

K SOLUTION VISUALIZE
ESS STRATEGY DESIGN
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IOLOGY MOBILE VALUE
GRATION ADVANTAGE
ATE GLOBAL EMPOWER
IENCE BELIEVE TRENDS

2011 ANNUAL REPORT



MAKING IDEAL
SPACES COME
TO LIFE

PROFILE

20-20 Technologies believes that the interior design and furniture industries are ready to be transformed. Our software platform is tailored specifically for the interior design and furniture-making business and can be employed across all environments including desktop, mobile and web. With our unique end-to-end suite of software, all functions of the interior design process – from inspiration to completion – can be integrated, with less duplication of effort and more productivity. To learn how 20-20 Technologies can transform your world, visit www.2020technologies.com

FINANCIAL HIGHLIGHTS

(In thousands of U.S. dollars, except number of shares and per share data)

Fiscal year ended October 31	2011	2010	2009	2008	2007
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OPERATING RESULTS

Revenues	68,717	65,233	63,107	78,602	67,627
Gross margin	49,458	48,155	47,004	56,992	49,188
% of revenues	72.0%	73.8%	74.5%	72.5%	72.7%
EBITDA ⁽¹⁾	7,461	8,504	9,349	4,326	12,734
% of revenues	10.9%	13.0%	14.8%	5.5%	18.8%
Operating income (loss)	3,517	3,975	5,616	(2,690)	(7,493)
Net earnings (loss)	1,325	2,289	2,581	(2,297)	(5,249)

PER SHARE

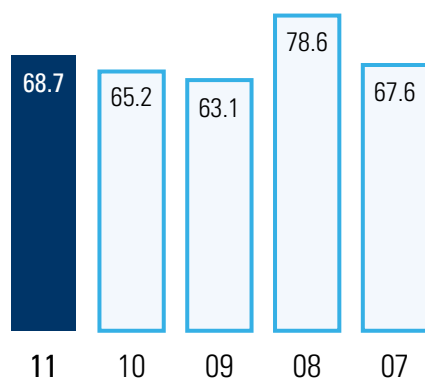
Earnings (loss)					
Basic	\$0.07	\$0.12	\$0.14	\$(0.12)	\$(0.28)
Diluted	\$0.07	\$0.12	\$0.14	\$(0.12)	\$(0.28)
Book value	\$4.05	\$3.88	\$3.53	\$2.99	\$4.01

FINANCIAL POSITION

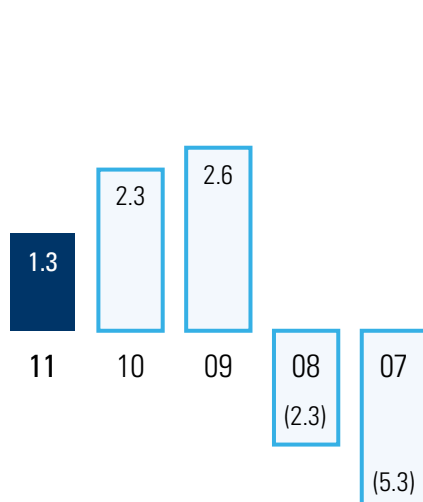
Working capital	3,563	4,760	12,617	4,947	37,150
Total assets	108,713	109,036	117,236	103,060	104,063
Shareholders' equity	76,285	73,373	66,903	56,667	75,635
Total common shares outstanding	18,817,192	18,921,792	18,926,692	18,947,292	18,850,302

(1) EBITDA is a non-Canadian GAAP measure related to cash earnings and is defined for these purposes as operating income plus amortization, adjusted for non-recurring items and other items such as restructuring costs.

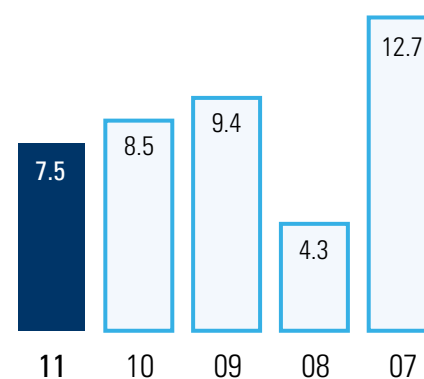
Revenues (millions of \$)



Net Earnings (millions of \$)



EBITDA (millions of \$)



LETTER FROM JEAN MIGNAULT

Executive Chairman of the Board
& Chief of Strategic Direction



In the past year, 20-20 not only maintained but extended its position as the software leader in the global interior design and furniture industry. We also used our technological and market leadership as a foundation – a springboard – to create the unprecedented platform that we are introducing to our industry.

20-20's platform makes information consistent throughout the lifecycle of an interior design project. It manages data in a way that is standardized for every player along the route.

This end-to-end industry software platform consists of cloud-based, continuously available services that accomplish all critical software tasks in the interior design and furniture industry vertical. This powerful resource will be accessible through any computing device from desktop to handheld.

The platform derives from our Company's 25 years of industry experience, unremitting innovation and technologies accumulated through acquisitions. Describing it as "unprecedented" is no exaggeration. One point cannot be over-emphasized: this achievement is powerful precisely because it's vertical.

The platform creates a depth of integration, a level of interaction and a power of collaboration that no other software company has devised for this vertical industry.

Whoever you are along the demand, design, supply and delivery chain – consumer, salesperson, production scheduler, manufacturer, installer – you can access what you need and perform your role on whatever computing device you care or need to use.

Moreover, you can execute whether you're at home, in the store, factory or on the go, wherever in the world you happen to be. Powerful computing does not mainly take place on your device, but rather on the cloud, accessible through an interface designed specifically for your role. The information related to both the technical and business aspects of all projects resides upon common project and product databases which 20-20 empowers and supports.

With the launch of "*Ideal Spaces*", as the Retail side of our platform, we are inaugurating a unique resource in the world. We are now targeting all potential partners to create their own services and applications upon our platform, bringing advantages to both our partners and our customers. Our open business model aims to foster a 20-20 "on-line store" which will only further entrench the Company's authority in the industries we cover.

Relative to the kitchen and bath industry, still our mainstream, I have recently had the honour of being selected by the National Kitchen & Bath Association, the premier North American kitchen and bath association, as this year's Hall of Fame inductee. This distinction is shared with a remarkable group of industry visionaries, who invented or developed many of the industry's best products or concepts.

We are now in heavy marketing mode to leverage "*Ideal Spaces*", part of the 20-20 platform described above, a powerful invention and uniquely innovative concept from 20-20 that embodies and delivers on all the technological and business trends we see in our market. We continue to sell our products, as we have always done, but we have also skated, advantageously alone, to "where the puck will be". Our shareholders will reap the rewards of our new platform in the years to come.

A handwritten signature in black ink that reads "Jean Mignault". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jean Mignault
Executive Chairman of the Board and
Chief of Strategic Direction

In 2011 our Company performed well in a volatile marketplace that proved demanding for the entire interior design and furniture industry. At the same time, we moved steadily forward with our strategic plan. The progress achieved with our open platform has placed us at the forefront of the industry's evolution and has aligned us more closely with our customers' needs. The Company's innovations have also created increasingly greater distance between 20-20's offering and that of our competitors.

During the year, our Board of Directors took important steps to support the implementation of the Company's strategic plan with its growth initiatives.

After the Human Resources and Governance committee conducted an exhaustive analysis of the skills and experience required for the Board going forward, shareholders approved the appointment of two new independent Directors: Mr. Philip Deck, President of Extuple Inc., a technology finance company; and Mr. Lucas Skoczkowski, CEO of Redknee Inc., a global provider of innovative communication software products, solutions and services.

These highly experienced industry leaders have brought unique software industry skills, invaluable industry insights and enhanced geographical representation to 20-20's Board. Their counsel is proving particularly pertinent to 20-20's current evolution in the marketplace.

In league with the strictest corporate governance guidelines in 2011, the Board undertook to ensure that every major step taken by 20-20 Technologies responded to the best interests of clients, employees and shareholders. Accordingly, my fellow Directors and I ascertained that the Company's operations were conducted in a context of full accountability and transparency, and that its decisions rested on client-centric long-term thinking – all in the interest of sustaining and growing shareholder value.



Jocelyn Proteau
Vice Chairman of the Board and
Lead Director

TRANSPARENCY STRATE
RESPONSIBLE SOLUTION
CORPORATE BEST PRAC
GOVERNANCE FAIRNES
INTEGRITY EFFECTIVE TR
BEST PRACTICE OBJECT
EFFICIENCY IMPARTIAL E
CONDUCT COMMUNIC
ACCOUNTABLE EQUALI
SUSTAINABLE APPROAC
RESPECT FAIRNESS GRO



MESSAGE FROM JEAN-FRANÇOIS GROU

Chief Executive Officer

In 2011, 20-20 Technologies successfully dealt with a new market environment worldwide. Our strategy of adhering as closely as possible to customer needs and in step with their own far-reaching goals is making a difference. The dominance of our Company in the field of interior design and furniture software has not only been maintained on a worldwide basis, but considerably strengthened.



The achievement of the central feature of our Company's strategic plan has resulted in an open platform for all industry participants. As explained in the Letter from our Executive Chairman, Jean Mignault, this accomplishment represents a revolutionary step forward. 20-20 has opened a new era in technological and business collaboration in the interior design vertical – and has thereby built significant additional value for the Company's shareholders.

OVERCOMING CHALLENGES

Our Company's revenue of \$68.7 million represented a \$3.5 million improvement over last year's results and reflected two principal factors: 1) North American and European marketplaces have not yet recovered their pre-recession momentum, and 2) sales accelerated for 20-20 in new growth vectors we had identified the previous year. Positively for the Company going forward, we experienced sequential quarterly improvement during the year in revenue generation, and our business grew more diversified than ever before in terms of geography and product mix.

EXTENDING OUR GLOBAL REACH

As I've mentioned, the Company's largest markets, namely the Home sector of kitchen and bath design in the U.S. and western Europe, under-performed in 2011. However, 20-20's revenues increased by a highly significant 41% over the previous year in emerging markets like China, Russia and Brazil.

Our breakthrough in Russia was particularly pronounced as we signed six new customers, the majority of whom operate both factories and store networks and who opted for 20-20's end-to-end solution. In such green-

field markets our comprehensive offering provides a distinct advantage. No competitor can deliver the same value proposition as our complete vertical application.

20-20's international achievements derive from two years of focused effort and emphasis on the growing importance of markets outside North America and Western Europe. They also highlight our strategy of entering new geographic areas by managing risk through partnerships with local distributors. It is worth mentioning that despite challenging market conditions in North America and Western Europe, we relentlessly pursued new product introductions. In doing so, we brought benefits to existing customers, entered specific new domains within our industry and generally expanded our market coverage.

OPENING NEW MARKETS

The Company's strategic initiatives in product diversification began returning significant dividends in 2011 as we pursued incremental opportunities in market segments not previously served by 20-20. For example, our fully integrated end-to-end Closet Design and Manufacturing solution was successfully implemented by a large North American client, and we expect the closet domain to continue acting as a major growth vector going forward.

In the retail furniture industry we have achieved greater penetration thanks to the increasing adoption of our business to consumer tool, 20-20 Virtual Planner. This is 20-20's 3-D web visualization space planning software, which is used by an increasing number of retail leaders worldwide.

In the Cabinet Maker sector, one of the world's largest suppliers of components for the kitchen industry, Blum Hardware, endorsed 20-20's ShopWare solution throughout Canada. We are the only software provider to have created a specific application for Blum's product line within our sales and manufacturing tools. The product has received very positive feedback in Canada, and the innovation will be rolled out in the U.S. and Europe in 2012.

INTO THE CLOUD WITH IDEAL SPACES

Anticipating the demands of our clients, 20-20 has remained at the forefront of the trend to supplement desktop-based solutions with Web-based solutions. In all industries this evolution is referred to as "going cloud." Building on its twelve years of experience with Internet technologies, 20-20 is guiding the interior design and furniture industry into the cloud with a trailblazing initiative called *Ideal Spaces*.

Ideal Spaces signifies the interaction of 20-20's digital merchandising tools on the web with our traditional in-store design systems. This means that consumers and retailers will now access product information and perform design functions from any Internet-enabled computing device, wired

or mobile. It means that retailers no longer need to equip hundreds or thousands of store computers with desktop versions of 20-20 software; they can access the technology and their catalogs through the Web. At the same time, powerful imaging and design capability has been put at the fingertips of consumers.

A range of efficiencies are gained by linking what the consumer begins at home with what the salesperson finishes in the store. The effect is to provide our retail clients with a competitive edge while significantly enhancing their ability to sell.

UNLEASHING GROWTH

20-20's diversification initiatives are expected to continue acting as our main growth vectors in 2012. On the product side we are targeting opportunities among interior design remodelers and in the promising homebuilder market. More generally, *Ideal Spaces*, increasingly representing the convergence of our product initiatives, will yield benefits beyond the retail component as the entire end-to-end solution begins migrating to the cloud with our collaboration platform.

In our traditional markets which have struggled to recover in a sluggish economy, particularly in the U.S., the potential exists for a new round of investments and upgrades by manufacturers and retailers. They have long since devised plans to expand their own markets using 20-20's tools and they may be ready to execute.

We enjoy bright prospects for increased business in China. Having signed a number of clients to our manufacturing software in 2011, we expect to benefit in 2012 as they opt to complete the end-to-end solution by deploying our corresponding point-of-sale technology.

Most importantly, as my colleague Jean Mignault details in his Letter, 20-20's Platform is taking shape and will begin unleashing its benefits to our customers in 2012. The platform holds unmistakable promise of highlighting 20-20 as the principal spawning ground of innovation for the vertical we serve. It would thereby further entrench our Company as the world's dominant supplier of software solutions to the interior design and furniture industries.



Jean-François Grou
Chief Executive Officer

Customer Engagement AMERICAS

ONLINE INNOVATION CLOUD
POWER INTUITIVE CATALOGS
RSIFICATION COLLABORATION



Designed with Teknion and Humanscale catalogs

- The House Designers selected 20-20 as the solution provider for the specification and sale of countertops;
- A host of product launches across the continent, including cloud-based business management tools, closet solutions, on-line ordering suite and tablet planner apps strengthened our end-to-end solution;
- Proof-of-concept projects to extend 20-20's reach and stimulate growth in new sectors were initiated with large homebuilders and cabinet manufacturers.

The implementation of 20-20's software and ongoing adoption of updates by many of the largest interior design retailers and furniture manufacturers in North America demonstrates our technology's innovation, power and flexibility. This abbreviated list identifies just a few of the major customers we are proud to serve:

- > Ameriwood, a leading Wal-Mart vendor, selected 20-20 as the solution provider for an online storage solution for consumers using our 20-20 Virtual Planner software;
- > Superior Cabinets implemented 20-20's on-line visualisation and collaboration tools to provide builders and consumers with an interactive and intuitive experience to select and experiment with kitchen design options;
- > Thomasville, one of the top five furniture retailers in North America, went live on the web with 20-20 Virtual Planner;
- > Kohler Co., a global leader in the manufacturing of kitchen and bath products, launched the first 20-20 catalog for bathroom design and attracted over 5,000 downloads in the first two weeks;
- > Bernhardt, a prominent American furniture designer and manufacturer, became a high-profile adopter of 20-20's end-to-end solution, with its new catalogs for 20-20 CAP and 20-20 Visual Impression generated by our 20-20 Enterprise inSight manufacturing solution.

An Extraordinary Tool

Stephanie Ekberg • Interior Designer • Henricksen

20-20 Visual Impression is a great visual tool that brings added value to our business. Before I spend too much time and effort, I can validate with my customers that I am on the same page as them in terms of design choices. It has been a life saver when we have needed to produce multiple renderings for clients in as little as two hours. The fact that we can deliver them lets clients know that we are easy to do business with.

Customer Engagement EMEA

SERVICES PLATFORM TEAMWORK
A COMPREHENSIVE POWERFUL
DESIGN COMPLETE SOLUTION



EMEA: Europe, Middle East, Africa

- In 2011, six more highly experienced consultants were added to 20-20's professional services team based in Germany to support the implementation of our end-to-end solution throughout Europe;
- In Russia over the past year, six additional manufacturers opted for 20-20 Enterprise inSight factory management software;
- 20-20's photo-realistic visualization tool for the websites of furniture retailers, 20-20 Virtual Planner, was adopted by Roche Bobois and But in France, as well as other well known retailers in Germany and Eastern Europe.

The "take-home message" from 20-20's activities in Europe relates to the increasingly widespread adoption of our Company's unique end-to-end solution.

The constant feedback we receive from our clients speaks to this fact as eloquently as our sales figures. More and more manufacturers and retailers in Europe have come to understand the value of engaging 20-20's complete solution. They recognize the benefits of a seamless software technology that meets all their needs from point-of-sale to factory floor.

For example, Mekran, a leading Russian solid wood furniture manufacturer, is now implementing a suite of 20-20's software applications to provide its far-flung operations with a state-of-the-art kitchen design and manufacturing solution.

With every facet of their operations integrated and managed on a common data platform, the clients of 20-20 have become the most modernized and automated in Europe.

This trend represents the validation of 20-20's end-to-end strategy which – in powerful contrast to competitive offerings – integrates the complete set of interior design industry processes from conception to design and from manufacturing to delivery and installation.

20-20's deep-rooted position in the European marketplace has acted as a valuable springboard for sales in the Middle East and Africa. While we penetrate those emerging markets with 20-20's point-of-sale solution, we are relying upon close collaboration with our network of independent consultants and distributors. As envisioned in our business plan, these partners are playing a crucial role in the development and expansion of 20-20's growth strategy.

Flexibility and Innovation

Norman Noteborn • General Manager • Geschäftsführer von Noteborn b.v.

20-20 Enterprise inSight encourages individuality without compromising cost. This solution introduces a more innovative technology to our manufacturing world.



Customer Engagement APAC

INTERIOR PLANNING CHOICE
LARGE WORLD MANUFACTURERS
GROWTH FURNITURE PARTNER

APAC: Asia Pacific

- In 2011, our 20-20 Enterprise inSight Factory Management and 20-20 Virtual Planner 3D Web Visualization Space Planning solutions were successfully adopted in China by the largest companies in their class.
- Over 60 furniture manufacturing companies in China are now using 20-20's Flex (Closet) technology providing an excellent market for our newly launched 20-20 Enterprise inSight and 20-20 Virtual Planner.
- In Australia & New Zealand, seven companies operate 20-20 Virtual Planner over the web, including Masters, one of the region's top Home Centers.

20-20's breakthrough in the world's largest emerging market is "a fait accompli" and our objective in the Asia Pacific is now accelerated growth.

In 2011, we formed the APAC Solution Team which met with our clients and industry partners in the region to validate and configure a highly optimized end-to-end solution for the Home Furniture Industry.

During the year, the APAC Solution Team signed 20-20's largest ever contract in China and started implementing 20-20 Enterprise inSight at Oppein Home Group, the largest kitchen cabinet, wardrobe, and bathroom cabinet manufacturers in Asia. With over 1,400 licenses of 20-20 Design in the Oppein showrooms, this Chinese interior design leader now operates a seamless data connection between its showroom points-of-sale and its factory floors. Thanks to our technology, Oppein can now meet its customers' needs in detail while combining excellent design concepts with the highest standards of production quality.

In the residential marketplace, 20-20 Virtual Planner has been adopted by two major Chinese manufacturer-retailers. Both Haier Appliances, the China-based global appliance giant, and Natural Flooring, China's largest flooring manufacturer, have implemented our state-of-the-art 3-D web visualization space planning tool.

A Partner of Choice for Our Growth

Yao Liang Song • CEO and Founder • Oppein Home Group, China

We chose 20-20 Technologies as a partner to obtain access to its international talent and global experience. As a mature company, 20-20 is providing us with proven yet continuously innovative technology. They are a key supporter of our ongoing growth plans as Asia's largest Kitchen, Bath and Closet Cabinetry provider.

BENEFITING FROM KEY TECHNOLOGIES

As the market and technology leader for the software needs of the interior design industry, 20-20 has been providing its customers with innovations for a quarter century. Today we are continuing to keep them on the leading edge with solutions that leverage mobile applications and cloud computing.

MOBILE

The efficiencies of mobile technologies are changing the way business is conducted across the entire business landscape. Again, 20-20 has remained at the forefront of originality in this regard. To provide our customers the full benefit of “going mobile” we have created or acquired technologies that dramatically enhance the consumer experience, sales process and business administration within our industry vertical.

For instance, following extensive customer research to determine the most important functionalities for the home furnishings industry, a mobile room planning solution was developed to integrate with retailers’ web-based 20-20 Icovia Planning software. Our state-of-the-art application for tablet computers such as the iPad was launched in October of 2011.

The response from our customer base has been enthusiastic in terms of the role this technology now plays in their competitiveness and potential growth.

CLOUD COMPUTING

20-20’s comprehensive portfolio of proprietary, user-friendly solutions now leverages the “cloud” to maximum effect for our customers.

20-20 LiveSUITE is an electronic order processing tool that connects dealers and manufacturers in the kitchen, bath, office and closet industries. This cloud-based ordering system ensures accurate pricing and product configurations along with real-time order status updates – thus saving time for our customers while increasing their productivity.

20-20 Surfaces is a project management software for surface/countertop fabricators which allows them to manage projects more efficiently and generate estimates more quickly. The technology leverages the cloud to allow dealers to access a fabricator’s system and obtain real-time status updates. This facilitates communication between vendor and customer and allows the vendor to concentrate on producing the countertop.





