

## Burntsand Releases Fourth Quarter and Fiscal Year 2009 Results

**Toronto, ON, March 5, 2010.** Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported revenue and earnings results for its fourth quarter and year ended December 31, 2009.

### Fourth Quarter and 2009 Financial Results Highlights (000's) – unaudited

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Service revenue	\$ 5,120	\$ 6,610	\$ 20,975	\$ 22,347
Adjusted EBITDA (1)	67	444	47	597
Net income (loss)	(23)	18	(417)	(217)
			As at	As at
			<u>31-Dec-09</u>	<u>31-Dec-08</u>
Cash and cash equivalents			\$ 4,095	\$ 4,876
Working capital			5,718	6,359

### Results for the Fourth Quarter ended December 31, 2009

Service revenues for the fourth quarter of 2009 were \$5.1 million compared to \$6.6 million for the fourth quarter of 2008.

Service revenue US operations contributed \$3.0 million (US\$2.9 million) of service revenue for the quarter, compared to \$5.2 million (US\$4.3 million) for the fourth quarter of 2008. The US\$1.4 million decline in service revenue included a US\$0.4 million decrease in revenue from the US Collaborative practice with the balance of US\$0.9 million in the US Enterprise Content Management Practice. This decrease was primarily due to a US\$0.3 million decline in service revenue from US strategic partners for services provided by Burntsand to their clients; four projects that generated approximately \$0.8 million of service revenue in Q4 2008 that were not followed up with new projects from the same customer or a sufficient dollar volume of new projects from existing or new customers in Q4 2009 and the balance a reduction in average billing rates.

Service revenues in Canada increase \$0.7 million to \$2.1 million primarily due to growth in consulting services revenue in our Service Management practice and included approximately \$0.3 million delivered to the customer in Q3 2009 but with revenue deferred until Q4 2009 until all of the conditions necessary for revenue recognition were met.

Gross profit on services revenue was 30.4% for the fourth quarter of 2009 compared to 34.2% for the fourth quarter of 2008.

Adjusted EBITDA <sup>(1)</sup> for the fourth quarter of 2009 was \$67,462 compared to Adjusted EBITDA of \$443,700 for the fourth quarter of 2008. Net loss for the fourth quarter of 2009 was (\$22,862) or (\$0.00)

per share. Net income for the fourth quarter of 2008 was \$18,120 or \$0.00 per share and included a non-recurring realized foreign currency translation loss of (\$314,900).

Backlog as at December 31, 2009 was \$5.3 million compared to \$4.6 million as at September 30, 2009.

### **Results for the year ended December 31, 2009**

Service revenues for the year ended December 31, 2009 were \$21.0 million compared to \$22.3 million for 2008. US operations contributed \$14.4 million (US\$12.5 million) of service revenue in 2009 compared to \$16.2 million (US\$15.1 million) for 2008. The US\$2.6 million decline in service revenue included a US\$0.7 million decrease in revenue from the US Collaborative practice with the balance of US\$1.9 million in the US Enterprise Content Management Practice. This decrease was primarily due to a US\$1.1 million decline in service revenue from US strategic partners for services provided by Burntsand to their clients; a general slowdown in information technology spending in the US and a reduction in average billing rates. Service revenues in Canada increase \$0.5 million to \$6.6 million primarily due to growth in consulting services revenue in our Collaboration practice.

Gross profit on services revenue was 29.5% in 2009 compared to 32.1% in 2008.

Adjusted EBITDA for 2009 was \$46,557 compared to Adjusted EBITDA of \$596,774 for 2008. Net loss for 2009 was (\$416,703) or (\$0.01) per share compared to a net loss of (\$216,690) or (\$0.00) per share for 2008. The net loss for 2009 included a non-recurring realized currency translation loss of (\$53,550) compared to (\$314,900) for 2008.

### **Financial Position at December 31, 2009**

As at December 31, 2009 the Company held cash and short-term investments of \$4.1 million and working capital of \$5.7 million. This compared to \$4.9 million of cash and short-term investments and working capital of \$6.4 million as at December 31, 2008. The Company has not borrowed under its US \$2.5 million line of credit.

“While our cash, working capital and balance sheet remain healthy we are intensely focused on sales and marketing activities to begin to create growth” said Martin Glover, Burntsand’s President and Chief Executive Officer. “We continue to focus on delivering solutions that provide our customers business performance improvement in our Collaboration, Enterprise Content Management and Service Management practices.” added Mr. Glover.

The Company has filed its financial statements and management’s discussion and analysis on SEDAR at [www.sedar.com](http://www.sedar.com). This information includes various metrics and performance measurements used by the company, including utilization, project data, new customers and new contract information.

