sangoma became a public company on the Canadian Venture Exchange (CDNX:STC) in the spring of 2000 through a reverse take-over of Inlet Devices Corporation. sangoma's management took this action in order to raise capital to expand its sales and marketing efforts internationally. This Letter looks back on progress made during our first two months as a publicly traded company and looks forward to note some of the exciting activities currently in development.

Focused on Growth

sangoma's mission is to develop innovative quality data communication solutions that support the emerging 'solutions in a box' appliance server market that will allow customers to deploy multifunction or dedicated network technologies. We have extended our reach beyond the borders of North America, into the growing Asian, European and South American markets. Growing our install base continues to be our first priority. We are committed to providing high quality, easy-to-maintain and cost-effective connectivity products.

sangoma recognizes the growing potential for network appliances and we are aggressively pursuing the appliance server market where sangoma's product offering is ideally suited. This is a market that according to IDC predictions will reach approximately 2.3 million units by 2004 – representing market revenue of more than $11.5 billion. This is the right time and right stage for sangoma to flourish: our scalable and reliable solutions are just what the market needs. ISP's, ASP's and dot-coms are demanding scalability and SMBs are searching for innovative, yet cost effective methods to build their networks and connect to the Internet. With the combination of sangoma's robust product offerings, API expertise and carefully selected strategic partners, we are uniquely positioned to be a strong player in the appliance server marketplace.

To assist sangoma with its strategic planning, Glen Myers and Michael Hubbert have been appointed as directors to the Board. Their combined strengths in the finance and technology sectors, both in North America and Europe, will be invaluable as we strive to implement our aggressive growth plans.

Strong Alliances and Partnerships

One of the keys to sangoma's success is the formation and maintenance of solid relationships with OEMs. We are partnering with JBM Electronics on several projects. The latest ventures involve the development of a telecom protocol and the extension of customer investment in technologies such as ATM's, cash registers and legacy systems. We anticipate new revenues exceeding $1million CDN within the next twelve months from this latter venture.

In July 2000, sangoma signed a multi-million dollar OEM agreement with NSTEK Inc., located in South Korea. The initial contract supplies 10,000 sangoma router cards for incorporation into NSTEK's Internet WAN server appliances and marks sangoma's official expansion into this lucrative Asian market.

sangoma recently inked a worldwide OEM agreement with Microtrol, a company located in Argentina. Their development of an "exact fit" emulation of an Eicon routing solution, popular in Europe and South America, will enable sangoma to further penetrate a market currently dominated by Eicon. Another new partnership agreement, signed with US-based LinuxWizardry Systems, allows sangoma to market an ADSL-enabled router appliance for the Linux environment.

Solid Channels

Our plans to develop a solid and comprehensive channel program are proceeding well. We have signed a reseller agreement with TheLinuxStore.com to supply sangoma's Linux-specific products and a distribution agreement with Tech Data Canada, wherein Tech Data will distribute sangoma's line of connectivity hardware and software products for networks and Internet infrastructure. These agreements mark the entry of sangoma's 'Inside-the-Box' solutions into the mainstream connectivity marketplace.

Looking Ahead

As sangoma speeds ahead on delivering the promise of an appliance server business, my commitment to keeping you informed of progress remains paramount. sangoma will continue to innovate and form alliances with other companies to bring the best technology, at the best value, to the marketplace. We will also strive to provide an intellectually stimulating working environment to attract high-caliber staff.

These are exciting times for sangoma, and I want to thank you for your past support and promise an unwavering focus on enhancing your shareholder value.

Gary M. Collins,
President

SANGOMA.COM MILESTONES

Q2- FY2001

Worldwide OEM Agreement provides sangoma.com with Emulator – "Exact-Fit" API leverages customer's investment through sangoma's low cost WAN adapter card solution

sangoma has signed a worldwide OEM agreement with Microtrol S.R.L. to use Microtrol's "exact-fit" emulation of the Eicon API (application program interface) in their X.25 support using the sangoma WAN adapter cards. This exclusive agreement enables sangoma to further penetrate a market that is currently dominated by Eicon.

sangoma.com Signs Distributor Agreement with Tech Data Canada – 'Inside-the-Box' routing solutions goes mainstream

Tech Data Canada, part of North America's leading technology products distributor, Tech Data Inc., will distribute sangoma's line of connectivity hardware and software products for networks and Internet infrastructure. Tech Data distributes products to more than 9,000 VAR's and resellers across Canada.