Designed with Allsteel catalogs

MEETING CUSTOMER NEEDS

At 20-20 we have a long established culture that stipulates the pursuit of inventive thinking from the perspective of our customers. This approach demands constant interaction with them and continuous in-house improvement. We never pronounce ourselves satisfied, as new and better tools are always waiting to be conceived and developed. Meeting regularly with our customers, our aim is to identify and provide products and services that will give them the most efficient performance and sharpest competitive edge.

20-20 VISUAL IMPRESSION

In 2011 we organized a “voice of the customer” focus group to determine how we can help 20-20’s clients in the office furniture industry to attract new customers and sell more product to existing customers. The principal result of our study was that visualization, or photo-realistic rendering capability, constitutes a key issue for all participants in this sector of interior design. Secondly, we found a pressing need for multi-platform manufacturers’ catalogs. Also importantly, we came to understand the requirement for a system that provides visual details for fabrics and other finishes.

This research resulted in the launch of 20-20 Visual Impression, a software that makes full 3-D presentations possible for every office furniture project by integrating with 20-20 CAP Studio, 20-20 Giza Studio, and 20-20 Worksheet. The solution also works rapidly and intuitively with manufacturer-specific information from a greater number of catalogs than any competing software.

FLEX TECHNOLOGY

In the Asia Pacific, where tremendous growth potential exists for 20-20’s solutions, our customer-focused approach has impressed the marketplace and is gaining significant traction. Our culture of forging partnerships with our clients through consultation has helped us earn a fast-growing reputation.

Discussions with our APAC customers in 2011 revealed, for example, that they wanted technology that could be customized when designing closets. Accordingly, we offered them Flex Technology, an extremely versatile, user-friendly, affordable solution that is adaptable for each customer and aligns with the way that a customer assembles closet components.

OUR WORLD OF CUSTOMERS



HOME

A quarter century ago 20-20 Technologies pioneered the software revolution in the interior design industry. We enabled home retailers to show their customers a virtually limitless number of combinations and variations in the design and furnishing of a kitchen, bathroom, bedroom or office. The scope and efficiency of our technology has since incessantly grown, to put more and more design and project management power in the hands of consumers, dealers and manufacturers. Today, for the consumer of any kind of home project, 20-20's software allows products and finishes from thousands of kitchen, bath and furniture manufacturers' catalogs to be integrated in photo-realistic and three-dimensional detail – and accessed from any computing device, fixed or mobile.



OFFICE

20-20's visualization and project management technology is equally applicable to the commercial and institutional sides of the interior design business. In the office furniture segment, we help our customers handle customer relationships and deliver projects on time and on budget. We offer an unparalleled selection of catalogs on our data platform and we equip design professionals with industry-leading AutoCAD tools. 20-20's solutions encompass initial design, space planning and specification iterations, high-quality presentations, quotes and production.



MANUFACTURING

In the interior design industry 20-20 is the dominant provider of technology to operate entire factories. Our leadership can be explained by reference to a 20-20 customer in Germany – a manufacturer that employs 10,000 people in more than thirty plants. All of this company's operations rely upon 20-20 software. From order entry, to scheduling of production, to assembly line management, to financials, down to delivery logistics – every step of the manufacturing process is captured and coordinated by 20-20 software. As the only provider of software that fully integrates the manufacturing side of the industry with the sales side, we supply enterprise software to manufacturers around the world.

AN ON-LINE RESOURCE FOR OUR CUSTOMERS

The new 20-20 Technologies' corporate web site was designed as a customer-oriented centre of information, assistance and guidance. It responds to countless consultations, user studies and a wide-ranging survey of our clients which actively solicited their ideas on how 20-20 could best serve them on-line. This interactive cyber resource now offers our diverse clientele five regional versions in a variety of languages. All boast a uniform state-of-the-art functionality, sleek layout and user-friendly design. More versions of the new web site are coming in 2012 to serve our customers in other geographic regions.

The new web site has been significantly reorganized to provide customers with a simpler, more effective and intuitive way to navigate and access key content areas including industries and professions, catalog and content, services and media. It reflects 20-20's commitment to provide our customers with the precise tools and services they require to succeed.



A GLOBAL NETWORK OF PARTNERSHIPS

As 20-20's open platform attracts third-party application creators, and as our products are marketed by an ever-growing number of distributors and independent consultants, we are ensuring that the Company's message remains uniform while our brand stays front and centre.

Accordingly we have established a Department of Partnership Management, which is building a Web portal and site that will provide our partners with all the resources they need to (i) offer services based on 20-20's technology, (ii) add to 20-20's solution, and (iii) sell more of 20-20's product.

Designed to leverage the efficiency of the Web and multiply the efforts of our people in the field, 20-20's partnership infrastructure will be scalable as it becomes a focus for service and app creators and helps recruit more distributors.

In this new Internet "eco-system" all of our partners will be encouraged and promoted – and advantageously related to 20-20's status as the leading global supplier of interior design solutions.

A SELECTION OF OUR VALUED PARTNERS





Management's Discussion and Analysis and Consolidated Financial Statements

Year ended October 31, 2011

January 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended October 31, 2011

January 19, 2012

Management's Responsibility for Financial Reporting

Management's Discussion and Analysis ("MD&A") for 20-20 Technologies Inc. and all other information in this report are the responsibility of management and have been reviewed and approved by its Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and consists entirely of independent and financially literate directors.

This report was reviewed by the Company's Audit Committee and approved by 20-20's Board of Directors on January 19, 2012.

Unless otherwise noted or the context otherwise indicates, "20-20," the "Company," "we," "us" and "our" refer to 20-20 Technologies Inc. and its direct and indirect subsidiaries. Unless otherwise indicated, all dollar amounts in this report refer to US dollars. References to "\$" or "US" are to US dollars and references to "C\$" are to Canadian dollars. Disclosure of information in this report has been limited to that which management has determined to be "material," on the basis that omitting or misstating such information would influence or change a reasonable investor's decision to purchase, hold or dispose of securities in the Company.

The primary objectives of the Company's MD&A are:

- To provide information regarding the Company's competitive environment or the market in which the Company operates to facilitate an informed analysis of the consolidated financial statements.
- To provide an explanation of our financial statements from management's perspective.
- To provide information allowing readers to assess the Company's past performance and determine whether it is likely to be reflected in future performance.

With a view to achieving these primary objectives, the MD&A includes the following sections:

Corporate Overview

A description of the Company's activities and markets, and the competitive environment in which we operate.

Corporate Strategy

Management's perspective on the economic environment and its impact on the market in which the Company operates, together with information on strategic objectives and activities.

Financial Review

An analysis of the fourth quarter and the year ended October 31, 2011 compared with the same periods in 2010 and 2009, key factors affecting earnings and revenues, by type, by geographic location and by sector, factors impacting operating expenses, and comparative quarterly financial data for the Company's last eight quarters.

Liquidity

An analysis of changes in cash flows related to operating, investing and financing activities, and a description of the Company's cash position.

Controls, Accounting Policies, Risks and Uncertainties

Controls and the monitoring of controls implemented to ensure that financial information is complete and reliable, new accounting policies that may affect the future presentation of the Company's consolidated financial statements, and the risks to which the Company's operations are exposed.

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1. Introduction

The following report, dated January 19, 2012, is a discussion relating to the consolidated financial results and position of 20-20 Technologies Inc. (“20-20” or the “Company”) for the year ended October 31, 2011. The discussion should be read in conjunction with the selected consolidated financial information shown in this report, and our audited consolidated financial statements and accompanying notes. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and are presented in US dollars. The Company’s financial statements have been translated from the measurement currency, the Canadian dollar, to the US dollar using the current rate method. Additional information relating to 20-20, including the Company’s Annual Information Form, Annual Report and the audited financial statements for the year ended October 31, 2011, can be obtained from SEDAR at www.sedar.com as well as from the Company’s website at www.2020technologies.com in the Investors section. Information contained in this report is qualified by reference to the discussion concerning forward-looking statements detailed below.

Forward-looking statements

Certain statements contained in this report constitute forward- looking information within the meaning of securities laws.




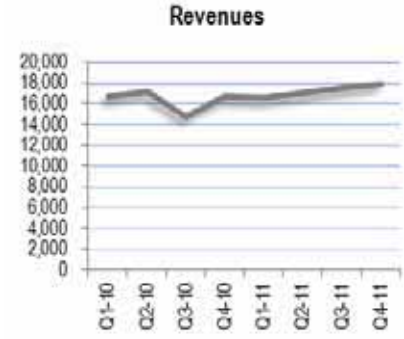
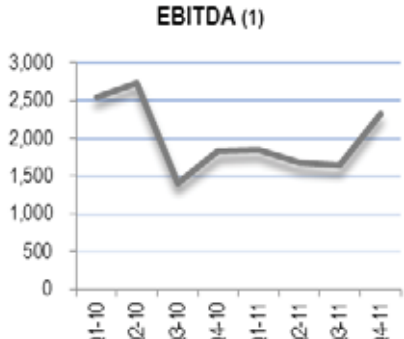
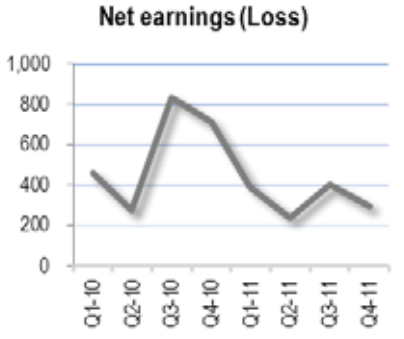
Implicit in this information, particularly in respect of the Company’s future operating results and economic performance are assumptions regarding projected revenues and expenses. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that the Company’s actual future operating results and economic performance are subject to a number of risks and uncertainties, including general economic, market and business conditions, and could differ materially from what is currently expected.

For more exhaustive information on these risks and uncertainties, please refer to our most recently filed Annual Information Form, which is available at www.sedar.com. Forward-looking information contained in this report is based on management’s current estimates, expectations and projections, which management believes are reasonable as of the current date. The reader should not place undue reliance on forward-looking statements and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to update this information at any particular time, unless required by applicable securities law. In addition to presenting an analysis of results for the fourth quarters and the years ended October 31, 2011 and 2010, this report also discusses certain important events that occurred between the end of the quarter and January 19, 2012.

EBITDA – Non-Canadian GAAP measure

EBITDA is a non-Canadian GAAP measure related to cash earnings and is defined for these purposes as operating income plus amortization, adjusted for non-recurring items and other items such as restructuring costs. EBITDA is reported for information purposes only and is a financial performance measure mainly used in the financial industry. This measure does not have a standardized meaning as prescribed by Canadian GAAP and therefore may not be comparable to similar measures reported by other public companies. The reader must know that EBITDA is not a substitute to net earnings as an indicator of our operating results neither under GAAP nor to cash flows from operating and financing activities as a measure of liquidity and cash flows.

2. Financial Highlights

 Revenues up 5.3%	 EBITDA ⁽¹⁾ of \$7.5 million or 10.9% of revenues	 Net earnings of \$1.3 million (1.9%) or \$0.07 per share
 <p>Revenues</p>	 <p>EBITDA (1)</p>	 <p>Net earnings (Loss)</p>
<p>Revenues for the year ended October 31, 2011 were up 5.3% to \$68.7 million from \$65.2 million in 2010.</p>	<p>EBITDA for the year ended October 31, 2011 stood at \$7.5 million (10.9% of revenues) compared with \$8.5 million (13.0%) in 2010. In constant 2010 dollars, EBITDA amounted to \$8.3 million (12.0% of revenues) in 2011.</p>	<p>Despite an adverse exchange rate effect of \$0.6 million in 2011, net earnings reached \$1.3 million (\$0.07 per share) compared with \$2.3 million (\$0.12 per share) in 2010.</p>
<p>⁽¹⁾ EBITDA is a non-GAAP measure for which we provide reconciliation on page 14.</p>		

Selected Consolidated Financial Information

The selected consolidated financial information set out below for the quarters and years ended October 31, 2011 and 2010 are based on and should be read in conjunction with our audited annual consolidated financial statements and accompanying notes.

(In thousands of dollars, except per share data)	Quarters ended October 31, (Unaudited)		Years ended October 31, (Audited)		
	2011	2010	2011	2010	2009
Revenues	17,881	16,668	68,717	65,233	63,107
Profitability					
Gross margin	12,704	12,073	49,458	48,155	47,004
Gross margin (%)	71.0%	72.4%	72.0%	73.8%	74.5%
EBITDA ⁽¹⁾	2,319	1,823	7,461	8,504	9,349
EBITDA (%)	13.0%	10.9%	10.9%	13.0%	14.8%
Net earnings	292	714	1,325	2,289	2,581
Net earnings (%)	1.6%	4.3%	1.93%	3.5%	4.1%
Earnings per share ⁽²⁾					
Basic and diluted earnings per share	\$0.02	\$0.04	\$0.07	\$0.12	\$0.14
Balance sheet					
Total assets	108,713	109,036	108,713	109,036	117,236
Total long-term liabilities ⁽³⁾	5,059	7,822	5,059	7,822	18,012

(1) EBITDA is a non-GAAP measure for which we provide reconciliation on pages 14 and 19.

(2) Please refer to Note 7 to the audited consolidated financial statements for further details regarding the calculation of earnings per share.

(3) Including the current portion of long-term debt and excluding future income taxes.

Despite uncertain economic conditions, the Company has experienced growth over the past three fiscal years, with revenues rising to \$68.7 million in 2011 from \$63.1 million in 2009, a total increase of 8.8% or 7.6% in constant 2009 dollars. Gross margins, in constant 2009 dollars, have remained relatively stable within the past three fiscal years amounting to 74% in 2009, 75% in 2010 and 73% in 2011. Operating expenses have been adversely impacted by the fluctuations in different exchange rates since 2009 resulting in an unfavourable effect of \$3.7 million in 2011 and \$2.3 million in 2010 compared with fiscal 2009. In constant 2009 dollars, EBITDA amounted to 15.9% and 16.0% in 2011 and 2010, respectively, compared with 14.8% in 2009.

3. Corporate Overview

Our Mission

Provide furniture and interior design professionals with an industry-wide platform supporting the collaborative creation and delivery of customized products.

Our Strategy

Leverage our industry knowledge and relationships to design and direct an open platform integrating our strengths with partner talents to offer specialty software and services that connect industry players worldwide.

Company

Furniture retailers and manufacturers have made 20-20 Technologies the world's leading provider of computer-aided design, sales and manufacturing software for the interior design and furniture industry. 20-20 Technologies offers an integrated software platform for industry-wide use from showroom to factory floor tailored specifically to the interior design and furniture industry and employed across all environments, desktop and Web. This platform is a significant competitive advantage and a key success factor for the Company.

20-20 products and services are sold and marketed worldwide through a sales and marketing team in various locations complemented by a network of consultants and distributors. The Company has operations in the Americas, Europe, Africa, the Middle East and Asia-Pacific.

Markets Served

20-20 Technologies serves a variety of furniture and interior design professionals, including architects, home and office furniture dealers and retailers, installers, manufacturers, interior designers, homebuilders and remodelers. Users can choose the software that best meets their needs and professional objectives and those of their customers. While our focus has traditionally been on the dealer channels and their respective furniture manufacturers, primarily for kitchen and office, we are ramping up our sales and service initiatives for adjacent markets such as remodelers, homebuilders and furniture retailers by expanding our solution offering in other product categories such as for bathrooms, storage areas and other home furniture.

The Company also believes in nurturing promising design talent. This is why 20-20 Technologies offers an educational version of its 20-20 Design software to accredited academic design institutions.

Some 20-20 software is available in 20 languages and sold in over 90 countries. Each version is localized to reflect regional measurement units and currencies. 20-20 solutions include applications for business-to-consumer (B2C) (design and sales), business-to-business (B2B) (order processing and e-procurement) and manufacturing markets: enterprise resource planning (ERP), and computer-aided design (CAD) and computer-aided manufacturing (CAM) software.

Leadership Team

The diverse backgrounds of 20-20 Technologies' leadership team admirably reflect the Company's global culture. The 20-20 executive team's deep knowledge of interior design, furniture manufacturing and software design, and broad range of business and IT training are major contributors to 20-20's continued success, giving the Company its competitive edge. The team's industry insight and understanding of customer needs in global markets stand 20-20 Technologies in excellent stead to address these challenges.

Competitive Environment

The Company currently competes with software providers in both the CAD and ERP markets. The interior design software industry is highly fragmented and generally consists of point solutions (as opposed to full solutions) software providers targeting specific aspects of CAD functions, or software providers with limited geographic reach. As a result, no single rival competes with the Company's full range of products in all of its markets. Generally, competitors can be described as follows:

- Specialty CAD software: Competitors consist almost exclusively of smaller privately-owned companies whose products are focused primarily on specific aspects of design software that compete in only some of our markets.
- ERP software: As the Company increased the penetration of its ERP solution, it also faces competition from ERP software vendors that generally offer less targeted design, specification, photo-realistic rendering or 3-D visualization capabilities.

Larger software providers typically prefer forming alliances with providers of specialized software solutions, such as 20-20, rather than devoting resources to developing and marketing their own products. Our leading market position, global reach, single technology platform, end-to-end solution and comprehensive electronic catalogs developed for our customers are all key competitive advantages that set us apart from existing competitors and would make it difficult for new entrants to compete effectively with us.

4. Corporate Strategy

Market Conditions

During the fourth quarter of 2011, despite turbulent financial markets, North American market conditions were stable, that is, relatively difficult in the Home sector and more positive in the Office sector. Large corporations in the retail and manufacturing segments are more active than smaller businesses in shopping for marketing support solutions, but continue to make cautious and selective investments. This results in slower decision-making and requires greater sales efforts from the Company. Investments by independent retailers and small manufacturers are still low owing to sales that are still well shy of historical levels.

Overall European market conditions are mainly affected by turbulent financial markets but, in our sector, remain stable and more favorable than in North America. Generally speaking, market conditions in the north and in the east are more favorable but are still difficult in the south amidst a general background of uncertainty arising from weak economies in certain countries saddled with high debt. Nonetheless, as in North America, major retailers and manufacturers are increasingly investing in our Web and sales support solutions and even more so in our manufacturing automation solutions. Our international operations continue to expand, particularly in higher growth countries, led by China where we continue to make inroads, notably in the manufacturing sector in the new storage product market. Overall, recovery is relatively slow in our markets, mainly in the independent retailer market.

Existing Business and Growth Strategy

We continue to grow with our comprehensive solution in the Home sector in Europe and Asia for kitchens and closets. We continue to improve and develop our marketing and sales initiatives, while maintaining stringent spending controls. In the Americas, we continue to actively market 20-20 and partner solutions to new prospects, while promoting complementary marketing, sales and management support solutions to existing customers. We have seen growing interest in the latest versions of our desktop design and Web-based solutions. Furthermore, we remain confident that our revenues will continue to grow from quarter to quarter, with some exposure, naturally, to seasonal factors.

5. Financial Review

Exchange Rates

As 20-20 operates in a global environment, foreign exchange rate assumptions and sensitivity analyses are particularly significant due to their potential impact on our results.

Given that the measurement currency for the Company and all of its subsidiaries is the Canadian dollar, assets, liabilities and transactions are translated using various exchange rates as required by GAAP. The Company has adopted the US dollar as its presentation currency.

Fluctuations in the Canadian dollar against its US counterpart can have a significant impact on net earnings, as revenues in North America are essentially in US dollars while a major portion of expenses are incurred in Canadian currency. European currencies affect earnings to a lesser extent, as only earnings are exposed to fluctuations.

The fourth quarter saw significant fluctuations in our main currencies: the US dollar, the Canadian dollar, the euro and the pound sterling.

The closing rates shown below were used to value our US dollar assets and liabilities as at October 31.

Closing rate	As at October 31,		
	2011	2010	Change 2011/2010
C\$	1.0065	0.9815	2.55%
Euro	1.3947	1.3894	0.38%
Pound sterling	1.6141	1.6020	0.76%

The following weighted average rates were used to measure our US dollar revenues and expenses.

Average rate	Quarters ended October 31,		
	2011	2010	Change 2011/2010
C\$	1.0156	0.9689	4.82%
Euro	1.4104	1.3368	5.51%
Pound sterling	1.6116	1.5680	2.78%

Average rate	Years ended October 31,		
	2011	2010	Change 2011/2010
C\$	1.0127	0.9625	5.22%
Euro	1.3899	1.3525	2.77%
Pound sterling	1.6060	1.5579	3.09%

Revenues

Licenses – Revenues from license sales are primarily from licensing of the Company's desktop software and enterprise solutions. Each software license, for which users pay a one-time fee, is perpetual in nature. Each license is intended for use by a single user at a time and is non-transferable.

Recurring licenses – Revenues from recurring license sales are derived from user fees for licensing of the Company's desktop software and Web solutions. These licenses are renewable on an annual, quarterly or monthly basis at the customer's option.

Maintenance and other recurring services – Revenues from maintenance and other recurring services are generated by customer support, software and electronic catalog updates and Web services.

Maintenance and other recurring agreements are generally for terms of twelve months and are renewable at the customer's option.

