

June 21, 2007

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**First Report to the Shareholders of 6356095 CANADA INC.
(Formerly known as Excapsa Software Inc.)**

6356095 CANADA INC. (FORMERLY KNOWN AS EXCAPSA SOFTWARE INC.) – LIQUIDATION

1. Introduction

As you are aware, the shareholders of Excapsa Software Inc. (the “Corporation”), at a special meeting held on the 24th day of November, 2006, passed a special resolution requiring Excapsa Software Inc. to be voluntarily liquidated and dissolved (the “Liquidation”) under the provisions of the *Canada Business Corporations Act* (“CBCA”) and appointing Mintz & Partners Limited (“MPL”) of Toronto, Ontario as Liquidator, effective November 30, 2006.

A special resolution was also passed authorizing the Corporation to change its name to 6356095 Canada Inc. The effective date of the name change was November 29, 2006, the date of the Certificate of Amendment.

By Court Order made on November 30, 2006, the Honourable Madam Justice Mesbur of the Ontario Superior Court of Justice approved and ratified the appointment of MPL as Liquidator of the Corporation. On December 22, 2006, the Honourable Madam Justice Mesbur issued an Amended and Restated Order, which made the appointment of MPL as Liquidator of the Corporation effective from January 15, 2007.

This first report of the Liquidator is intended to provide the shareholders with a summary report of the Liquidator’s activities from January 15, 2007 to May 25, 2007.

2. Note Receivable from Blast-Off Limited

Blast-Off Limited (“Blast-Off”) continues to make its required monthly payments in accordance with the promissory note that was executed between Blast-Off and the Corporation. The required monthly payment to be made on the last day of each calendar month ending November 30, 2007 is US\$1 million. Commencing on December 31, 2007 and ending on May 31, 2012 (assuming Blast-Off makes no prepayments on the promissory note), the required monthly payment will be US\$ 2 million.

Blast-Off has failed to provide all of the security required by the terms of the stock purchase agreement and general security agreement entered into in connection with the sale transaction. The Corporation regards this as a default under the agreements. Accordingly, the Liquidator, the Corporation’s counsel and the inspectors appointed in connection with the Liquidation are exploring options in connection with this matter.

Blast-Off has not yet made any accelerated payments to the Corporation and interest accrues on the outstanding balance at a rate of 1% per month from December 1, 2006. At the date hereof accrued and unpaid interest is in the approximate amount of US\$7 million.

3. Claims Bar Process

In order to identify and determine the claims, if any, against the Corporation by creditors on January 19, 2007, the Liquidator mailed a letter including a Notice to Shareholders, Creditors and all others having claims against the Corporation (“Notice”) and a proof of claim form to be completed in the event that the recipient of the letter and Notice had a claim against the Corporation.

Pursuant to the Amended and Restated Order made on December 22, 2006, the Liquidator placed the above Notice for two consecutive weeks on January 22, 2007 and January 29, 2007 respectively in The Wall Street Journal, The Globe & Mail (National Edition), The Times of London and The Times of Malta. The Notice required all claimants wishing to assert a claim against the Corporation to file a claim with supporting documentation with the Liquidator by 5:00 p.m. Toronto time on March 22, 2007 or forever be barred from making a claim.

As of March 22, 2007, the Liquidator received eight (8) proofs of claim totaling less than US \$60,000. The Liquidator is in the process of finalizing its assessments and dispositions of those claims.

4. Income Taxes

The Corporation's income tax returns have been filed for the taxation year ending June 30, 2006 and the Liquidator has received notices of assessment from Canada Revenue Agency ("CRA") and the Ontario Ministry of Finance ("MOF"), respectively, indicating no income taxes are owing for the period ending June 30, 2006.

On April 3, 2007, the Liquidator sent a request to CRA for the issuance of a clearance certificate to the Corporation for the period ending June 30, 2006.

The next taxation year-end for the Corporation is June 30, 2007 and the applicable tax returns will be filed in respect of that taxation year as soon as possible after the year end. Once the assessments for that taxation year are received from CRA and the MOF, and any applicable taxes paid, the Liquidator will issue a request for a clearance certificate to CRA for the period ending June 30, 2007. This year-end captures the sale to Blast-Off and the significant capital gains dividend payment made to the shareholders on January 4, 2007.

5. Distributions to Shareholders and Cash Position

The Corporation issued a capital gains dividend on January 4, 2007 in the amount of \$26 million to its shareholders of record on December 8, 2006.

Pursuant to the provisions of the Income Tax Act (Canada), a Liquidator can be held personally liable for distributions made prior to receipt of a Clearance Certificate from CRA. As a result, the Liquidator will not be in a position to pay any dividends to shareholders until a Clearance Certificate is received for the period ending June 30, 2007 or satisfactory arrangements are otherwise made with CRA. Given the discontinuance of the Corporation's business in October 2006 and the limited activity since that time, the Liquidator will make every effort to persuade CRA that partial distributions are warranted in these circumstances. The Corporation has ample resources to provide security in respect of any future taxes owing. There is no assurance that CRA will permit partial distributions, but the Liquidator will continue in its efforts to obtain the Clearance Certificate for the period ending June 30, 2006, and will actively pursue the Clearance Certificate for the period ending June 30, 2007 once the tax return for that period is filed.

As of May 31, 2007, the Corporation had cash and cash equivalents in the approximate amount of US\$41 million. These funds are invested on an interest-bearing basis.

6. Dispensing of the Need for an Annual Audit and Annual Meeting

The Liquidator will be preparing its First Report to the Court within the next few months. Included in that report will be a request for the Court to dispense with the requirement that an audit of the Corporation be conducted in respect of its current and future fiscal years. At the Special Meeting of Shareholders held on November 24,



2006, 63% of the total shareholders were in attendance at that meeting either in person or by proxy, and those shareholders voted 100% in favour of dispensing with the appointment of an auditor and compliance requirements of the Canada Business Corporations Act if permitted thereunder. The Liquidator, and the inspectors of the Corporation do not believe an audit is required as there is no active income and the Corporation's shares no longer trade on the AIM market.

Since the Corporation is in Liquidation, the Liquidator and the inspectors do not believe that there is any need for regular annual meetings of shareholders of the Corporation since the main purposes of having an annual meeting (such as appointing auditors and electing directors) are no longer relevant (given that audited financial statements are being dispensed with and control of the Corporation is in the hands of the Liquidator and the inspectors). To the extent that shareholders have any questions or concerns, they can raise them with the Liquidator or the inspectors or can bring matters before the court. If necessary, special meetings of the shareholders of the Corporation could still be convened.

7. General

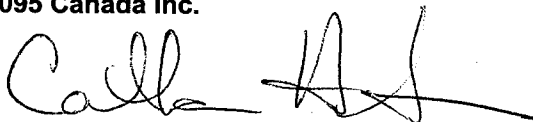
If you wish to review the court materials, including court orders, please access the Liquidator's web site at www.mintzca.com and then click on Liquidation Files.

Should you have any questions or require further information, please contact the undersigned.

Yours very truly,

MINTZ & PARTNERS LIMITED
In its capacity of Liquidator of
6356095 Canada Inc.

Per:



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