2008 ANNUAL REPORT

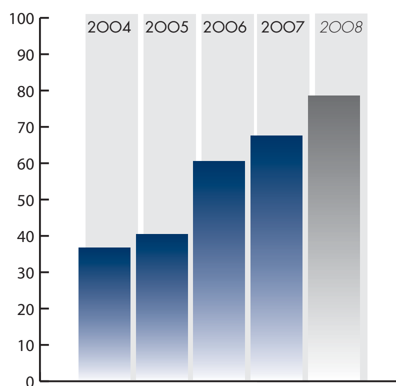
20-20 TECHNOLOGIES

Financial Highlights

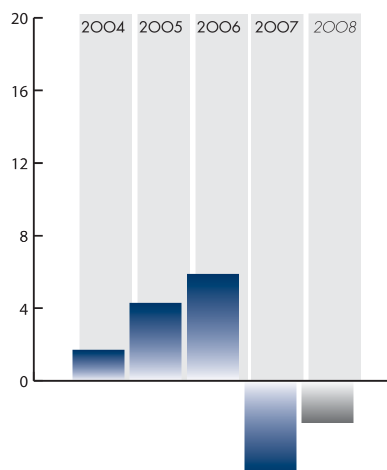
Fiscal years ended October 31,	**2008**	2007	2006	2005	2004
Operating Results	(Restated)				(Restated*)
Revenues	78,602	67,627	60,461	40,475	36,654
Gross margin	56,992	49,188	45,607	32,483	29,156
% of revenues	72.5 %	72.7 %	75.4 %	80.3 %	79.5%
Operating income (loss)	(2,690)	(7,493)	6,295	5,937	5,531
Net earnings (loss)	(2,297)	(5,249)	5,869	4,262	1,672
Per Share					
Earnings (loss)					
Basic	($ 0.12)	($ 0.28)	$ 0.31	$ 0.24	$ 0.18
Diluted	($ 0.12)	($ 0.28)	$ 0.31	$ 0.24	$ 0.17
Book value	$ 2.99	$ 4.01	$ 3.62	$ 3.13	$ 1.55
Financial Position					
Working capital	4,947	37,150	27,600	33,568	(6,763)
Total assets	103,060	104,063	96,105	78,964	37,530
Shareholders'equity	56,667	75,635	68,088	58,729	13,374
Total common shares outstanding	18,947,292	18,850,302	18,805,037	18,749,102	8,604,460

Notes : Unless otherwise indicated, all amounts in this annual report are expressed in US dollars.
* The financial information for fiscal year 2004 has been restated to reflect the retroactive adoption of new pronouncement dealing with the accounting treatment of convertible debentures (see Note 2 to the audited consolidated financial statements)

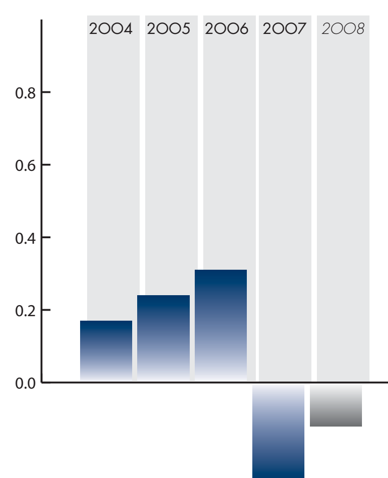
Revenues
(millions of dollars)



Net Earnings (Loss)
(millions of dollars)



Diluted Earnings (Loss) per Share
(in dollars)



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Message to Shareholders

Jocelyn Proteau

Jean Mignault

The year 2008 represented a period of unprecedented challenges for 20-20 Technologies, particularly in North America. In the latter part of the year, recessionary conditions also took hold in Europe where trends turned downward in the United Kingdom, France, Italy, and Spain.

The mortgage and credit crises which began last year in the U.S. caused home values to decline significantly. This led homeowners to postpone renovations, which in turn reduced staffing levels at the retailers that rely upon our technology. Thus 20-20's new license sales, which constitute our highest margin products, were severely affected. Additionally, the economic context softened the demand of furniture producers for our manufacturing solutions.