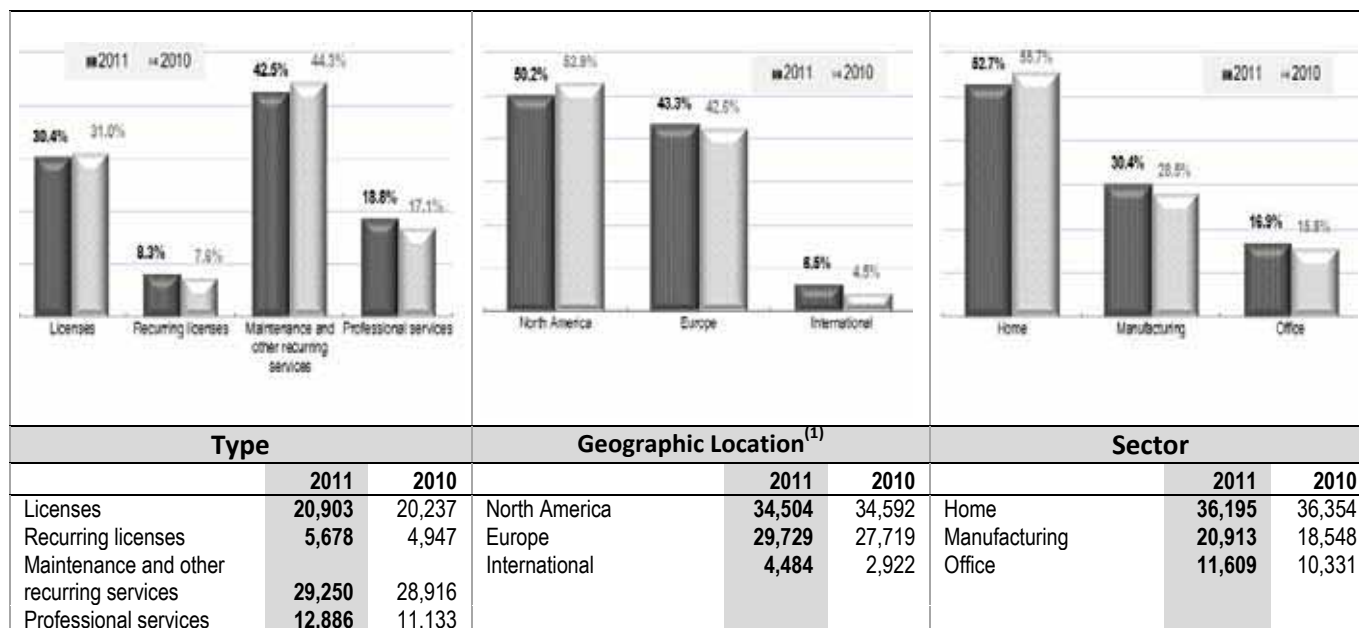
Professional services – Revenues from professional services include revenues derived from training, electronic catalog creation and management, and integration services such as consulting, application integration and hardware resale.

Revenue Distribution

At the October 31, 2010 fiscal year-end, management reviewed the classification by sector of its various software solutions, giving rise to changes in revenue distribution between the Home and Manufacturing sectors. We therefore amended the comparative data accordingly.

The following charts provide information regarding our revenue composition for the years ended October 31.

(In thousands of dollars, except percentages)



(1) Geographic location is determined by client location.

Revenue Analysis

The following table summarizes the impact of foreign exchange rate changes on revenues between 2011 and 2010:

(In thousands of dollars, except percentages)	Years ended October 31,		
	2011	2010	Change 2011/2010
Revenues	68,717	65,233	5.3%
FX impact			1.5%
Change at constant exchange rates			3.8%

Despite a continuing economic slowdown revenues climbed in 2011. Fiscal 2011 revenues totaled \$68.7 million, up 5.3% or \$3.5 million from 2010. The European foreign exchange effect accounted for 1.5% of revenue growth. The Manufacturing sector fuelled this revenue growth (up 12.8% compared with the previous year), followed by the Office sector (up 12.4%). Although the Home sector was significantly impacted by the economic slowdown in the U.S., revenues remained more or less stable, due to expansion of the European and International markets in 2011 compared with 2010. Revenues from recurring licenses continued to increase in fiscal 2011, up 14.8% compared with 2010, while revenues from professional services and licences, driven by Manufacturing sector growth, rose by 15.7% and 3.3%, respectively. Growth in revenues from maintenance and other recurring services was relatively weak at 1.2%. European and International revenues rose 7.3% and 53.4%, respectively, compared with 2010, while American revenues remained stable.

The following table summarizes the changes in revenues by type for the year ended October 31, 2011 compared with the same period of 2010.

Revenues by Type

(In thousands of dollars, except percentages)	Years ended October 31,		
	2011	2010	Change
License revenues prior to FX impact	20,606	20,237	1.8%
FX impact	297		
License revenues	20,903	20,237	3.3%
Recurring license revenues prior to FX impact	5,602	4,947	13.2%
FX impact	76		
Recurring license revenues	5,678	4,947	14.8%
Maintenance and other recurring services revenues prior to FX impact	29,009	28,916	0.3%
FX impact	241		
Maintenance and other recurring services revenues	29,250	28,916	1.2%
Professional services revenues prior to FX impact	12,538	11,133	12.6%
FX impact	348		
Professional services revenues	12,886	11,133	15.7%

Licenses – License revenues for the year ended October 31, 2011 were up 3.3% to \$20.9 million from \$20.2 million in fiscal 2010.

The economic slowdown in the construction and renovation industry weighed heavily on American license revenues, resulting in a decline of 6.9% to \$8.1 million in 2011 from \$8.7 million in 2010. However, in Europe, the introduction of the inSight manufacturing solution contributed to a 3.7% growth in license revenues to \$9.7 million in 2011 from \$9.4 million in 2010. License revenues in the International market were also up by \$0.9 million or 42% compared with 2010.

Bolstered throughout fiscal 2011 by the introduction of new software solutions and new market developments, license revenues in the Office and Manufacturing sectors rose by \$0.8 million (36.9%) and \$1.7 million (26.4%), respectively. License revenues in the Home sector decreased 16.4% to \$9.6 million in 2011 from \$11.5 million in 2010, due to weakness in the American market.

Recurring licenses – With continuing growth in Web solutions, revenues from recurring licenses grew 14.8% to \$5.7 million in fiscal 2011 from \$4.9 million in 2010.

In North America, revenues from recurring licenses increased by 10.1% or \$0.3 million in 2011 compared with the year ended October 31, 2010. Europe also experienced growth in this type of revenues with a 12.0% or \$0.2 million increase over 2010, mainly attributable to a significant win related to a major retailer in France. The International market was robust in fiscal 2011 with revenues from recurring licenses totalling \$0.3 million compared with \$0.1 million in fiscal 2010. Growth was particularly high in Brazil following new agreements signed with large retailers.

The Home sector continued to grow in 2011, with revenues up 27.9% to more than \$3.7 million from \$2.9 million in 2010. In 2011, all Office sector revenues were up, including a 7.7% or \$0.1 million increase in revenues from recurring licenses compared with 2010. There are currently no Manufacturing sector solutions for which recurring licenses are granted.

Maintenance and other recurring services – Revenues from maintenance and other recurring services totaled \$29.3 million in 2011, up 1.2% from \$28.9 million in 2010, mainly stemming from the favorable foreign exchange impact (0.9%).

In North America, revenues from maintenance and other recurring services were up 0.8% to \$18.1 million for the year ended October 31, 2011 from \$18.0 million in 2010. In Europe, these revenues rose 1.2% to \$10.7 million in 2011 from \$10.6 million in 2010. However, in constant 2010 dollars, revenues in Europe fell slightly by 2.1% or \$0.2 million. International market revenues for the year ended October 31, 2011 increased by 18.1% or \$0.1 million over the same period in 2010.

Although license revenues in the Home sector were lower in fiscal 2011, revenues from maintenance and other recurring services rose 2.6% to \$17.2 million from \$16.8 million in 2010. Office and Manufacturing sector revenues fluctuated slightly in 2011, with a 0.8% (\$0.04 million) increase and a 2.0% decrease (\$0.1 million), respectively.

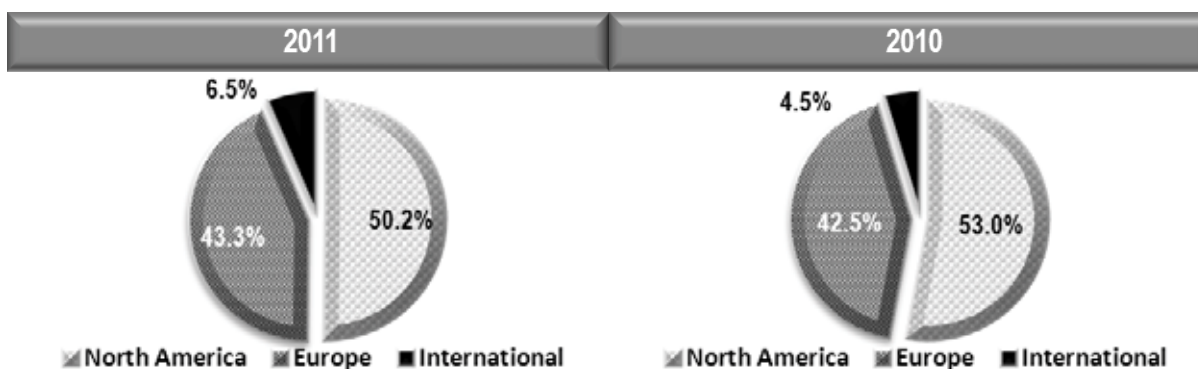
Professional services – In 2011, revenues from professional services were bolstered by several manufacturing solution integration projects, totalling \$12.9 million, up 15.7% or \$1.8 million from \$11.1 million in 2010.

Growth was strongest in Europe with professional service revenues surging 21.9% to \$7.4 million in 2011 from \$6.1 million in 2010. This increase is attributable to the French market as well as to new market developments in Russia and Central Europe. The International market also performed strongly with revenues from professional services up 117.7% to \$0.7 million in 2011 from \$0.3 million in 2010. In North America, this source of revenue remained relatively stable with an increase of nearly 1%.

A number of new manufacturing solution integration projects were launched in the European, International and North American markets in fiscal 2011 compared with 2010. The Manufacturing sector recorded the strongest growth with revenues from professional services increasing 20.4% or \$1.0 million to \$5.9 million in 2011 from \$4.9 million in 2010. Revenues from professional services in the Home sector were up 9.2% to \$5.7 million in 2011 from \$5.2 million in 2010, mainly resulting from integration and training services, particularly in France. The Office sector recorded a 26.8% increase in revenues from professional services to \$1.3 million in 2011 from \$1.0 million in 2010, mostly due to catalog development.

Revenues by Geographic Location

Geographic breakdown in revenues – Years ended October 31



North America – For the year ended October 31, 2011, North American revenues remained stable compared with fiscal 2010, partly due to difficult economic conditions.

Revenues from licenses totaled \$8.1 million in fiscal 2011, down 6.9% from \$8.7 million in 2010. But Web solutions grew 10.1% and revenues from recurring licenses increased to \$3.5 million in 2011 from \$3.2 million in 2010. Revenues from maintenance and other recurring services totaled \$18.1 million in 2011, up 0.8% or \$0.1 million from 2010.

In North America, Home sector revenues for fiscal 2011 were down 7.4% to \$18.6 million from \$20.0 million in 2010. On the upside, the Office and Manufacturing sectors reported increases of 12.4% and 2.9%, respectively, compared with fiscal 2010.

Europe – European revenues totaled \$29.7 million in 2011, up 7.3% from \$27.7 million in 2010. Significant foreign exchange fluctuations in Europe (+2.77% for the euro and +3.09% for the pound sterling) boosted revenues by 3.5% or \$1.0 million. In constant 2010 dollars, growth stood at 3.8%.

In fiscal 2011, several projects were launched in Europe, bolstering revenues from professional services to \$7.4 million, up 21.9% from \$6.1 million in 2010. Revenues from licenses and recurring licenses totaled \$11.6 million in 2011, up 4.9% from \$11.0 million in 2010. Revenues from maintenance and other recurring services were stable in 2011, but given the foreign exchange impact, they declined by 2.1%.

Manufacturing sector revenues in Europe rose 10.4% to \$14.4 million in 2011 from \$13.1 million in 2010, partly driven by new market developments in Russia. Home sector revenues in Europe totaled \$15.3 million in 2011, up 4.5% from \$14.7 million in 2010.

International – Solid results in China and Brazil contributed to significant growth of 53.4% or \$1.6 million in International market revenues to \$4.5 million in 2011 from \$2.9 million in 2010.

Revenues from licenses and recurring licenses in the International market totaled \$3.4 million in 2011, up 50.0% from \$2.3 million in 2010. Revenues from professional services more than doubled during the fiscal year to \$0.7 million in 2011 to \$0.3 million in 2010. Last, revenues from maintenance and other recurring services rose 18.1% in fiscal 2011 compared with fiscal 2010.

Home and Manufacturing sector revenues for fiscal 2011 were up 41.0% (\$0.7 million) and 69.3% (\$0.9 million), respectively, compared with the same period of 2010.

Revenues by Sector

The following table summarizes the changes in revenues by sector for the quarters and years ended October 31.

(In thousands of dollars, except percentages)	Years ended October 31,		
	2011	2010	Change
Home sector revenues prior to FX impact	35,754	36,354	(1.7%)
FX impact	441		
Home sector revenues	36,195	36,354	(0.4%)
Manufacturing sector revenues prior to FX impact	20,392	18,548	9.9%
FX impact	521		
Manufacturing sector revenues	20,913	18,548	12.8%
Office sector revenues prior to FX impact	11,609	10,331	12.4%
FX impact	-		
Office sector revenues	11,609	10,331	12.4%

Home sector – In fiscal 2011, Home sector revenues totaled \$36.2 million, down 0.4% from \$36.4 million in 2010.

In fiscal 2011, the combined increases in revenues from professional services and revenues from maintenance and other recurring services of 9.2% (\$0.5 million) and 2.6% (\$0.4 million), respectively, were fully offset by the 7.4% (\$1.1 million) decline in revenues from licenses and other recurring licenses, compared with fiscal 2010.

The weak U.S. economy resulted in a 7.4% decrease in Home sector revenues in North America. In Europe and particularly in France, Home sector revenues were up 4.5% while revenues from Brazil resulted in growth of close to 41.0% for this sector in the International market, compared with the year ended October 31, 2010.

Manufacturing sector – This sector reported solid growth in 2011, with revenues increasing 12.8% to \$20.9 million from \$18.5 million in 2010. In constant 2010 dollars, the increase amounts to \$1.8 million or 9.9%.

New manufacturing solution implementation projects resulted in a 22.2% or \$1.5 million increase in revenues from licenses and recurring licenses as compared with 2010. Revenues from professional services rose 20.4% or \$1.0 million compared with 2010. With respect to maintenance and other recurring service revenues, the European launch of inSight has garnered the attention of our existing manufacturing clients, prompting them to consider migrating to inSight. The short-term impact was that certain maintenance and update contracts were not renewed or were renewed only partially ahead of a planned migration, resulting in a \$0.1 million decline.

Manufacturing sector revenues grew across all regions: 69.3% in the International market, 10.4% in Europe, and 2.9% in North America.

Office sector – Since the beginning of fiscal 2011, following the launch of Visual Impression, this sector's revenues have steadily increased to \$11.6 million for the year compared with \$10.3 million in 2010, an increase of 12.4% or \$1.3 million.

Revenues rose across the board with licenses and recurring licenses totaling \$5.0 million in 2011, up 24.1% from \$4.0 million in 2010. Revenues from professional services and from maintenance and other recurring service revenues increased by 26.8% and 0.8%, respectively, in 2011, compared with 2010.

Cost of Revenues

Cost of revenues from license and recurring license sales consists primarily of:

- Cost of software products, including duplication, manuals and inserts, as well as packaging.
- Cost of resale of third-party products.
- Royalties payable on certain license sales to third parties whose technology is used by 20-20 software.

Cost of revenues from maintenance and other recurring services consists primarily of:

- Cost of personnel and other related costs incurred for customer support, and catalog design and maintenance.
- Cost of personnel assigned to Web services.

Cost of revenues from professional services consists primarily of:

- Cost of personnel, training, integration services and hardware and other related costs.
- Cost of personnel for the creation, updating and management of electronic catalogs.

Gross margin

	Years ended October 31,		
	2011	2010	Change
Gross margin on licenses and recurring licenses prior to FX impact	89.9%	90.3%	(0.4%)
FX impact	-		
Gross margin on licenses and recurring licenses	89.9%	90.3%	(0.4%)
Gross margin on maintenance and other recurring services revenues prior to FX impact	76.2%	78.7%	(2.5%)
FX impact	(0.3%)		
Gross margin on maintenance and other recurring services	75.9%	78.7%	(2.8%)
Gross margin on professional services prior to FX impact	26.9%	23.8%	3.1%
FX impact	(0.8%)		
Gross margin on professional services	26.1%	23.8%	2.3%
Total gross margin prior to FX impact	72.3%	73.8%	(1.5%)
FX impact	(0.3%)		
Total gross margin	72.0%	73.8%	(1.8%)

For the year ended October 31, 2011, the total gross margin stood at 72.0% compared with 73.8% for the same period in 2010. The foreign exchange effect was an insignificant 0.3% or \$0.5 million in constant 2010 dollars. The increase in revenues from professional services, which have a gross margin lower than other products, combined with stable revenues from maintenance and other recurring services contributed to the decline in overall gross margin in 2011 compared with 2010.

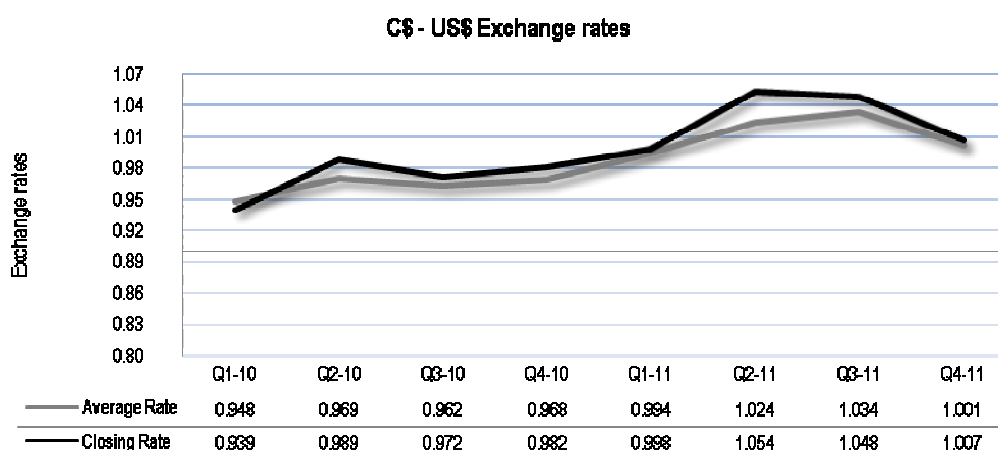
The breakdown of revenues from different sources had an impact on the overall gross margin. The table below shows the comparative percentages of revenues by type for the years ended October 31, 2011 and 2010.

Revenues by Type

	Years ended October 31,	
	2011	2010
License and recurring license revenues	38.7%	38.6%
Maintenance and other recurring services revenues	42.5%	44.3%
Professional services revenues	18.8%	17.1%

Revenues from licenses and recurring licenses accounted for 38.7% of total revenues in 2011, nearly matching the 2010 result. However, revenues from the resale of third-party licences were 28.5% more than in the previous fiscal year, leading to a decline in the gross margin on licences and recurring licenses to 89.9% in 2011 from 90.3% in 2010. The gross margin on revenues from maintenance and other recurring services fell slightly by 2.8% with revenues remaining relatively stable while costs increased at a typical rate. The professional services and maintenance services teams were reshuffled in the second half of 2010 as part of the continuous improvement of our customer service department, resulting in higher costs for maintenance services in 2011 compared with 2010. The 15.7% growth in revenues from professional services made a significant contribution to the improvement in the related gross margin to 26.1% in 2011 from 23.8% in 2010.

Foreign Exchange Impact on Costs, Operating Expenses and Financial Expenses



While the Company's measurement currency is the Canadian dollar, its presentation currency is the US dollar.

Unfavorable exchange rate fluctuations during the year ended October 31, 2011 had an impact on the Company's different costs, increasing direct costs, operating expenses and financial expenses by \$1.7 million in constant 2010 dollars, year over year. The Canadian dollar's appreciation against the US currency resulted in a \$1.1 million year-to-date increase in various costs while the unfavorable foreign exchange effect of European currencies amounted to \$0.6 million, consisting of \$0.5 million for the euro and \$0.1 million for the pound sterling.

Operating Expenses

Operating expenses include:

- **Sales and marketing expenses** – consisting primarily of costs related to sales, marketing and product management activities, including salaries and commissions paid to our sales force, fees paid to industry consultants, commissions paid to distributing agents and fees for shipping, advertising, telemarketing, trade shows and promotional items.
- **Research and development expenses** – consisting mainly of costs related to personnel and subcontractors for new product development, enhancement of existing products, quality assurance, documentation, and tools and equipment. Research and development expenses are reported net of applicable tax credits.
- **General and administrative expenses** – consisting primarily of costs related to general management, information technology, legal services, financial functions, human resources, legal and professional fees, insurance and other indirect head office overhead expenses.
- **Stock-based compensation expense** – consisting of the Company's contribution to share purchases under the Employee Share Purchase Plan ("ESPP"), the cost of stock-based awards to employees over the option vesting period, and the cost associated with deferred share units awarded quarterly to Company directors.
- **Restructuring charge** – consisting of non-recurring costs related to severance packages, external career transition costs and other costs related to workforce reduction.

