INTERLINK GLOBAL CORP. (ILKG - OTC:PK)

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Recent Price: $2.66
Target Price: $4.30

SPECULATIVE POSITIVE RATING

Wakeup-Call in Global VoIP Telephony Integration

Company Overview

Interlink Global (OTC PK:ILKG) provides telecommunication solutions around the world and is a leader in hosted VoIP telephony that provide long distance telephone services, with full features, at prices that are greatly reduced in comparison with traditional telephone companies. Besides SIP-based broadband telephony solutions, the company also offers WiFi, WiMax, Marine Satellite Services (V-SAT), calling cards, and other enterprise services internationally. Interlink Global is spreading its wings around the globe and is doing business in North America, South America, Asia, Central America and the Caribbean.

Main Headquarters

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Interlink Global Corporation.
(all figures in Millions)

52 Week Hi/Lo Range	2.66/0.0001
Fiscal Year End	31-Dec
Shares Outstanding (9/30/2005)	28.0
Float (approximately)	NA
Share price (02/14/2006)	2.66
Market Capitalization	74.5
Average Volume (3 months)	0.0191
Insider Ownership	89%
Institutional Ownership	NA
Enterprise Value	74.645
Total Debt (09-30-05)	0.254
Total Cash (09-30-05)	0.089

	12/31/2005	12/31/2006
	FY2005 E	FY2006 E
Earnings Per Share (EPS)	-0.02	0.21
Book Value ($/share)		

	FY2005 E	FY2006 E
Total Revenue	8.630	39.270
Cost of Sales	5.782	25.526
Gross Profit/Loss	2.848	13.745
Operating expenditures	3.200	4.000
Net Pre-Tax Profit/Loss	-0.352	9.745
Tax Expense	0	2.923
Net Income	-0.352	6.821

NA = Not applicable/Not Available.
A = Actual Reported figures E = Estimates

Balance Sheet & Financial Statement Extracts (9/30/2005)

Current Assets	0.199
Current Liabilities	0.143
Total Assets	0.358
Total Shareholders deficit	2.083

Capital Structure (as at 09-30-05)	
Authorized Common Stock	100 000 000

- **VoIP has enjoyed widespread adoption in the U.S.**, and growth is expected to continue at a rapid pace. Yankee Group (research firm) estimates that the US residential market reached fewer than **1 million subscribers in 2004, but that it will approximately triple to 2.8 million in 2005.**
- The **fastest growth ahead for VoIP lies in emerging economies** where VoIP is relatively unknown and this is where **Interlink Global is moving to benefit from first-to-market advantage.** New regions that the company is **planning to expand into include: the Middle East, Eastern Europe and the Western Pacific.**
- **Operations have turned profitable, and revenue growth is gaining traction.** The company has selected a **business model with low fixed costs and a continually declining per subscriber variable cost**. In November ILKG reported results for the month of October. As of the end of October 2005, gross revenues for October were $486,360 and Interlink Global serviced approximately **422 clients on 4 continents**.
- The Florida Public Service commission granted a **("CLEC") Competitive Local Exchange Carrier license** to ILKG in September 2005. The license will reduce trunk rate costs from ILECs, translating into savings of 13%-45% below prior rates, and it will allow it to **offer both ISP & VoIP services.** ILKG is hereby positioned to become a preferred partner for small and medium-sized ISPs that don't qualify for CLEC status.
- The company is launching its new **NetTalk Global** brand of cheap computer based calling to **residential and small business customers**, to be marketed in April.
- Due to the **sizeable traffic in wholesale minutes** it handles, ILKG has **access to some of the best international rates in the industry**, and therefore are able to pass these savings to its clients, joint venture partners and affiliates. This is one of the **primary competitive edges** that ILKG possesses through **interconnections with Tier 1 Providers.**
- ILKG has made significant inroads in broadening its reach on a global scale with **several fresh groundbreaking JV and reseller agreements over recent months**. We believe these agreements will start to bear fruit in the second half of 2006. We believe there are further Government related deals in the pipeline and we anticipate a ramp in FY 2007 revenues, as many customer agreements lapse and traffic escalate on service renewals.
- We construe from management's guidance that actual results could reflect **FY 2006 Revenue near $40 million and Pre-tax profit of $9.7 million.** Shares remain attractive given the company's **access to attractive wholesale traffic pricing** that can be utilized to **compete more aggressively with its NetTalk and other IP Value added services** and to close **further international enterprise business contracts. We have a favorable view of its business model vis-à-vis other VoIP industry players, such as Vonage.** Our assessment is that the discrepancy between the supposed **Vonage** IPO valuation (at ≈ $2 billion**) and eBay's** purchase of **Skype** (for plus $2.5 billion); versus the market capitalization of **ILKG** ($75 million) **is too wide to be justified,** presenting a **"value arbitrage" opportunity,** based on an alarmingly wide disparity between industry comparatives that is unlikely to prevail for long. **See INVESTMENT THESIS & RECOMMENDATION for more in-depth discussion (Page 9-10)**

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

COMPANY

Interlink Global (OTC: PK - ILKG), founded in Chile in 2002, was reverse acquired by a publicly traded company on January 12, 2005. Subsequent to the transaction the name was changed to Interlink Global Corp, which is a Florida corporation. The company provides telecommunication solutions around the world focused on Voice over Internet Protocol (VoIP) and related services. Interlink Global is currently doing business in North America, Latin America & Caribbean, Asia, and is broadening activity to the Middle East, Eastern Europe and Western Pacific. As a leader in hosted VoIP telephony services, Interlink Global provides SIP-based broadband telephony solutions, WiFi, WiMax (a much more powerful Wi-Fi system that transmits a coverage area up to 30 miles), Marine Satellite Services, calling cards, and other enterprise services on a global basis. Through VoIP technology, it provides long distance telephone services, with full features, at prices that are greatly reduced in comparison with traditional telephone carriers (PSTNs).

