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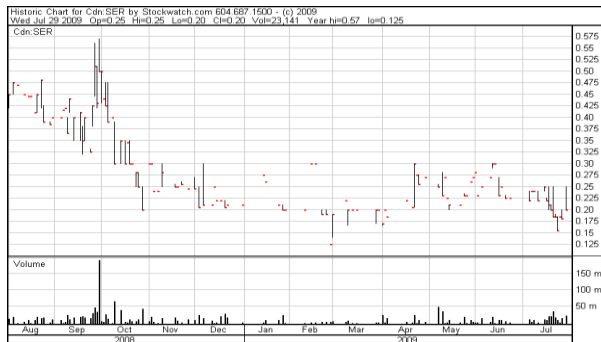
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Serenic Corporation (SER:TSX-V)

Date: July 31, 2009
Price: \$0.20



KEY INFORMATION

Fiscal Year-end	February 28
52-Week High/Low	\$0.57 - \$0.125
3-Month Avg. Daily Trading Volume	6,459 shares
Market Capitalization	\$3.0 million
Enterprise Value	\$2.9 million
Book Value per Share	\$ 0.07
Current Ratio	2.54
Gross Margin (3 months May 31)	72.3%
LT Debt to f2008e CF	nil
LT Debt to Equity	nil
Price to f2008 Sales	0.31
Price to f2009 Sales	0.33

FINANCIAL DATA (000's of Canadian Dollars)

	3 Months May 31		Yr Ended Feb. 28	
	2009	2008	2009	2008
Revenues	2,746	1,973	9,326	9,839
Cash Flow	45	(394)	(547)	539
per share	0.003	(0.026)	(0.036)	0.038
Net Income	(115)	(551)	(1,192)	(236)
per share	(0.008)	(0.036)	(0.078)	(0.017)

BALANCE SHEET (as at May 31, 2009)

Current Assets	\$ 4,156,197
Total Assets	5,124,317
Current Liabilities (excluding deferred revenue)	1,634,319
Capital Lease	8,556
Shareholders' Equity	1,102,780

SHARES OUTSTANDING (as at May 31, 2009)

Basic	* 15,185,458
Options	2,691,400
Warrants	0
Fully-Diluted	17,876,858

* management and insiders own approximately 37% of the company's issued and outstanding common shares

Highlights:

- improvement in financial performance over the past 3 quarters
- approximately 25% recurring revenue stream
- global provider of NFP financial solutions based on Dynamics NAV, Microsoft's most widely distributed financial application
- potential takeover candidate

CORPORATE OVERVIEW

Serenic Corporation is a global provider of business solutions for the medium to large NFP (not-for-profit) organizations. The company also conducts business in certain public sector vertical markets in North America through Microsoft NAV reseller partners.

Serenic presently has two wholly-owned subsidiaries, namely, Serenic Software, Inc. (SSI) and Serenic Canada Inc. (SCI). SSI develops and markets enterprise financial and operational software solutions for the NFP, educational, and government organizations. Its principal product "Navigator" has been sold to and implemented by more than 350 clients in multiple countries and languages.

SCI is the exclusive provider of payroll and human resource software applications for Microsoft Dynamics NAV product line within the USA, Canada, and Mexico. NAV is now Microsoft's highest growth and most widely distributed business application software suite with more than 65,000 installations and 1 million users worldwide.

The company's target markets for NFP comprise approximately 65,000 organizations worldwide, with potential license revenue exceeding \$3.5 billion. This is an extremely fragmented market space with mainly smaller software providers. Despite the intense competition, Serenic's clients include many high-profile organizations such as Care International, Rick Hansen Society, Catholic Diocese, Salvation Army, Children's Aid

Society, Carnegie Foundation and The Heart & Stroke Foundation.

Serenic continues to enhance its products toward a 3-tier architecture which will optimize solutions for the Internet as well as for “software as a service” applications. The company recently expanded sales and marketing efforts internationally, and Serenic is experiencing good initial sales success outside of North America.

For the first quarter ended May 31, 2009, Serenic reported revenues of \$2.7 million, an increase of 39% over the prior year. The net loss for the quarter was just \$114,701 which was a significant improvement over the loss of \$550,842 during the same period last year. A foreign exchange loss of \$164,285 was also recorded in the first quarter of 2010. Revenues were comprised of new software licenses of \$903,650, an increase of 15.5%, client services of \$1,026,782, a rise of 105.6%, and maintenance revenues of \$789,035, an improvement of 18.1%. Total costs decreased by 4.6% mainly through wage and fee reductions and general cost savings. Sales came predominantly from the US during the quarter (91%) as well as from Canada (4%) and international (5%).

During the first quarter, the company announced several new well-known customers including Family and Children’s Services of Guelph, the Arbor Day Foundation, and American Wildlife Foundation. Serenic has since added the Jewish Community Center of Chicago, and African Wildlife Foundation.

Over the past 5 fiscal years, the company’s revenues have grown from \$1.5 million to almost \$10 million. In June 2008, Serenic placed 9th in the Technology/Life Sciences category on the 2008 TSX Venture 50, and ranked 20th in PROFIT Magazine’s annual listing of Canada’s fastest growing companies. In September 2008, Serenic was ranked 31st in the Deloitte

Technology Fast 50, a list of the fastest growing technology companies in Canada. In July 2009, Serenic Software was named the Industry Solutions Vendor of the Year by Microsoft for the US.

SUMMARY

Despite the current economic conditions, Serenic appears poised for modest growth given its recurring revenue stream, new direct sales, and international sales presence. After some recent challenges over the past year, the company has demonstrated financial performance improvement over the past few quarters. While many investors may not view the NFP market as an attractive industry, this sector has expanded extensively over the past decade in both size and capital funding. Management appears to have found a unique niche market that is not adequately serviced and offers continuing growth opportunities.

One of the key factors to determining the underlying value of software companies is merger and acquisition valuation parameters. We feel that Serenic is ripe for a takeover given its \$3.0 million cash on hand (\$0.20 per share), no debt, near break-even status, and its unique and integrated relationship with Microsoft. Acquisition values based on trailing 12 month revenues have historically been in the 3X to 5X range but have recently been falling to approximately 1X to 2X. The most recent transaction in Serenic’s unique space was the acquisition of MicroEdge, Inc. by Vista Equity Partners for just over 1X annual trailing revenues of US\$30 million. Based on a conservative multiple of 1X to 1.5X trailing revenue, the estimated acquisition value of Serenic’s operations alone (excluding the public company structure and cash on hand) is estimated to be between \$10 and \$15 million or \$0.52 to \$0.78 per share on a fully-diluted. This represents a significant premium from the current trading range of \$0.20 to \$0.25.

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