

TRIMAX CORPORATION, INC.

(TMXO - OTC:BB)

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SPECULATIVE POSITIVE RATING

High Voltage Broadband Internet on the Grid

Company Overview

Trimax Corporation is a Canadian technology company that offers High-Speed Voice and Data access and related services through its wholly owned subsidiary, PLC Network Solutions Inc., via common electrical wiring, which is many times faster, more reliable and cost-effective than broadband internet offered by either Cable or DSL. Internet access is 128-bit encrypted High-Speed data and supports Voice over IP Services (VoIP) and the ability to deliver high speed Internet TV signals (IPTV).

Main Headquarters

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- Trimax Corporation is a provider of Broadband over Powerline Solutions (BPL) for commercial, residential and industrial markets. PLC Network Solutions Inc., is a 100% owned subsidiary that offers a full spectrum of services, including leading-edge high-speed modems and devices, gateways and software that delivers internet broadband connectivity from a common electrical wall outlet.
- The company's technology has already been successfully deployed throughout 25 countries worldwide, which demonstrates the quality its products possess.
- Electrical wiring infrastructure that is already in place allows TMXO extensive leverage to tap into a huge market where electrical wiring can become the backbone for Local Area Networks (LANs) to deliver fast internet data & voice content in future.
- Current TMXO data modems plugged into wall outlets can access data at speeds of 20 MBps on its next generation devices. One major benefit of these BPL devices is that the uploading speed is the same as the downloading speed (symmetry). In other broadband mediums, the upstream speed can be considerably slower than downstream and allows the user to deal only with an adapter, instead of a router.
- The company is positioned through its technology and license and distribution agreements in both North America and abroad to create a considerable footprint in the anticipated global \$12 billion BPL market segment.
- BPL is in its early stage of growth and PLC Networks Solutions ("PLC") has the most cost effective solution for bringing broadband to the underserved urban and rural markets across the globe.
- President Bush stated in October 2004 that BPL would be an important technology to deliver secure broadband to local small municipalities that presently have no broadband access. The President advocated a national goal to attain universal, affordable broadband access by 2007.
- Within North America broadband devices and services can serve nearly 100 million households. Presently more than 60% of all households in the US do not have broadband internet access.
- Internal projections of both TMXO product and services, estimate over \$2 million revenue potential in FY 2006 and in excess of \$25 million in FY 2007, on net profit margin possibilities (Net Profit as % of Sales) falling in the 30-32% range.
- It is estimated that Trimax (via PLC) BPL devices and services, within 2 years will cost approximately 20% less than cable company offerings that is available in the market today, with increased performance and functionality.
- Due to lack of BPL products in Canada, it is expected that PLC Network Solutions will gain a large and significant foothold and market share in Canada over the next 2 year period.
- The (BPL) Broadband over Powerlines Industry is expected to experience unprecedented growth in 2006. It is estimated that by 2010, 40 % of all ISP, VoIP and broadband users will access it through (BPL) Broadband over Powerlines, which will represent an estimated \$40 billion to the BPL companies that provide the services.
- Shares appear attractive in light of the vast growth potential in the global marketplace that remains untapped where a huge unmet need for broadband exists. Also given peer comparatives, we believe TMXO share price should improve in the medium term, if the company delivers pro-forma financial goals during the FY2006-2007 period and further contract wins materialize. See INVESTMENT THESIS&RECOMMENDATION -Page 7.

TRIMAX CORPORATION INC.			
(all figures in Millions)			
52 Week Hi/Lo Range	1.59/0.970		
Fiscal Year End	30-Sep		
Shares Outstanding	41.0		
Float	2.50		
Share price (29/11/2005)	1.10		
Market Cap	45.1		
Average Volume (3 mo)	0.308		
Insider Ownership	NA		
Institutional Ownership	NA		
Enterprise Value	46.2		
Total Debt (08-16-05)	1.127		
Total Cash (08-16-05)	0.0		
	FY2005 E	FY2006 E	FY2007 E
Earnings Per Share (EPS)	-0.01	0.01	0.16
Forward PE	NA	203.08	6.94
Forward Price to Sales	NA	19.6	1.8
Book Value per share	NA		
	FY2005 E	FY2006 E	FY2007 E
Total Revenue	0.120	2.300	25.400
Operating expenditures	0.417	1.114	2.015
Tax Expense	0.000	0.055	3.447
Net Profit/Loss	-0.342	0.260	10.341
NA=Not applicable/Not Available.			
Balance Sheet & Financial Statement Extracts (08-16-05)			
Total Assets	0.035		
Stockholders Equity/Deficit	-1.091		
Short-Term Loans	0.415		
Long-Term Loans	0.626		
Capital Structure			
Authorized Common Stock	100 000 000		