The company is headquartered in Miami and is a provider of long distance communication services, primarily in foreign countries, to corporations, professional associations, defense contractors, financial services providers, call centers, property management companies and the private consumer. ILKG has formed several joint ventures with various infrastructure and media companies, upon which it relies to execute its business plan because of the significant edge such relationships bring to build customer relationships, achieve local presence and have regulatory knowledge, and in meet regional licensing requirements. ILKG has self-driven direct sales efforts in the U.S. and Chile, and prospects for multi-level marketing (MLM) in some countries. Interlink is opening offices in foreign target markets. Its first foreign office was in Santiago, and it recently opened an office in Maracaibo to serve the growing regional markets.

Interlink boasts with an impressive management team with successful records. Skill sets include investment banking and venture capital, start-ups, telecommunications, business development, international marketing, software development, network operations and customer service. The executives have helped guide a significant number of successful, publicly traded corporations. Collectively the team is fluent in 6 languages enabling the company to implement its global strategy.

INDUSTRY

VoIP (voice-over-Internet protocol) enables voice traffic to travel over an IP network. Most of the existing VoIP services are packed with added features, including high-quality connections, low-cost domestic and international calls, voicemail, caller ID, 911 dialing, call waiting, call forwarding and 3-way calling. The technology is evolving rapidly, with companies developing such features as videophone service and seamless integration of Wi-Fi phones with cellular networks.

VoIP has already gained a strong foothold in the United States, particularly as corporations have upgraded networks, and growth is expected to continue at a rapid pace and for the trend for VoIP use on corporate level, to start broadening to include the private consumer. According to the Telecommunications Industry Association's *Techtrends*, the U.S. VoIP market began to take off in 2004. and a recent report predicted more than 6 million VoIP access lines by the end of 2005 and an expection for that figure to rise to 19 million lines by 2007. Many companies doing business in 1st world economies, **have already opted for a switchover to use a network that can handle both voice and data** rather than using just a network for data and using traditional carriers for handling phone calls. **A research firm, named Yankee Group has estimated that the US residential market was under 1 million subscribers in 2004 and which they estimate will triple to 2.8 million in 2005**. In the US the **2001 start-up Vonage** (privately held with intended 2006 IPO to raise $250 million – more than 700 000 active lines) and its largest rival **Skype (owned by eBay)**, has a bulk of the market share followed by a host of small independent providers.

More recently, cable companies and telcos, such as AT&T/Avaya and Verizon, have entered the competitive fray. VoIP is regulated in the U.S. at the federal level. Most foreign VoIP markets are far less developed than that in the U.S. This is where ILKG has dedicated its, focus since competition is limited. There appear to be significant opportunities for the first movers into many of those markets, particularly if they demonstrate competence in understanding the character of the individual local markets.

Interlink's wholesale **subsidiary, Interlink Global Communications Inc**. originates and terminates large quantities of minutes of telecom traffic worldwide. Due to the **sizeable traffic in wholesale minutes** it handles, ILKG has **access to some of the best international rates in the industry**, and therefore are able to pass these savings to its clients, joint venture partners and affiliates. **This is one of the major competitive edges that ILKG possesses through interconnections with Tier 1 Providers.** International VoIP traffic was expected to exceed 40 billion minutes in 2005, more than 30% annual growth over 2004. In 2003 the share of VoIP as percentage of total international traffic (measured in mins) was estimated roughly 13%.

While costs vary among countries and service providers, InterLink's subscribers can typically call to anywhere in the world, from any broadband connection at 60% or less of the cost of incumbent telecom providers and 80-90% of the cost of the leading broadband telephony service provider. While there are numerous variables in the business market, it has been estimated by InterLink's management that the average cost of using its VoIP system is between $133 and $265 per employee. As a result, InterLink has an opportunity to gain market share from other providers in the international markets, as well as in the United States.

JOINT VENTURE PARTNERSHIPS & AFFILIATES

Interlink plans to enter foreign markets through joint ventures with companies already established in the local markets. Partnering with a strong local corporation would help solidify that edge and might help hold out potential competition. This strategy provides an established customer base and marketing platform, as well as in-depth knowledge of local markets, service and other infrastructure and an understanding of local regulatory issues. Management negotiates the terms of each joint venture, with the level of participation hinging upon whether or not the partner would contribute to the required investment in equipment. In a typical partnership arrangement, Interlink will contribute switching capacity, IP network knowledge and packages for local termination. Interlink can add switching infrastructure to a local market by adding components to its existing platform without having to install local equipment other than some local gateways, which are minor in cost. Partners would contribute their existing customer base, local presence, regulatory knowledge, and also sometimes make their licenses available to the partnership. This arrangement gives the partnership an immediate ability to begin selling its services. The partners generally split profits after absorption of all costs.