Operating Expenses

Exchange Rate Impact on Operating Expenses (excluding restructuring expense)

(In thousands of dollars, except percentages)	Years ended October 31,		
	2011	2010	Change
Sales and marketing expenses prior to FX impact	19,229	17,731	8.4%
FX impact	536		
Sales and marketing expenses	19,765	17,731	11.5%
Research and development expenses prior to FX impact	11,322	12,399	(8.7)%
FX impact	295		
Research and development expenses	11,617	12,399	(6.3)%
General and administrative expenses prior to FX impact	13,673	12,970	5.4%
FX impact	477		
General and administrative expenses	14,150	12,970	9.1%
Stock-based compensation expense prior to FX impact	204	565	(63.9)%
FX impact	12		
Stock-based compensation expense	216	565	(61.8)%
Operating expenses prior to FX impact (excluding restructuring expense)	44,428	43,665	1.7%
FX impact	1,320		
Operating expenses (excluding restructuring expense)	45,748	43,665	4.8%

Exchange rate fluctuations in the year ended October 31, 2011 had a significant unfavourable impact of \$1.3 million. Operating expenses, excluding restructuring costs, amounted to \$45.7 million in 2011, up \$2.0 million from \$43.7 million in 2010. The increase in the workforce during the year combined with adjustments to labor costs led to a \$1.1 million rise in the salary expense. This increase is spread between marketing expenses (\$0.9 million) and general and administrative expenses (\$0.8 million) while the salary expense related to research and development declined by \$0.6 million. Higher revenues generated a \$0.5 million increase in the commission expense for the year ended October 31, 2011 compared with the same period of 2010. In fiscal 2011, the Company intensified its marketing efforts in trade fairs, resulting in a \$0.4 million increase in trade fair and travel expenses. As 20-20 personnel were used for marketing activities, consulting fees fell by \$0.3 million in 2011 compared with 2010. In 2011, the Company incurred legal fees of nearly \$0.3 million related to litigation with a competitor to protect its intellectual property. Some expenses decreased slightly in fiscal 2011 compared with 2010, including the doubtful account expense (\$0.1 million) and general expenses (\$0.1 million). The 2010 closure of the Rodez research and development subsidiary in France generated savings of \$0.2 million in fiscal 2011 compared with the previous year. The tax credits deducted from operating expenses increased by \$0.2 million in 2011 following an application made under a new government assistance program in Canada (Québec). The amortization expense, particularly with respect to research and development expenses, decreased by \$0.3 million in fiscal 2011 compared with fiscal 2010. Last, Deferred Share Units were remeasured to lower amounts in fiscal 2011, leading to a \$0.4 million decrease in the stock-based compensation expense compared with 2010.

Non-recurring Expenses Included in General and Administrative Expenses

During the year ended October 31, 2010, a minority shareholder requested a special meeting of shareholders, which resulted in additional costs of \$0.2 million. An amount of \$0.1 million related to this meeting held on December 21, 2010 was incurred during the first quarter of 2011. In January 2011, the Company negotiated a \$0.1 million out-of-court settlement related to an intellectual property.

Restructuring Costs

Following revenue growth in the Manufacturing sector in Europe, management decided to cancel part of its October 2010 restructuring plan. Accordingly, the restructuring provision for the year ended October 31, 2011 was reduced by \$0.2 million. However, in 2011, the Company restructured its sales and marketing operations under its strategic plan, leading to a restructuring expense of \$0.4 million in Canada and Europe.

Financial Expenses

(In thousands of dollars)	Years ended October 31,	
	2011	2010
Interest and bank charges	919	1,243
Foreign exchange loss	349	250
	1,268	1,493

Financial expenses for the year ended October 31, 2011 were down \$0.2 million to \$1.3 million from \$1.5 million in 2010. This decrease resulted from the \$0.5 million decline in the interest expense in 2011 following repayment of a significant portion of the long-term debt at the beginning of fiscal 2010. However, the repayments also led to lower interest income in the amount of \$0.2 million in 2011 compared with fiscal 2010. The change in the foreign exchange loss is mainly attributable to the loss on translation of subsidiaries' assets and liabilities into Canadian dollars in fiscal 2011 compared with 2010.

EBITDA

(In thousands of dollars, except percentages)	Years ended October 31,	
	2011	2010
Operating income (GAAP)	3,517	3,975
Non-recurring items	197	120
Restructuring costs	193	515
Amortization of property and equipment	1,246	1,268
Amortization of intangible assets	2,308	2,626
EBITDA	7,461	8,504
Margin (%)	10.9%	13.0%

EBITDA for the year ended October 31, 2011 amounted to \$7.5 million compared with \$8.5 million for the same period of 2010, a drop of \$1.0 million. The unfavourable foreign exchange impact of \$0.8 million in 2011 led to a 1.1% decline in EBITDA compared with 2010. Accordingly, in constant 2010 dollars, EBITDA fell to 12.0% in 2011 from 13.0% in 2010. The lower EBITDA stemmed from the 1.8% change in total gross margin in 2011 compared with 2010 and the increase in operating expenses resulting from larger workforce in fiscal 2011.

Human Resources

As at October 31, 2011, the Company had 540 full- and part-time employees in the following countries and regions:

As of October 31,	2011		2010	
	Number of employees	%	Number of employees	%
Canada	184	34.1	179	35.0
United States	87	16.1	85	16.6
United Kingdom	66	12.2	66	12.9
Germany	58	10.7	53	10.4
France	50	9.3	50	9.8
Other-Europe	7	1.3	8	1.6
Other-Worldwide	88	16.3	70	13.7
	540	100	511	100

Liquidity

The Company's operations are funded by cash flows from operating activities and credit facilities. As at October 31, 2011, cash and cash equivalents totaled \$11.4 million compared with \$14.7 million as at October 31, 2010. The following table summarizes cash inflows and outflows for the years ended October 31, 2011 and 2010.

(In thousands of dollars)	Years ended October 31,		
	2011	2010	Change
Cash flows before working capital items	4,894	5,597	(703)
Working capital items	(2,699)	(2,718)	19
Cash flows from operating activities	2,195	2,879	(684)
Cash flows used in investing activities	(2,052)	(1,624)	(428)
Cash flows used in financing activities	(3,840)	(10,772)	6,932
FX impact on cash and cash equivalents	378	977	(599)
Net decrease in cash and cash equivalents	(3,319)	(8,540)	5,221

Cash flows from operating activities

Cash flows from operating activities decreased to \$2.2 million in fiscal 2011 from \$2.9 million for the same period of 2010, primarily due to the \$1.0 million decline in net earnings for the fiscal year. Cash flows from operating activities related to working capital items decreased slightly in fiscal 2011, by under \$0.1 million, compared with 2010. As always, changes in inflows and outflows of working capital items related to accounts receivable and accounts payable and in deferred revenues had a significant impact on cash flows from (used in) operating activities.

Cash flows used in investing activities

Cash flows used in investing activities totaled \$2.1 million in fiscal 2011 compared with \$1.6 million for the same period in 2010. The intangible assets acquired in fiscal 2011 included a large amount (\$1.0 million) in Europe and in the U.S. for the intellectual property of a software solution that was already integrated into one of our products. Additions to property and equipment used cash flows in the amount of \$0.9 million for the fiscal year, down \$0.1 million compared with investments made during fiscal 2010. The \$0.1 million amount recorded under business acquisition represents the purchase price for 49% of 20-20 Icovia Inc. shares—a transaction that took place in September 2010. Last, a loan of \$0.7 million had been made to a strategic partner in fiscal 2010.

Cash flows used in financing activities

Cash flows of \$3.8 million were used in financing activities during the year ended October 31, 2011 compared with \$10.8 million for fiscal 2010. This change is attributable to significant repayments made on the long-term debt of \$11.9 million in 2010 compared with \$4.3 million in 2011. Other reasons underlying the change were the share repurchase in 2011 by the Company under the existing bid which amounted to \$0.4 million more than in the previous year; the \$0.1 million repayment of a bank loan by a subsidiary in 2011; and the \$0.2 million decrease in long-term debt disbursements compared with fiscal 2011.

Capital Resources

Consolidated Balance Sheet Data

(In thousands of dollars)	Years ended October 31,	
	2011	2010
Cash and cash equivalents	11,362	14,681
Working capital (including deferred revenues)	3,563	4,760
Total assets	108,713	109,036
Deferred revenues	12,057	11,774
Long-term debt (including current portion)	4,709	7,543
Total shareholders' equity	76,285	73,373

Our cash holdings, bank line of credit and cash flows generated from operations are sufficient to fund the Company's growth.

Working capital was down \$1.2 million to \$3.6 million as at October 31, 2011 from \$4.8 million as at October 31, 2010, mainly due to the following:

- \$3.3 million change in cash and cash equivalents, stemming primarily from significant reduction of long-term debt by an amount of close to \$2.8 million since November 2010;
- Investments totaling \$1.9 million in intangible assets and property and equipment in 2011;
- \$1.2 million increase in accounts receivable combined with a \$0.3 million increase in deferred revenues resulting from revenue growth in the fourth quarter of 2011 compared with the same period in 2010;
- \$0.7 million decrease in the current portion of long-term debt in fiscal 2011 compared with the same period in 2010.

Contractual Obligations

The Company has contractual obligations with various maturity dates. These obligations are mainly related to leases of office space, IT equipment or vehicle rentals for certain representatives abroad.

During the fiscal year, the Company amended the lease for head office premises, extending it for an additional ten years.

The table below shows the minimum amounts payable over the next few years.

	Years ended October 31,	
	Operating leases	Long-term debt
2012	2,460	2,134
2013	2,271	1,214
2014	1,266	1,158
2015	1,017	276
2016	627	-
2017 and thereafter	5,887	-

Balance Sheet and Financial Position

Changes in balance sheet items as at October 31, 2011 compared with October 31, 2010 resulted mainly from the change in the Canadian dollar exchange rate with the US dollar exchange rate.

Accumulated other comprehensive income included in shareholders' equity rose \$1.8 million, due primarily to the increase in the value of net assets denominated in Canadian dollars on translation into US dollars for presentation purposes. The exchange rate used to translate balance sheet items from the measurement currency, the Canadian dollar, to the presentation currency, the US dollar, was \$1.007 as at October 31, 2011 compared with \$0.982 as at October 31, 2010. The main items contributing to the increase are the translation of: (i) \$1.6 million in goodwill; (ii) \$0.5 million in accounts receivable; (iii) \$0.4 million in cash and cash equivalents; and (iv) \$0.2 million effect on tangible and intangible assets. These increases were partially offset by decreases of: (i) \$0.3 million in deferred revenues; (ii) \$0.3 million in accounts payable and income taxes payable; and (iii) \$0.2 million in long-term debt including the current portion.

Off Balance Sheet Arrangements

The Company's off balance sheet arrangements comprise operating leases which are deemed to have been entered into in the normal course of business. The Company has no other off balance sheet arrangements and does not anticipate entering into any such arrangement other than in the normal course of business.

Share Capital

The Company is authorized to issue an unlimited number of common and preferred shares without par value. Common shares are voting and participating. Preferred shares may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors of the Company at the time such class is created.

Common Share Data

	Issued and outstanding as at	
	October 31, 2011	January 19, 2012
Common shares ⁽¹⁾	18,817,192	18,762,792
Stock options	825,134	825,134
Warrants	102,459	102,459

(1) Shares repurchased under the normal course issuer bid but not yet cancelled have not been deducted.

Normal course issuer bid: The Company announced its intention to purchase for cancellation purposes by way of a normal course issuer bid (the "Bid") some of its common shares, beginning on April 1, 2011 and ending on March 31, 2012. The Company may repurchase for cancellation purposes up to 946,089 common shares over a maximum period of 12 months, which represents approximately 5% of its 18,921,792 shares issued and outstanding as at March 29, 2011. The consideration payable by the Company for these common shares under the Bid is their market value at the time of repurchase.

During the year ended October 31, 2011, 133,900 shares were repurchased for a total cash consideration of \$407,000. A total of 29,300 repurchased shares had not been cancelled as at October 31, 2011 but were cancelled subsequently. Also, the 25,100 shares repurchased since October 31, 2011 had not been cancelled as at January 19, 2012.

Related Party Transactions

For the year ended October 31, 2011, consulting fees totalling \$75,000 were incurred in respect of Desjardins Securities, a shareholder of the Company. These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Comparative Quarterly Financial Data

The following quarterly information is presented on the same basis as the audited consolidated financial statements and all necessary adjustments have been included in the following amounts to fairly present the unaudited quarterly results which should be read in conjunction with our audited consolidated financial statements and the accompanying notes. Quarterly operating results are not necessarily representative of future period results.

Certain factors give rise to quarterly variances which may not be reflective of the Company's future performance, such as:

- Seasonality and quarterly performance are affected by events such as vacation time, major trade shows and the number of statutory holidays in a given quarter.
- The workflow from certain clients may vary from quarter to quarter based on their business cycles and the seasonality of their own operations.
- The foreign exchange impact factors into changes from quarter to quarter, and this variability may increase as the percentage of revenues and monetary assets denominated in foreign currencies increases.
- Cash flows related to operating activities may vary significantly from quarter to quarter due to the timing of monthly payments from large clients, cash requirements for major acquisitions and outsourcing contracts, and the timing of various refundable tax credits.

Financial Analysis for the Fourth Quarter of 2011

↑ Revenues up 7.3%	↑ EBITDA ⁽¹⁾ of \$2.3 million or 13.0% of revenues	↓ Net earnings of \$0.3 million (1.6%) or \$0.02 per share
During the last quarter of the year, revenues rose 7.3% to \$17.9 million from \$16.7 million compared with the same period of 2010 including a favorable European exchange difference. In constant 2010 dollars, the increase was 5.4%.	EBITDA for the fourth quarter of 2011 totaled \$2.3 million (13.0%) compared with \$1.8 million (10.9%) for the same period of 2010.	Net earnings for the fourth quarter of 2011 amounted to \$0.3 million (\$0.02 per share) compared with \$0.7 million (\$0.04 per share) for the corresponding period of 2010. A \$0.3 million valuation allowance pertaining to the future income taxes of our French subsidiary was recorded in 2011.
⁽¹⁾ EBITDA is a non-GAAP measure for which we provide reconciliation on page 19.		

Revenue Analysis

The following table summarizes the impact of foreign exchange rate changes on revenues between 2011 and 2010:

(In thousands of dollars, except percentages) (Unaudited)	Quarters ended October 31,		
	2011	2010	Change
Revenues	17,881	16,668	7.3%
FX impact			1.9%
Change at constant exchange rates			5.4%

The following table summarizes the changes in revenues by type for the fourth quarter ended October 31, 2011 compared with the same period of 2010.

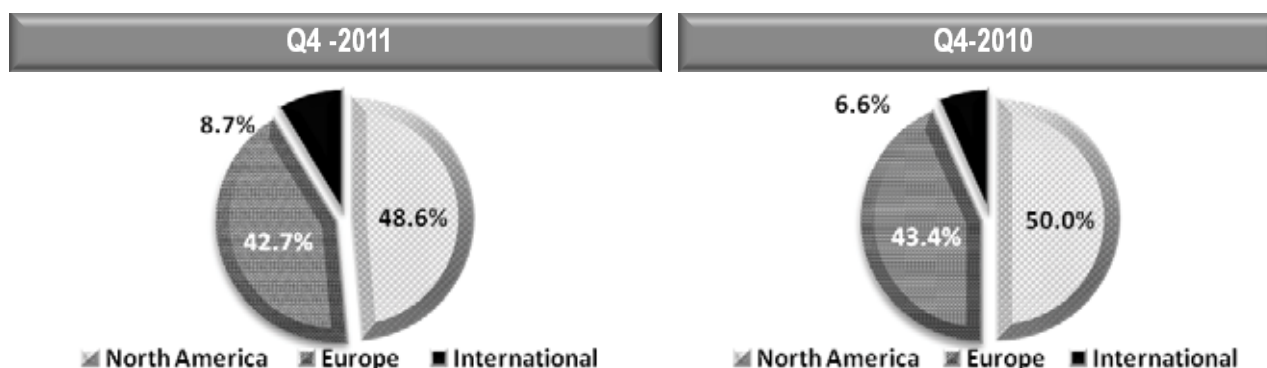
Revenues by Type

(In thousands of dollars, except percentages) (Unaudited)	Quarters ended October 31,		
	2011	2010	Change
License revenues	5,500	5,353	2.7%
Recurring license revenues	1,460	1,328	9.9%
Maintenance and other recurring services revenues	7,226	6,865	5.3%
Professional services revenues	3,695	3,122	18.4%
Total revenues	17,881	16,668	7.3%

During the last quarter of 2011, several new European clients, in particular, entered into agreements in the Manufacturing sector, which boosted revenues by 7.3% to \$17.9 million from the same period of 2010. The integration of these solutions sparked greater demand for professional services, which translated into year-over-year growth of 18.4% in this revenue type for the last quarter of 2011. During the fourth quarter of 2011, license revenues rose 2.7% (0.9% in constant dollars) to \$5.5 million from \$5.4 million for the same period of 2010. Revenues from recurring licenses were up 9.9% for the last quarter of 2011, totalling \$1.5 million compared with \$1.3 million for the corresponding period of 2010. Due to rate increases in 2011, revenues from maintenance and other recurring services for the fourth quarter grew 5.3% to \$7.2 million from \$6.9 million year over year. All regions logged growth in the fourth quarter of 2011: 4.2% in North America (\$0.4 million), 5.7% in Europe (\$0.4 million) and 40.8% in the International market (\$0.4 million). In North America, the Office and Manufacturing sectors posted growth of 8.4% and 45.5%, respectively, while the Home sector recorded a 6.3% decline in revenues compared with the same period of 2010. In Europe, as previously mentioned, the Manufacturing sector was the main growth driver in the region with its 11.6% increase in revenues compared with the same period of 2010, while the Home sector was relatively stable. In the International market, Home sector revenues for the fourth quarter of 2011 rose 76.0% to \$1.1 million from \$0.6 million for the same period of 2010, while the Manufacturing sector edged slightly lower, reporting a 3.6% decline.

Revenues by Geographic Location

Geographic breakdown in revenues – Quarters ended October 31



Gross Margin

(Unaudited)	Quarters ended October 31,		
	2011	2010	Change
Gross margin on licenses and recurring licenses	89.8%	88.6%	1.2%
Gross margin on maintenance and other recurring services	72.4%	78.0%	(5.6%)
Gross margin on professional services	33.1%	25.6%	7.5%
Total gross margin	71.0%	72.4%	(1.4%)

Aggregate gross margin for the last quarter of 2011 fell to 71.0% from 72.4% for the same period of 2010. The narrower margin resulted from higher labor costs arising from improvements across all professional services. Gross margin on revenues from licenses and recurring licenses increased 1.2% in the fourth quarter of 2011, owing to a higher percentage of proprietary versus third party license revenues compared with the same period of 2010. As of the third quarter of 2010, the reorganization of professional services, and maintenance and other recurring services resulted in employees shifting between these groups, triggering cost transfers and changes in their respective margins. In addition, revenue growth in professional services for the fourth quarter of 2011 pushed up year-over-year gross margin on these services by 7.5%. Generally, aggregate gross margin for professional services, and maintenance and other recurring services slipped to 59.1% from 61.6%, owing to increased labor costs and higher staffing levels required to expand capacity in professional services.

Operating Expenses

Exchange Rate Impact on Operating Expenses (excluding restructuring expense)

(In thousands of dollars, except percentages)	Quarters ended October 31,		
(Unaudited)	2011	2010	Change
Sales and marketing expenses prior to FX impact	4,548	4,839	(6.0%)
FX impact	110		
Sales and marketing expenses	4,658	4,839	(3.7%)
Research and development expenses prior to FX impact	2,917	3,066	(4.9%)
FX impact	62		
Research and development expenses	2,979	3,066	(2.8%)
General and administrative expenses prior to FX impact	3,618	3,235	11.8%
FX impact	80		
General and administrative expenses	3,698	3,235	14.3%
Stock-based compensation expense prior to FX impact	23	207	(88.9%)
FX impact	1		
Stock-based compensation expense	24	207	(88.4%)
Operating expenses prior to FX impact (excluding restructuring expense)	11,106	11,347	(2.1%)
FX impact	253		
Operating expenses (excluding restructuring expense)	11,359	11,347	0.1%

For the fourth quarter of 2011, operating expenses were relatively flat year over year. The unfavorable exchange effect (2.2%) resulted primarily from the Canadian dollar's 5.22% appreciation against the US currency in the fourth quarter of 2011 compared with the same period of 2010. Higher sales in the fourth quarter of 2011 generated a \$0.1 million increase in commissions paid compared with the last quarter of 2010. Year over year, research and development tax credits for the final quarter of 2011 were down \$0.2 million. In the fourth quarter of fiscal 2011, the allowance for doubtful accounts was reduced by \$0.1 million compared with the corresponding period of 2010. Lastly, the decline in the expenses incurred owing to rent payable and to employee transfers to professional services led to \$0.2 million in savings for the fourth quarter of 2011 compared with the same period of 2010.

EBITDA

(In thousands of dollars, except percentages)	Quarters ended October 31,	
(Unaudited)	2011	2010
Operating income (GAAP)	954	211
Non-recurring items	-	120
Restructuring expense	391	515
Amortization of property and equipment	403	332
Amortization of intangible assets	571	645
EBITDA	2,319	1,823
Margin (%)	13.0%	10.9%

EBITDA for the last quarter of 2011 amounted to \$2.3 million compared with \$1.8 million for the same period last year, an increase of \$0.5 million or 2.1% of revenues. EBITDA growth was mainly driven by a larger revenue base in the fourth quarter of 2011 than in the same period of 2010. The year-over-year foreign exchange difference did not result in any significant changes for the quarter.

