and Poland. Promstroybank of Russia, formerly the largest bank in Soviet Union, widely held as the "ministry of investment" of the Soviet Union, a holding company for Promstroybank's primary operations in the Russian Republic and Russian Federation with 600 branches and 10,000 employees.

Nick Nishiwaki. Nick Nishiwaki, born and educated in Japan, Mr. Nishiwaki started his career there in the export business, supplying various giftware, tabletop and kitchen items to worldwide market.

In 1978, he moved to New York to start an import and wholesale business for similar products under the name of SAKURA, Inc. and successfully developed it by offering creative and attractive designs to the market place. His customers include almost all types of retailers, such as department stores, mass merchandisers, warehouse clubs, mail orders, etc.

As a veteran of 35 plus years experience in the industry, his expertise goes to areas of design, manufacturing, packaging, transportation, distribution, marketing and business management.

His company maintains a very competitive position in the industry by emphasizing a lean organization, yet keeping it effectively operated. He sold his company a few years ago to a New York Stock Exchange listed company.

He is an equity investor in Seamless Technology Inc. and in several other companies.

BRIAN POPKEN, Board Member, joined Seamless' subsidiary Pinneast in 1997 and was selected by the Board of Directors as President in 2003. Mr. Popken holds a Bachelors of Science degree in Business Administration from the University of Nebraska, and Advanced Studies in Public Administration from Shippensburg State and Ball State Universities. He was a career Army officer prior to joining Pinneast and headed the Army's redesign effort for personnel operations in an advanced digital environment. In that position he identified and documented knowledge requirements and led the design of management information systems. Since joining Pinneast he has focused on designing and developing technology solutions for management processes unique to the e-Learning industry, and on applying advanced digital concepts to custom e-Learning solutions. He is the architect for numerous of Pinneast's learning products and leads all facets of the company's operations and was appointed as a Seamless Board member and equity partner in 2005.

ANDREW ROGUL, Board Member, is a former Managing Director of Gemini Financial Consulting Inc., where he was responsible for international trade and development. In this capacity he was responsible for successfully completing numerous international acquisitions and mergers. He left the position with Gemini in 1995 to form Stonehaven Trading Canada, Ltd. in order to leverage his expertise and established global relationships in global trading. A significant portion of Stonehaven's business became the export of medical equipment and disposable medical devices. In 1999 he opened Stonehaven Trading, USA Corp. and relocated to in Boca Raton, Florida, where he currently resides and continues to manage the day to day operations of the company. Mr. Rogul attended Ridley College and then FIT in New York.

A. J. HERNANDEZ, Board Member, is an entrepreneur focusing on technology and logistics solutions for Latin America. Mr. Hernandez has been an equity owner and management team member for numerous companies in this area. After successfully growing and selling his interest in the companies he became an equity owner in SkyPostal, a company that specializes in providing priority logistics services for the Latin American market. The company has developed software that interfaces with U.S. Postal Service systems and permits Western Union stores to operate as a USPS Post Office Branch. They have contracts with Western Union licensees in several Latin countries where the Priority Mail service is marketed. Mr. Hernandez holds a Masters in Business Administration and continues to be active in management.

SVEN SCHÉLE, Board Member, is the President & CEO of Assured Options System Inc (MEDMORE). Born in Sweden, Sven earned his Business Administration degree from the University of Stockholm. Swen Schéle started his professional career working for multinational companies in Europe and Latin America. In 1985 he became President of Skandia - Bradesco Insurance Company, Brazil - a joint venture between Skandia, Sweden's largest Insurance Group, and Bradesco, Latin-America's largest Bank and Insurance Group. Skandia - Bradesco became a fast growing and profitable operation. In 1990 Mr. Schéle was appointed CEO of Skandia's Property/Casualty Insurance Operations in the US. Skandia's Property/Casualty Operations had over 300 millions in premium volume and over 400 millions in assets. Swen Schéle has continuously been active as an executive, board-member and shareholder of profitable operations and startups in Latin-America and the US. Multilanguage abilities can be added to his credits.

(*) Millicom International Cellular S.A. provides mobile telecommunication services worldwide. It provides prepaid services in the cellular telephone market using mass market distribution methods. As of December 31, 2004, the company had approximately 7.7 million subscribers, as well as had interests in 17 cellular systems in 16 countries, primarily in Asia, Latin America, and Africa. Millicom International was formed in 1968 and is based in Bertrange, Luxembourg.(NASDAQ: MICC).