The company presently appears to have **a first-mover advantage in many of the market areas of interest.** The initial geographic focus is on **Latin America**, with developing interest in **Greece, Eastern Europe and selected countries in the Middle East, including Qatar and Oman**. Most of these markets are **unexplored or untapped for VoIP services**. Traditional phone service in many of these target markets is lofty with the cost for cellular services priced as high as 40-50 cents per minute. Interlink plans to offer a cellular package in most markets using its Wi-Fi technology.

- **EBR Corporation in Bogoto (Columbia)**

The company will be supplying traffic (minutes) to EBR client base consisting of roughly 1800 clients in Bogoto, Columbia. EBR will offer additionally; DID numbers, (Direct Inward Dialing numbers), 1-800 numbers, conference calling and traditional VoIP services to their new target market which will consist of hotels, Internet cafes, kiosks, and other small to medium corporate users. Initially, ILKG will be providing this partner with approximately 300,000 minutes each month of Internet long distance traffic to mainly the USA and Europe to service their current client base. Management expects this dual venture to deliver annual income approaching $300,000 in late 2006, and in excess of this estimation in 2007.

- **Metropolis 1039 in Maracaibo (Venezuela)**

ILKG will offer telephony services through this partner, which is Venezuela's 2nd largest radio station to corporate users and the general population to grab a share of this large area.

- **TSD Telecomunicacio of Guatemala, C.A.**

The company will provide VoIP services with this partner, which include long-distance connectivity, hosting services and DID numbers.

- **CosmoTelco Group (Athens) & East European and Middle East**

Interlink has formed a partnership with this telecommunications conglomerate to sell Interlink's wireless services in Athens and several other Greek cities. The first stage of the rollout was scheduled for July 2005. At full implementation of the system, management is targeting annual revenues of $800,000. In addition, the CosmoTelco joint venture would expand its services to include the Czech Republic, Hungary and the Ukraine.

There are also letters of intent to expand services to Bulgaria, Romania, Albania and Yugoslavia, and agreements are pending to expand the joint venture agreement to include ***Saudi Arabia, The United Arab Emirates, Kuwait, Qatar, Lebanon, Egypt and Yemen***. Management hopes that these expansions will be concluded in the near future.

- **World Wireless Telecom (Curacao, Netherlands Antilles)**

On September 15, 2005, the company executed a memorandum of understanding with World Wireless to develop sales and market opportunities for wireless telecommunications and data services on the island of the Netherlands Antilles. Interlink expressed hope that the joint venture would begin operations no later than December 2005; and that when fully implemented in Q2 2006 it would generate a **minimum of $6 million of gross revenues** with an operating margin of no less than 34%.

- **Blue Wireless Data**

Blue Wireless & Data, Inc. (OTC BB:BWDI) is a is a broadband service provider delivering high-speed wireless Internet access to residential customers and SMEs, as well as high-speed land based bandwidth from T1s to DS3s for enterprise-level solutions. Interlink will provide the VoIP hosting infrastructure, customer phone equipment; call management, and engineering support for the service. Blue Wireless will provide the "last mile" wireless broadband network, sales and marketing, installation service, and tier 1 technical support.

- **Interlink Ecuador S.A.**

On August 22, 2005, the Company formed this subsidiary in partnership with local partners, including Patricio Burbano, an Ecuadorian entrepreneur who is a partner in BREN, a consulting firm to the Ecuadorian government on infrastructure projects, and Guillermo Martinex, an Ecuadorian telecommunications engineer and entrepreneur who owns various sites for radio relays throughout Ecuador. Interlink has estimated that this subsidiary will generate **gross revenues of $1.8 million with a net profit of $210,000 for 2005 and that its revenues and net profits for 2006 would increase to $13.1 million and $2.6 million, respectively.**

- **NGTV Acquisition**

On July 12 2005, Interlink Global Corp. announced an agreement to acquire the parent of NGTV SA and Communications Network Holding Ltd. ("NGTV"), one of the largest privately owned telecom network services companies operating in Venezuela for **$6 million (comprised of $4 million in cash and 1.75 million of restricted common stock).** NGTV has an 11 year operating history as a provider of long distance and Internet services in Venezuela and has interconnection agreements with 30 national and international carriers. NGTV had over 500 corporate clients in Venezuela in July 2005 and was projected to generate 79.9 million minutes of customer traffic in 2005, projected to increase to 112.1 million minutes in 2006, excluding any synergies. This deal is expected **to close before the end of February 2006**. ILKG's acquisition of NGTV will give ILKG a country wide backbone network in Venezuela that we will be able to take to the next level by expanding the customer base and adding more cost effective international terminations. ILKG will acquire $9 million of gross assets, and $6.5 million of shareholders equity which is more than enough to qualify the company for a NASDAQ listing. In 2005, **NGTV generated $7.5 million of gross revenues and $750,000 of net income.** Interlink will achieve the status of a fully licensed telephone company in Venezuela, which is only one of 3. With the amount of traffic that Interlink is presently running from Latin America, which will now be handled by the NGTV backbone, ILKG <u>believes that it can increase the gross revenues of NGTV this year to $30 million with a $5 million net income.</u>

PRODUCTS AND SERVICES

The company primary product to link up to the Internet is its **i-Phone**, a networking router with built in Analog Telephone Adapter ("ATA"). The i-Phone works like a traditional telephone, and a customer's Direct Inward Dialing ("DID") phone number can be used worldwide at any broadband connection.

