



Press Release 

For Immediate Release

## **Nstein announces record sales for the third quarter of 2006**

**Montreal, Quebec, November 9, 2006** – Nstein Technologies Inc. (TSX-V: EIN), today announced its financial results for the third quarter ended September 30, 2006.

Nstein's revenues in the third quarter of 2006 reached \$2.8 million, an increase of 10% over the revenues in the third quarter of last year and 43% over those of the second quarter of 2006. For the third quarter of 2006, Nstein posted a loss before financial expenses, exchange gain, income taxes on earnings, depreciation and amortization (EBITDA) of \$0.5 million, compared to \$0.6 million the year before. The loss amounted to \$1.0 million or \$0.033 per share in the third quarter of 2006, as opposed to \$1.2 million or \$0.064 last year.

For the nine-month period ended September 30, 2006, revenues totalled \$6.8 million, as opposed to \$7.6 million a year earlier, representing a 10% decrease. The Company posted a negative EBITDA of \$2.5 million, compared to \$1.4 million for the same period in 2005. The loss totalled \$4.2 million or \$0.176 per share for the first nine months of 2006, as opposed to \$2.9 million or \$0.154 per share last year.

"These record sales are attributed to the increased level of activity in the e-publishing market. As publishers are seeing a rapid shift of their advertising revenues from print to digital media, Nstein's solutions provide this marketplace an easy way to transition from a print-based to a dynamic digital platform," said Mario Girard, Chairman and Chief Executive Officer of Nstein Technologies.

Mr. Girard added: "During this quarter, we signed a major deal with Corbis, a Seattle-based company founded by Bill Gates, Microsoft's chairman. More recently, we've licensed our new Ntelligent Content Management Solution (NCM) to the Transcontinental Media Group, which represents another acknowledgement of market's receptiveness to Nstein's solutions."

### **Outlook**

Nstein plans to further develop and market its NCM suite towards e-publishing enterprises from the media and entertainment industry. Nstein also plans to offer the same innovative solution to organizations that need to manage and publish large volumes of content more efficiently to the benefit of their clients and users, whether it is on their own web sites, intranets, extranets or portals.

"The results of this third quarter are very encouraging and confirm that Nstein's commercial and corporate strategies have been on the right track," Mr. Girard concluded.

**About Nstein Technologies Inc.**

Nstein Technologies (TSX-V: EIN) develops and markets leading-edge software solutions for analyzing vast amounts of unstructured data in virtually any language. Nstein's text mining and information access solutions transform reactive decision-making into a high-impact proactive – and even predictive – process. The Company is headquartered in Montreal, Canada, with offices in the United States and Europe. More information is available at [www.nstein.com](http://www.nstein.com).

- The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.
- Any statement that appears prospective shall not be interpreted as such.



**NSTEIN TECHNOLOGIES INC.**

<b>Consolidated Balance Sheets</b>	<b>As at September 30</b>	<b>As at December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,055,625	1,928,718
Restricted cash short-term	2,150,927	-
Term deposits	164,600	164,600
Accounts receivable	2,405,439	1,612,137
Refundable tax credits	862,532	827,849
Work in progress	462,148	451,639
Prepaid expenses	150,589	125,237
Current portion of balances receivable on the sales of software licenses	166,855	178,327
	<b>10,418,715</b>	<b>5,288,507</b>
<b>Restricted cash long-term</b>	-	-
<b>Balance receivable on the sales of software licences</b>	-	<b>165,996</b>
<b>Property, plant and equipment</b>	<b>338,239</b>	<b>370,447</b>
<b>Intangible assets</b>	<b>533,905</b>	<b>748,043</b>
<b>Deferred financing expenses</b>	<b>118,887</b>	<b>343,500</b>
<b>Goodwill</b>	<b>5,166,876</b>	<b>5,166,876</b>
	<b>16,576,622</b>	<b>12,083,369</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans	-	248,952
Accounts payable and accrued liabilities	2,352,220	2,369,679
Deferred revenues	522,923	327,151
Current portion of long-term debt	2,459,903	2,064,542
	<b>5,335,046</b>	<b>5,010,324</b>
<b>Long-term debt</b>	<b>774,709</b>	<b>2,988,619</b>
	<b>6,109,755</b>	<b>7,998,943</b>
<b>Shareholders' Equity</b>		
Share capital	39,668,500	29,534,130
Other equity components	2,223,059	2,160,640
Contributed surplus	448,571	66,877
Deficit	(31,873,263)	(27,677,221)
	<b>10,466,867</b>	<b>4,084,426</b>
	<b>16,576,622</b>	<b>12,083,369</b>



NSTEIN TECHNOLOGIES INC.