Sangoma Forms Strategic Alliance with LinuxWizardry Systems to Market ADSL Router Appliance – Companies jointly developing an "inside-the-box" ADSL Linux routing solution for the SOHO market

sangoma.com has entered into a strategic alliance with US-based LinuxWizardry Systems Inc. to market their ADSL-enabled router appliance for the Linux environment. LinuxWizardry will incorporate sangoma's 'S' series T1-enabled adapter cards into its Apprentice Router offering. The two companies will jointly work to develop an ADSL-enabled router card to fit inside a network or Internet server.

sangoma Expands its Strategic Alliance with JBM Electronics – Companies jointly developing latest telecom protocol

sangoma expanded the terms of its strategic alliance with US-based JBM Electronics Inc. wherein JBM will market the sangoma 'S' series cards and sangoma will market JBM's Gateway series products. The two companies will also continue developing new protocols to add to sangoma's stable of communication development tools for the OEM market.

Q1-FY2001

sangoma.com Signs New Linux Distribution Agreement – TheLinuxStore.com to supply sangoma.com routing solutions

Leading "vendor-neutral" provider of Linux solutions, TheLinuxStore.com, will distribute sangoma products to its dedicated customer base of Linux users. With this partnership, sangoma is poised to become a leading provider of connectivity products for the Linux market.

sangoma.com Expands Into South-East Asia – Internal PC router manufacturer inks multi-million dollar OEM deal

sangoma secured a multi-million dollar agreement with NSTEK Inc., an OEM located in Seoul, South Korea. With an initial contract to supply 10,000 sangoma WANPIPE™ router cards, the deal marks sangoma's official expansion into the lucrative South-East Asian market.

U.K.-based ISP Chooses sangoma.com's WANPIPE™ for its All-In-One Internet Access Kit

Zereau Limited of Yorkshire, England, has selected sangoma's WANPIPE™ as the internal routing solution of choice for its all-in-one Internet access kit. Zereau has also signed on as an official European distributor for sangoma.com.

Q4-FY2000

sangoma.com Enters Wireless Services Market

Tracan Electronics, a computer systems integrator assisting in the infrastructure implementation of wireless networks and accompanying services, has selected sangoma's routing solution as a value-added component to Cell-Loc's wireless location content and services.

sangoma.com Inc. (formerly Inlet Devices Corporation) to be Called for Trading May 1, 2000

sangoma.com acquired Sangoma Technologies Inc. and commenced trading on the Canadian Venture Exchange (CDNX: STC).

Introduction

Between 1994 and 1998, the Internet grew to include 50 million users worldwide. That number continues to grow with the US Department of Commerce predicting 1 billion people on the Internet by 2002 [1]. Small to medium sized Businesses (SMBs) are leading the stampede to the Internet, embracing it and advancing its adoption into their core business processes [2]. A cost-effective means of competing with large companies, SMBs are using the Internet to accelerate growth by expanding their online presence and conducting their business activities more cost-effectively.

SMB – fastest growing segment of router market

SMBs (small to medium size businesses) are demanding Internet networking services at unprecedented levels. A key to an efficient network is a powerful server that provides local are network (LAN) services, and wide area network (WAN) routing capability for connecting the server to the Internet and other networks.
A router is a device that forwards data from one LAN or WAN to another. According to International Data Corp. (IDC), the worldwide installed base of routers will more than double from 1999 to 2004, with nearly 18 million routers at work worldwide. IDC forecasts that low-end routers serving SMBs, one of the fastest growing segments of the router market, will continue to grow through 2004. Global revenue for economically priced routing solutions is expected to reach $2.6 billion US by 2004 [3] - fueled primarily by the SME market seeking to increase business efficiency. In response to this growing need, vendors are offering a multitude of networking products and an array of routing solutions dedicated to serving the unique needs of SMEs.

Cost-effective and Reliable Access to the Internet

International Data Corp. (IDC) defines an appliance server as a network-enabled device explicitly designed to provide a single dedicated service, such as email, file/print or Internet access, or a predefined suite of services [4]. Large businesses have embrace appliance servers for dedicated service such as network-attached storage or Internet caching. For SMBs looking to easily and efficiently provide email and Internet access to their employees, publish an intranet site or external Web site, or enable firewall security to protect network resources, appliance servers are a cost-effective and reliable solution.