Secondly, ILKG offers **i-Business plans** designed for international corporations. Features include free Intranet telephone calls worldwide, private DID numbers, free local calls in the DID area code, instant calling with no PIN numbers, 3-way conferencing, caller ID, call forwarding, call waiting, voicemail, web-based account administration, on-line recharging of international long distance call credit, annual contracts that include hardware, and a $5 start-up long distance call credit for each i-Phone. Other features include 1-800 numbers in various countries, virtual conference rooms with up to 25 participants, wireless portable WiFi SIP phones or Soft PC phones, analog number identification for any phone access, international DID numbers in various countries, extended hardware warranties and customized account management.

<u>i-Extension and i-Trunk (PBX)</u> [$9.95 per month] These corporate services allow unlimited free calls via Intra-Net ("i-Net"). There are prepaid and postpaid low-rate worldwide long-distance calls.

<u>i-Business for U.S. companies</u> [$24.95 per month] This DID service has its own private number and allows a customer to make and receive calls anywhere in the world as if he were in his own office.

<u>i-Business for international companies</u> [$29.95 per month] This service has such features as 1-800 numbers, virtual conference rooms, voicemail, caller ID and call forwarding, all without a large investment or costly maintenance and administration. Users can view and manage a detailed call history of their entire account instantly over the web.

The company's international calling rates are very attractive. For instance, calls to London are $0.022 per minute, Moscow $0.018/min, Tokyo $0.033/min, Beijing $0.023/min, Caracas $0.029/min, Jerusalem $0.029/min, Mexico City $0.025/min, Bangalore $0.132/min, Jakarta $0.041/min and Frankfurt $0.028/min. The revenue model is based on negotiated pricing to meet each client's specific requirements. It is relatively easy for Interlink to customize its service offerings and provide volume discounts for high levels of calling due to its position in the wholesale market for traffic where its originates and terminates large amounts of minutes. Due to this flexibility the company is able to compete on price by offering terms to corporate clients to suit their needs.

<u>PINfree Dialing</u> [available from February 2006] that gives the customer the freedom to roam anywhere, by simply registering any telephone number, including Cell numbers like Metro PCS and then dial nationwide or worldwide at low Internet National and International rates with no monthly contracts and no activation fee.

<u>Everest Interlink Broadband Inc.</u>

On November 2, 2005, the Company acquired a 51% interest in Infestos Communications Inc., a New York-based provider of wireless broadband and data services to corporate clients in New York and Washington D.C. The acquired company was renamed Everest Interlink Broadband Inc. ("Everest"). Everest presently services 40 office complexes in its home markets and has agreements with an additional 60 office complexes to provide similar services.

Interlink has agreed to provide up to $1 million of expansion capital to Everest, and it plans to introduce its VoIP services to Everest customers. **Everest revenues are presently averaging $200,000 per month.** Interlink has approved a expansion plan for Everest Interlink that will see its home market revenues more than double in the short term, and reach a projected $12,000,000 in its home market, while it expands to an additional 22 metropolitan areas. The first expansion will be to South Florida, where Interlinks home offices are located. Based upon the successful expansion to a total of 24 metropolitan areas, **Interlink management expects that Everest will be generating annualized revenues of over $12.5 million with net income of $2.8 million by the end of 2006.**

Satellite/WiFi/PBX projects and bundled services

ILKG offers a variety of other services, including marine satellite for remote areas lacking a wireless infrastructure, WiFi for corporations where in-house wiring is lacking or OSP infrastructure is required, PBX access lines, and routing of volume international traffic from CLECs, LECs and ILECs.

RECENT DEVELOPMENTS

On September 1, 2005, the Florida Public Service commission approved the company's Competitive Local Exchange Carrier ("CLEC") license. The license allows the Company to **reduce its costs on trunk rates from ILECs, translating into savings from 13% to 45% below prior rates, and it will allow the Company to offer ISP services as well as its VoIP services**. In addition, being a licensed carrier will allow the company to become a preferred partner for other existing small and medium-sized ISPs that do not qualify for CLEC status.

On November 2, 2005, the company acquired a 51% interest in **Infestos Communications Inc**., which it subsequently renamed Everest Interlink Broadband Inc. The acquisition was for 250,000 restricted Interlink common shares, an agreement to provide up to $1 million of expansion capital for Everest, and a possible earn-out of an additional 1,000,000 Interlink shares if certain revenue and market penetration goals are met over a two-year period.

GLOBALpcFone

netTALK Global

On August 24, 2005, Interlink Global acquired **Assai Inc.,** a New Jersey-based provider of wholesale Internet VoIP. The purchase price consisted of 1,000,000 restricted common shares with the right to earn an additional 1,000,000 shares if the subsidiary achieves its goals for 2005 and 2006. Assai provides Internet wholesale VoIP to major international customers including Jaina Systems in the U.S., BD Cell in India, Asia Digicel in India, Amar Phones in India, Buy VoIP in India and Kharafi National in the U.S. and India. At the time of the acquisition, Assai's wholesale traffic was more than 12,000,000 minutes per month.