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

## COMPANY

Trimax Corporation, Incorporated (OTC BB: TMXO) formerly known as Kiwi Network Solutions Inc., changed its name effective February 11, 2005. On August 17, 2005, Trimax Corporation entered into a Reorganization Agreement with the shareholders of PLC Network Solutions, Inc. ("PLC"), a privately held corporation organized under the laws of Ontario. Under the terms of the Reorganization Agreement, Trimax agreed to exchange 21,900,000 shares of its common stock \$.001 par value with the shareholders for all of the capital stock of PLC Network Solutions, Inc. to complete a reverse merger transaction.

**PLC Network Solutions (PLC) was founded by the management of various technology partners, who are providers of high voltage BPL Solutions to utility and hydro companies.** PLC is an international provider of leading Broadband over PowerLine (BPL) communication technologies. BPL is a disruptive communications technology that turns the existing ubiquitous power line infrastructure and common electrical wiring in commercial, industrial and residential buildings into a high-bandwidth network. **PLC Network Solutions specializes in the development, distribution, implementation, and servicing technologies that use the power grid to deliver high-speed symmetrical broadband for data, voice and video transmission**, through its leading edge of FCC certified high-speed modems and devices. The services are high-speed data communications such as secure high-speed 128kb protected Internet access using existing common electrical wiring, as well as acting as provider of secure and reliable Voice Over IP services (VoIP), and the ability to deliver high speed Internet TV signals (IPTV).

In effect, the electrical wiring already in place becomes the backbone for the local area network. A gateway distributes data to multiple modems, which users plug into ordinary outlets to access data at speeds of 6-7Mbps, and soon to be offered 20Mbps with its next generation of devices. PLC's devices run simultaneously on a single platform to every electrical outlet throughout the premises. With the help of its Technology Partners, PLC Network Solutions through its Exclusive Distribution Agreements as well as its Voice over IP Services and applications, is poised to service a new segment of clients and contracts with a wide range of competitive offerings and services that will drastically change the way the Internet services the needs of society.

## RECENT DEVELOPMENTS

The company has achieved some major milestones during the past 4 months. On November 2, 2005, Trimax, through its wholly owned subsidiary, PLC Network Solutions ("PLC"), announced an agreement to deploy its next-generation 205 Mbps Broadband over Powerline (BPL) devices at the **Fallsview Inn Hotel located in Niagara Falls, Canada**. Additionally, The Fallsview Inn Hotel has also selected PLC to be their Internet and VoIP providers, allowing PLC to benefit from the recurring revenue base offered with these services. A similar BPL deployment deal was signed by PLC with the **Ramada Inn** and Conference Centre in Cornwall, Ontario, announced on Oct 31, 2005 which was the **1st major hotel in Canada to use PLC's new generation of 205 Mbps powerline technology**. On the same date the company managed to make inroads into the UK market with a contract to deliver its BPL technology for the Parkside International Hotel in London. This contract represents one of the first BPL Hotel deployments within the United Kingdom, which PLC perceives to be a precursor to many more valued BPL contracts within the UK. Broadband over PowerLines (BPL) technology has received much exposure and has been widely anticipated within the UK as a **means to gain secure High-Speed Internet access without having to go through the very costly expense of tearing down walls and installing expensive cabling within the many older and more historical buildings that encompass England and Europe**. PLC expects BPL to grow and flourish within the UK as Broadband and **more notably the deployment of BPL Broadband is being greatly encouraged by the UK government**. The British government deems secure high-speed Broadband access as a necessity for all citizens and businesses alike for many varied reason, one of which is the ability to give its citizens the convenience of working from home and conserving valuable energy.