Data Transmission Now exceeds Telephone Traffic

The rise in popularity of the Internet and the increase in telecommuting and mobile computing have made WAN connectivity an important issue for SMBs. Connectivity, previously the concern of network specialists, is now an issue for everyone. It is expected that the amount of data transmitted worldwide will exceed telephone traffic for the first time during 2000 and this increase is anticipated to continue into 2001[5].

Two Types of Appliance Servers

There are tow general types of appliance servers-dedicated and multi-functional. Dedicated appliance servers are optimized for Internet service providers (ISPs), application service providers(ASPs), dot-coms and large enterprises looking to add WAN connectivity for their branch offices. Multifunction appliance servers, on the other hand, are designed specifically for branch offices and SMBs.

[1] International Data Corp., Global Information Technology Survey, 1998.
[2] Ibid.
[3] International Data Corp., Worldwide Router Market Forecast and Analysis, 1999-2004, 2000.
[4] International Data Corp., Solutions in a box: Appliance Servers Shake Up the Server Community, 2000.
[5] McQuillian Consulting, Next Generation Networks Conference,1998.

Dedicated Servers

Dedicated servers, ranging in size from small, rackable machines to refrigerator-sized network-attached storage and caching systems, are designed to provide a single, dedicated service such as Web serving or storage, or a small predefined set of related services such as combining Internet caching with firewall applications.

The ability to take on tasks such as Web serving, caching, security, network-attached storage or file and print are the types of scalable solutions that ISPs, ASPs and dot-coms require to be successful. They are also suited to large enterprises looking to provide dedicated services to their branch offices while simplifying and stabilizing their networks.

Multifunction Servers

For SMBs, the multifunction appliance server that provides file/print, email and Internet access services, is an easy-to –use and reliable business solution. With interoffice and Internet connectivity increasing in importance, multifunction appliance servers present businesses with a cots-effective method to network their office and connect to the Internet.

Multifunction appliance servers are ideal for SMBs as they are typically small enough to place on a desktop and are easy to manage. Most appliance servers allow some custom settings to be made through HTML interfaces, but are generally designed to be maintenance-free. Hardware and software are kept to a minimum so there are fewer areas where things can go wrong [6].

The use of wide area network (WAN) connectivity cards that slot directly into the server, provide powerful routing capabilities for appliance servers, particularly for SMBs looking to connect to the Internet. Because the card fits into the server, there are fewer possible points of failure, making this an ideal solution for SMBs with limited IT expertise.

Conclusion

Appliance servers can do as much, and in some cases more than larger servers, at dramatically lower costs. For the SMB looking to connect to other offices or simply to establish an Internet presence, appliance servers present an economical, easy-to-use solution. Appliance servers are also a practical solution for large enterprises looking to add scalability to their network.Ease of use and management, along with the growth of the Internet, will be the strongest drivers for appliance server adoption [7], and this increased demand will fuel the continued growth of the appliance server market.

[6] InternetWeek, Small Business Gets the Web, April 3, 2000.
[7] International Data Corp., Solutions in a Box: Appliance Servers Shake Up the Server Community, 2000.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Six Month period ended June 30, 2000 compared to the year ended December 31, 1999

Net Sales

On May 1, 2000 Sangoma.com (formerly Inlet Devices Corporation) acquired a 100% interest in Sangoma Technologies Inc. ("Sangoma Technologies") Sales by the Company in 2000 were derived from the sale of computer adapter cards by its subsidiary Sangoma Technologies in the two-month period from acquisition. During 1999 the Company was inactive and therefore had no sales.

Gross profit

Gross profit was $607k (60.1%) in 2000 compared to $Nil in 1999. As discussed in the previous paragraph the Company acquired Sangoma Technologies on May 1, 2000 and the gross profit earned in 2000 was from this business.

Selling, general and administrative expenses and other expenses

Selling, general and administrative expenses (S G&A) totaled $412K in 2000 compared to $55K in 1999. The large increase was due to the acquisition of Sangoma Technologies and the increased overhead associated with this business. Bank charges and interest/(interest income) was (11,672) in 2000 compared to $4,028 in 1999. The interest income in 2000 was due to interest earned on the Company's excess funds during the period. The expense in 1999 was related to a line of credit, which belonged to subsidiary of the Company disposed of during 1999. Amortization expense in 2000 was due to depreciation of assets owned by Sangoma Technologies. Sangoma.com (formerly Inlet Devices Corporation) owned no capital assets in 1999 and therefore incurred no amortization expense.