Interlink Global Corp. announced on February 9, 2005, that it has entered into an agreement with the **Call Center Association headquartered in Bogotá, Columbia** to offer the full range of Interlinks services to the Call Center Association's membership group, consisting of 10 call centers, as well as to users outside of the group where a lot of the traffic will flow to the USA, Mexico and Spain. This will result in costs savings for its member firms between 50-70% on their current telecom bills. This agreement commences immediately and it is expected that gross monthly revenues would be close to $20,000 initially with year end 2006 projection of $50,000. The benefit of this deal is that it allows ILKG to penetrate an existing client base in a targeted region, whilst using infrastructure from its point of presence located in Miami, Florida. This includes: technical and engineering know-how and support, testing and the supplying of hardware and software for the VoIP infrastructure and customer support. ILKG will also offer specialized routes to their selected call destinations, and collocation assistance. We expect this to be the first of many similar agreements, since many call centers, which are one of the primary focuses of the company, are located in Latin America, because of the cost advantages.

In early January, ILKG acquired telecom equipment through a cash purchase and the establishment of a new telecom infrastructure facility in North Miami, Florida, which **allows the company capacity to handle all VOIP traffic projected worldwide traffic needs needed for operations for the next 24 months**. The equipment purchased includes: a Class 5 switch, (with all the features and functionality of a major telephone company), fiber connectivity, (several connecting routes with various providers), soft switches, Cisco equipment, (many variations), satellite, (a 9.3 meter dish), and various types of transmission equipment.

NetTalk - ILKG's new household and SOHO VoIP targeted service, is rolling out this month. This campaign will be backed by a $3 million media campaign (in April) and a 10 city tour of the US by a national spokesperson to be announced.

FINANCIALS

The company has not made any SEC filings containing financial statements. This fact makes an analysis and discussion of historical performance a difficult task. Some figures were obtained from the company and from press releases made. On November 10, 2005, the company announced its operating results for October. It was servicing approximately **422 clients on four continents**, and **gross revenues were $486,360, up 3% on a month-to-month basis.**

Gross margins were estimated to be 19%, reflecting the large amount of wholesale traffic in the mix, which has 3% average gross margins. On September 30, 2005, the company had working capital of $55,698. Stockholder's equity consisted of 28,042,922 shares of common stock outstanding (100,000,000 authorized) while the accumulated deficit was accounted for as $2,083,143. For the first 9 months of 2005 the cash burn from operations was $311,000. Proceeds from the sale of common stock during the same period were roughly $609,000. The net loss for the first 9 months of 2005 equaled $1.6 million.

On December 5, 2005 the company completed an **additional offering of its securities, which has resulted in $2,000,000 in capital raised for expansion and the funding of existing projects being implemented**. **Convertible Debentures and Class A, B, and C Warrants** were issued to the investors. The offering was managed and completed by **Midtown Partners & Co., LLC**, of Tampa, Florida who acted as a sole placement agent to a small number of accredited institutional investors.

Management is targeting 2006 revenues of $40 million and a pretax profit margin of 30%. This could translate into EPS of $0.20-$0.23, by the end of 2006, which is derived by using a weighted average share count of roughly 33 million. The boost in the average share count over the outstanding shares as at September 30, 2005 of roughly 28 million, assumes that the company is successful in raising a moderate amount of external capital on relatively attractive terms. At the time of writing we did not have any details of any further secondary offerings or plans for additional capital raising projects in the pipeline. Once such details become clear the estimate can be made with more precision.

The company has indicated its intentions to file the necessary documents during the coming week with the SEC for the calendar quarter ending on 9-30, which is the last filing, required to be fully reporting. Furthermore, **ILKG will file its annual audit on time on or before March 15, 2006**. The 15c-2(11) will be filed in the later part of this coming week, and the company expects to be listed on the Bulletin Board before the end of February with an **application for NASDAQ listing** to follow which is set on or before the end of May.

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

RISK FACTORS /CONCERNS

The business model, and longer term consistency of revenue and income potential, remain uncertain and is not fully proven. The company's marketing channels is not well established yet and Interlink is substantially dependent on the expertise of its management team and directors, the loss of which could materially adversely affect future anticipated results. The company is still considered to be a **development stage company** and generated limited reported revenues and has no publicly disclosed financial statements to review. The VoIP industry is expanding and the company is a new entrant in a highly competitive market where it will face opposition from larger and better funded rivals.

Even though Interlinks business is not affected directly by a major amount of regulation there are some state and federal regulations that impact on the telecommunications industry. Future regulatory changes affecting the communications industry are anticipated both in the United States and internationally. These changes could affect its customers and alter demand for its products. In addition, competition in the Company's markets could intensify as the result of changes to existing regulations or new regulations. Accordingly, changes in the regulatory environment could adversely affect our business and results of operations. The Federal Communications Commission (FCC) recently mandated E911 service among all interconnected VoIP providers. E911 gives VoIP users the same 911 emergency service access as traditional phone users. As a result of the FCC's decision other VoIP entrepreneurs might focus their business energies on countries that do not require E911 services.

The company may not be able to generate or obtain sufficient funds to operate its business which, could harm results and force the company to curtail or cease planned operations. There can be no assurance the company will be successful in its effort to secure additional financing to support operations that will necessitate achievement of near and medium term goals. New VoIP next generation discoveries on R&D level could be disruptive if it is commercialized and introduced into the marketplace, can negatively affect performance of ILKG.

The introduction of products using new technologies or the adoption of new industry standards can make Interlinks existing products or products under development obsolete or unmarketable. In order to grow and remain competitive, Interlink will need to adapt to these rapidly changing technologies, to enhance its existing solutions and to introduce new solutions to address its customers' changing demands.