DORAN JASON, Board Member, is the Chief Executive Officer and President of the Doran Jason Group of Miami and the Doran Jason Group of Tampa. He has been a leader in the commercial real estate market in South Florida for over thirty years. His vision and perseverance, continues to make him one of the most innovative and progressive leaders in the industry. He has been instrumental in the planning, design, renovation, construction and

sale of over two hundred million square feet of office, industrial, residential and retail space. One of his most notable examples is his development of retail and commercial space in Miami Beach, FL. There he assembled millions of square feet in retail and office space at a cost of \$25 per square foot. After 10 years of very solid cash flow, he sold the property for \$325 per square foot, roughly 13 times for what the partnership paid for it. Mr. Jason is currently in the process of developing a residential (975 condos) /retail mixed use project in Tampa's central Business District, FL, which has much of the same flavor as Miami Beach at the time of his early investment.

Advisor for Business Strategy Exit

Roger Charland is an independent self-employed professional business consultant. Since the early 1990's he has provided a broad spectrum of clients with his experience and expertise in business and financial management. Mr. Charland started as an Individual Member working as a Market Maker on the floor of the Montreal Stock Exchange. He was ultimately named to the board of the exchange, and later became a Governor of the Board. Mr. Charland transferred his "Seat" (membership) to the first (then largest) Canadian discount brokerage firm, Disnat, a firm which he had created. Mr. Charland later sold the firm to Desjardins, a \$100 billion financial institution and it became the Discount Brokerage Division of the group. You may see Disnat <http://www.desjardins.com>. Mr. Charland then started Sifocorp Investment Inc., a brokerage firm specializing in bringing companies public, as well as providing follow-up services. Services included IPO's, tax-strategies, mining, and assisting firms in resolving tax-related issues ranging from \$500,000 to \$10,000,000. Mr. Charland's most successful IPO has been Transat AT (symbol trz at the Toronto Stock Exchange) <http://www.tsx.com>. Before the IPO Transat had \$20,000,000 in sales, but as a result of the offering has grown to generate \$2 billion in sales. Other transactions and clients with which Mr. Charland has personally been involved include HONCO, an industrial building construction company that was privatized; Montco, which was bought by a competitor; Permacon <http://www.permacon.ca>; and STI a software company that was bought by MediSolution. Mr. Charland continues to work closely with Canadian investment firms and is active with the Canada's TSX Venture Exchange, which provides early-stage businesses with the opportunity to gain a solid foothold in public markets while they work towards graduating to a senior exchange. A description of the TSX Venture Exchanges is at the following link <http://tsx.com/en/productsAndServices/listings/cdnx/listing/index.html>.

Investment Thesis & Analysis

Our analysis suggests that **Seamless Technologies, Inc (SLSX)** is an interesting speculative play among micro-cap companies offering its new educational initiative and platforms for today's high pace environment. Its new technology which offers web based course management, learning management systems, LMS hosting and e-Learning technical support. Unlike its competitors, who offer a product that is one size fits all, Pinneast is capable of designing e-Learning products that are tailored to the specific needs of each client. The company has recently been awarded with big contracts in the past month as the new product is responding well and adjusted to customer's needs. We believe their recent win with the US ARMY for 5 years represents a great strength in company's financial future. Thus we believe that the company will have enough financing to run its operations, as the company is booking new orders and maintains profitability in each order would suggest that the company is on track to propel new growth lines and initiatives. In starting the New Year FY 2006, the company has booked \$500,000 in new orders within its first month. The company has also been awarded its first new contract with Pet Ecology Brands Inc. (Other OTC:[PECB.PK](http://www.petecology.com) - [News](#)) www.petecology.com, that will provide Pet Ecology with a customized Internet-based E-Commerce Shopping Cart distribution of its products and services for sale to its various clients via the World Wide Web. MerchandiZer's E-Commerce Shopping Cart uses its proprietary online development and Internet marketing capabilities to increase the effectiveness, organic traffic and conversion ratios for its customer websites. As opposed to the traditional fee for services model, MerchandiZer will receive a percentage of gross revenues under the previously announced revenue sharing contracts that it is signing with its clients. MerchandiZer will also be managing the online sale and

digital delivery of Pet Ecology products through online retail, content and portal sites in the Pet Ecology online sales channel. This launch is the culmination of months of research and development, as well as