Comparative Quarterly Financial Data

(In thousands of dollars, except per share data)

(Unaudited)	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	17,881	17,409	16,950	16,477	16,668	14,806	17,155	16,604
Profitability								
Gross margin	12,704	12,571	12,393	11,790	12,073	10,833	12,913	12,336
Gross margin (%)	71.0%	72.2%	73.1%	71.6%	72.4%	73.2%	75.3%	74.3%
EBITDA ⁽¹⁾	2,319	1,632	1,668	1,842	1,823	1,410	2,730	2,541
EBITDA (%)	13.0%	9.4%	9.8%	11.2%	10.9%	9.5%	15.9%	15.3%
Net earnings	292	403	237	393	714	840	273	462
Net earnings (%)	1.6%	2.3%	1.4%	2.4%	4.3%	5.7%	1.6%	2.8%
Earnings per share ⁽²⁾								
Basic and diluted earnings per share	\$0.02	\$0.02	\$0.01	\$0.02	\$0.04	\$0.05	\$0.01	\$0.02
Balance sheet								
Total assets	108,713	115,469	115,712	116,060	109,036	115,797	121,256	120,279
Total long-term liabilities	5,059	5,274	4,404	6,669	7,822	14,238	16,396	18,116

(1) EBITDA is a non-GAAP performance measure for which we provide reconciliation on page 19.

(2) See Note 7 to the audited consolidated financial statements for further details regarding the calculation of earnings per share.

7. Responsibilities, Controls and Accounting Policies

Management's Responsibility for Financial Reporting

Management assumes the responsibility for maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Board of Directors' duties include assessing the integrity of the Company's internal control and information systems. The Company's disclosure policy aims to raise awareness of 20-20's approach to disclosure among the Board of Directors, senior management and employees.

The Company's Audit Committee consists entirely of independent directors who meet the independence and experience requirements under Canadian securities regulation. The responsibilities of the Audit Committee include:

- Reviewing all of the Company's public disclosure documents containing audited or unaudited financial results;
- Reviewing and assessing the effectiveness of our accounting policies and practices concerning financial reporting;
- Reviewing our internal control procedures and policies and assessing their adequacy and effectiveness;
- Reviewing the adequacy of our internal audit resources or internal audit consultants including the internal audit mandate and objectives;
- Submitting recommendations to the Board of Directors regarding the appointment of external auditors, ensuring the external auditors' independence, reviewing the terms of their engagement and pursuing ongoing discussions with them;
- Reviewing the audit procedures and program;
- Assuming such other responsibilities explicitly attributed to the Audit Committee by the Company's Board of Directors.

The Company evaluated the effectiveness of its disclosure controls and procedures, supervised by and with the participation of the CEO and CFO as of October 31, 2011. The CEO and CFO concluded, based on this evaluation, that disclosure controls and procedures were effective and appropriate and provided reasonable assurance that material information related to the Company and its consolidated subsidiaries would be made known to them by other individuals in those entities.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The CEO and CFO have evaluated whether the Company made changes to internal control over financial reporting during the year ended October 31, 2011 that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

At the end of the Company's 2011 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, the CEO and CFO have determined that the Company's internal control over financial reporting as at October 31, 2011 was effective.

Critical Accounting Estimates

The Company's significant accounting policies are described in Note 2 to the October 31, 2011 audited annual consolidated financial statements. The preparation of the consolidated financial statements under GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

An accounting estimate is considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made, if different estimates could reasonably have been used in the period, or changes in the accounting estimates that are reasonably likely to occur, could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated Balance Sheets	Consolidated Statements of Earnings			
		Revenues	Cost of revenues and operating expenses	Amortization and impairment	Income taxes
Goodwill	X			X	
Income taxes	X				X
Contingencies and other liabilities	X		X		
Revenue recognition	X (a)	X			
Stock-based compensation	X		X		
Investment tax credits and other government programs	X		X		
Impairment of long-lived assets	X			X	

(a) Includes accounts receivable, contracts in progress and deferred revenue

Goodwill – Goodwill is tested for impairment at least annually or when events or changes in circumstances exist such that the carrying amount may not be recoverable. Impairment testing requires a comparison of the fair value of the reporting unit to its carrying amount. The Company considers that it carries out its operations through a single reporting unit. Accordingly, the estimate of fair value of the reporting unit is based on a discounted cash flow analysis using management approved key assumptions such as future cash flows, growth forecasts, terminal values, discount rates and industry data. Any change in the estimates used could have a material impact on the calculation of fair value and the resulting impairment charge. Significant changes in the estimates and assumptions used in goodwill impairment testing will not impact cash flows generated from the Company's operations.

Income taxes – The Company measures income tax assets and liabilities, both current and future, according to enacted or substantively enacted income tax legislation that is expected to apply when the asset is realized or the liability settled. The applicable income tax legislation and regulations are subject to the Company's interpretation. An assessment of the ultimate realization of the future income taxes generated from temporary differences between the carrying amount and the tax value of assets and liabilities as well as tax losses carried forward is performed regularly. To determine whether it is more likely than not a future tax asset will be realized, the Company must estimate its future taxable income. The ultimate amount of future income taxes and income tax provisions could be materially different from those recorded on the balance sheet, as it is influenced by the Company's future operating results and its interpretations of tax laws.

Contingencies and other liabilities – The Company accrues for costs incurred to restructure and for other liabilities requiring significant judgment. Contingencies for pending or threatened litigation, guarantees and other possible liabilities involve uncertainty as to possible gain or loss to the Company that will ultimately be resolved when one or more future events occur or fail to occur. Resolution of the

uncertainty may confirm the reduction of a liability or the occurrence of a liability. The accrued liabilities are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances.

Revenue recognition – The major part of our revenues is recognized using criteria that do not require us to make significant estimates. However, the Company provides services containing other pricing mechanisms such as fixed-price arrangements under the percentage-of-completion method. The percentage-of-completion method requires estimates of costs and profits over the entire term of the arrangement, including estimates of resources and costs necessary to complete performance. Further, if total costs from a contract are more likely than not to exceed the total revenue from the contract, then a provision for the probable loss is made in the period in which the loss first becomes evident. Revenues from professional services are recognized only to the extent it can be predicted, with reasonable certainty, that the benefit stream will generate amounts sufficient to fund the value on which revenue recognition is based. Another assessment, related to a contract which involves the provision of multiple-service elements, is to determine whether the total estimated contract revenue that is allocated to each element is based on the relative fair value, internal estimates or vendor specific objective evidence of each element. Revenues are then recognized for each element as for single-element contracts.

Management regularly reviews arrangement profitability and the underlying estimates. Estimates of total revenue at the start of the contract may differ materially from actual revenue generated due to volume variations, changes in technology and other factors which may not be foreseen at inception.

Stock-based compensation – The Company accounts for its stock option plan in accordance with *CICA Handbook* Section 3870, *Stock-based Compensation and Other Stock-based Payments*. Pursuant to the recommendations of this section, the Company has elected to use the Black-Scholes valuation model to value the options granted as part of its share-based payment transactions. The variables in the model include, but are not limited to: the expected stock price volatility over the term of the awards, expected forfeitures, the expected life of the options and the risk-free interest rate.

In addition, the Company has a Deferred Share Unit (DSU) plan under which, at the end of each quarter, an amount of DSUs equal to the number of shares purchased on the open market for a dollar amount equal to the elected deferral amount is credited to an account the Company will maintain for each director. The account balance is remeasured monthly using the share value on the open market. Different assumptions and changes in circumstances could cause material differences in our results of operations.

Management must estimate whether performance measures tied to Executive Committee members' long-term compensation plan will be met. If the assumptions on which the estimate is based were to change, it could give rise to changes in operating results.

Investment tax credits and other government programs – The Company receives refundable tax credits on salaries and tax credits on research and software development costs, which meet the criteria of investment tax credits and government programs. The Company is subject to annual audits to verify the amount for which it is entitled and whether it operates eligible activities under the terms of various government tax credit programs. The Company periodically assesses the eligibility and recoverability of expenses for tax credits and its operational compliance with the criteria set by government programs.

Impairment of long-lived assets – The Company tests the recoverability of long-lived assets, such as intangibles and property and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For software licenses and client and distributor relationships, estimates and assumptions include determining the appropriate period over which to amortize the capitalized costs based on the estimated useful lives and estimating the related future cash flows, and assessing these against the unamortized balances. For internal-use software and property and equipment, the appropriate amortization period is based on estimates of the Company's ability to utilize these assets on an ongoing basis. To assess the recoverability of capitalized software costs, the Company must estimate future revenues, costs and future cash inflows and outflows. Changes in the estimates and assumptions used in long-lived assets impairment testing will not impact the cash flows generated by the Company's operations.

Accounting information

New accounting methods – The Company did not adopt any changes in accounting policies during the year ended October 31, 2011 and no new accounting policies became effective during said fiscal year.

Future changes in accounting policies – Based on the information currently available, the Company considers that there are no future changes in accounting policies that will have an impact on the Company's next financial statements, except for the adoption of International Financial Reporting Standards (IFRS) that the Company will adopt for fiscal 2012.

IFRS Conversion

The Canadian Accounting Standards Board has confirmed that Canadian publicly accountable enterprises will be required to use International Financial Reporting Standards ("IFRS") in the preparation of their financial statements for fiscal years beginning on or after January 1, 2011. As of that date, IFRS will replace Canadian GAAP for those companies. The Company will adopt IFRS for fiscal 2012 and

report its consolidated financial statements under IFRS, including the comparative figures for fiscal 2011 using the same reporting standards.

In order to issue its first consolidated financial statements under IFRS, as of the first quarter of fiscal 2012, including the initial comparative opening balance sheet as at November 1, 2010, which is the transition date, the Company has prepared an IFRS conversion plan consisting of several phases:

1) Diagnostic	In-depth analysis of differences between GAAP and IFRS, and identifying the main differences that could impact the Company.
2) Detailed impact assessment	Review of the various options for IFRS adoption and detailed impact assessment of the differences. Documenting and assessing accounting policy choices, new disclosures, and quantitative impact evaluations, if applicable.
3) Design and planning	Selection of accounting policies and exemptions, if any. Assessing the impacts on the Company's information systems and internal controls.
4) Developing solutions and implementation	Implementation plan and developing solutions for implementing the conversion plan.

Quarterly updates of the conversion project status are provided to the Audit Committee. With the assistance of external consultants, we have completed the first phase—Diagnostic—and have identified the main differences between GAAP and IFRS that could have an impact.

Implementation of the plan as a whole has been practically completed. Based on its initial assessment and in-depth analysis, the Company has identified the following list of International Accounting Standards Board pronouncements that differ from Canadian GAAP and that could impact the Company's consolidated financial statements. The list should not be construed as a comprehensive list of changes that will result from transition to IFRS, but rather highlights those areas of accounting differences the Company currently believes to be most significant. This list is subject to change following potential changes to IFRS before the Company's first consolidated financial statements are issued under these reporting standards.

Significant accounting differences between Canadian GAAP and IFRS

Foreign exchange translation
<p>IAS 21, <i>The Effects of Changes in Foreign Exchange Rates</i>, requires an operation to determine its functional currency in accordance with the standard and translate all foreign currency items into its functional currency. Canadian GAAP, on the other hand, requires a company to classify each foreign operation as integrated or self-sustaining operations. The Company then translates the financial statements using the temporal method for integrated operations and the current rate method for self-sustaining operations.</p> <p>While similar to those under Canadian GAAP, the indicators used in determining the functional currency of a foreign operation under IAS 21 are based on a hierarchy of criteria used in analyzing the transactions carried out in the primary economic environment of that operation. Currently under Canadian GAAP, management has determined that all group subsidiaries use the Canadian dollar as their functional currency. Management's preliminary analysis indicates that under IFRS, several foreign subsidiaries will change their functional currency to their local currency. Note that the presentation currency of the consolidated financial statements will remain the US dollar.</p> <p>Accordingly, exchange gains on translation into the presentation currency of foreign operations with a functional currency other than the functional currency of the parent company will be recognized as foreign currency translation adjustment ("CTA") through accumulated other comprehensive income in the statement of shareholders' equity.</p> <p>The change in the functional currency of several subsidiaries will result in certain assets being remeasured to lower amounts, such as intangibles and goodwill for an estimated total of \$11 million on the transition date.</p> <p>IFRS 1 allows a first-time adopter on its day of transition to record its CTA from all its foreign operations to retained earnings and reset the CTA balance to nil. The Company has decided to make this election.</p>
Impairment of assets (IAS 36)
<p>Canadian GAAP impairment testing involves two steps, the first of which compares the long-lived asset carrying values with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying values are written down to estimated fair value. IAS 36, <i>Impairment of Assets</i>, uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). Under Canadian GAAP, goodwill is tested for impairment by comparing the carrying amount of the</p>

reporting unit(s) to which it is allocated, including the allocated goodwill, to the fair value of the reporting unit(s). If the fair value is less than the carrying amount of the reporting unit(s), then an impairment loss is calculated. The impairment loss is measured as the difference between the implied fair value of the goodwill and its carrying amount. The implied fair value of the goodwill is determined based on the value that would be ascribed to goodwill if the reporting unit(s) was acquired in a business combination. Under IFRS, goodwill is allocated to the Company's cash generating units (CGUs) and is always tested for impairment at the level of a CGU or groups of CGUs. An impairment loss is recognized if a CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use, which is based on the net present value of future cash flows. The impairment loss equals the amount of this excess.

The Company has determined that a sole cash generating unit (CGU) will be used for impairment testing purposes. In addition, the Company calculated the estimates of its CGU's recoverable amount as at November 1, 2010 and October 31, 2011, respectively, and concluded that there was no difference to be recognized that would impact the respective balances.

Share-based payment

With respect to compensation costs for stock options, IFRS require the use of the graded vesting method for grants with vesting periods greater than one year. Under IFRS, for grants of options exercisable in tranches, each tranche must be treated as a separate grant with a different market value. The Company will need to retroactively apply IFRS to any unvested grant options on transition. As with other sections, we will also expand our disclosure to meet IFRS standards. The difference is currently expected to have a trivial impact on the Company's financial statements.

Provisions

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. "Probable" in this context means more probable than improbable. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely," which is a higher threshold than "probable." Therefore, it is possible that there may be some provisions or contingent liabilities that would meet the recognition criteria under IFRS that were not recognized under Canadian GAAP. Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low-end of the range), and the requirement under IFRS for provisions to be discounted where material. Management is currently quantifying the impact of this change on the Company's consolidated financial statements, but it is not currently expected to be significant.

Leases

We do not see a material impact to our financial statements outside of enhanced disclosure. Unlike GAAP today, when classifying capital leases (or "finance leases") under IFRS, management must apply more judgment due to the lack of quantitative thresholds. IFRS includes additional qualitative indicators that assist in determining lease classification. After our review during the detailed assessment phase, we concluded that we had no specific classification issues. When quantifying the value of a finance lease, IFRS requires the use of the interest rate implicit in the lease. This differs from current GAAP in that the rate to use is the lower of the incremental borrowing rate and the implicit rate of the lease. No adjustment will be made to our opening balance sheet on the transition date since the amount is immaterial.

Financial instruments

We do not foresee any material impact in terms of recognition and financial reporting. There are certain differences between current GAAP and IFRS for the definition of the classification of financial assets and financial liabilities. This difference could have an impact on the classification currently being made by the Company and on the value of the financial assets and liabilities under current GAAP. However, the difference is not currently expected to be significant.

Property and equipment

We have assessed IFRS against current GAAP and have not identified any major impact to our financial statements outside of additional disclosure. We do not expect any modifications to the groupings of our major assets. Management will continue to use historical cost as its measurement basis and will assess indicators of impairment if a triggering event occurs.

Revenue (IAS 18)

The applicable revenue recognition standards under IFRS are of particular significance to the Company's financial reporting. In order to harmonize its revenue recognition policy with trends in industry practice at similar companies, the Company will adopt a change in accounting policy for the recognition of revenues from recurring licenses. Since this type of revenue represents the granting of time-limited usage rights (normally for a 12-month period) in respect of certain software products, such revenue will now be recognized based on the expected period of the usage rights, whereas the current policy is to recognize such revenue when the right is granted.

Management is currently quantifying the impact of this change on the Company's consolidated financial statements as at the transition date and for the comparative period, but it is not currently expected to be significant.

Consolidation

We have not identified any material impact to our financial statements. Group entities apply the same accounting policies and reporting periods as the parent company.

The Company intends to avail itself of the optional IFRS exemption to not reclassify prior business acquisitions on transition.

Government grants

No accounting impact is expected under IFRS for government grants as IAS 20 permits substantially the same accounting treatment as current GAAP. As a result, the Company will not have any additional disclosure requirements.

Presentation of financial statements (IAS 1)

A number of financial statement presentation differences exist between IFRS and Canadian GAAP, including but not limited to, the classification of the statement of earnings by nature or function. The Company addressed these presentation differences while preparing its draft IFRS financial statements throughout 2011. The Company has made significant progress in the preparation of its draft IFRS financial statements and related note disclosures to reflect the revised presentation and disclosure requirements under IFRS. The Company will present its financial statements in accordance with the presentation standards required under IFRS as of the first quarter of fiscal 2012.

Information technology and data systems

To date, the Company has not identified any material system impact as it converts to IFRS.

Internal control over financial reporting

The Company has concluded that internal controls applicable to its reporting processes under current GAAP are fundamentally the same as those required in its IFRS reporting environment.

Disclosure controls and procedures

The Company is currently implementing the appropriate controls and procedures to ensure additional information can be gathered and reported on. As communicated earlier, our financial statement note disclosures will be expanded. The working team is also producing a draft of our first set of interim financial statements under IFRS. Documentation will be substantially amended, including accounting policy disclosures.

8. Risks and Uncertainties

Management is confident regarding the Company's long-term prospects, but the Company must take into account the risks and uncertainties described below, which could have an impact on its capacity to achieve its growth objectives. The following factors should be taken into consideration when assessing the Company's future prospects as an investment.

Economic Risks

Current economic conditions – An economic slowdown could cause demand for our products to decline. Growth in our clients' businesses is affected by the economic environment and could therefore have an impact on the Company's operating results. We can neither predict the impact current economic conditions will have on our future results, nor predict when the economy will show meaningful improvement. During this period of economic instability, our existing and potential clients might reduce or delay purchases or projects or defer contracts currently underway. This situation could also lead to greater delays and defaults in payments or debt collection, resulting in lower operating results. Because of lower sales and contracts during an economic slowdown, competition increases and prices might be reduced by certain competitors to maintain or expand their market share. Our pricing and profitability could be adversely affected as a result of such factors.

Foreign exchange risk – A substantial portion of our revenues are earned in US dollars while a substantial portion of our operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on our business, financial position and operating results. With respect to other currencies such as the euro and the pound sterling, however, we have a natural hedge since most revenues and expenses are incurred in the same currency. Our policy is to hedge a portion of our foreign exchange exposure to minimize the impact of adverse foreign exchange movements. However, we do not entirely hedge exposure to foreign currencies. In addition, the use of forward contracts to hedge our foreign exchange exposure carries risk and could limit our gains, or result in a loss.

In addition to the exposure identified above which affects operating income due to variations in operating expenses and cost of sales denominated in Canadian dollars, the Company is exposed to unrealized exchange gains and losses with respect to the translation of monetary assets and liabilities held in currencies other than the Canadian dollar. For the Canadian dollar, our measurement currency, the largest exposure is with respect to the US dollar.

Capacity to attract and retain personnel – To ensure success for the Company, management and key technical personnel must have sound knowledge of products, the industry, clients and the market. Against the current economic background, the Company must be able to retain its key personnel and attract new employees for continued growth. Personnel are currently spread across the world according to the products and markets. With such decentralization of human capital, the Company can better manage its growth and reduce the risk of exposure to a single market. The IT labor market is highly competitive and we may not be able to hire and retain the employees we need and, as a result, the Company may have to resort to subcontractors, which would have an impact on our operating margins.

International activities – We currently conduct operations in Canada, the United States, Europe, Latin America, Asia, Africa and the Middle East. We intend to continue to expand our international operations and to increase the proportion of our revenues from outside North America. These operations require significant management attention and financial resources while subjecting us to risks inherent in doing business internationally. Our failure to properly comply or address any of the above factors could greatly mitigate the success of our international operations and have a material adverse effect on our operating performance and financial condition.

Transfer pricing risk – We conduct business operations through subsidiaries in various jurisdictions. Certain of these subsidiaries provide products and services to, and may from time to time undertake certain significant transactions with, other of our subsidiaries in different jurisdictions. Our method for determining transfer pricing is well documented and supported. Our future earnings and cash may be adversely affected if any of the taxation authorities in these various jurisdictions were successful in challenging our documentation and transfer pricing policies.

New economy centre tax credit program and e-business development credit – The new economy centre ("CNE") program offers tax incentives to companies that conduct their business activities in CNE-designated buildings in Québec. As a result of the June 12, 2003 Québec budget, the credit would be eliminated in the event of an acquisition of control of the Company. There can be no assurance that we will continue to meet the eligibility criteria or that the CNE program will not be amended or canceled in the future.

Since the beginning of the current fiscal year, the Company has undertaken to secure accreditation for the Refundable Tax Credit for the Development of E-Business ("CDAE" in French). This change will be retroactive to the fiscal year ended October 31, 2010. There can be no assurance at the present time that we will meet all of the eligibility criteria.

Other tax issues – Although we are of the view that all expenses and tax credits claimed by the Company, including research and development expenses and tax credits, are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree. If Canadian taxation authorities successfully challenge the deductibility of our expenses or the correctness of income tax credits claimed, our operating results could be adversely affected. We may, directly or indirectly, through our subsidiaries, be subject to taxes with respect to our operations in foreign jurisdictions. Although we are of the view that the liability with respect to such foreign taxes has been provided for in our books and financial statements, our future income and cash may be adversely affected if taxation authorities were successful in challenging our liabilities for such foreign taxes. In addition, if the Company does not generate enough taxable income, it could be unable to realize the taxes and/or tax credits that it has accounted for.