Trading in the shares will continue to be subject to major fluctuations for the foreseeable future. The stock is thinly traded at prices below $2.50 and selling of small positions could have a negative impact on the share price in absence of sufficient liquidity. The reverse is true if one or more large investors decide to acquire a block of ILKG shares that would result in demand outstripping supply and result in an upward squeeze in the price given the scant liquidity and daily trading volume.

We caution that historical volume activity on ILKG has been noticeably light and we are unable to determine if trading volumes to will improve in the coming months with any degree of certainty. Major dilution of common stock can occur if company issues large blocks of common stock or convertible debt are converted/warrants exercised into common stock, 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 ILKG, subjecting NASD broker-dealers to additional sales practice and disclosure requirements. Interlinks business extends to the sale of products in foreign markets. Foreign markets have different regulations related to the environment, labor relations, currency fluctuations, exchange controls, customs, foreign tax increases, import and export, investment and taxation which will also subject us to increased regulation costs and possibly fines or restrictions on conducting operations. Furthermore, the political climate in some foreign markets may be unpredictable. Currency fluctuations may have an effect on the company's current activities, because revenues are generally tied to the U.S. dollar.

Management currently owns approximately 89% of common shares outstanding which imply that they control all voting rights for important decisions that require shareholders approval.

MANAGEMENT

Anastasios N. Kyriakides - President & CEO

Mr. Kyriakides received a bachelor's degree in business administration from Florida International University in 1975. In 1977, he received a degree in investment banking from the American Institute of Banking. Mr. Kyriakides has extensive experience in the field of investment banking and venture capital. From 1979 to the present, Mr. Kyriakides has consulted for numerous companies in the areas of banking, shipping, travel, and electronics. In 1994, Mr. Kyriakides became the Chairman of Montgomery Ward Travel, a company created to provide full travel services to 8 million Montgomery Ward customers and credit card holders; he served in this capacity from 1994 to 1996. Mr. Kyriakides had previously organized the successful start-up of Seawind Cruise Line in 1990; there, he was the founder, and later, the Chairman, CEO, and Secretary until 1994.

In 1984 Mr. Kyriakides founded Regency Cruise Line, the first publicly traded company in passenger shipping, and served as its Chairman and Secretary until 1987. In 1983, Mr. Kyriakides founded the Mylex Corporation to develop and produce the world's first hand-held optical scanner and VGA card for personal computers. As the President and Chairman, Mr. Kyriakides guided Mylex from its beginning as a private company to its becoming a publicly traded company on NASDAQ under the stock symbol MYLX, until it was acquired as a wholly owned subsidiary of IBM (NYSE: IBM).

In 1983, Mr. Kyriakides was the founder and Chairman of Tower Bank N.A., a full service commercial bank, with three offices headquartered in Dade County, Florida. He also was the founder and Chairman of Lexicon Corporation, the world's first hand-held language translator, the LK3000, that translated 12 different languages. It became a publicly traded company on the NASDAQ, under the symbol LEXI, until it was acquired by Nixdorf Computers of Germany. Mr. Kyriakides is also the founder and Chairman of the on-line brokerage firm NowTrade Corp., as well being the founder and Chairman of Internet Stock Market Corp., an investor relations and public relations firm for public companies.

Kenneth Hosfeld – Executive VP of Sales

Kenneth's background includes over twenty-two years of international sales, marketing, and business management in the telecommunications industry. Before co-founding NetExpress, he was the Regional Director of Brazil, the Andinos, and the Caribbean for Tellabs, Inc. There, he negotiated deals as large as $350 million. He secured Tellabs' first "turn-key" contract (a complete, fully managed network deployment including all products and services and project financing). He opened Tellabs' offices in Brazil and regularly exceeded revenue targets by 130%.

Prior to that, Kenneth was Vice President of Nera Latin America, a subsidiary of Nera Telecommunications (formerly ABB), with full P&L responsibility for the region. He opened offices throughout Latin America including Brazil, Colombia, Mexico, and Venezuela and additionally penetrated the Mexican and Chilean markets. Prior to Latin America, Kenneth was responsible for sales in Africa and in China. At Nera, Kenneth regularly grew sales in his region between 80-200%, annually. He speaks over six languages including fluent Spanish and Portuguese.

Severino Rivano – Executive VP of Marketing

Severino (Rino) Rivano has joined as Vice President of Marketing. Rino's vast knowledge of the International Telecommunication's Markets is based on over 30 years of experience and field presence, in Europe, Latin America, Africa and USA. With active participation in introducing evolving technologies, applied to developing markets, worked as Math & Telecommunications University Professor, Program manager of important international projects, Co-founder and Director of a mobile Trunked Radio system operator, Consultant for Trimble navigation, Bristol Babcok and Positron, International Sales Area manager for Multinationals as GE and Singer products, Director of strategic accounts for Harris Corp. and international sales director for Viadux.

He pioneered the introduction of new technologies, developed markets and businesses for GE, CCA, Bristol Babcok, Harris Corp. for more than $500 million. In the years implemented technologies as broadcast (Radio and TV), satellite, mobile communications, Scada, data transmissions & networks, ACD's & CAD's (911 type) for emergency and security, microwaves, GPS & AVL, xDSL, wireless broadband, wireless IP, LMDS, MMDS, among others. Recognized as a fluent multilingual speaker (Italian, Spanish, English and French), with updated clear vision of new tendencies of technology and its adaptation to markets environment, developing business plan projections, presentations and competitive analysis.