design for this unique site. They will now use the template that they created for Pet Ecology to service other manufacturers and retailers that desire their services and have agreed to share revenues with them. We believe that the company will sign agreements with a minimum of 20 clients in 2006 for this revenue sharing model that we project should result in realizing gross revenues of approximately \$5 million in 2006 and \$10 million in 2007. It's astonishing to say that the company is growing at a faster pace in each subsidiary simultaneously as its initiative is emergic and synergized for company's plan. As the company will introduce its platform to other clients, SLSX subsidiary will benefit as well, as they both contribute in benefiting the clients need. Based on our estimates, we see the company is growing at a rate of 50% + for 2005, 2006 and we expect 2007 that the company will make a breaking point of even higher growth as both of its sales channels suggest that the company is on track to outperform company's projections and our projections of \$2.5M profit. We believe the company will produce in a range of \$3.2M to \$3.8m in profits for 2007, which would represent over 200% growth in profits from FY 2006. Given its valuation of \$26m market cap, the company is trading at roughly 8 times our new estimate and 11 times the company's estimate of \$2.5m in earnings for FY 2007. We believe given these levels the company is trading at a low multiple which we believe is undervalued. The reason we would suggest is lack of visibility by investors of company's condition, as the company will meet its targets and visibility achieved, the stock price should reflect a fair multiple as its peers of 16-19 times earnings. Recent highlights in the company indicates that the company's client list is strong and superior where the company has managed to pull big clients into its products, knowing that these clients usually interact with big corporations that would manage their subordinates. This kind of an obstacle suggests that the company is viable to grow in many areas and bring new big clients from other regions and countries. We would also indicate as the company will reach full profitability level in mid 2006, the company would be interested in acquiring companies that are synergic within their field. Thus it would represent not only growth but fundamental value in the company's ability to further grow and enhance their products and services across, and would dramatically build value in its stock price. Nevertheless we would also indicate that the company is anticipating filing for a reporting status and a possible listing on the NASDAQ in the first half of FY 2006. We would believe, as the company will initialize this process, shares of SLSX should dramatically appreciate in value, as the company is penetrating into a new world of investors where visibility is high and easily accessible.

Both operating and financial risk involved in investing in a young service company are typically high and should be considered by investors. In this case the operational **risks associated with the company shows a promising market of a new initiative product which focuses highly on a competitive diverse unique product and SLSX is receiving new contracts as the demand is increasing, and progressing to new projects.** We therefore only recommend investors that have a **high tolerance for risk** that are able and willing to forfeit either most or all of their capital in search for extraordinary returns, to consider investing in the shares. Also, in our view investors willing to commit capital to SLSX should do so with **absolute minimum 2 year investment horizon**, but preferably longer, to allow ample opportunity for growth to emerge until broader price discovery can materialize, within the investment community that will **allow the value behind the concept of its new products and service. Short term we expect SLSX stock to continue to build a base in the low to mid \$1.60 to \$2.20 range, before making an attempt to break out of its mid level. In the medium term a major risk factor may involve that additional capital raising or stock offering may be needed to continue organic growth and fund marketing and advertising activities, such that it may hinder further improvement in the rating of the shares until adequate funding is secured** that will satisfy concerns that may be present, or resurface in the investor community. Despite this risk, we believe that the company will be able to continue its operational plans for at least 2 years given its present level of capital resources.

SLSX is a Pink Sheet listed company and there has not been any disclosure of financial statements released to shareholders that allow us insight necessary to complete a qualitative and quantitative review of the company. **Based on the absence of this information we have decided to initiate our coverage on the security with a speculatively neutral Buy rating.** We highlight to investors that we require financial disclosure for all issues we cover as one of the criteria necessary in order to be classified in our highest rating category (Speculative Strong Buy Positive Rating). Conditions necessary for us to raise our rating for SLSX into that category would require further evidence of distribution and marketing efforts realizing monthly, quarterly or yearly goals and SEC filings

containing a discussion of operations, accompanied by financial statements or a press release containing key financial variables.

ANALYST CERTIFICATIONS

APPENDIX-A1

The research analyst, who upon request wrote this report, certifies that the views expressed in this research report, accurately reflects his personal view about the subject company. The analyst also certifies that he does not own or have any beneficial interest in shares of the covered company, also that no part of his compensation was, is or will be directly or indirectly related to the specific recommendation or view expressed in this report. Based on the facts that were provided, the industry trends present and sources of information used to produce this report, it is my best opinion and reflection of what the company's rating and share appreciation potential could be once research coverage is widely adopted. Investors are urged to consider this report as only a single factor in making their investment decision. Investors should not use this research report as an indication to buy or sell the stock. It is solely used and made for information and opinion of the analyst. Information, opinions or recommendations contained in this report or research note are submitted solely for advisory and information purposes and we also do not accept any obligation to provide updates to this report in future or urge investors to buy the stock.

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