Net Income

Net Income in 2000 was $96K compared to $217K in 1999 a decrease of 55.5%. The net income in 2000 came from Sangoma Technologies in the two-month period from acquisition. The net income in 1999 was mainly due to the gain on disposition of the Company's former subsidiary (245K) and a gain on debt settlement of $31K.

Liquidity and capital resources

During the period ended June 30, 2000, a public offering was made in the Company for gross proceeds of $6.5M. The proceeds of this offering, in addition to the issuance of 12.0M common shares, were used to acquire Sangoma Technologies ($4.0) with the balance used for general working capital purposes. The Company does have a credit facility at the present time. The Company believes that the balance of the net proceeds of the Offering and funds generated from future operations will be sufficient to meet its operating and planned capital expenditures for the foreseeable future.

The Company is subject to various risks and uncertainties including, but not limited to, various risks and uncertainties inherent in the high technology sector. Should a technological change occur the Company's products may become obsolete. As well, should the Company not be able to continually develop and market new products its business may decline. In addition, much of the Sangoma Technologies current and targeted sales are earned in U.S. dollars and should there be a significant increase in the value of the Canadian dollar compared to the U.S. dollar there may be a significant negative effect on the Company's gross margins. The Company believes that there are no environmental issues facing the Company.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL INFORMATION

The annual report and consolidated financial statements have been prepared by management. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in Canada and, where necessary, reflect management's best estimates and judgements. The financial information presented in this annual report is consistent with the consolidated financial statements. Management acknowledges responsibility for the fairness, integrity and objectivity of all information contained in the annual report including the consolidated financial statements.

Management maintains internal control to provide reasonable assurance that assets are safeguarded and that the accounts are maintained so as to provide the relevant, reliable and timely information necessary for the preparation of financial statements.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the Corporation's external auditors. The financial statements have been approved by the Board of Directors on the recommendations of the Audit Committee.

DAVID MANDELSTAM (“signed”)
Chief Executive Officer

MARK R. EDWARDS (“signed”)
Chief Financial Officer

SANGOMA.COM INC.
(formerly Inlet Devices Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2000 AND DECEMBER 31, 1999

sangoma.com
a different 'com' company

Wasserman Ramsay

Chartered Accountants

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Tel: (416) 226-4631 Fax: (416) 226-9652
Internet Email: kevram@ibm.net

AUDITORS' REPORT

To the Shareholders of
Sangoma.com Inc.
(formerly Inlet Devices Corporation):

We have audited the consolidated balance sheets of Sangoma.com Inc. (formerly Inlet Devices Corporation) as at June 30, 2000 and December 31, 1999 and the consolidated statements of income, deficit and cash flows for the six month period ended June 30, 2000 and the year ended December 31, 1999. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2000 and December 31, 1999 and the results of its operations and the cash flows for the six month period ended June 30, 2000 and the year ended December 31, 1999 in accordance with generally accepted accounting principles.

Wasserman Ramsay

Toronto, Ontario
August 10, 2000

Chartered Accountants

SANGOMA.COM INC.

(Continued under the Ontario Business Corporation Act)
(Incorporated under The Business Corporations Act - Alberta)

CONSOLIDATED BALANCE SHEETS - JUNE 30, 2000 AND DECEMBER 31, 1999

ASSETS

	2000	1999
Current		
Bank	$ 1,854,136	$ 104,329
Accounts receivable	813,768	-
Income taxes receivable	278,749	-
Inventory	532,507	-
Prepaid and deposits	237,620	-
	3,716,780	104,329
Capital assets		
Office furniture and fixtures	226,942	-
Less: Accumulated depreciation	150,137	-
	76,805	-
Development costs	83,236	-
Goodwill, net	9,840,923	-
	$ 13,717,744	$ 104,329

LIABILITIES

	2000	1999
Current		
Accounts payable and accrued liabilities	$ 431,723	$ 38,969
Management bonus payable	1,121,000	-
Future income taxes payable	22,600	-
	1,575,323	38,969