Stephan M. Gardner – VP of Business Development

Mr. Gardner earned a bachelor's degree from the University of Miami in Coral Gables, Florida, with majors in Business Administration and Journalism. He has extensive experience in the fields of investment banking, sales consulting and television production. From 1970-1979, Mr. Gardner was an independent television producer headquartered in San Juan, Puerto Rico. From 1979, he owned several companies, which provided consulting services in the fields of banking, health care, and sales administration in California as well as Florida. Beginning in 1984, as an investment banker, Mr. Gardner structured public offerings of stock, and stock syndications in the fields of health, medical products, and leisure activities, (cruise ships). In 1989, Mr. Gardner became the owner/operator of Med Test, Inc., a private company, which is a provider of mobile medical testing services. For the last two decades, Mr. Gardner has worked as a marketing and public relations consultant.

Martin A. Salzedo – Senior Vice President

Mr. Salzedo began his cruise line experience in 1972 with the startup of Carnival Cruise Line. His responsibilities grew along with the company. With positions both onboard and ashore, as Chief Purser, Reservations Manager, Pier Supervisor, Purchasing Manager, Personnel Manager and Accounting services he is more than qualified to oversee the operation of a new operation from concept to fruition. As Operations Manager at Carnival, Mr. Salzedo was charged with overseeing the four existing ships of the Line. He was then recruited by Paquet French Cruises as vice-president of operations, in charge of both the Marine and Hotel departments aboard the ships. Mr. Salzedo prepared organizational and procedural manuals to improve effectiveness, efficiency and staff knowledge of the company's policies. He introduced computerization to control and reduce expenses and oversaw a ship renovation. Mr. Salzedo then went on to become president and Chief Executive Officer of the newly formed Discovery Cruise Line. During a period of eleven years he successfully directed the overall operations and revenues for the company. He was responsible for implementation of policy, procedures, forecasting and budgetary procedures. The acquisition and staffing of all Discovery ships were under his direction. Revenues increased by 123% and expenses decreased. Mr. Salzedo is a graduate of Florida Atlantic University with a bachelor's degree in business administration.

Teo Cotton – Chief Technology Officer

Teo Cotton, with eleven years of experience in the Telecommunications field, is highly qualified for the job of Chief Technology Officer. His educational and work experience credentials are exceptional. He is a graduate of the Inter-American University of Puerto Rico having earned a Bachelor's Degree in Computer Programming and an Associate Degree in Accounting. Teo worked for the Puerto Rico telephone company as a designer of telecommunication systems, and in 1996 he started his own ISP (Internet Service Provider), and Voice over Internet Protocol Company, (VoIP), called Caribbean Communications Services Corp., which was later purchased by an investor group. In the year 2000, Teo accepted a position with Nortel Systems in Florida, working in conjunction with Sprint of Fort Lauderdale. There he helped roll out and provision Nortel Telecom's equipment to all of Miami-Dade and Broward County's elementary schools. He also worked with Sprint's Edge System, which incorporated traditional telecom with IP integration.

In 2001, Teo departed from Sprint to join the Voice over Internet Protocol revolution working for various companies rolling out Cisco equipment employing VoIP technology in Miami, Florida's widespread business areas. He helped design and build VoIP Networks for many companies and traveled widely to the majority of the PTTs in Latin America. As he added clients and contacts all over Latin America, he expanded his knowledge to include TDM and VoIP equipment such as: DMS, Cisco, Mera, Lucent, and Quintun, to name a few. Teo has designed and installed various SS7s, C7s, E1s, and T1s, in Latin American and European countries, giving him a broad understanding of the new telecom infrastructure. Teo, as Chief Technology Officer with Interlink Global advises the Board of Directors in all aspects of new deployable telecommunications technology.

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

INVESTMENT THESIS AND RECOMMENDATION

Our analysis suggests that **Interlink Global Corp.** is an interesting speculative play among micro-cap companies offering **exposure to the investor on widespread adoption of VoIP services around the world, particularly in emerging markets where the technology is still underutilized and unknown.** The company is enjoying a favorable competitive position being able to source traffic (minutes) at wholesale prices that can be passed on to customers. The company prides itself in being able to consult with various enterprise customers to tailor solutions that will best suit them.

Both operating and financial risk involved in investing in a young telecom company are typically high and should be considered by investors. In this case the risks are tied to the uncertainty surrounding competition and the speed and success of its international rollout. The strategy to enter the household/consumer VoIP market is unproven and penetration may be low. Pricing and infrastructure costs need to be managed well in order to achieve consistent profitability. Readers should understand that there can be **no assurance that the company will be able to fast-track its intended path towards diversifying** the **client base, that** will flow through directly to the top and or bottom line to build a consistent longer term profitable track record to enrich shareholder value.

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 ILKG 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 current joint venture agreements to be unlocked as new services to current and existing regions are added**. **Short term we expect the upward price bias in ILKG stock to continue. In the medium term a major risk factor may involve that additional capital raising or stock offering may be needed to continue its expansion which 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 source the capital they require.

One of the core reasons which is pivotal to our bullish argument for upside in ILKG, results from our interpretation of the financial data and developments for Vonage that is a key player in the US VoIP to consumer market.