Business Risks

Sales and implementation cycle – Typically, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take an extended period of time after our first contact with a customer before a sale can actually be completed. We may invest significant sales and other resources in a potential customer that may not generate revenues for a substantial period of time, if at all. During these lengthening sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. If these events were to occur, sales of certain of our new enterprise solutions or services may be adversely affected, which would reduce our operating revenues.

Competitive environment – The Company currently faces competition from software providers in both the computer-aided design (CAD) and enterprise resource planning (ERP) markets. The interior design software industry is highly fragmented and comprised generally of point-of-sale solution (as opposed to full solution) software providers that address specific aspects of design software or software providers that have limited geographic coverage. Accordingly, none of the Company's competitors competes in all of its product and geographic markets.

As our software solutions expand, potential competitors may have significantly greater resources than ours, and we may therefore be at a disadvantage when competing against them. They may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or devote greater resources to the development, promotion and sale of their products than we can. Any of these factors could materially impair our ability to compete and have a material adverse effect on our operating performance and financial position.

Capacity to adapt our business model – Customer behavior in response to market conditions and/or industry and technology trends might change their buying and contractual habits such as renting software as opposed to buying. Any such change could impact our business model and practices, which could have a material adverse effect on our operating performance and financial position.

Capacity to capitalize on new software solutions – The addition of new software solutions also gives rise to risks. There may be little demand for our new solutions, and they may not be broadly accepted by the market. If we do not derive any benefit from our efforts to market our new solutions, our operating results could be adversely affected.

Capacity to improve our software offering – We do our best to remain the leader in our industry. To do so, we have to develop new products or enhance and improve our existing software platforms, and position and price our products to meet market demand. We have to continually invest in accelerating product introductions and shortening product life cycles, which requires ongoing expenditures for research and development. Furthermore, any new products we develop could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenues. Our competitors are alert and if we are unable to continue product development and marketing, our operating revenue and margins could be affected.

Capacity to manage strategic alliances, partnerships and distributor relationships that will contribute to future growth – We may be unable to (i) retain distributor relationships under acceptable business terms; (ii) partner with parties that are suitable for driving future growth; or (iii) complete required agreements on a timely basis. Furthermore, identifying alliances and partnerships and concluding such agreements, could divert management's attention and financial resources which may negatively affect our operating results.

Capacity to protect our intellectual property – We rely on various intellectual property protections, including contractual provisions, copyright, trademark and trade secret laws, to preserve our intellectual property rights. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert management's attention, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenues, financial position and results of operations.

We cannot determine with certainty whether any existing third party trademarks or patents or the issuance of any third-party trademarks or patents would require us to alter our names or our technology, obtain licenses or cease certain activities. We may become subject to claims by third parties that we infringe their property rights due to the growth of software products in our target markets, the overlap in functionality of these products and the prevalence of software products. Litigation may be necessary to determine the scope, enforceability and validity of such third-party proprietary rights or to establish our proprietary rights. Regardless of their merit, any such claims could result in substantial expenses, divert management's attention, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenues, financial position and results of operations.

Bugs in our products could result in significant costs and hurt sales – Our products are complex and, accordingly, they may contain errors or "bugs" that may be detected at any point in the product life cycle. Errors in our products could materially and adversely affect our reputation, result in significant costs to us, delay planned release dates and impair our ability to sell our products in the future.

Risk of legal proceedings – In the normal course of business, the Company may be subject to lawsuits, claims and litigation for amounts not covered by our liability insurance. Some of these proceedings may result in significant costs. Although the outcome of such proceedings is not predictable with assurance, the Company has no reason to believe that the disposition of such matters could have a significant impact on its financial position, operating results or ability to carry on its business activities. As at January 19, 2012, no claims or litigation have been brought against the Company,

Capacity to identify and complete strategic acquisitions that will contribute to future growth – We may be unable to (i) identify suitable acquisition targets available for sale at reasonable prices; (ii) properly evaluate the fair value of target businesses; or (iii) complete an acquisition in a given timeframe. In addition, if we proceed with acquisitions, available cash may be used to complete such transactions, diminishing our liquidity and capital resources, or shares may be issued which could cause significant dilution to existing shareholders. Furthermore, identifying acquisitions and the completion of acquisitions per se, could divert management's attention and financial resources which may negatively affect our operating results.

Capacity to maintain rights to use third party software – We license certain technologies used in our products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to ship our products while we seek to implement alternative technology offered by other sources, and require significant unplanned investments on our part. In addition, alternative technology may not be available on commercially reasonable terms.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements and Management Discussion and Analysis ("MD&A") of 20-20 Technologies Inc. (the "Company" or "20-20") and all other information in this Annual Report are the responsibility of Management. The Consolidated Financial Statements and the MD&A have been reviewed and approved by its Board of Directors.

The Consolidated Financial Statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The MD&A has been prepared in accordance with the requirements of securities regulations. The Financial Statements and MD&A include items that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such items on a reasonable basis in order to ensure that the Financial Statements and MD&A are presented fairly in all material respects. Financial information presented elsewhere in the Annual Report is consistent with that in the Consolidated Financial Statements.

The Company's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, to provide reasonable assurance that material information related to the Corporation has been made known to them and has been properly disclosed in the Consolidated Financial Statements and MD&A. The Company's Chief Executive Officer and Chief Financial Officer have also evaluated the effectiveness of such disclosure controls and procedures as of the end of fiscal year 2011. As at year end, Management believes that the disclosure controls and procedures effectively provide reasonable assurance that material information related to the Company has been disclosed in the Consolidated Financial Statements and MD&A. In compliance with Multilateral Instrument 52-109, the Company's Chief Executive Officer and Chief Financial Officer have provided to the Canadian Securities Administrators a certification related to the Company's annual disclosure documents, including the Consolidated Financial Statements and MD&A.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the Consolidated Financial Statements and MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors. The Audit Committee meets periodically with Management, as well as with the external auditors, to review the Consolidated Financial Statements, the MD&A, auditing matters and financial reporting issues, to discuss internal controls over the financial reporting process, and to satisfy it that each party is properly discharging its responsibilities. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying the Consolidated Financial Statements as presented by Management, and to review and make recommendations to the Board of Directors with respect to the fees of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the Consolidated Financial Statements and MD&A for issuance to shareholders.

KPMG LLP, external auditors approved by the shareholders, meets with the Audit Committee to discuss audit activities, financial reporting matters and other related subjects.

This report and our audited consolidated financial statements were reviewed by the Company's Audit Committee on January 17, 2012 and approved by 20-20's Board of Directors on January 19, 2012.

/s/ Jean-François Grou
Chief Executive Officer

/s/ Steve Perrone, C.A.
Chief Financial Officer

Laval, Canada
January 19, 2012



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of 20-20 Technologies Inc.

We have audited the accompanying consolidated financial statements of 20-20 Technologies Inc., which comprise the consolidated balance sheet as at October 31, 2011, the consolidated statements of earnings, shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of 20-20 Technologies Inc. as at October 31, 2011 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The consolidated financial statements of 20-20 Technologies Inc. as at and for the year ended October 31, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2010.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants

January 19, 2012

Montréal, Canada

20-20 Technologies Inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of U.S. dollars)

	October 31, 2011	October 31, 2010
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	11,362	14,681
Accounts receivable (Note 11)	15,996	14,815
Income taxes receivable	115	102
Contracts in progress	356	178
Prepaid expenses	1,420	1,019
Income tax credits recoverable	631	984
Future income taxes (Note 6)	179	263
	30,059	32,042
Property and equipment (Note 12)	2,257	2,345
Intangibles (Note 13)	6,023	6,968
Goodwill (Note 14)	63,037	61,472
Income tax credits recoverable	3,654	2,304
Future income taxes (Note 6)	2,468	2,745
Other assets	1,215	1,160
	108,713	109,036
LIABILITIES		
Current liabilities		
Bank loan (Note 15)	-	148
Accounts payable	11,902	11,907
Income taxes payable	186	413
Deferred revenue	12,057	11,774
Current portion of long-term debt (Note 16)	2,099	2,833
Future income taxes (Note 6)	252	207
	26,496	27,282
Long-term debt (Note 16)	2,610	4,710
Leasehold inducements	350	279
Future income taxes (Note 6)	2,972	3,392
	32,428	35,663
SHAREHOLDERS' EQUITY		
Capital stock (Note 18)	58,154	58,569
Common stock options and warrants	1,753	1,553
Contributed surplus	1,058	1,050
Deficit	(654)	(1,979)
Accumulated other comprehensive income	15,974	14,180
	15,320	12,201
	76,285	73,373
	108,713	109,036
Commitments and contingencies (Note 21)		

The accompanying notes are an integral part of the audited consolidated financial statements.

On behalf of the Board,

/s/ **Jean-François Grou**
Director

/s/ **Benoît La Salle**
Director

20-20 Technologies Inc.
CONSOLIDATED EARNINGS

(Amounts in thousands of U.S. dollars, except per share data)

	Years ended October 31	
	2011	2010
	\$	\$
Revenues	68,717	65,233
Cost of revenues	19,259	17,078
Gross margin	49,458	48,155
Operating expenses		
Sales and marketing	19,765	17,731
Research and development expenses (Note 4)	11,617	12,399
General and administrative	14,150	12,970
Stock-based compensation (Note 17)	216	565
Restructuring expense (Note 5)	193	515
	45,941	44,180
Operating income	3,517	3,975
Financial expenses		
Bank charges and interest expense, net (Note 3)	919	1,243
Exchange loss	349	250
	1,268	1,493
Non-controlling interest	-	37
Earnings before income taxes	2,249	2,445
Income taxes (Note 6)		
Current	1,005	948
Future	(81)	(792)
	924	156
Net earnings	1,325	2,289
Earnings per share (Note 7)		
Basic and Diluted	0.07	0.12
Supplemental information related to the consolidated statement of earnings (Note 3)		

The accompanying notes are an integral part of the audited consolidated financial statements

20-20 Technologies Inc.
CONSOLIDATED SHAREHOLDERS' EQUITY
(Amounts in thousands of U.S. dollars, except share data)

	Number	Capital stock Amount	Common stock options and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2009	18,926,692	58,582	1,279	1,015	10,295	(4,268)	66,903
Net earnings	-	-	-	-	-	2,289	2,289
Translation adjustment	-	-	-	-	3,885	-	3,885
Comprehensive income	-	-	-	-	3,885	2,289	6,174
Options expired	-	-	(39)	39	-	-	-
Options granted (Note 17)	-	-	319	-	-	-	319
Options exercised	1,400	6	(6)	-	-	-	-
Common shares repurchased for a cash consideration (Note 18)	(6,300)	(19)	-	(4)	-	-	(23)
Balance as at October 31, 2010	18,921,792	58,569	1,553	1,050	14,180	(1,979)	73,373

	Number	Capital stock Amount	Common stock options and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2010	18,921,792	58,569	1,553	1,050	14,180	(1,979)	73,373
Net earnings	-	-	-	-	-	1,325	1,325
Translation adjustment	-	-	-	-	1,794	-	1,794
Comprehensive income	-	-	-	-	1,794	1,325	3,119
Options granted (Note 17)	-	-	200	-	-	-	200
Common shares repurchased for a cash consideration (Note 18)	(104,600)	(415)	-	8	-	-	(407)
Balance as at October 31, 2011	18,817,192	58,154	1,753	1,058	15,974	(654)	76,285

The accompanying notes are an integral part of the audited consolidated financial statements.

20-20 Technologies Inc.
CONSOLIDATED CASH FLOWS
(Amounts in thousands of U.S. dollars)

	Years ended October 31	
	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Net earnings	1,325	2,289
Non-cash items		
Amortization (Note 3)	3,554	3,894
Gain on debt extinguishment	-	(190)
Leasehold inducements	65	(82)
Stock-based compensation (Note 17)	185	518
Accreted interest on long term debt	47	66
Non-controlling interest	-	37
Future income taxes	(81)	(792)
Unrealized foreign exchange gain	(201)	(143)
Changes in non-cash working capital items (Note 8)	(2,699)	(2,718)
Cash flows from operating activities	2,195	2,879
INVESTING ACTIVITIES		
Business acquisition (Note 9)	(137)	-
Property and equipment – acquired	(887)	(977)
Intangible assets – acquired (Note 13)	(1,027)	(41)
Proceeds from disposition of property and equipment	24	63
Other assets	(25)	(669)
Cash flows used in investing activities	(2,052)	(1,624)
FINANCING ACTIVITIES		
Repayment of bank loan	(148)	-
Proceeds from issuance of long-term debt	1,007	1,160
Repayment of long-term debt	(4,292)	(11,909)
Common shares repurchased	(407)	(23)
Cash flows used in financing activities	(3,840)	(10,772)
Effect of changes in exchange rate on cash held in foreign currencies	378	977
Net decrease in cash and cash equivalents	(3,319)	(8,540)
Cash and cash equivalents, beginning of year	14,681	23,221
Cash and cash equivalents, end of year (Note 10)	11,362	14,681

Supplemental information related to the consolidated statement of cash flows (Note 8)

The accompanying notes are an integral part of the audited consolidated financial statements.

20-20 Technologies Inc.

Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

1 – GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company, incorporated under Part 1A of the Companies Act (Québec), is a developer and provider of computer-aided design, sales and manufacturing software tailored for the interior design industry, including a suite of proprietary e-commerce solutions and related services.

2- ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and are presented in United States of America dollars (U.S. dollars).

Use of estimates

The consolidated financial statements have been prepared in accordance with Canadian GAAP, which requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Significant estimates in these consolidated financial statements include the determination of the amount and timing of revenue to be recognized and the allowance for doubtful accounts, estimating of the useful life and recoverability of long-lived assets, including property and equipment and intangibles, estimating the fair value of assets and liabilities of acquired businesses for purchase price allocation purposes, as well as assessing the recoverability of income tax and other credits recoverable, future income tax assets and goodwill.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries:

	October 31,	
	2011	2010
	% owned	% owned
20-20 Technologies B.V.	100	100
Twenty Twenty (UK) Technologies Limited	100	100
Interior Design Software Ltda.	100	100
20-20 Technologies SAS	100	100
20-20 Technologies Commercial Corp.	100	100
20-20 Technologies International Inc.	100	100
20-20 Technologies Bangladesh Ltd.	100	100
20-20 Technologies GmbH and its subsidiary	100	100
Shanghai Twenty-Twenty Technologies Co Ltd.	100	100
20-20 Fusion Limited	100	100
20-20 Icovia Inc. (Note 9)	100	100
20-20 Technologies Limited	100	-

Reporting currency and translation of foreign currencies

The Company uses the U.S. dollar as its reporting currency. The Company's financial statements have been translated from the functional currency, the Canadian dollar (C\$), into the reporting currency using the current rate method as follows: assets and liabilities are translated using the exchange rate in effect at year-end and revenues and expenses are translated using the average rate for the period. The cumulative translation gains or losses have been included as a separate component of shareholders' equity, under "Accumulated other comprehensive income".

20-20 Technologies Inc.

Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

2- ACCOUNTING POLICIES (Continued)

Reporting currency and translation of foreign currencies (Continued)

Transactions concluded in currencies other than the functional currency have been translated as follows:

- Monetary assets and liabilities denominated in foreign currencies in the Canadian companies and in the integrated foreign operations have been translated at the exchange rates in effect at the balance sheet dates; non-monetary assets and liabilities have been translated at the rate in effect at transaction dates;
- Revenues and expenses have been translated at the weighted average exchange rates for the fiscal years, except for amortization, which is translated at the historical rate.

Exchange gains and losses arising from such transactions have been included in earnings.

Revenue recognition

The Company's revenues are derived from license, recurring license, maintenance and other service fees. The Company licenses its desktop and enterprise software solutions under single-user license agreements that are non-transferable. Each software license, for which the user pays a one-time fee, is typically perpetual in nature. However, for a recurring license, the user pays an annually fee for usage of the license, renewable yearly. The Company also provides maintenance and other recurring services, including customer support, software and electronic catalog updates and web services, which are renewable at the option of the client. Finally, the Company provides professional services that include training, electronic catalog creation and maintenance and integration services. The Company recognizes revenue in accordance with provisions of Section 3400, *Revenue*, Emerging Issues Committee Abstracts No. 141 (EIC-141), *Revenue Recognition*, and No. 142 (EIC-142), *Revenue Arrangements with Multiple Deliverables* of the CICA Handbook.

The Company recognizes license revenue when it has persuasive evidence that an agreement exists, the software product has been delivered, the amount to be paid by the customer is fixed and determinable, and collection is deemed probable.

Revenue from maintenance and other recurring services is recognized over the term of the agreement, which typically is 12 months. If it is not considered probable that the revenue is collectible, then it is only recognized when the fee is collected.

Revenue from professional services is recognized when the services are provided.

The Company also enters into various contracts with its clients for customized services such as electronic catalog creation and updates, training and integration services. Contract revenue is recorded based on the advancement of the work using the percentage-of-completion method. Under this method, contract revenue and profits are recognized proportionately based on the percentage of completion of the work under these contracts. The Company uses the efforts expended method to calculate the percentage of completion of work based on direct labor cost incurred at the date of the financial statements compared to estimated total direct labor costs to complete the contract. Contracts in progress are valued considering labor, including estimated profits. Contracts in progress represent contracts for which services have been rendered and which have not yet been invoiced. Losses are recorded when total cost estimates indicate that a loss will be recorded on the contract.

Deferred revenue is comprised of cash received or receivable for services invoiced that have not met the recognition criteria.

For contracts with multiple deliverables (e.g., licenses, maintenance and other services), the Company allocates revenue to each element of the contract based on the relative fair value of each of the elements. The revenue related to each element of the contract is then recognized as described above. The fair value of an element must be based on evidence that is specific to the vendor. The Company limits its assessment of vendor-specific objective evidence (VSOE) of fair value for each element to the price charged when the same element is sold separately. If VSOE of all undelivered elements exists but evidence does not exist for one or more delivered elements, then revenue is recognized using the residual method. Under the residual method, the fair value of the undelivered elements is deferred, and the remaining portion of the agreement fee related to the delivered elements is recognized as revenue, provided that all other revenue

20-20 Technologies Inc.
Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

2- ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

recognition criteria are met. If evidence of fair value of one or more undelivered elements cannot be established, revenue is deferred and recognized ratably over the last undelivered element.

Research and development costs and related tax credits

Research and development costs, net of tax credits, are charged to the consolidated earnings in the period in which they are incurred unless the criteria for capitalization for development costs under Canadian GAAP are met, in which case they are deferred and amortized. At October 31, 2011 and 2010, no development costs were deferred.

The Company is entitled to scientific research and experimental development ("SRED") tax credits granted by the Canadian federal government ("Federal") and the governments of the province of Quebec ("Provincial"). Federal SRED tax credits, which are non-refundable, are earned on qualified Canadian SRED expenditures and can only be used to offset Federal income taxes otherwise payable. Provincial SRED tax credits, which are refundable, are earned on qualified SRED salaries in the province of Quebec.

A refundable tax credit for the development of e-business in information technologies was introduced in the Quebec March 13, 2008 budget speech and subsequently adjusted as announced in the March 2009 budget. The Company expects to maintain its eligibility for this tax credit in fiscal 2011, and also for fiscal 2010. This tax credit is granted to eligible corporations regarding salaries paid to eligible employees for carrying out eligible activities. Such credits are earned at an annual rate of 30% of salaries paid to eligible employees engaged in eligible activities, to a maximum annual tax credit of \$20,000 per eligible employee. The Company must obtain, each year, an eligibility certificate from Investissement Québec confirming that it has satisfied the criterion relating to the proportion of the activities in the information technology sector and in respect of the services supplied.

Tax credits are recognized once the Company has reasonable assurance that they will be realized. The tax credits recorded by the Company are subject to review and approval by tax authorities and it is possible that these amounts will be different from the amounts accounted for. Tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated earnings and a reduction of the related asset cost for items capitalized on the consolidated balance sheet.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The effect on future tax assets and liabilities of a change in income tax rates is recognized in earnings in the period that includes the substantive enactment date. The Company records a valuation allowance against any future income tax asset if, according to management, it is more likely than not that the asset will not be realized.

Stock-based compensation and other stock-based payments

The Company has stock-based compensation plans as described in Note 17. The Company uses the fair value method to account for stock options granted to employees, using the Black-Scholes option pricing model. Compensation expense is recognized over the applicable vesting period with a corresponding increase in Shareholders' Equity under "Common stock options and warrants". When stock options are exercised, the exercise price and the related portion previously recorded in "Common stock options and warrants" are credited to "Common shares".

The Company has a long-term incentive plan for executives as described in Note 17. When it is likely that the financial metric performance conditions attached to the long-term incentive will be met, the share option portion is recognized as described above and the cash portion is recognized in compensation expense and accrued liabilities. Compensation cost for the cash portion is prorated based on the underlying service period.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

2- ACCOUNTING POLICIES (Continued)**Deferred Share Units ("DSUs")**

The Company granted deferred share units to directors as described in Note 17. The number of DSUs issued is calculated by dividing the compensation by the fair market value of the Company's shares on the date of grant. The DSUs outstanding are liabilities classified and are reevaluated monthly until settlement occurs at the share market price. All changes in measurement are recorded as stock-based compensation.

Employee Share Purchase Plan (ESPP)

The Company implemented a purchase plan of the Company's shares available to employees as described in Note 17. Compensation costs are included in the consolidated statement of earnings as stock-based compensation.

Earnings per share

Earnings per share is calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated taking into account the dilution that would occur if the securities or other agreement for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date. The treasury stock method is used to determine the dilutive effect of the stock options and warrants. This method assumes that proceeds of exercise of the stock options and warrants during the year are used to redeem common shares at their average price during the period.

