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QIS CAPITAL CORPORATION

Sangoma Technologies Corp. (STC: TSX-V)

Date: March 5, 2009
Price: $0.38

KEY INFORMATION

Fiscal Year-end	June 30
52-Week High/Low	$1.40 - $0.33
3-Month Avg. Daily Trading Volume	25,430 shares
Market Capitalization	$11.1 million
Enterprise Value	$6.0 million
Book Value per Share (Dec. 31)	$0.60
Current Ratio	3.8
Gross Margin	74%
LT Debt to f2009e CF	0.4
LT Debt to Equity	0.1
Price to f2008 Earnings	3.7
Price to f2009e Earnings	4.0

FINANCIAL DATA (000's of Canadian Dollars)

	3 Months Dec 31		6 Months Dec 31	
	2008	2007	2008	2007
Revenues	2,595	3,070	5,195	5,893
Net Income	1,111	757	1,796	1,246
per share	0.038	0.027	0.062	0.044
Cash Flow	1,433	1,338	1,714	2,239
per share	0.049	0.047	0.060	0.080

BALANCE SHEET (as at December 31, 2008)

Current Assets	$ 9,912,375
Total Assets	21,435,695
Current Liabilities	2,615,544
Long-Term Debt	1,096,134
Shareholders' Equity	17,724,017

SHARES OUTSTANDING (as at October 14, 2008)

Basic	29,334,084
Fully-Diluted	30,452,434

* management and insiders own approximately 23% of the company's issued and outstanding common shares

Highlights:

- record quarterly earnings in Q2
- gross margins of over 70% for the last six years
- positive working capital of $7.3 million ($0.25 per share)
- projected CAGR of 30% for Windows IP PBX market
- trading at only 3.7X trailing earnings (1.5X after subtracting working capital)

COMPANY OVERVIEW

Sangoma Technologies was incorporated in 1984 and became publicly listed via a reverse takeover on May 1, 2000. The company is engaged in the manufacturing, distribution and support of PCI cards for the telephony and wide area network (WAN) industry. Some of Sangoma's products include analog, digital, and data hardware telephony cards that are integrated into PCs, facilitating their use as PBX and other telephony applications or as high performance data routers. WAN products include WANPIPE® internal routing and telephony solutions for Linux, FreeBSD, Windows and other operating systems. The company is also a leading voice and data card supplier within the Open Source market.

Sangoma's products are used across the world with applications in various industry segments that primarily include PBX, call center, voice monitoring systems, Internet services, government and military, banking, retail, entertainment, medical, and manufacturing. The company also provides communication toolkits that allow third parties to set up WAN access into their own products. The majority of the company's products are based on its range of communication adapters that support standard telephony interfaces.

FINANCIAL SUMMARY

For the 3 months ended December 31, 2008, revenues declined by 16% to $2.6 million, yet gross margins improved to 75% compared to 72% during the same period last year. Net income improved by 47% to a record $1.1

milion ($0.038 per share) from $530,000 ($0.019 per share). Earnings during the quarter benefited from a foreign exchange gain of $0.9 million resulting from the decline in the Canadian dollar versus the US dollar. Revenues were comprised 46% from the US, 11% from Canada, and 43% international.

For the 6 months ended December 31, 2008, revenues declined by 12% to $5.2 million and gross margins were 74% compared to 72% during the same period in the previous fiscal year. Net income for the period increased by 44% to $1.8 million or $0.06 per share from $1.2 million or $0.04 per share during the same period in f2008. The company had positive working capital of $7.3 million or $0.25 per share as at December 31, 2008 and long-term debt of $1.1 million which includes $1.0 as an obligation to issue shares pursuant to the acquisition of Paraxip.

RECENT DEVELOPMENTS

On July 14, 2008, the company acquired Paraxip Technologies Inc. for total consideration of $4,780,383, including a cash payment of $1.9 million. Paraxip is a leading developer of IP connectivity software that empowers the deployment of IP telephony applications. The acquisition provides Sangoma with the crucial interface code to service the large market for telephony products based on commercial software.

Subsequent to December 31, 2008, Sangoma has announced several new product integrations, new partnerships, and product enhancements. The company continues to develop products to enhance voice transport and control that serve emerging market segments such as PC-based PBX, VoIP, and IVR technology. The company's existing voice related products have been well received, and the development of new products has been driven by customer demand. Sangoma is also expanding its portfolio of offerings by moving into higher speed data communications for voice, data and video. These new products include support for multi-megabit per second T3 and E3 for larger telephony and data connections along with designing cards that support other industrial and telecommunications grade bus architectures in addition to PC-based bus designs.

Sangoma has an active normal course issuer bid pursuant to which the company may purchase for cancellation up to 1,456,904 of its common shares from December 11, 2008 to December 10, 2009.

SUMMARY

Sangoma has a strong financial foundation and has generated exceptional growth over the past five years. After 9 consecutive quarters of revenue growth, the company is now experiencing lower sales due mainly to current economic conditions; however, the decline in the Canadian dollar relative to the US dollar has sheltered and actually increased earnings to this point. Sangoma is expecting flat sales or modest growth over the remainder of fiscal 2009.

The company is presently trading at an attractive price to earnings multiple of less than 5 times trailing earnings. Given that Sangoma has minimum debt free and positive working capital of $0.25 per share, the company is presently trading at less than 2 times earnings net of debt and working capital. While the economic outlook remains uncertain at the present time, the acquisition of Paraxip and the associated expansion of sales opportunities for new telephony products based on commercial software, are expected to provide continued growth possibilities. Sangoma has a strong cash position and is poised to capitalize on the downturn in the economy through accretive acquisitions, development of new products, or possible shareholder rewards.

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