Vonage has recently filed an IPO that is said will value the company at nearly $2 billion. However, although the company had $174 million in revenues for the whole of 2005, during the first three quarters, it had a loss of $189 million. It spent $232.4 million on marketing in 2004 and the first three quarters of 2005, which means the company is still spending huge amounts on SAC (Subscriber acquisition costs). Vonage is projecting losses for the foreseeable future, which means at least the remainder of 2006. It reports **that it spent roughly $213.77 on marketing (SAC)** for each new customer in the first 9 months of 2005**.**

ILKG's revenue model is totally different than that of Vonage, namely to build wholesale revenues (it carries traffic for Vonage), **concentrate on international infrastructure projects** that may take awhile to come to revenue, but can ultimately **produce millions of dollars once on stream, build Everest Interlink in the multi-tenant office building business and rollout NetTalk, its competing residential program to Vonage** with a national spokesperson and spend less than **$50 per projected customer** for acquisition and media costs. **This compares very favorably to SAC costs associated with Vonage model and the longer term viability of profitability as a result of its different business model looks more promising. Our assessment is that the huge discrepancy between the IPO valuation for Vonage, albeit still theoretical (at $2 billion)** and the market capitalization of ILKG is too **wide to be justified on a 24-36 month** horizon and that the investor is presented with an undeniable **"value arbitrage" opportunity,** based on an alarmingly wide disparity between industry comparatives that is unlikely to prevail for long.

It is interesting from a shareholder perspective to note that the CEO views this as an equity play and he draws only a minimal salary. The exit strategy intended might very well be along the lines of other companies founded and managed by Mr. Kyriakides in the past. **Those companies were built to a significant size and then sold to larger corporations.**

Based on recent agreements we expect financial performance to improve and begin to accelerate into the latter half of the coming financial year (FY2006). Under the assumption that **capital raising activity is well-managed and expecting revenue in 2006, positive cash flow from operations to be generated in FY 2006** as more progress is made to bring additional plans and services to its private customer base e.g. NetTalk, gains from NGTV synergies and **growth into new emerging markets,** we are of the opinion that ILKG stock has major upside potential.

Given managements and our own independent forecasts, we **are of the opinion that revenue potential of $40 million is achievable for FY 2006. Using our gross margin and operating cost assumptions we calculate a net pre-tax profit of $9.7 million for FY 2006, we estimate a FY 2006 EPS of 21c (assuming 33 million weighted number of shares outstanding). We have not made any allowance for tax credits that may be utilized in FY 2006.**

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For FY 2007 we are expecting EPS to come in at least at 33c on Revenues of at least $65 million.

Using our FY 2006 and FY 2007 EPS forecasts and applying a forward 12 and 24 month PE multiples of 27x and 22x respectively, we arrive at forward share values of 567c and 726c going out 12 and 24 months. The PE ratios chosen are based on a blend of peer telecom comparatives and as a function of the expected growth rate, or PEG methodology. Our view is that the shares are beginning to factor in profitability in FY 2006. We have chosen a discount rate of 30%, which is a function of the stocks beta measure, which is typically high for telecom issues relative to other sectors.

		Forward PE multiple	Forward Price	Discount Rate	Present Value
FY 2006 EPS	0.21	27	5.67	30%	4.362
FY 2007 EPS	0.33	22	7.26	30%	4.296
Average					4.33

We compute a present value of these two future values (forward price) by discounting and determining the average between these two present values (SEE TABLE ABOVE). **This process yields a result of 433c** which is our mathematical estimate of the value of ILKG under these assumptions. Given these calculations and our bottom up analysis which is more qualitative in nature, **we set a 12 month target price for the security of $4.30.**

All factors considered, we anticipate a stake in ILKG still has compelling upside potential in the coming 12 months. Our 12 month price target also implies a forward Price to Sales ratio of close to **1.9x** our FY 2007 Revenue forecast of at least $65 million, which is consistent with the average listed telecom services sector names and Internet and Software industry price to sales multiples of **2.09x.**

We HIGHLIGHT to the reader that this forecast is made under the assumption that the company can attain our FY2006 revenue expectation of $40 million and a minimum of $6.8 million after tax income. Moreover, we believe that the present market for ILKG shares is far from efficient, **does not fully reflect the leverage possible from its current forged joint venture and reselling agreements and assigns little value to revenue possibilities from a rollout in new global regions.** We regard the present market capitalization as **extremely modest in light of Vonage IPO that values a VoIP player with residential or private customer focus, close to $2 billion.** This compares to the acquisition of **Skype by eBay**, that occurred in 2005, which was struck at a **price tag in excess of the $2.5 billion mark.**

Once the company can achieve a **listing on the NASDAQ exchange which it has stated is part of its near term objectives,** following completion of the NGTV deal**, investor awareness and visibility of ILKG will increase which can raise the rating on the stock beyond our target price goal.**

Under these assumptions we initiate coverage on ILKG with a SPECULATIVE positive rating. *Risk to our recommendation include amongst other: failure of new marketing campaign(s) to increase sales for the NetTalk residential launch, a slowdown in revenue growth that will lead to a contraction in forward PE multiple assumptions, gross revenues on current fee generating joint venture partner client contracts not meeting expectations, changes in favorable pricing terms and inability to access sufficient traffic. New competition in regional markets, any stringent or bold regulatory changes impacting adversely on the US domestic and international VoIP and related telecom services markets, 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 (microcap) and risks involved, overall we advise positions be limited below 5% of the client's total portfolio size.

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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 and we also do not accept any obligation to provide updates to this report in future.

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