Cash and cash equivalents

Cash and cash equivalents which include cash and short-term investments with original maturities of three months or less are presented at their fair value.

Depreciation and Amortization

Property and equipment and intangible assets are accounted for at cost. Assets under capital lease are carried at cost, being the present value of the minimum lease payments after deduction of executory costs. Management has estimated the useful life of its intangibles based upon rapidly changing industry trends and changes in its customers' businesses. These assets are amortized over their estimated useful lives according to the straight-line method and the following periods:

Property and equipment (Note 12)	
Office furniture	5 years
Computer equipment (including capital leases)	3 years
Leasehold improvements	Lease term equivalent to 10 years
Automotive equipment (including capital leases)	3 to 6 years
Intangible assets (Note 13)	
Client lists	3 or 7 years
Software	3 or 4 years
Trade names	3 or 5 years
Non-compete agreements	10 or 15 years
Distributor relationships	7 or 10 years

Property and equipment and intangible assets are not amortized until they are ready for their intended use.

Impairment of long-lived assets

The Company reviews the carrying values of its property and equipment and intangible assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If the carrying value exceeds the amount recoverable, based on undiscounted estimated future cash flows, a write-down to their fair value is charged to the consolidated statement of earnings. When quoted market values are unavailable, the fair value of the long-lived assets is calculated based on estimates of discounted cash flows expected from their use and eventual disposition.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

2- ACCOUNTING POLICIES (Continued)**Goodwill**

Goodwill is assessed for impairment through an estimation of the fair value of the reporting unit, using the discounted cash flow method, annually or more frequently when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amounts. In the event that the carrying amount exceeds fair value, a second step must be performed whereby the fair value of the reporting unit's goodwill must be estimated to determine if it is less than its carrying amount. An impairment charge is recorded when the goodwill carrying amount of the reporting unit exceeds its fair value.

Leasehold inducements

Leasehold inducements received in connection with the leasing of premises are amortized on a straight-line basis over the lease term.

Financial instruments

All financial assets are classified as held for trading or loans and receivables categories. Also, all financial liabilities are classified as other financial liabilities. On initial recognition, financial instruments are measured and recorded on the consolidated balance sheet at fair value. After initial recognition, the financial instruments are measured at amortized cost except for those in the held for trading category and derivatives which are measured at fair value. The effective interest related to the financial liabilities and the gain or loss arising from a change in the fair value of a financial asset or financial liability classified as held for trading are included in net earnings for the period in which it arises.

The Company has classified its cash and cash equivalents as held for trading. The trade accounts receivable, balance receivable on asset disposal, loan receivable, sales tax receivable, other receivables, contracts in progress and other assets were classified as loans and receivables, and the bank loan, the accounts payable and the long-term debt were classified as other financial liabilities. Income and losses on cash and cash equivalents are presented in financial expenses in the consolidated earnings.

Transaction costs

Transaction costs are capitalized to the cost of financial assets and liabilities when they are not classified as held for trading or derivatives. Capitalized transaction costs are being amortized using the effective rate method over the life of the related financial instrument.

Derivatives

The Company enters into forward exchange contracts to manage portions of its currency risk exposure. The Company does not account for these derivatives using hedge accounting; therefore forward exchange contracts are recorded at fair value. Gains or losses resulting from changes in fair values are included in financial expenses, in consolidated earnings.

Embedded derivatives are required to be separated from the host contract and accounted for as a derivative financial instrument at fair value if the embedded derivative and host contract are not closely related, and the combined contract is not held for trading or designated at fair value. Gain and losses resulting from changes in fair values are included in financial expenses, in the consolidated earnings.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards:

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that GAAP, as used by publicly accountable enterprises, will be fully converged into International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Therefore, the Company will be required to report under IFRS for its 2012 interim and annual consolidated financial statements, beginning with the interim period ended January 31, 2012.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

3 – SUPPLEMENTAL INFORMATION RELATED TO THE CONSOLIDATED STATEMENT OF EARNINGS

	Years ended October 31	
	2011	2010
Amortization of property and equipment	1,246	1,268
Amortization of intangible assets	2,308	2,626
Total amortization expense ^(a)	3,554	3,894
Interest on long-term debt	404	816
Other interest expense	256	370
Bank charges	340	299
Interest income on cash and cash equivalents and short-term investments	(81)	(242)
Total bank charges and interest expense	919	1,243
Research and development tax credits	1,213	1,336
Other tax credits	1,402	739
Total tax credits ^(b)	2,615	2,075

- a) Amortization expense on property and equipment and on intangible assets is allocated between cost of revenues and the operating expenses in the consolidated statement of earnings.
- b) The total tax credits recovered are allocated between cost of revenues and research and development expenses. During the year ended October 31, 2011, the Company filed for tax credits under the new Quebec government program. Estimates of the tax credits for the prior year have been revised under this new program increasing the prior year claim by \$295,000.
- c) During the year ended October 31, 2011, consulting fees were incurred with a related party of the Company for an amount totaling \$75,000. These transactions were made in the ordinary course of business at exchange amount agreed between the related parties.

4 - RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses and related tax credits included in the consolidated statement of earnings are as follows:

	Years ended October 31	
	2011	2010
Research and development expenses	12,833	13,028
Less: Tax credits	(2,043)	(1,838)
Plus: Amortization of software acquired	827	1,209
	11,617	12,399

5 - RESTRUCTURING EXPENSE**Operational Restructuring Plan**

On October 18, 2011, the Company approved a restructuring plan following the reorganization of the worldwide sales work force. The total estimated restructuring charge related to employee severance, associated to the Operational Restructuring Plan is \$393,000.

On October 19, 2010, the Company approved a restructuring plan in order to align its cost structure to its strategic plan and to adjust for market conditions in Southern Europe through 2010. The total estimated restructuring charge related to employee severance, associated to the Operational Restructuring Plan was \$399,000. Due to manufacturing market recovery in 2011, management canceled a part of the 2010 restructuring plan and adjusted the operational restructuring provision.

20-20 Technologies Inc.

Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

5 - RESTRUCTURING EXPENSE (Continued)

Operational Restructuring Plan

The Company expects to complete all payments under these plans by October 2012. Any changes to the estimates of executing the Operational Restructuring Plan will be reflected in the future results of operations. The following table summarizes the amounts payable and the effect on consolidated earnings:

October 31, 2011	Total estimated cost (a)	Accounts payable as at October 31, 2010	Restructuring expense	Subsequent adjustment to the expense	Cash payments	Foreign exchange adjustment	Accounts payable as at October 31, 2011
Operational Restructuring Plan							
Severance	1,675	473	393	(200)	(171)	4	499
Other	155	73	-	-	(73)	-	-
Total	1,830	546	393	(200)	(244)	4	499

October 31, 2010	Total estimated cost (a)	Accounts payable as at October 31, 2009	Restructuring expense	Subsequent adjustment to the expense	Cash payments	Foreign exchange adjustment	Accounts payable as at October 31, 2010
Operational Restructuring Plan							
Severance	2,334	296	399	63	(286)	1	473
Outplacement fees	47	-	-	-	-	-	-
Other	235	111	-	53	(86)	(5)	73
Total	2,616	407	399	116	(372)	(4)	546

a) During the year ended October 31, 2011, prior year's restructuring plans were completed representing \$786,000 of initial estimated costs.

6 - INCOME TAXES

	Years ended October 31,	
	2011	2010
	%	%
Combined statutory income tax rate in Canada (a)	28.7	30.1
Foreign income taxed at different rates	(5.2)	(7.3)
Non deductible items	7.3	6.6
Non taxable items	(2.2)	(10.1)
Change in valuation allowance	10.9	(4.2)
Impact of reduction in income tax rates on future income taxes	(0.9)	(1.3)
Expired losses	-	4.8
Uncertainties allowance reversal	-	(11.4)
Other differences	2.5	(0.8)
Effective income tax rate	41.1	6.4

(a) The Company's combined statutory income tax rate in Canada includes the applicable provincial income tax rates.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

6 - INCOME TAXES (Continued)

The income tax effects of temporary differences that give rise to significant future income tax assets and liabilities are as follows:

	October 31,	
	2011	2010
	\$	\$
Future income tax assets		
Property and equipment	47	81
Intangible assets and goodwill	2,013	1,916
Financing costs	9	11
Restructuring costs	-	86
Leasehold inducements	94	75
Net operating loss carry-forwards	2,312	2,266
Capital losses	178	177
Other	310	420
Total future income tax assets	4,963	5,032
Less valuation allowance	(917)	(680)
Net future income tax assets	4,046	4,352
Future income tax liabilities		
Tax credits	(1,535)	(1,330)
Intangible assets and goodwill	(2,661)	(3,390)
Other	(427)	(223)
Total future income tax liabilities	(4,623)	(4,943)
Net future income tax liabilities	(577)	(591)

Amounts recognized in the consolidated balance sheet consist of :

	October 31,	
	2011	2010
	\$	\$
Future income tax assets – current	179	263
Future income tax assets – non-current	2,468	2,745
Future income tax liabilities – current	(252)	(207)
Future income tax liabilities – non-current	(2,972)	(3,392)
Net future income tax liabilities	(577)	(591)

As at October 31, 2011, the Company had operating losses carried forward for an unlimited period in certain European subsidiaries of \$2,786,000 for which a tax benefit was not recorded.

The Company has not recognized a future income tax liability for the undistributed earnings of its subsidiaries in the current or prior years since the Company does not expect to sell or repatriate funds from those investments, in which case the undistributed earnings may become taxable. Any such liability cannot reasonably be determined at the present time.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

7 - EARNINGS PER SHARE

The following table presents a reconciliation of earnings per share and diluted earnings per share:

	Years ended October 31	
	2011	2010
Basic		
Net earnings	1,325	2,289
Weighted average number of common shares outstanding	18,885,710	18,926,896
Basic earnings per share	0.07	0.12
Diluted		
Net earnings	1,325	2,289
Weighted average number of common shares outstanding	18,885,710	18,926,896
Effect of dilutive stock options	18,208	3,334
Effect of dilutive warrants	23,319	18,605
Weighted average number of common shares outstanding - diluted	18,927,237	18,948,835
Diluted earnings per share	0.07	0.12

The options not included in the computation of the diluted earnings per share because their inclusion would be anti-dilutive since their exercise prices were greater than the average market price of the common shares for the periods are as follows:

	Years ended October 31	
	2011	2010
Options	745,134	785,134

These could have an effect on the calculation of the earnings per share in the future.

8 - SUPPLEMENTAL INFORMATION RELATED TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The changes in non-cash working capital items are detailed as follows:

	Years ended October 31	
	2011	2010
Accounts receivable	(862)	976
Income taxes receivable	(11)	(75)
Contracts in progress	(174)	88
Prepaid expenses	(377)	290
Income tax credits recoverable	(920)	(1,011)
Accounts payable	(52)	88
Income taxes payable	(239)	(1,329)
Deferred revenue	(64)	(1,745)
	(2,699)	(2,718)

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

8 - SUPPLEMENTAL INFORMATION RELATED TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Cash flows relating to interest and income taxes on operating activities are detailed as follows:

	Years ended October 31	
	2011	2010
Interest paid	717	1,193
Income taxes paid	1,167	2,282

- a) The amount recorded as a business acquisition in the investing activities of the statement of cash flows for the year ended October 31, 2011 represents the payment on the remaining purchase price of 20-20 Icovia (Note 9 a), a transaction that took place in the year ended October 31, 2010.
- b) Non-cash acquisition of property and equipment and intangible are presented in Note 12 and Note 13 respectively.

9 - BUSINESS ACQUISITIONS

During the year ended October 31, 2011 there was no business combinations. In 2010, the Company finalized the purchase price allocation for Planit*Fusion and acquired the remaining interest of 20-20 Icovia resulting in a net decrease in goodwill of \$34,000 recorded in 2010.

a) 20-20 Icovia Inc.

On September 1, 2010, the Company exercised its option to acquire the remaining 49% of the issued and outstanding shares of 20-20 Icovia for total consideration of \$137,000. The purchase price of \$137,000 has been allocated to the non-controlling interest liability for \$73,000 and the residual was allocated to goodwill for \$64,000.

b) Planit* Fusion

On February 9, 2010, the Company finalized the purchase price allocation following an out of court settlement in regard to a litigation instituted against Planit Holdings Ltd. Under this agreement, the total settlement amounted to \$385,000 (\$295,000 equivalent to £176,000 and \$90,000) and has been applied against the costs incurred and the cancellation of a debt to the seller for \$287,000. The residual amount of \$98,000 was accounted as a reduction of goodwill in 2010.

* - Planit is a Trademark used under License from Planit Holdings Limited

10 - CASH AND CASH EQUIVALENTS

	October 31	
	2011	2010
Cash	11,362	12,347
Cash equivalents		
Interest bearing corporate bank accounts, with no maturity date and interest rate of 0.65% to 0.95%	-	2,334
	11,362	14,681

20-20 Technologies Inc.
Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

11 - ACCOUNTS RECEIVABLE

	October 31,	
	2011	2010
Trade accounts	13,548	12,072
Balance receivable on asset disposal	-	83
Loan receivable on demand without interest	100	226
Tax credits receivable	1,674	2,204
Sales tax receivable	331	-
Other	343	230
	15,996	14,815

12 - PROPERTY AND EQUIPMENT

	October 31, 2011		
	Cost	Accumulated amortization	Net
Office furniture	1,813	1,666	147
Computer equipment (including capital leases)	5,929	4,795	1,134
Leasehold improvements	2,834	2,149	685
Automotive equipment (including capital leases)	525	234	291
	11,101	8,844	2,257

	October 31, 2010		
	Cost	Accumulated amortization	Net
Office furniture	1,801	1,552	249
Computer equipment (including capital lease)	5,050	3,996	1,054
Leasehold improvements	2,793	1,942	851
Automotive equipment (including capital lease)	353	162	191
	9,997	7,652	2,345

Capital leases included in property and equipment:

	October 31, 2011		
	Cost	Accumulated amortization	Net
Computer equipment	125	63	62
Automotive equipment	391	130	261
	516	193	323

	October 31, 2010		
	Cost	Accumulated amortization	Net
Computer equipment	122	21	101
Automotive equipment	145	18	127
	267	39	228

As of October 31, 2011, accounts payable included \$5,000 (\$24,000 in 2010) in relation to property and equipment acquired but not yet paid. During the year, \$244,000 property and equipment were acquired under capital lease. Amortization expense of property and equipment acquired under capital leases was \$152,000 (\$39,000 in 2010).

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

13- INTANGIBLE ASSETS

	October 31, 2011		
	Cost	Accumulated amortization	Net
Client lists	9,530	6,952	2,578
Software	7,855	6,596	1,259
Trade names	538	538	-
Non-compete agreements	552	210	342
Distributor relationships	2,951	1,107	1,844
	21,426	15,403	6,023

	October 31, 2010		
	Cost	Accumulated amortization	Net
Client lists	9,293	5,684	3,609
Software	6,501	5,628	873
Trade names	524	500	24
Non-compete agreements	539	163	376
Distributor relationships	2,877	791	2,086
	19,734	12,766	6,968

During the year ended October 31, 2011, \$1,200,000 of intangible assets was acquired (\$41,000 in 2010). From this total, \$212,000 in software represents internal cost capitalized by the Company and \$125,000 of the consideration paid for software acquisitions was through the settlement of an outstanding loan receivable. As of October 31, 2011, accounts payable included \$48,000 in relation to intangible acquired but not yet paid.

14 – GOODWILL

	October 31,	
	2011	2010
Balance, beginning of year	61,472	58,161
Change in purchase price allocation (Note 9)	-	(34)
Effect of foreign currency exchange rate changes	1,565	3,345
Balance, end of year	63,037	61,472

15 – BANK LOAN

A subsidiary of the Company obtained in June 2008 a demand credit facility of \$300,000 (subsequently reduced to \$200,000) in the form of a secured revolving line of credit renewal with a United States bank. The facility renewable annually, bears interest at 0.5% plus a premium based on the US Prime rate and is secured by the subsidiary's assets (4.75% as of October 31, 2011 and 2010). This loan contains a covenant that requires the subsidiary to maintain a financial ratio. As of October 31, 2011, the credit facility is unused (\$51,934 as of October 2010) and the subsidiary was in compliance with the financial covenants and other obligations under this credit facility. On December 9, 2011, the credit facility was terminated.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

16 - LONG-TERM DEBT

		As at October 31,	
	Current portion	2011	2010
Payable in Canadian dollars			
Government loan (a)	-	-	3,082
Government loan (b)	1,036	3,416	4,330
Revolving credit line (c)	1,007	1,007	-
Payable in Pounds Sterling			
Other loans	56	286	131
	2,099	4,709	7,543
Current portion		2,099	2,833
		2,610	4,710

- a) The amount outstanding as of October 31, 2010 on this Government loan was repaid during 2011.
- b) Government loan, maximum authorized amount of C\$5,000,000, payable commencing 12 months after initial disbursement in eighty four monthly installments of C\$59,523 plus an additional amount based on the Company's net income up to a maximum of C\$350,000 per year, bearing interest at Investissement Québec's preferred rate plus 2% (5% as of October 31, 2011 and 2010), maturing on March 14, 2015. The loan is secured by a moveable hypothec of C\$6,000,000 on the Company's assets. The hypothec is subordinated in favor of the lender of the credit facility of the Company described in Note 16 c). This loan contains covenants that require the Company to maintain certain financial ratios. At October 31, 2011, was in compliance with the financial covenants and other obligations under this credit facility.

In addition, the lender was granted 102,459 warrants for no additional consideration. The fair value of the warrants was determined upon issuance using the Black-Scholes option pricing model and amounted to an aggregate of C\$182,203 and was credited to Common stock options and warrants in the Consolidated Shareholders' Equity. The nominal value of the loan (C\$5,000,000) was reduced by the fair value of the warrants for C\$182,203. The interest expense on the loan is determined by applying an effective interest rate of 5.33% to the outstanding liability component. The difference between the actual interest payment and the interest expense is accreted to the loan up to its face value.

- c) The Company has a credit facility with the following terms and conditions: a credit facility of up to \$15 million, maturing in May 15, 2013 but payable at the discretion of the Company at any time and the option to draw loans based on Cnd prime rate, U.S. base rate, Libor or banker's acceptances. The interest rate charged is the sum of the base rate applicable according to the type of loan (Libor, US Prime, CND Prime) and a premium which is based on certain financial test results achieved on a quarterly basis. The Company may request an extension of one year before February 15 of each year, commencing February 15, 2011, subject to the consent of lenders. The maximum premium on the interest rate is 2% on U.S. base rate and the Canadian prime rate, or 3.5% over LIBOR (2% as of October 31, 2010, calculated on the U.S. base rate or 3.5% over LIBOR). As of October 31, 2011, the interest rate applicable to this facility was 6.125%. The facility is secured by a moveable hypothec of C\$37.5 million on the Company's and two of its subsidiaries' assets. The amount that can be borrowed under this facility is subject to the maintenance of certain financial covenants which include a leverage ratio and an interest and rent coverage ratio. As of October 31, 2011, the unused portion of the facility available amounted to \$12 million and the Company was in compliance with the financial covenants and other obligations under this credit facility. The Company intends to repay the outstanding amounts under the credit facility within the next 12 months and therefore presents the balance outstanding within the current portion.

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

16 - LONG-TERM DEBT (continued)

The installments on long-term debt for the next five years assume that the maximum payment is made yearly in relation with Government loan b). The payments are as follows:

	As at October 31, 2011		
	\$	\$	\$
	Payment	Interest accretion	Total
2012	2,134	(35)	2,099
2013	1,214	(24)	1,190
2014	1,158	(11)	1,147
2015	276	(3)	273
Total	4,782	(73)	4,709

17- STOCK BASED-COMPENSATION**Stock option plans**

Under a stock option plan adopted in 1999, the Company could grant a maximum of 720,000 options to its officers and key employees, all of which have been granted. Since its inception, 214,360 shares have been issued following the exercise of options. The options granted to officers could be exercised as of the grant date or on another basis as determined by the Board. Unless determined otherwise by the Board, options granted to other employees could be exercised at the rate of 20% per year beginning on the grant date anniversary. These options expire 6 to 12 years after being granted. When an employee leaves the Company, options held must be exercised within 90 days.

On May 27, 2004, the Board of Directors approved the termination of the above plan, and such resolution was effective following the completion of the initial public offering. Such terminations did not affect options previously granted under these plans which were not exercised or expired.

In conjunction with its initial public offering, the Company established a new share option plan (the "Share Option Plan"). Under the Share Option Plan, options to acquire Common Shares may be granted to officers, consultants and full-time employees of the Company and its subsidiaries. The terms, exercise price and number of Common Shares covered by each option as well as the vesting periods and conditions of such options is determined by the Board of Directors at the time the options are granted but cannot be more favorable than those permitted under applicable securities legislation. The total number of Common Shares that is reserved for issuance under the Share Option Plan and the previous stock option plans cannot exceed, in the aggregate, 10% of the issued and outstanding Common Shares.

Since its inception, 540,134 options have been granted under the Share Option Plan. Options granted vest 33.3% per year over 3 years and expire 10 years after being granted.

The Company established in 2009 a long-term incentive plan for executives including a cash portion and a share option grant portion. Option grant levels are established based on performance conditions set in the long-term incentives plan for each executive and are considered part of the Share Option Plan described above. The share option grant and cash portions represent respectively 50% of reward on each performance condition achieved based on long-term incentive set for each executive. The measurement of the achievement of the long term incentive plan conditions is calculated on a multiyear basis over a three year period. In accordance with the incentive plan conditions, annual payments and the option grant additional vesting period will only start in 2013, reflecting the first program cycle (2010 to 2012).