**The hotel broadband market continues to be strong as hotels and guests are embracing the technology and its new applications. Broadband-enabled hotels are expected to grow worldwide from 14,300 properties in 2004 to nearly 54,000 properties in 2009.** Many hotels are delighted at being able to offer its guests the speed, reliability and plug-and-play convenience of BPL Internet access. PLC's BPL technology uses the existing electrical wiring to deliver broadband to every electrical outlet throughout the hotel and link guests to network printers and faxes. The deployment **can be implemented within a matter of hours instead of weeks**, without the expense and disruption of tearing apart walls to run new cables, which will prove to be a major reason why sales within the UK are anticipated to grow at a fast pace as most buildings within London and various other parts of the UK are of the historic nature. BPL's cost effectiveness makes it very conducive for these types of buildings.

Trimax Corporation also secured a Letter of Intent with a **leading ISP and VoIP provider in South Asia, Dancom Private Limited, with offices in Kuala Lumpur Malaysia, and Islamabad, Pakistan**. The two companies are presently in the final stages of discussions to complete the contract. These discussions include the potential of revenue sharing, and royalties. Dancom will use PLC's next-generation 205Mbps Broadband over Powerline (BPL) devices for all new subscribers as well as convert some of its older subscribers to BPL. PLC views the Dancom partnership as a key relationship necessary to penetrate the Pacific Rim. **Dancom has been classified as one of South Asia's most rapidly growing telecom DSL/ISP providers possessing millions of current subscribers.**

*See Appendix A-I for Analyst Certification and Important Disclosures.*

In addition, PLC Network Solutions, recently announced that its newest generation (BPL) Broadband over Powerline devices was selected to serve the exclusive **Park Plaza Towers, located in Mumbai (formerly Bombay), India**. Following this landmark deal, Trimax also signed an LOI with The BI Group of Companies to install its Broadband over PowerLine (BPL) devices and bundled services at **two Hotels (Agra & The Hotel Marina)** and a **major shopping mall (Ansal Plaza, Ludhiana)** all owned by the BI Group.

*The Indian market is growing at an enormous rate and currently holds the world's fourth largest economy, the world's largest democracy of over 1 billion and middle class of 200 million people, which is a market where BPL technology holds tremendous promise over other broadband technologies, due to demanding infrastructure requirement that exists in many emerging economies to support DSL/Cable offerings.*

## COMPETITION

PLC Network Solutions presently has devices FCC certified and ready for the rapidly expanding North American and global market. The company's flagship data and voice ready modems are leaders in the industry, which includes as part of its product line their secure 128kb Data, Voice and Video, USB and Ethernet Interface Modems. **The market presently has only a few competitors that possess the technology to deliver secure and reliable "triple-play" Broadband.** PLC's customized solutions are based on its state-of-the-art 205 Mbps transmission technology which provide symmetrical upload and download speeds between 20-30 Mbps - more than enough to run high bandwidth applications such as VoIP, video-on-demand and IPTV on one convenient platform.

BPL technology has been in the works for more than five years, but several factors have come together recently to speed up its commercial viability. In October 2004, the Federal Communications Commission announced its support for standards for the technology -- an important step. Also, several states, including Texas and California, are developing their own legislation to iron out remaining regulatory issues among utilities and BPL. Meanwhile, on the technology side, increases in chip speed have combined with cost reductions for key components, such as adapters and chips, to pave the way for more economical deployments of the technology.

"We're finally seeing the pieces are all in place," said Kevin Brand, vice president of product management for **Earthlink** in an article published in Technology Review Magazine issued in July 2005. The Internet provider currently has several small BPL trials around the country and Brand said subscriber feedback so far has been "very positive."

In July 2005, Houston, **Texas-based energy company, CenterPoint and IBM** announced a **trial run** that will provide BPL service to **220 homes in the greater Houston area**. And two weeks before that trial **Current Communications Group**, a Maryland-based company offering broadband over power lines, announced that it had secured \$100 million in venture financing from Google, Hearst, and Goldman Sachs. Meanwhile, other BPL trials are currently underway in Manhattan, Cincinnati, and parts of North Carolina. Motorola, Mitsubishi, IBM, Intel, General Electric, Sony and Cisco have all invested in BPL solutions.

Therefore, in the wake of the Supreme Court's recent decision that cable companies don't have to share their lines with other ISPs (**the "BrandX Decision"**), **consumers around the country may soon have a third choice (in addition to cable and DSL)** for getting broadband and **TMXO is ready to take advantage of the growth ahead**.