The acquisition of the Planit* Fusion business enabled us to generate record top line revenues during the year. Nevertheless, the fact our market share and competitive position continue to make us the leader in our industry worldwide is not a substitute for providing the required return on investment for our shareholders.

Accordingly, in the year ahead, the Company's operations in terms of productivity and cost-effectiveness constitute our chief focus. Highly disciplined execution of our short-term strategic plan, together with integration of existing resources, are 20-20's top priorities. We have already begun to diligently implement a range of measures to return the Company to traditional levels of profitability. This includes the establishment of a strategic Board committee to review and provide feedback on various company initiatives.

As you will read in the message that follows from our President and Chief Operating Officer, Jean-François Grou, operationally we have identified the disciplines, processes, and strategic themes required to adapt to the current climate, and to leave us competitively strengthened once the storm has passed. He details the four key paths that today form our business itinerary:

(i) protection of our financial position in the short term;
(ii) concrete measures that will return us to profitability;
(iii) a Research and Development (R&D) investment program that enhances our near-term revenues; and
(iv) growth opportunities that offer significant promise.

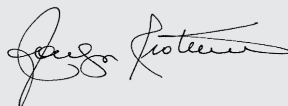
Clear objectives have been set budget-wise. We are concentrating on our most current sales forecasts and, as market conditions prescribe, we will make rapid adjustments to our cost structure. In every instance of decision-making we are executing the actions required to deliver on key operating metrics.

Much has already been accomplished to allow 20-20 to benefit from its existing strengths. The integration of Planit* Fusion, for example, has positioned the Company to be the dominant force in our industry in Europe. In China, where the potential is vast for our end-to-end solution among manufacturers of kitchen, closet and home furniture, we have established a secure foothold with three sales offices and strategic partnerships.

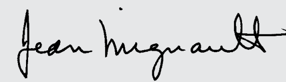
In North America, despite the downturn, we continue to win large accounts and increase our market share. Globally, we continue to offer our technology as a uniquely integrated platform in our industry. In terms of pursuing our long term objectives, no windows of opportunity have closed.

We do not minimize the difficulties that face us in the immediate future. At the same time, however, our well established strategic position will serve as a bridge to enhanced competitiveness for 20-20 once the recovery begins. Our focus is on maximizing existing operations. We are not contemplating any acquisitions in the foreseeable future.

We take this opportunity to thank our shareholders for their continuing support in these trying times, and to salute our employees for the excellence of their work and the tremendous pride they take in 20-20's accomplishments.



Jocelyn Proteau
Co-Chairman of the Board



Jean Mignault
Co-Chairman of the Board
and Chief Executive Officer

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" We have already begun to diligently implement a range of measures to return the Company to traditional levels of profitability. "

Jean-François Grou

Message from the
President and Chief Operating Officer

My report focuses on the measures we are taking to protect the Company's immediate financial position and restore its profitability and growth track. First, I will briefly review 20-20's major events of the past year.

Adversity and Advance

The year 2008 represented an unfavorable period for 20-20. The drop in home values in the U.S. market caused a massive contraction in home renovation. Owners shied away from investing in their homes. Given that kitchen and bath remodeling projects represent 20-20's core market for new software license sales, our profitability declined significantly. In response we implemented a major restructuring and realignment.

We brought our costs in line with revenues and consolidated our worldwide operations to create a leaner and more integrated organization. In 2008 we downsized our workforce by 13%, resulting in an annualized reduction of over $6 million in operating costs, and instituted a program of continuous expense control. All projects that do not carry short term potential have been postponed or reduced. In North America we integrated our sales and services teams to more efficiently meet the demands of manufacturers, retailers, and dealers. These measures answered to the Company's top priorities of sales execution and a return to profitability.

Early in the year, our acquisition of the business of UK-based Planit* Fusion expanded our installed base in Europe and provided us with enhanced distribution and new market opportunities. The addition of Icovia's technology strengthened us with interactive, online furniture space planning solutions. We completed our end-to-end software offering for the Chinese furniture manufacturing market, enabling factories in China to design, sell, produce and manage, entirely in Mandarin, on a digital data-enabled software platform provided by 20-20.