As always we invite your comments and encourage you to follow the progress of the company on the Burntsand website at [www.burntsand.com](http://www.burntsand.com).

### **About Burntsand**

Burntsand is a leader in the delivery of technology consulting services for customers with complex information processing and information management requirements in three practice areas - Enterprise Content Management, Collaboration and Service Management - aligned around our strategic partners, EMC, Microsoft and BMC. The Company delivers strategic design, technology architecture and custom application development through our proven Time-to-Value methodology, which mitigates business risk and speeds process improvements and returns. Headquartered in Toronto, Burntsand operates from locations across North America. The Company's shares (TSX: BRT) are traded on the Toronto Stock Exchange. Learn more about Burntsand at [www.burntsand.com](http://www.burntsand.com).

## Forward Looking Statements

Certain information in this press release and in other public announcements contains forward-looking information. Such statements include, but are not limited to, statements which indicate the results, events or activities that Burntsand expects or anticipates will or may occur in the future, including statements which give guidance as to future revenues or other financial results of Burntsand and statements regarding the growth of business or operations, competitive strengths and strategic initiatives and plans. Such forward-looking statements can generally be identified by words such as “outlook”, “guidance”, “estimate”, “forecast”, “objective”, “anticipate”, “intend”, “likely”, “will”, “may”, “should”, “could”, “expect”, “believe”, and similar expressions and statements relating to matters that are not historical facts.

The forward-looking statements in these documents are based upon the reasonable beliefs of Burntsand and its management as of the date the information; however, forward-looking statements involve risks and uncertainties and are based upon factors that may change and assumptions that may prove, with the passage of time, to be incorrect. Accordingly, undue reliance should not be placed upon such statements. If factors materially change or assumptions are materially incorrect, the actual results, performance or achievements of Burntsand may be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

Important factors that could cause actual results, events or activities to differ materially from the forward-looking statements contained in this press release include: general economic business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Burntsand; changes in laws and regulations; Burntsand’s ability to compete successfully, protect its intellectual property rights, and adapt to technological advances and changing industry standards and other factors. Important assumptions that were used in making the forward-looking statements include: effective daily rates, estimated utilization, estimated new bookings and realization on contracts.

All statements made in these documents that contain forward-looking information are made as of the date of this document. Burntsand disclaims any intention and undertakes no obligation to update or revise any forward-looking statements to reflect new information, future events or otherwise.

## Note

### (1) Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation expense as well as any realized foreign currency translation losses or gains. Burntsand uses Adjusted EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term Adjusted EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. Adjusted EBITDA should not be construed as the equivalent of net cash flows from operating activities. The following is a reconciliation of net income (loss) to Adjusted EBITDA for the periods indicated:

	<u>Three months ended December 31,</u>		<u>Year ended ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (loss) for the period	\$ (22,862)	\$ 18,120	\$ (416,703)	\$ (216,690)
Amortization of capital assets and intangibles	57,045	79,272	259,814	328,339
Interest and investment income	(3,937)	(17,831)	(25,665)	(72,308)
Interest expense and financing costs	5,982	6,417	50,582	34,633
Income tax expense	-	289	-	38,963
Standardized EBITDA	<u>36,228</u>	<u>86,267</u>	<u>(131,972)</u>	<u>112,937</u>
Realized currency translation loss	-	314,900	53,550	314,900
Stock-based compensation	31,234	42,563	124,979	168,937
Adjusted EBITDA	<u>\$ 67,462</u>	<u>\$ 443,730</u>	<u>\$ 46,557</u>	<u>\$ 596,774</u>

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**BURNTSAND INC.**  
**Consolidated Balance Sheets**  
As at December 31

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 4,094,902	\$ 4,876,377
Accounts receivable	3,562,465	5,216,377
Prepaid expenses	146,956	241,252
	<b>7,804,323</b>	10,334,006
Capital assets	548,092	663,787
Intangible assets	106,421	151,654
Goodwill	153,220	177,566
	<b>\$ 8,612,056</b>	<b>\$ 11,327,013</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 1,889,823	\$ 2,828,319
Deferred revenue	147,878	1,046,277
Current portion of obligations under capital leases	48,723	100,089
	<b>2,086,424</b>	3,974,685
Long-term portion of obligations under capital leases	40,573	4,926
	<b>2,126,997</b>	3,979,611
<b>SHAREHOLDERS' EQUITY</b>		
Common shares	9,611,454	9,611,454
Contributed surplus	1,449,996	1,325,017
Deficit	(2,655,764)	(2,239,061)
Accumulated other comprehensive loss	(1,920,627)	(1,350,008)
	<b>(4,576,391)</b>	<b>(3,589,069)</b>
	<b>6,485,059</b>	7,347,402
	<b>\$ 8,612,056</b>	<b>\$ 11,327,013</b>