**Telkonet (AMEX: TKO)** is the only other pure play on BPL technology, which is publicly traded today. TKO has developed its own brand of devices and is slowly gaining market share for its products, as have Current Technologies, which has recently made a joint venture agreement with Google on a going forward basis. However, PLC Network Solutions (PLC) has been able to identify with its own world-renowned devices through license and distribution agreements with its technology partners that would allow the company to gain market share in the anticipated global \$12 billion BPL market segment.

PLC Network Solutions Inc. is presently at the bottom of a growing bubble for BPL products and the services such as VoIP, IPTV and smart devices. Telkonet has been successful, as have Current Technologies in obtaining funding at a lesser stage from where PLC is now with its products. The success of these companies bodes well for PLC Network Solutions and its future.

**The competitive landscape in Canada looks bright for the company** where Trimax management believe they have an early start to gain significant market share ahead of potential rivals and **exclusive Canadian BPL rights if secured would be a significant achievement** that will give the company a competitive edge.

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

## PRODUCTS

### \*BPL Gateway (Also refer to Additional Notes page for an illustration of product implementation in the grid setup)

The BPL Gateway is the link between the fibre network and the electrical wiring in the building, allowing the modems to pick up signals in the wiring.

- Up to 20 Mbit/s
- Prioritization
- Reachability 150-300m (grid technology)
- 802.1q VLAN Technology
- DHCP, TFTP, SNMPv2
- APM-45 1-13 MHz / APM-45i: 15-30MHz
- 10 Mbps Ethernet
- RS 232 Interface (Remote Metering)
- RC-4 Encryption, Diffy Hellmann Security



### \*BPL Modems

The BPL Modems pull the signals from the electrical outlets and transfer them, via Ethernet network cable to the computer.

- Up to 20 Mbit/s
- Prioritization
- 802.1q VLAN (privacy)
- DHCP, TFTP, SNMPv2
- APA-451-13 MHz / APA-45i: 15-30 MHz
- Reachability up to (APA-45o 300 m/ APA-45i 100m)
- 10 Mbps Ethernet, USB
- USB RC-4 Encryption, Diffy Hellmann Security
- Supports Voice + Data
- USB Interface
- Ethernet Interface



### \*BPL Software

PowerSuite BPL is an application server that was designed to specifically work with BPL networks for network management, access and operations.

In addition, **PowerSuite BPL performs billing, invoicing, price plan development, and customer management.** The PowerSuite BPL application is commercially ready for sales demonstration and production deployment. PLC's research, development and product marketing team are **currently working on PowerSuite BPL MX (Multimedia) that is expected to handle all voice, video conferencing and video-on-demand applications.** This software application provides a host of features to allow service providers (i.e. utilities) to collect, bill and manage real-time BPL data and users. Collection and automated-meter reading data management applications can be integrated on the BPL network to implement commercial and residential energy management programs, during peak hours to avoid blackouts. PowerSuite BPL employs distributed polling agent architecture to provide a high performance solution capable of monitoring BPL networks from several hundred devices to tens of thousands. Remote software and Web based consoles provide network information to everyone who needs it.

- Monitors SNMP devices, WAN Links, Servers and Applications
- Supports SNMP v1,v2 and secure SNMP v3.
- Remote Console & Java Access.
- Scalable, Distributed Architecture
- Email/Pager Event Notification
- Vendor Independent - Manages any SNMP device from any vendor
- Network Metrics tracking (e.g. Utilization)
- Automatic Report generation
- Live/Standby Servers with automatic failover
- Automatic Baseline Alarms
- Runs as Windows Service
- Real-time MIB Displays
- Automated Network Discovery
- Programming Interfaces



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## MARKETING AND OPERATION CENTERS

PLC Network Solutions will market their BPL products initially for residential and commercial buildings. The company has acquired contracts for its BPL products with various large building contractors and property commercial management offices. The company will also market its products and services through specialty retailers, and (ISP) Internet service providers. Numerous agreements have already been established through various relationships and partnerships within various parts of Europe, Mexico and portions of Africa and the Middle East. The breadth of distribution arrangements as well as the revenue sharing capability of value added services is particularly attractive to the many less known ISP carriers looking for a distribution channel to be able to expand its reach and compete with present day cable company carriers and telecom companies.