Later in the year, IKEA, the world's premiere ready-to-assemble furniture manufacturer and retailer signed a long term agreement to use *20-20 Virtual Planner*, our 3D Web space planning and visualization software on a global basis. Soon after that, Sears Holdings Management Corporation, North America's leading appliance and fourth largest broad line retailer, licensed all its home improvement consultants with *20-20 Design*, our kitchen and bath design software. These strategic sales to distinguished players in our industry signal clear acknowledgement of both our ongoing technological prowess and established set of proven solutions.

Short Term Focus:
Protection of our Financial Position

Our highest priority is to protect the cash position of the Company. We are implementing specific plans to safeguard and improve our EBITDA commencing in the first and second quarters of 2009.

Throughout the Company we are further reducing the size of our management teams. Staff will be reduced in areas where we are not meeting contribution objectives or where our costs are higher than target metrics. Should our forecasts indicate shortfalls in expected revenue, we are committed to trim costs still further, as we announced subsequent to year end, early in 2009.

Returning to Profitability

In response to economic conditions, we have streamlined our product management process. Across the board we are strictly enforcing projects with a short-term return on investments. We are implementing regional management teams and reorganizing research and development to improve efficiency.

Our return to profitability will above all be a function of achieving specific objectives for sales in each region. An outline of our sales initiatives by region appears on page 6 of this Annual Report.

Given general market conditions, on average we forecast only limited growth in our existing markets with existing products. However, we expect additional license revenues from our strategic initiatives. As recurring revenues and services grow at a slower pace, our revenue mix should be more favorable with a higher proportion of license sales expected to improve our gross margin.

Our sales initiatives will be executed in tandem with realistically targeted cost reductions. 20-20's costs of sales and marketing are projected to be lower than in 2008 as a percentage of revenue.

R&D Investment Program

Despite cost reductions, we aim to continue enhancing our platform and further integrating our products and adapting them to our clients' needs. We are focusing on seven specific investment initiatives for the next eighteen months, each carefully crafted to contribute both to our revenue in the short term and to the continued enhancement of our competitive position.

Please turn to page 7 of this Annual Report for an outline of our R&D program. We are confident the program will create incremental revenue opportunities starting progressively in the second quarter. These revenues will help offset the anticipated softness in the demand for our existing solutions.

Growth Opportunities

In North America in 2009, unless market conditions deteriorate further, we believe large and small manufacturers will invest to improve efficiencies by further automating with our vertical solutions. We will start selling our new version of *20-20 Virtual Showroom* to kitchen and bath dealers, retailers and manufacturers, and we will set up generic portals on high-traffic partner portals to generate sales leads for them. Another key growth opportunity going forward is in the countertop market for fabricators and manufacturers, building on our relationships and solutions at the home center retailers.

In Europe, following the acquisition and integration of Planit* Fusion, considerable business development potential remains to be exploited in the point-of-sale market and with existing products in new market segments such as the bathroom sector. We are now positioned in Europe to progressively dominate this

end of the business. Moreover, as in North America, we see extensive opportunities with manufacturers for our vertical solutions.

In 2009, specific strategic initiatives are aimed at improving our ability to sell our software products in China. We are also progressively developing our business in Brazil, where we expect market conditions to remain favorable as residential builders and small cabinet makers experience significant growth in their businesses. Please see page 8 of this Report for more detail of our growth opportunities.

I want to stress that our focus on adjusting to present conditions has not fundamentally affected any of our strategic assets. None of the cost or staff reductions we have made will jeopardize our global leading market position or our long term objectives. The recession has no bearing upon the value of the technological base that we have established along the entire supply chain of the interior design industry. When the recovery comes, that base promises to be our springboard to an even stronger, more competitive and profitable 20-20 Technologies.