**BURNTSAND INC.**  
**Consolidated Statements of Operations**

	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
<b>REVENUE</b>				
Services	\$ 5,120,340	\$ 6,610,299	\$ 20,974,931	\$ 22,346,733
License and maintenance	264,161	606,324	398,525	2,038,519
Other revenue	214,815	379,976	825,971	1,056,568
	<b>5,599,316</b>	<b>7,596,599</b>	<b>22,199,427</b>	<b>25,441,820</b>
<b>COSTS</b>				
Cost of services	3,575,795	4,350,408	14,779,166	15,179,924
Cost of license and maintenance	219,446	562,373	326,527	1,928,816
Cost of other revenue	185,599	364,350	752,481	992,456
	<b>3,980,840</b>	<b>5,277,131</b>	<b>15,858,174</b>	<b>18,101,196</b>
<b>GROSS PROFIT</b>	<b>1,618,476</b>	<b>2,319,468</b>	<b>6,341,253</b>	<b>7,340,624</b>
<b>EXPENSES</b>				
Sales and marketing	426,336	619,574	2,026,220	2,087,805
General and administrative	684,045	647,466	2,552,774	2,496,599
Other expenses	471,867	651,291	1,840,681	2,328,383
	<b>1,582,248</b>	<b>1,918,331</b>	<b>6,419,675</b>	<b>6,912,787</b>
Income (loss) before the undernoted	36,228	401,137	(78,422)	427,837
Realized currency translation loss	-	(314,900)	(53,550)	(314,900)
Amortization of capital assets	(47,129)	(64,764)	(213,814)	(265,109)
Amortization of intangible assets	(9,916)	(14,478)	(46,000)	(63,230)
Interest and investment income	3,937	17,831	25,665	72,308
Interest expense and financing costs	(5,982)	(6,417)	(50,582)	(34,633)
Income (loss) before income taxes	(22,862)	18,409	(416,703)	(177,727)
Income tax expense	-	(289)	-	(38,963)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (22,862)</b>	<b>\$ 18,120</b>	<b>\$ (416,703)</b>	<b>\$ (216,690)</b>
Net income (loss), basic and diluted, per share	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.00)
Weighted average number of common shares used to calculate per share amounts, basic and diluted				
	<b>72,660,220</b>	<b>72,660,220</b>	<b>72,660,220</b>	<b>72,631,805</b>

**BURNTSAND INC.**  
**Consolidated Statements of Cash Flows**

	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (22,862)	\$ 18,120	\$ (416,703)	\$ (216,690)
Items not affecting cash:				
Amortization of capital assets and intangibles	57,045	79,272	259,814	328,339
Amortization of assets used in outsourcing contract	40,357	44,260	165,760	177,040
Realized currency translation loss	-	314,900	53,550	314,900
Stock-based compensation	31,234	42,563	124,979	168,937
	<b>105,774</b>	<b>499,115</b>	<b>187,400</b>	<b>772,526</b>
Changes in operating assets and liabilities:				
Accounts receivable	168,892	(692,387)	1,301,924	(821,416)
Prepaid expenses	451,039	125,583	79,509	(2,519)
Accounts payable and accrued liabilities	(10,387)	37,285	(943,094)	565,427
Deferred revenue	(181,408)	(273,306)	(892,594)	211,513
	<b>533,910</b>	<b>(303,710)</b>	<b>(266,855)</b>	<b>725,531</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of capital assets, net of related accounts payable	(40,258)	(1,245)	(49,131)	(116,645)
	<b>(40,258)</b>	<b>(1,245)</b>	<b>(49,131)</b>	<b>(116,645)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments on capital lease obligations	(23,147)	(33,568)	(121,894)	(127,892)
Issue of common shares	-	-	-	5,000
	<b>(23,147)</b>	<b>(33,568)</b>	<b>(121,894)</b>	<b>(122,892)</b>
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>470,505</b>	<b>(338,523)</b>	<b>(437,880)</b>	<b>485,994</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE</b>				
<b>CHANGES ON CASH</b>	<b>(39,177)</b>	<b>517,677</b>	<b>(343,595)</b>	<b>746,451</b>
<b>CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD</b>	<b>3,663,574</b>	<b>4,697,223</b>	<b>4,876,377</b>	<b>3,643,932</b>
<b>CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD</b>	<b>\$ 4,094,902</b>	<b>\$ 4,876,377</b>	<b>\$ 4,094,902</b>	<b>\$ 4,876,377</b>