SHAREHOLDERS' EQUITY

	2000	1999
Stated capital *(Note 4)*	12,861,723	881,202
Deficit	(719,302)	(815,842)
	12,142,421	65,360
	$ 13,717,744	$ 104,329

Approved on behalf of the Board:

(signed) "David Mandelstam"
David Mandelstam, Director

(signed) "Mark R. Edwards"
Mark R. Edwards, Director

The accompanying notes form an integral part of these financial statements

SANGOMA.COM INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

	2000	1999
Sales	$ 1,009,657	$ -
Cost of sales	402,964	-
Gross profit	606,693	-
Expenses:		
Selling, general and administration expenses	411,599	55,126
Bank charges and interest	(11,672)	4,028
Amortization	5,602	-
	405,529	59,154
Income (loss) from operations	201,164	(59,154)
Gain on debt settlement	-	31,166
Gain on disposal of subsidiary *(Note 3)*	-	244,671
Goodwill amortization	(82,024)	-
Income before provision for income tax	119,140	216,683
Income tax provision		
Current	66,000	-
Future income taxes	(43,400)	-
	22,600	-
Net income for the period	$ 96,540	$ 216,683
Income per share	$ 0.006	$ 0.023
Weighted average number of shares outstanding	16,080,994	9,275,000

The accompanying notes form an integral part of these financial statements

SANGOMA.COM INC.

CONSOLIDATED STATEMENTS OF DEFICIT

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

	2000	1999
Deficit, beginning of period	$ (815,842)	$ (1,032,525)
Net income for the period	96,540	216,683
Deficit, end of period	$ (719,302)	$ (815,842)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

	2000	1999
Cash provided by (used in) the following activities:		
Operations:		
Net income for the period	$ 96,540	$ 216,683
Add items not requiring an outlay of cash		
Amortization	5,602	-
Gain on debt settlement	-	(31,166)
Gain on disposal of subsidiary	-	(244,671)
Goodwill amoritzation	82,024	-
Future income taxes payable	22,600	-
Net change in non-cash working capital balances related to operations	(348,890)	34,155
	(142,124)	(24,999)
Financing:		
Issue of capital stock	11,980,521	165,000
Change in subscriptions receivable	-	44,435
	11,980,521	209,435
Investing:		
Purchase of Goodwill on acquisition of Sangoma Technologies Inc.	(9,922,947)	-
Purchase of capital and other assets	(165,643)	-
	10,088,590)	-
Increase in cash during the period	1,749,807	184,436
Cash and equivalents, beginning of period	104,329	(80,107)
Cash and equivalents, end of period	$ 1,854,136	$ 104,329

The accompanying notes form an integral part of these financial statements

SANGOMA.COM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

1. Summary of significant accounting policies:

(a) Basis of presentation

These consolidated financial statements for the period ended June 30, 2000 include the accounts of the company's wholly-owned subsidiary, Sangoma Technologies Inc. from the date of acquisition (May 1, 2000) to June 30, 2000 (see Note 2).

(b) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the declining balance method at the rate of 20% per annum.

(c) Foreign currency:

Current monetary assets and current monetary liabilities in foreign funds have been translated to Canadian funds at the rate of exchange applicable at the balance sheet date. Revenues and expenses in foreign funds have been translated to Canadian funds using the actual average rate of exchange during the year.

(d) Revenue Recognition:

The Company recognizes revenue from the sale of computer adapter cards when the risks and benefits of ownership are transferred to the customer, upon shipment or customer pick-up. No right of return or exchange privileges are granted, and accordingly, no provision for sales allowances or returns is recorded.

(e) Inventory:

Inventory is valued at the lower of cost or net realizable value.

(f) Research and development:

Research costs are expensed in the period in which they are incurred. Development costs which meet generally accepted criteria, including reasonable assurance regarding future benefits, are deferred and amortized over three years on a straight line basis. Costs are reduced by government grants and investment tax credits, where applicable.

(g) Goodwill:

Goodwill is being amortized on a straight line basis over 20 years. The value of the goodwill, which arose on the acquisition of Sangoma Technologies Inc., was determined from its undiscounted estimated fair market value. It is evaluated annually and will be written down if its value is determined to be less than its carrying amount.