The BPL products and services offered by PLC Network Solutions Inc. can be leased to the ISP carriers as part of the total BPL solutions package offered by PLC Network Solutions thereby reducing the need to have the carriers subsidize large capital costs for BPL devices. In offering it BPL solutions and services, the need for carrier subsidies or lease arrangements will be eliminated.

PLC Network Solutions' BPL device and services business is **establishing operations centers in Toronto, Ontario, Canada, New York, NY, Arizona, and London England. These divisions will deploy equipment and commence billable ISP traffic in the first quarter of 2006. Initial contracts in Toronto, Phoenix, London, England and India are projected to generate a modest amount of revenue by the 4th quarter of 2005.** Furthermore, PLC Network Solutions expects to market and white label its BPL devices and services to carriers and ISP's. PLC currently has ongoing tests in Canada and the United States through its clients and technology partners. Other market priorities for the company include Middle East, Eastern Europe, Caribbean, South America, Mexico and Africa.

## FINANCIALS

Due to abandonment of prior activities and significant changes that has occurred in the past quarter at TMXO, we believe past financials will be of little value to shareholders. To provide some background we note the following.

Since in development stage, the company has not generated any revenues. The Company has incurred expenses and sustained losses. Consequently, its operations are subject to all risks inherent in the establishment of a new business enterprise. **The company's financials contain a going concern qualification by its auditors and its continued existence is dependent upon its ability to secure adequate financing to support its business plans.**

The company's cash requirement to operate for fiscal year 2005 was estimated at \$150,000, in Q2 of 2005. Net loss for the nine months period ended June 30, 2005 was \$115,778 compared to a loss of \$2,822,627 for the nine months ended June 30, 2004, which included consulting fees of \$1,836,078, compared to \$4,469 in 2005. The expenditures reflected in the loss represent the company's administrative expenses, including maintenance of an office. Expenses and costs has mostly been covered through the issuance of common shares (at fair market prices) as well as loans from directors and other shareholders. The Company issued 5,000,000 shares of common stock to retire debt of \$867,985 during the three months ended June 30, 2005.

As of June 30, 2005, the Company had a working capital deficiency of \$895,684 (at September 30, 2004 \$1,110,613).

## Liquidity and Capital Resources

The company has secured \$300 000 and commitment for another \$200 000 in September 2005 by way of a private placement of TMXO common stock as proceeds for PLC Network Solutions. This Bridge capital will allow the TMXO subsidiary funds to obtain exclusive distribution rights for Canada and non-exclusive worldwide rights for all residential and commercial applications. These funds will also allow the company to fulfill its recently secured orders for its BPL solutions from various parts of the world.

The company intends to raise an additional \$3.21 million to focus on gaining orders and sales, and create market presence as a leader of BPL devices and solutions and manage its growth as opportunities emerge for additional orders. The breakdown of expenses by specific category is outlined in the table below. TMXO plans to make complete a **formal private placement for \$3.21 million under Rule 144** at a specified share price that is yet to be determined. At current share price levels this placement may dilute the existing shares outstanding by about 2.5 million or roughly 6%.

**As a separate financing activity the company is also actively pursuing a revolving production or vendor financing facility in the \$10-\$12 million range.**

**Other noteworthy financial statistics and estimates are listed in the table found on page 1 of this report.**

*See Appendix A-I for Analyst Certification and Important Disclosures.*

Staff salaries	\$300,00
Delivery of orders and marketing	\$370,000
2 years working capital to augment vendor financing	\$2,000,000
Corporate accounting, inventory, sales and device billing systems and other systems	\$200,000
ISP/Content reverse billing systems	\$200,000
Lawyer/Accounting/Professional services	\$50,000
Hire product manger	\$55,000
Product Testing	\$25,000
Office space/telecom	\$50,000
<b>Total</b>	<b>\$3,250,000</b>

## RISK FACTORS/CONCERNS

TMXO is a development stage company early in its life cycle and has no reported revenues or financial history. The company may not be able to generate or obtain sufficient funds to operate its business and its financial statements contain a going concern opinion from its auditors. Most recent quarterly financials statements alert to the fact that liquidity is insufficient to support the expansion and business plans of TMXO.