Consolidated Statements of Earnings and Deficit	Three months ending September 30		Nine months ending September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues</b>	<b>2,814,214</b>	<b>2,550,270</b>	<b>6,828,779</b>	<b>7,622,114</b>
<b>Cost of sales</b>	<b>1,319,950</b>	<b>1,360,984</b>	<b>3,843,128</b>	<b>3,695,582</b>
	<b>1,494,264</b>	<b>1,189,286</b>	<b>2,985,651</b>	<b>3,926,532</b>
<b>Expenses</b>				
Selling and administrative	1,591,199	1,390,088	4,192,174	4,182,069
Research and development	543,591	602,770	1,645,377	1,595,012
Research and development tax credits	(105,000)	(165,000)	(368,833)	(495,989)
Depreciation of property, plant and equipment	37,225	34,569	109,368	101,930
Amortization of intangible assets	73,927	334,730	222,624	1,005,031
Loss (gain) on disposal of property, plant and equipment and intangible assets	-	-	-	(3,284)
Exchange loss (gain)	(6,776)	70,817	(128,758)	118,670
Financial expenses	403,853	117,372	1,509,741	293,572
	<b>2,538,019</b>	<b>2,385,346</b>	<b>7,181,693</b>	<b>6,797,011</b>
<b>Loss for the period</b>	<b>1,043,755</b>	<b>1,196,060</b>	<b>4,196,042</b>	<b>2,870,479</b>
<b>Deficit - Beginning of period</b>	<b>(30,829,508)</b>	<b>(22,582,515)</b>	<b>(27,677,221)</b>	<b>(20,908,096)</b>
<b>Deficit - End of period</b>	<b>(31,873,263)</b>	<b>(23,778,575)</b>	<b>(31,873,263)</b>	<b>(23,778,575)</b>
<b>Basic and diluted loss per share</b>	<b>0.033</b>	<b>0.064</b>	<b>0.176</b>	<b>0.154</b>
<b>Basic and diluted weighted average number of shares outstanding</b>	<b>31,436,986</b>	<b>18,642,229</b>	<b>23,829,950</b>	<b>18,641,729</b>



**NSTEIN TECHNOLOGIES INC.**

<b>Consolidated Statements of Cash Flows</b>	<b>Three months ending September 30</b>		<b>Nine months ending September 30</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>				
Loss for the year	(1,043,755)	(1,196,060)	(4,196,042)	(2,870,479)
Items not affecting cash and cash equivalents				
Sales of long-term financed licences and related interest in excess of cash receipts	(2,698)	13,448	177,468	(341,769)
Interest capitalized on long-term debt	13,245	30,471	194,448	84,172
Unrealized exchange loss (gain)	20,860	-	(78,672)	-
Depreciation of property, plant and equipment	37,225	34,569	109,368	101,930
Amortization of intangible assets	73,927	334,730	222,624	1,005,031
Amortization of deferred financing expenses	68,595	8,271	224,613	24,813
Stock-based compensation costs	111,413	49,067	285,951	195,344
Employee stock purchase plan costs	1,737	-	1,737	-
Loss (gain) on disposal of property, plant and equipment	-	-	-	(3,284)
	<b>(719,451)</b>	<b>(725,504)</b>	<b>(3,058,505)</b>	<b>(1,804,242)</b>
Change in non-cash operating working capital items				
Accounts receivable	(644,893)	(39,513)	(793,302)	168,596
Refundable tax credits	75,761	402,059	(34,683)	442,964
Work in progress	85,193	(417,141)	(10,509)	(928,371)
Prepaid expenses	39,708	26,119	(25,352)	28,186
Accounts payable and accrued liabilities	15,801	305,897	74,752	(9,015)
Deferred revenues	183,892	(75,769)	195,772	(20,092)
	<b>(244,538)</b>	<b>201,652</b>	<b>(593,322)</b>	<b>(317,732)</b>
	<b>(963,989)</b>	<b>(523,852)</b>	<b>(3,651,827)</b>	<b>(2,121,974)</b>
<b>Cash flows from financing activities</b>				
Variation in bank loans	(150,000)	(264,704)	(248,952)	378,000
Long-term debts	-	-	1,300,000	525,000
Payments on long-term debt	(454,667)	(158,027)	(2,223,126)	(399,234)
Deferred financing expenses	-	-	(92,213)	-
Issuance of common shares, net of issue expenses	1,737	-	9,279,598	2,002
	<b>(602,930)</b>	<b>(422,731)</b>	<b>8,015,307</b>	<b>505,768</b>
<b>Cash flows from investing activities</b>				
Change in restricted cash	-	-	(2,150,927)	-
Business acquisitions, net of cash and cash equivalents acquired	-	-	-	(117,569)
Additions to property, plant and equipment	(14,674)	(13,301)	(77,160)	(60,976)
Additions to intangible assets	(2,620)	(3,852)	(8,486)	(8,340)
Proceeds from the sale of property, plant and equipment	-	-	-	7,629
	<b>(17,294)</b>	<b>(17,153)</b>	<b>(2,236,573)</b>	<b>(179,257)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,584,213)</b>	<b>(963,736)</b>	<b>2,126,907</b>	<b>(1,795,462)</b>
<b>Cash and cash equivalents – Beginning of period</b>	<b>5,639,838</b>	<b>1,919,848</b>	<b>1,928,718</b>	<b>2,751,574</b>
<b>Cash and cash equivalents – End of period</b>	<b>4,055,625</b>	<b>956,112</b>	<b>4,055,625</b>	<b>956,112</b>

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