1. Summary of significant accounting policies (continued):

(h) Stock-based compensation plan:

The Company has a stock based compensation plan for directors, officers, employees, and consultants. No compensation expense is recognized for these plans when stock or stock options are issued to directors, officers, employees, and consultants. Any consideration paid by the directors, officers, employees, and consultants is credited to share capital.

(i) Income taxes:

Commencing January 1, 2000 the Company adopted the liability method of accounting for income taxes as outlined in the provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants. The change in method of accounting for income taxes was treated as a change in accounting policy and was applied retroactively without restatement of prior year financial statements.

Under this method, current income taxes are recognized for the estimated taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future year for tax purposes that are likely to be realized.

Prior to January 1, 2000, the Company used the deferral method of accounting for income taxes .

(j) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

(k) Financial instruments:

The Company's financial instruments recognized in the balance sheet consists of accounts receivable, accounts payable and accrued liabilities, note receivable and amount due from (to) director. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments. Concentration of credit risk in accounts receivable is limited, due to the large number of customers the Company services. The Company preforms ongoing credit evaluations of its customers, but does not require collateral to support customer accounts receivable. The Company establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers, historical and other information.

The Company does not hold or issue financial instruments for trading purposes.

SANGOMA.COM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

2. Acquisition of Sangoma Technologies Inc.

On May 1, 2000 the Company acquired a 100% interest in Sangoma Technologies Inc., a company that manufactures and sells computer adapter cards, in exchange for 12,000,000 post-consolidation common shares of the Company issued at $0.50 per share or $6.0 Million in the aggregate, 600,000 post-consolidation common shares issued at $0.50 per share or $300,000 in the aggregate issued as a finders fee, $4.0 Million in cash, and cash costs incurred in the acquisition amounting to $43,009. The acquisition has been recorded using the purchase method of accounting. The consolidated financial statements includes the results of operations of Sangoma Technologies Inc. from May 1, 2000 to June 30, 2000. The following represents the fair market value of the net assets acquired:

Working capital	$ 432,599
Capital assets	73,463
Goodwill	9,922,947
Future income taxes payable	(86,000)
Total consideration given	$10,343,009

3. Disposal of subsidiary:

During the prior year the company disposed of the shares of its subsidiary 1165707 Ontario Limited for proceeds of $100. As the subsidiary had liabilities in excess of the Company's investment the disposal resulted in a accounting gain on disposition in the amount of $244,671 .

4. Stated capital:

a) Authorized capital

The company is authorized to issue an unlimited number of common shares. The following common shares are outstanding:

	# shares	$ value
Balance as at December 31, 1998	9,275,000	$ 716,202
Issued for cash - private placement	1,500,000	165,000
Balance December 31, 1999	10,775,000	881,202
Share consolidation	(5,387,500)	-
Directors options	57,500	13,700
Prospectus offering	10,000,000	6,500,000
Acquisition of Sangoma Technologies Inc.	12,000,000	6,000,000
Finders fee	600,000	300,000
Share issue costs	-	(833,179)
Balance June 30, 2000	28,045,000	$ 12,861,723

4. Stated capital (cont'd):

On April 17, 2000 the Company filed articles of amendment changing its name from Inlet Devices Corporation to Sangoma.com Inc., consolidating its common shares on the basis of one post consolidation common share for each existing common share and eliminating preferred shares from the classes of shares that the Company is authorized to issue.

Share issuances

Pursuant to a private placement agreement the Company issued, during 1999, 1,500,000 pre-consolidation units for gross proceeds of $165,000. Each unit consisted of one pre-consolidation common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one post-consolidation common share at a exercise price of $0.32 expiring September 10, 2001.

On April 6, 2000, the Company filed a prospectus qualifying the distribution of 10.0 Million units at a price of $0.65 per unit for gross proceeds of $6.5 million. Each unit consisting of one post-consolidated common share and one-half of a post consolidated common share purchase warrant, each whole warrant entitling the holder to purchase one post-consolidated common share at a price of $1.00 per share for a period of six months from the date of issuance and thereafter for a further period of six months at a price of $1.50 per share. The Company will pay a cash commission of up to 8% of the Offering to registered dealers and agents in connection with the Offering and up to 800,000 brokers' warrants. Each brokers' warrant will entitle the holder to purchase one common share at a price of $0.65 per share for a period of twelve months from the date of issuance. In addition, the Company issued 600,000 common shares as a finders fee. The prospectus also qualifies the distribution of the common shares issued as a finders fee and five-eights of the brokers' warrants.