The company is actively pursuing raising additional capital in a private offering of shares that will amount to proceeds of roughly \$3 million. There can be no assurance the company will be successful in its effort to secure additional financing. Trading in the shares will continue to be subject to major fluctuations for the foreseeable future. The stock is relatively thinly traded at prices around \$1.00 and selling of small positions could have a negative impact on the share price in absence of sufficient liquidity. **We have noticed that recent volume activity on TMXO has improved.** Major dilution of common stock can occur if company issues large blocks of common stock or that can negatively impact on the value of the shares either theoretically or if sold in the open market. NASD and SEC Regulations covering rules on Penny Stocks apply for TMXO.

The company has **heavy reliance on key executives**, the loss of which could have adverse results on the goals and targets of Trimax Corp, Inc.

TMXO faces an **inherent risk of encountering tough competition in future** from new entrants with more financial muscle, once BPL technology starts gaining more visibility. Large scale marketing efforts and access to existing client bases already in place, may result in the company not being able to build or sustain a leading position in BPL as intended. The success of the company **is highly dependent upon the speed of adoption for broadband using the electricity grid in both the US and abroad.** As a result, substantial negative publicity concerning BPL, or constrictive regulatory intervention that slows implementation in future could impact adversely on expected financial results and pro forma figures for which some extracts are provided on the table on page 1 of the report. Some uncertainty exists as to what extent WiFi and wireless networking will detract from future growth prospects of BPL based technology.

## MANAGEMENT

### President and CEO – Derek Pepler

From 1986 to 1994, Mr. Pepler specialized in Commercial, Investment and development real estate as a Senior Consultant with Colliers International and with Oxford Development Group as a Director. From 1994 to 2005, Mr. Pepler has worked with several merchant banks, securities dealers and hedge funds in various operational and management roles handling debt financing, venture capital financing, sales and marketing and product distribution.

### Chief Financial Officer – Robert Vivacqua

Mr. Vivacqua has extensive experience with various investment institutions including Manulife Financial, Bank of America, and other smaller boutique type venture capital firms, which includes being a founder of RJ Sterling Venture Capital. His experience and knowledge of the investment industry has allowed him to assemble valuable associations with many of the institutions and money managers within the industry which will assist in the procurement of capital towards the success of PLC Network Solutions Inc.

### Research and Development – Bir Flora – Consulting Contract

(Under contract to PLC NETWORK SOLUTIONS)

## INVESTMENT THESIS AND RECOMMENDATION

Our analysis suggests that **Trimax Corporation, Inc.** is an interesting speculative play among micro-cap companies offering **exposure to the investor on new broadband over power line technology which is touted to be one of the fastest growing technology industries over the next 2 years. In addition, the investor enjoys some degree of comfort from the fact that the company has made rapid progress in several cities around the globe and strong signs exist that initial success will be particularly favorable in the hotel and commercial property segment, as precursor to broad based consumer adoption.** Both operating and financial risk involved in investing in a young technology company are typically high. In this case risks are tied to uncertainty surrounding the pace of adoption of BPL in North America and abroad. Trimax CEO recently stated that the latest projections for Broadband over Power Line see **the U.S. market growing 106 percent annually during the next six years.**