During the year ended October 31, 2011, the Company did not grant additional options in conjunction with the Share Option Plan or under the long term incentive plan (7,857 options in 2010).

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17- STOCK BASED-COMPENSATION (Continued)

The following table presents the changes in the number of options outstanding for the previous stock option plan and the Share Option Plan:

	October 31, 2011		October 31, 2010	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
		C\$		C\$
Balance, beginning of year	825,134	5.38	825,497	5.42
Options granted	-	-	7,857	3.24
Options cancelled	-	-	(8,220)	(7.38)
Balance, end of year	825,134	5.38	825,134	5.38
Options exercisable, end of year	626,666	6.11	563,333	6.48

The following table summarizes information about options outstanding and exercisable:

Exercise Price	Expiration date	Outstanding Number	Exercisable Number	October 31, 2011	
				Outstanding	Exercisable
				Weighted Average Remaining Contractual Life in Years	
C\$					
2.44	September 2019	120,000	80,000	7.9	7.9
3.24	October 2019	197,277	46,666	8.0	8.0
3.24	March 2020	7,857	-	8.4	-
4.65	October 2013	120,000	120,000	2.0	2.0
6.01	November 2013	100,000	100,000	2.0	2.0
6.50	November 2014	15,000	15,000	3.1	3.1
8.03	November 2013	100,000	100,000	2.0	2.0
8.26	January 2016	115,000	115,000	4.2	4.2
9.41	April 2015	50,000	50,000	3.4	3.4
		825,134	626,666	4.8	3.7

Deferred share unit plan

On November 29, 2004, the Board of Directors of the Company approved a deferred share unit ("DSU") plan for the benefit of the directors under which they will receive 100% or less of their annual retainer or total compensation in the form of DSUs. Under the terms of the DSU plan, at the end of each quarter, a number of DSUs equal to the number of common shares that could be purchased on the open market for a dollar amount equal to the elected deferral amount is credited to an account the Company will maintain for each director. At such time as any director leaves the Board of Directors, such director will receive lump sum cash payment equal to his credit balance under the DSU plan.

During the year ended October 31, 2011, 41,341 DSUs (28,592 in 2010) were issued under the plan. As of October 31, 2011, the Company has recorded an amount payable of \$441,000 (\$574,000 as of October 31, 2010) related to the DSU plan.

Warrants

On September 14, 2009, the Company under the term of a loan agreement with Investissement Québec (Note 16 b), issued 102,459 warrants. Each warrant permits the acquisition of one common share at an exercise price of C\$2.44 and will expire at the earlier of 2 years after the full reimbursement of the loan or August 27, 2018. No warrants were exercised during the years ended October 31, 2011 and 2010.

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17- STOCK BASED-COMPENSATION (Continued)**Employee Share Purchase Plan (ESPP)**

The Company Employee Share Purchase Plan (ESPP) came into effect on May 23, 2007. The purpose of this plan is to provide the participants with an incentive to become Shareholders of the Company. The ESPP allows employees to contribute up to the lesser of 10% of their eligible compensation and C\$10,000 annually. The Company contributes one-third of each employee's contribution. All contributions are then remitted to the Administrative Agent who purchases monthly, on behalf of the employees, Common shares on the open market. The Company also assumes all transaction fees related to the purchases of shares.

During the year ended October 31, 2011, an amount of \$31,000 (\$47,000 in 2010) related to the Company's contribution, was charged to stock-based compensation expense.

The impact of the stock based-compensation expense in the consolidated statement of earnings is as follows:

	Years ended October 31,	
	2011	2010
Stock options plans	200	319
Deferred share unit plan (DSU)		
Expense of the period	125	92
Reevaluation of the liability	(140)	107
	(15)	199
Total non-cash stock based-compensation expense	185	518
Employee share purchase plan (ESPP)	31	47
Total stock based-compensation expense	216	565

18 - CAPITAL STOCK**Authorized:**

- Unlimited number of Common shares, voting and participating
- Unlimited number of preferred shares whose privileges, terms and conditions are to be established when they are issued.

	2011	2010
Issued:		
Common Shares	18,817,192	18,921,792

In October 2008, the Company made a loan to a director who is an officer, for an amount of \$82,463 to permit him to exercise outstanding stock options. The promissory note is payable upon demand, is recorded against Capital Stock and bears interest at the rate published quarterly by Canada Revenue Agency (1% as at October 31, 2011 and 2010).

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18 - CAPITAL STOCK (continued)

Normal Course Issuer Bid

The Company announced its intention to purchase for cancellation purposes, by way of a normal course issuer bid (the "Bid"), some of its common shares, beginning on April 1, 2011 and ending March 31, 2012. The Company may repurchase for cancellation, up to 946,089 common shares over a maximum period of 12 months representing approximately 5% of its 18,921,792 issued and outstanding as of March 29, 2011. The consideration to be paid by the Company for any common shares it will repurchase under the Bid will be the market price of such common shares at the time of acquisition.

During the year ended October 31, 2011, 133,900 shares (6,300 in 2010) were repurchased for a total cash consideration of \$407,000 (\$23,000 in 2010). As of October 31, 2011, 29,300 out of 133,900 shares repurchased were not yet cancelled. In addition, 25,100 shares repurchased since October 31, 2011 have not been canceled as of January 19, 2012.

Shareholder rights plan

The Company's shareholder rights plan requires anyone who seeks to acquire 20% or more of the Company's voting shares to make a bid complying with specific provisions.

19 - FINANCIAL INSTRUMENTS

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are described below:

Credit Risk

The Company's maximum exposure to credit risk consists in the carrying value of its cash and cash equivalents and accounts receivable (except tax credits recoverable) and other assets.

The Company's exposure to credit risk associated with its accounts receivable is the risk that a client will be unable to pay amounts due to the Company. In its determination of the valuation of accounts receivable, including the allowance for doubtful accounts, management relies on current customer information and its planned course of action as well as assumptions about business and economic conditions in the future period over which the receivables are collectible. Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed in the balance sheet are net of these allowances for bad debts. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Company takes into consideration the customer's payment history, his credit worthiness and the then current economic environment in which the customer operates to assess impairment. The Company accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable. All bad debt write-offs are charged to sales and marketing expenses.

The Company believes that the credit risk of accounts receivable is mitigated by the following:

- i. A broad client base dispersed across various geographic locations. However, the client base is somewhat concentrated in the interior design and furniture manufacturing sectors and may be affected by any downturns due to prevailing economic conditions in any given geography.
- ii. Approximately 65.5% (87.3% in 2010) of trade receivables are past due for less than 90 days. The Company does not require collateral or other security from clients for trade receivables; however credit is extended to clients following an evaluation of creditworthiness. In addition, the Company performs periodic credit reviews of its clients.
- iii. The Company's three largest customers do not account for 10% of total revenues.

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19 - FINANCIAL INSTRUMENTS (Continued)

All of the Company's accounts receivable and other assets have been reviewed for indicators of impairment. Certain accounts receivable were found to be impaired and a provision of \$1.4 million (\$2.3 million in 2010) has been recorded accordingly. The impaired accounts receivable are mostly due from customers that are experiencing financial difficulties.

As at October 31, 2011, the aging of trade receivables is as follows:

	October 31,	
	2011	2010
Current:	3,833	5,433
Past due 1-30 days	2,411	2,273
Past due 31-90 days	2,624	2,831
Past due over 90 days	6,093	3,835
Trade accounts receivable	14,961	14,372
Less allowance for doubtful accounts	(1,413)	(2,300)
	13,548	12,072

The following table provides the change in allowance for doubtful accounts for trade accounts receivable:

	October 31,	
	2011	2010
Balance at beginning of the year	2,300	2,403
Accounts written off	(1,254)	(673)
Allowance for doubtful accounts	309	432
Effect of foreign currency exchange rate changes	58	138
Balance at the end of the year	1,413	2,300

The credit risk on cash and cash equivalents and forward exchange contracts is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. This credit risk is generally diversified since the Company deals with many different establishments.

Fair value of derivative financial instruments

The Company enters into forward exchange contracts to sell amounts of currency in the future at predetermined exchange rates. These forward exchange contracts serve to protect against the risk exposure to future exchange rate fluctuations. As at October 31, 2011, the fair value of such derivative financial instruments is determined based on prices obtained from the Company's financial institution for identical or similar financial instruments. The following table summarizes the amounts of committed currency sales, the average rate and the favorable (unfavorable) fair value at the specified date of the forward contracts according to their remaining terms:

Remaining term	Contract amount	October 31, 2011	
		Average rate	Fair value
		C\$	\$
Less than three months			
Forward contracts- Pound	1,800	1.58	(40)
Forward contracts- USD	4,000	0.9915	(29)
Forward contracts- Euro	4,000	1.406	100

The fair value of forward exchange contracts has been accounted for as an unrealized foreign exchange gain, presented in financial expenses in the consolidated earnings, and in accounts receivable for \$31,000 (\$7,000 in 2010). The realized loss on forward exchange contracts amounted to \$85,000 (\$24,000 of gain in 2010) for the year ended October 31, 2011 and is accounted for as a foreign exchange loss, presented in financial expenses in the consolidated earnings.

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(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

19 - FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk

The Company operates internationally and is exposed to risk resulting from changes in foreign currency rates. The functional currency used by the Company is the Canadian dollar; however, the Company's financial statements are presented in U.S. dollars. Therefore, only earnings resulting from transactions in currencies other than the Canadian dollar expose the Company to fluctuations in currency rates. With respect to Canadian operations, the great majority of revenues are billed and recognized in U.S. dollars while the majority of expenses are incurred in Canadian dollars. The Company uses forward exchange contracts to sell U.S. dollars in order to meet future Canadian dollar expense requirements thereby reducing, but not eliminating, the impact of changes in exchange rates.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and their degree of volatility. Of the total financial assets of \$27,255,000 (\$28,630,000 in 2010) and financial liabilities of \$16,611,000 (\$19,598,000 in 2010) as of October 31, 2011 and 2010, amounts expressed in foreign currencies and the equivalent total in U.S. dollars are as follows:

As at October 31, 2011	Total \$	CND \$	\$	€	£	BDT	RMB	BRL
<i>Financial assets</i>								
Cash and cash equivalents	11,362	685	3,961	829	2,820	3,118	5,428	184
Accounts receivable	14,322	1,038	3,006	5,668	955	14	3,615	430
Contracts in progress	356	-	212	9	83	-	-	-
Other assets	1,215	1,000	25	122	-	974	4	-
	27,255	2,723	7,204	6,628	3,858	4,106	9,047	614
<i>Financial liabilities</i>								
Bank loan	-	-	-	-	-	-	-	-
Accounts payable	11,902	3,700	2,568	2,998	563	846	1,697	410
Long-term debt	4,709	4,394	-	-	177	-	-	-
	16,611	8,094	2,568	2,998	740	846	1,697	410

As at October 31, 2010	Total \$	CND \$	\$	€	£	BDT	RMB	BRL
<i>Financial assets</i>								
Cash and cash equivalents	14,681	4,537	1,531	806	3,835	1,118	8,661	200
Accounts receivable	12,611	450	3,908	4,330	1,213	-	929	275
Contracts in progress	178	68	67	26	4	-	-	-
Other assets	1,160	975	25	124	-	405	-	-
	28,630	6,030	5,531	5,286	5,052	1,523	9,590	475
<i>Financial liabilities</i>								
Bank loan	148	-	148	-	-	-	-	-
Accounts payable	11,907	4,281	2,847	2,560	589	199	1,311	269
Long-term debt	7,543	7,552	-	-	82	-	-	-
	19,598	11,833	2,995	2,560	671	199	1,311	269

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(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

19 - FINANCIAL INSTRUMENTS (Continued)

Currencies Legend:

\$	- U.S. Dollar	RMB	- Chinese Renminbi
€	- European Euro	BRL	- Brazilian Real
£	- U.K. Pound Sterling	BDT	- Bangladesh taka
CND\$	- Canadian Dollar		

The Company is mainly exposed to fluctuations in the U.S. dollar, Euro and the U.K. Pound Sterling. The following table details the Company's sensitivity to a 10% variation of the U.S. dollar, the Euro and the U.K. Pound on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at period end for a 10% change in foreign currency rates. A 10% variation in the other currencies would not have a significant effect on the net earnings. A weaker U.S. dollar or a stronger Euro and the U.K. Pound Sterling with respect to the Canadian dollar will result in a positive impact while the reverse would result from a stronger U.S. dollar or a weaker Euro and the U.K. Pound.

	U.S. dollar impact	Euro impact	UK Pound impact
Exchange rate as at October 31, 2011	0.9935	1.3856	1.6321
On net earnings	C\$461,000	C\$503,000	C\$500,000
	\$464,000	\$506,000	\$503,000
On comprehensive income - increase	6,9 million	N/A	N/A
- decrease	(6,9 million)	N/A	N/A

Interest rate risk

The Company does not enter into derivative financial instruments for speculative purposes. It is exposed to interest rate risk on its long-term debt and bank loan since the interest rates applicable are variable and is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. A 1% variation in interest rates would have an impact of approximately \$47,000 (\$75,000 in 2010) on the net earnings, on an annual basis.

Fair value of other than derivative financial instruments

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of cash and cash equivalents was measured using Level 2 inputs in the fair value hierarchy. The fair value of the foreign exchange contracts were measured using Level 2 inputs in the fair value hierarchy.

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19 - FINANCIAL INSTRUMENTS (Continued)

The fair value of foreign exchange contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the foreign exchange rate set out in the contract and the contract's value at maturity based on the foreign exchange rate that the counterparty would use if it were to renegotiate the same contract at today's date under the same conditions. The Company's or the counterparty's credit risk is also taken into consideration in determining fair value.

Trade accounts receivable, balance receivable on asset disposal, loan receivable, sales tax receivable, other receivables, contract in progress as well as the bank loan and accounts payable are short-term financial instruments whose fair value is equivalent to their carrying value given that they will mature shortly.

The fair value of rental deposits included in the other assets approximates the carrying value of \$525,000 (\$488,000 in 2010). For the rental deposits consisting in term deposits, the fair value was established using the market value with an interest rate of 3.806% (4.347% in 2010). The fair value of the other asset excluding the rental deposits approximates the carrying value at the balance sheet date because the amount is on demand.

The fair value of the government loan denominated in Canadian dollars is C\$3,239,000 (C\$4,450,000 in 2010) compared to a carrying value of C\$3,416,000 (C\$4,330,000 in 2010). The fair value was established using the cost of borrowing that the Company could have obtained as of October 31, 2011 (5.56% in 2011 and 5.71% in 2010) for a loan with similar terms, conditions and maturity dates. The fair value of the revolving line of credit and other loans approximates the carrying value at the balance sheet date because of their shorter term maturities and because they bear interest at a variable rates.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations, borrowing under the existing credit facilities and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. The credit facility covenants were respected during the year and as of October 31, 2011. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

The Company's liabilities have contractual maturities which are summarized below:

	Current within 12 months	Non-Current later than	
		1-5 years	5 years
	\$	\$	\$
Accounts payable	11,902	-	-
Long-term debt- Principal	2,134	2,648	-
Long-term debt- Interest	234	190	-
	14,270	2,838	-

20 - CAPITAL RISK MANAGEMENT

The Company's objective when managing its capital is to safeguard the Company's assets and its ability to continue as a going concern while at the same time maximizing the growth of its business and the returns to its shareholders. The Company's capital consists of shareholders equity, excluding accumulated other comprehensive income. In its capital structure, the Company considers its share repurchase program (Normal Course Issuer Bid) as a means to achieve its objectives.

This objective is achieved by prudently managing the capital generated through internal growth, optimizing the use of lower cost capital and raising share capital when required to fund growth initiatives as well as a conservative approach to safeguarding its balance sheet.

20-20 Technologies Inc.

Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

20 - CAPITAL RISK MANAGEMENT (Continued)

Consistent with others in the industry, the Company monitors capital on the basis of the ratio of return on capital (net earnings, excluding non-recurring items divided by the average book value of shareholders' equity, excluding accumulated other comprehensive income). The Company also monitors capital on the basis of the ratio of interest bearing debt to capital which the Company expects to maintain in the range of 0.1 to 0.4 to 1.0.

The Company monitors these ratios and reports them to its Board of directors on a quarterly basis. The Company's objectives for capital for the 2011 fiscal year include:

	Objectives	2011	As of October 31 2010
i - Long term debt to Capital ratio	not to exceed 0.3 to 1.0	0.08 to 1.0	0.13 to 1.0
ii - Current Assets to Current Liabilities ratio	a minimum of 1.0	1.14 to 1.0	1.16 to 1.0
iii - Interest bearing debt to EBITDA ⁽¹⁾	not to exceed 2.5 to 1.0	0.60 to 1.0	0.89 to 1.0

¹⁾ EBITDA is a non-Canadian GAAP measure that the Company defines as earnings from operations plus depreciation and amortization and specific items not expected to occur frequently.

The Company intends to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments) or refinance existing debt with different characteristics. Also, due to imposed capital requirements related to its credit facility, the Company monitors the long term debt to net worth ratio to ensure that it does not exceed 1.0. The Company was in compliance with the above requirement during the year ended October 31, 2011.

21 - COMMITMENTS AND CONTINGENCIES

The Company has entered into various leases expiring on different dates until June 30, 2024, which call for lease payments of \$13,528,000 for the rental of buildings and other operating leases. The minimum lease payments for the coming years are:

	Years ending October 31, \$
2012	2,460
2013	2,271
2014	1,266
2015	1,017
2016	627
2017 and subsequent years	5,887

At trial earlier this year, a jury established that a competitor to the Company was liable for damages toward 20-20 for illegally downloading its intellectual property. A trial is currently underway to establish the value of damages resulting from the illegal download and Management believes that it is impossible to estimate the amount of such damages that may be awarded by the Court at this time.

Through the course of operations, the Company may be exposed to a number of lawsuits, claims and contingencies. Accruals are made in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accrual has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

20-20 Technologies Inc.
Notes to Consolidated Financial Statements

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

22 - SEGMENTED INFORMATION

The Company operates in a single reportable operating segment. The single reportable operating segment derives its revenue from the sale of software solutions and related services. The following information provides the required enterprise-wide disclosures:

	October 31,	
	2011	2010
	\$	\$
Revenue by geographic location		
Canada	18,284	19,571
United States	17,380	15,756
United Kingdom	10,755	10,786
Germany	9,643	8,338
France	8,120	7,068
Europe – others	1,212	1,527
Other countries	3,323	2,187
	68,717	65,233

Revenue is attributed to geographic locations based on the selling point of origin. Most of the revenues originating from Canada are destined to customers in the United States.

	October 31,	
	2011	2010
	\$	\$
Revenue by product type		
Licenses	20,903	20,237
Recurring licenses	5,678	4,947
Maintenance and other recurring services	29,250	28,916
Professional services	12,886	11,133
	68,717	65,233

	October 31,	
	2011	2010
	\$	\$
Revenue by sector		
Home	36,195	36,354
Manufacturing	20,913	18,548
Office	11,609	10,331
	68,717	65,233

	October 31,	
	2011	2010
	\$	\$
Property and equipment by geographic location		
Canada	1,081	1,291
United States	139	141
United Kingdom	485	401
Germany	172	150
France	248	279
Europe – others	9	5
Other countries	123	78
	2,257	2,345

20-20 Technologies Inc.**Notes to Consolidated Financial Statements**

(Amounts in U.S. dollars, tabular amounts in thousands, except share and per-share data)

22 - SEGMENTED INFORMATION (Continued)

	October 31,	
	2011	2010
Goodwill by geographic location		
Canada	1,075	1,049
United States	21,032	20,510
United Kingdom	28,929	28,210
Germany	3,992	3,892
France	6,127	5,975
Europe-others	1,448	1,412
Other countries	434	424
	63,037	61,472

23- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the basis of presentation used in the current year.

BOARD OF DIRECTORS

Jean Mignault ⁽³⁾
Executive Chairman of the Board
and Chief of Strategic Direction
20-20 Technologies Inc.

Jocelyn Proteau ⁽²⁾
Vice Chairman of the Board
and Lead Director

Jean-François Grou ⁽³⁾
Chief Executive Officer
20-20 Technologies Inc.

Yves Archambault ⁽²⁾
Corporate Director

Philip C. Deck
President
Extuple Inc.

Philippe Frenière ⁽¹⁾
Vice President
Investments Montreal Partners
& Bourgie Financial Corporation

Benoit La Salle ⁽¹⁾
President and Chief Executive Officer
Semafo Inc.

Richard Lord ⁽¹⁾
President and Chief Executive Officer
Richelieu Hardware Ltd.

Jacques Malo ⁽²⁾⁽³⁾
Corporate Director

Lucas Skoczkowski
Chief Executive Officer
Redknee Inc.

(1) Member of the Audit Committee

(2) Member of the Human Resources and Governance Committee

(3) Member of the Strategy Direction Committee

MANAGEMENT

Jean-François Grou
Chief Executive Officer

Steve Perrone
Chief Financial Officer

Joerg Witthus
Executive Vice President of the Europe,
Middle East and Africa (EMEA)

Klaus Gueniker
Executive Vice President,
Sales and Services for the Asia Pacific

André Chartier
Senior Vice President
Product Development

Christine Labelle
Vice President
Human Resources

CORPORATE INFORMATION

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Chartered Accountants

Stock Listing
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Ticker symbol: TWT

External Legal Counsel
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Transfer Agent
Computershare Trust
Company of Canada

Investor Relations
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Chief Financial Officer
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