The Company issued 12,600,000 pursuant to the acquisition of Sangoma Technologies Inc. at a value of $0.50 per share or $6,300,000 in the aggregate (see Note 2).

Escrow Shares

Of the 28,045,000 outstanding common shares of the company, 10,075,000 of these shares are held in escrow. Of this total 1,075,000 will be released based on the Company's performance. In the future, one of the performance shares will be released for every $0.40 of cash flow generated by the Company. The balance of the escrow shares being the 9.0 million shares will be released on a pro-rata basis as follows:

33.3%	6 months from exchange notice confirming acceptance of Sangoma Technologies Inc.
33.3%	12 months from exchange notice confirming acceptance of Sangoma Technologies Inc.
33.3%	18 months from exchange notice confirming acceptance of Sangoma Technologies Inc.

SANGOMA.COM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000
AND THE YEAR ENDED DECEMBER 31, 1999

4. Stated capital (cont'd):

Stock Options

The Company has implemented a stock option plan for the benefit of directors, officers, employees and consultants of the Company. The number of shares which may be set aside for issue under this plan is limited to 2,798,000 post-consolidation common shares. The outstanding options as at June 30, 2000 are as follows:

Number of post-consolidation common shares under option	Exercise Price	Expiry Date
37,500	$0.40	December 29, 2000
197,500	$0.28	September 23, 2004
90,000	$0.22	May 27, 2002
1,370,000	$0.65	April 17, 2005

Share Purchase Warrants

During the prior year 375,000 (750,000 pre-consolidation) warrants were issued. Each of these warrants may be exercised at a price of $0.32 ($0.16 pre-consolidation) to purchase one common share at any time prior to September 20, 2001.

During the current year the 5.0 million warrants were issued in connection with the public offering of the Company. Each warrant may be exercised at a price of $1.00 to purchase one common share for a period of six months from issuance and thereafter at a price of $1.50 for a further six month period.

In addition, the Company issued 800,000 brokers' warrants exercisable at a price of $0.65 to purchase one common share for a period of one year following the closing of the Company's public offering.

5. Commitments

The Company is committed to annual minimum lease payments on leased premises, automotive and office equipment as follows:

2001	$ 83,857
2002	83,857
2003	83,857
2004	48,336
2005	44,310
	$ 344,217

SANGOMA.COM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2000 AND THE YEAR ENDED DECEMBER 31, 1999

6. Segment disclosure

The Company operates in one industry segment, the sale of computer adapter cards and associated software. All of the Company's assets are located in Canada. The Company sells into three major geographic centres, the United States, Canada and other foreign countries. The sales, in Canadian dollars, in each of these geographic locations are as follows:

	United States	Canada	Other foreign countries	Total
June 30, 2000	$ 649,668	$ 258,220	$ 101,769	$1,009,657

7. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic combined statutory federal and provincial income tax rates of 44.5% to income before income taxes as follows: non-deductible goodwill amortization - 30.6%, benefit of previously unrecognized loss carryforwards - (93.5%) and research and development investment tax credits - 37.3%, for an overall combined effective rate of 19%:

8. Supplementary information - Acquisition of Sangoma Technologies Inc.:

The following supplementary pro-forma information is supplied in order to assist users in their assessment of the effect of the acquisition of Sangoma Technologies Inc. (see Note 2) as if it had taken place at July 1, 1999 (Sangoma Technologies Inc.'s fiscal year end):

	2000	1999
Sales	$4,777,656	$4,004,411
Gross profit	$2,772,023	$2,532,057
Gross profit percentage	58.02 %	63.23 %
Selling, general and administrative expenses	$1,303,403	$ 748,332
Income from operations	$1,468,620	$1,783,725
Earnings per share	$0.09	$0.11

CURRENT EXECUTIVE TEAM

Gary Collins – President and Chief Executive Officer
As President and Chief Executive Officer, Gary establishes strategic relationships and leads the negotiation and closure activities on investments, acquisitions, technology and development partnerships. Dedicated to facilitating sangoma's growth, Gary is currently the primary contact for investors.