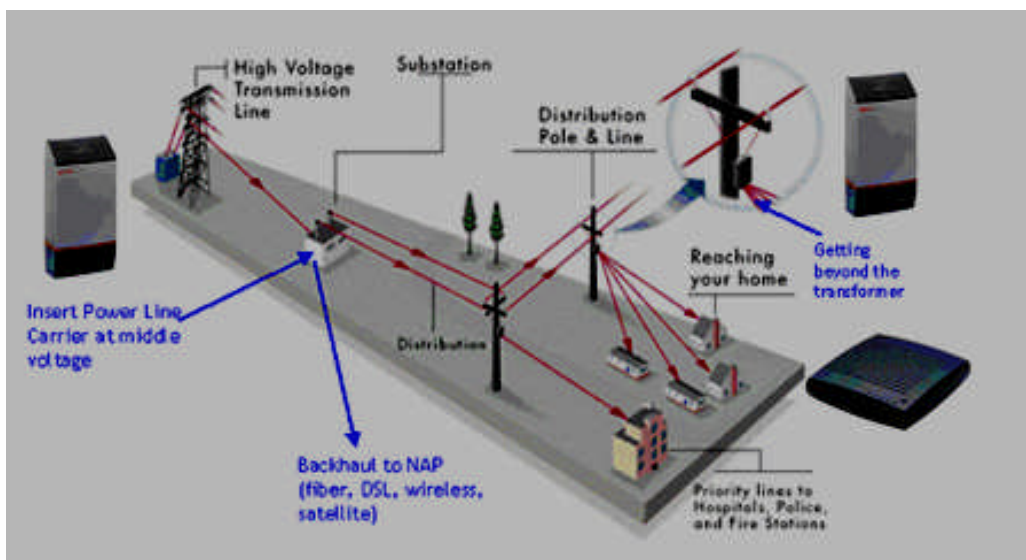
We therefore only recommend investors that have a **high tolerance for risk** that are able and willing to forfeit either most or all of their capital in search for extraordinary returns, to consider investing in the shares. Also in our view investors willing to commit capital to TMXO should do so with **absolute minimum 2 year investment horizon**, but preferably longer. This will allow ample opportunity for industry growth to emerge until broader price discovery can materialize within the investment community. A 2 year investment horizon will allow BPL to reach the consumer market at a level where it competes head-on with existing broadband offerings available today. Short term we see upside limited for TMXO shares after the recent run-up and would advise clients to instead take advantage of pullbacks to establish or add to holdings, but with further positive announcements expected from TMXO, weakness may be short-lived.

**In the medium term however we anticipate further strength in the share price on the back of supplementary contract closings.** We are initiating a 12 month target price of \$2.60 as Investor optimism and perception of TMXO will likely get a meaningful lift when revenue recognition for recent hotel deployments occur in early 2006, that will lend renewed support to the current valuation.

**Using a going concern assumption for the company and expecting revenue and cashflows to be generated in 2006 and beyond as more progress is made to widen its customer base and retail presence in existing and new geographic markets, we are of the opinion that TMXO stock has major upside potential. Comparisons of the performance of its closest listed peer company, taken together with major potential revenue ramp looking to FY2007, suggest an investment in TMXO can ultimately be very rewarding to the patient investor. To illustrate, TKO have produced stellar returns in the past 24 months rising from \$2.30 to \$4.80. A peer comparison reveal investors assigning a 12 month forward price to sales multiples of 4.8 to 5.5 times and 12 month forward PE ratio of 28x. We believe a Price to Sales ratio of 4.0 to 5.0x FY 2007 revenue is appropriate for TMXO common stock at this point of the company's life cycle, whilst also allowing a discount for an OTC issue. Using a blended approach between these two metrics we anticipate TMXO to achieve a market capitalization in excess of \$110 million in the coming 12-15 months, which translates into share price appreciation potential of over 150%.**

**We HIGHLIGHT to the reader that this forecast is made under the assumption that the company can attain our FY2007 revenue expectation of \$25 million. Historic timeline for scaling of top line growth is unfolding at TKO for the 2004 through 2006 period, which indicates and underpins this revenue estimation for TMXO. Moreover, we believe that the progress made by TMXO to introduce BPL in markets where this technology is unknown and can prove highly effective, taken together with next generation products that will likely be a superior choice in terms of speed, reliability, functionality and ease of use and installation, holds tremendous promise to boost market share.**

**Under these assumptions we initiate coverage on TMXO with a SPECULATIVE positive rating. Risk to our recommendation include amongst other failure to achieve the forecasted revenues, slow penetration of targeted markets, timing delays in implementation of TMXO product rollout in both North American and international level and or unforeseen delivery, shipment or manufacturing problems for its products. If demand is higher than expected and low inventory may hold back growth and revenues anticipated. Also, any inability to obtain necessary financing from capital markets when needed, to continue its business projects and/or major share dilution that can occur, if large quantities of shares are issued to extinguish debt or paid for services, are some additional factors that will counteract price appreciation potential or cause shares to decline in value. We would caution that given the size of the company and risks involved, overall we advise positions are limited to under 3% of the client's total portfolio size.**



## 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. Information, opinions or recommendations contained in this report or research note are submitted solely for advisory and information purposes.

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- |                         |                               |
|-------------------------|-------------------------------|
| 1. SPECULATIVE POSITIVE | % TOTAL (3 Companies - 75.0%) |
| 2. NEUTRAL              | % TOTAL (1 Companies - 25.0%) |
| 3. AVOID                | % TOTAL (0 Companies - 0%)    |

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