Gary's executive roles prior to sangoma provided the experience required to lead sangoma through its next phase of growth. Before joining sangoma, Gary held the role of Vice President, Sales, North America at Mortice Kerns Systems (MKS) Corporation. Before moving to MKS Corporation, Gary was Vice President, Sales, The Americas and Pacific Rim, with a major technology company. In these roles, Gary oversaw the sales activities for these diverse geographic regions, encouraging the growth and development of new business opportunities. Gary's previous experience also includes holding the position of Area Vice President and Country Manager with Network Associates Inc. (formerly McAfee Canada Software Inc.). Gary holds a BA (Honours) from York University.

David Mandelstam – Chief Technology Officer
Spearheading sangoma's growth since inception, David remains committed to developing and improving technology for wide area network (WAN) communications. As Chief Technology Officer and founder of sangoma, David directs the technology strategy and corporate research activities, managing development of new product technologies and overseeing the entire manufacturing cycle.

David holds a BSc in mechanical engineering from the University of Witwatersrand in South Africa, an MSc in aerodynamics from the Cranfield Institute of Technology in the United Kingdom and a BComm from the University of South Africa.

Evelyn Ledsham – Vice President, Worldwide Sales & Marketing
As Vice President, Worldwide Sales and Marketing, Evelyn's role is to define and implement sangoma's worldwide sales and distribution strategies, and spearhead the development of original equipment manufacturer (OEM) agreements. Evelyn's expertise in mounting aggressive sales campaigns and her successful track record in business development, customer retention and operational effectiveness is the result of 15 years' experience spent in a variety of senior sales and operational roles.

Evelyn comes to sangoma from E-Cruiter.com Inc., where she was Vice President, Sales and Service. In this role, Evelyn was responsible for multi-channel sales and global client services. Evelyn also spent time as Regional Manager with Kelly Services (Canada) Ltd. where she was responsible for managing a workforce of 3,000 and building annual revenues in excess of $60 million. Under Evelyn's management, Kelly's marketshare rose from fifth to first place.

SANGOMA.COM INC
(FORMERLY INLET DEVICES CORPORATION)
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2000
(WITH COMPARATIVE FIGURES FOR 1999)

	2000	1999
Operations		
Net Income for the period	$ 93,337	$ 255,091
Adjustments for:		
Amortization development costs	15,765	-
Goodwill Amortization	123,000	
Net changes in working capital balances related to operations	(173,197)	(251,388)
	58,095	3,703
Financing Activities		
Collection of Subscription receivable	-	30,511
Proceeds from issuance of capital stock	4,900	165,000
	4,900	195,511
Investing Activities		
Purchase of capital and other assets	(121,724)	-
Increase/(decrease) in cash during the period	(57,919)	199,214
Cash and equivalents, beginning of period	1,854,136	(80,129)
Cash and equivalents, end of period	$ 1, 796,217	$ 119,085

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QUARTERLY REPORT
FOR THE PERIOD ENDED SEPT 30,2000

SANGOMA.COM INC
(FORMERLY INLET DEVICES CORPORATION)
CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2000
(WITH COMPARATIVE FIGURES FOR 1999)

ASSETS	2000	1999
Current	$ 3,729,400	$ 119,085
Capital	77,420	-
Development Costs-net	188,580	-
Goodwill - net	9,717,923	-
	$ 13,713,323	$ 119,085
LIABILITIES		
Current Liabilities	$ 1,472,665	$ 26,339
SHAREHOLDER'S EQUITY		
Shareholder's Equity	$ 12,240,658	$ 92,746
	$ 13,713,323	$ 119,085

SANGOMA.COM INC
(FORMERLY INLET DEVICES CORPORATION)
CONSOLIDATED STATEMENT OF OEPRATIONS AND DEFICIT
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2000
(WITH COMPARATIVE FIGURES FOR 1999)

	2000	1999
Sales	$ 1,045,579	-
Cost of Sales	335,484	-
Gross Profit	710,095	-
Expenses		
Amortization - development costs	15,765	-
Selling general and administration	477,993	20,746
	473,758	20,746
Income (loss) from Operations	216,337	(20,746)
Goodwill Amortization	(123,000)	-
Gain on reduction of Liabilities Due to - debt settlement	-	31,166
- sale of subsidiary	-	244,671
Net income for the period	93,337	255,091
Deficit beginning of period	(719,302)	(1,043,547)
Deficit end of period	($ 625,965)	($ 788,456)
Net Income Per Share	$ .003	$ .02