Jean-François Grou
President and Chief Operating Officer

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" We are focusing on seven specific investment initiatives for the next eighteen months, each carefully crafted to contribute both to our revenue in the short term and to the continued enhancement of our competitive position. "

Returning to Profitability

20-20's operational focus on execution and return to profitability involves a range of marketing and sales activities. We are ensuring our strategies and tactics are localized and well adapted to each of our markets. We are aggressively selling add-on products to our existing and new customers in the Kitchen and Bath as well as Office sectors. We are leveraging our point-of-sale and manufacturing solutions to customers that require additional efficiencies. We are progressively deepening our partnerships with Microsoft® and Autodesk®, where creative extension of their technologies with 20-20 applications opens doors to new business development and opportunities.

In every region of the world, our emphasis on a return to profitability involves integration of our operations where synergies exist to lower our operating costs. It extends to reduction in costs where we can continue to manage the Company – and lead the industry – with less overhead.

Our 2009 strategic objectives include:

North America:

- Digital marketing of new products such as *20-20 BizManager* and *20-20 Virtual Showroom* complementing *20-20 Design*.
- Entry into the countertop and other complementary product segments at the point-of-sale.
- Entry into adjacent commercial markets beyond office furniture with our end-to-end solution.
- Implementation of added value solutions and services for existing customers in the manufacturing segment.
- Launch of *Enterprise inSight* integration with *Microsoft® Axapta* in the manufacturing sector.

Europe:

- Integration of operations from three European regions into one continental unit.
- Entering the U.K. in new market segments such as Bathroom point-of-sale dealers.
- Conversion of opportunities in the office market, particularly in the U.K.
- Launch of *Enterprise inSight* in Central and Eastern Europe.

Internationally:

- Improvement of our ability to sell not only in China, but in adjacent Asian markets.
- Accelerated sales activities of the end-to-end solution offering for Kitchen in China.
- Strengthening and expansion of distributor presence and product offering.

R&D Investment Program

20-20 Technologies is fundamentally innovation-oriented and customer-driven. To maintain our market leadership we continually introduce improved and new applications. Working in eight distinct development centres, our innovative employees are programmers and specialists in documentation, quality assurance, and localization. This is how 20-20 remains at the forefront of software suppliers to the points-of-sale, showrooms of the interior design industry (both real and virtual), and factory floors. When the global economic recovery comes, 20-20 will be positioned for major growth.

In 2009 20-20 Technologies will invest in seven strategic initiatives, each with short-term revenue potential:

- **Customer facing technologies** to promote their products with our visualization tools to generate sales leads.
- **Design to order entry** to provide our customers with integrated software and web solutions to enter, send and receive orders electronically in a collaborative environment.
- **More data for more software** to enable our production teams and our customers to create more and better catalogs, faster and less expensively.
- **ERP integration** with Microsoft® and other third party financial applications, to enable us to bid on projects where customers are looking for a complete ERP solution.
- **Countertop product categories** to pursue our entry in the countertop segment with a complete set of point-of-sale, manufacturing, B2C and B2B solutions.
- **Product engineering and configuration** to perpetuate our leadership in technologies used by furniture manufacturers of all sizes to engineer and configure their products.
- **Complete office solution** to round out our point-of-sale solutions and integrate them with our manufacturing solution.

Our long term R&D investment roadmap involves the complete unification of our point-of-sale and manufacturing technologies. The achievement of this goal will enable every player in the interior design and furniture industry – retail salesperson at the point-of-sale, order entry clerk at the manufacturer, assembly line worker in the factory – to do their jobs while accessing our industry software platform and unique catalogs which will have been created only once by 20-20 and its partners. We remain firmly on track toward becoming the "digital nervous system" of the interior design industry.

Growth Opportunities

Significant growth opportunities exist for 20-20 products and solutions that have already established wide traction in the market. Our immediate emphasis is to exploit their full potential.

Over the past eight years we have averaged 20%-plus growth annually, of which close to 10% has been organic. Going forward, and looking beyond the current economic crisis, we regard this rate of overall growth to be, on average, sustainable. Competitors with piecemeal solutions for our industry may challenge us in Europe, but they are absent from or weak in North America. Competitors in North America are absent or ineffective abroad. Our ability to deliver integrated solutions worldwide in a market that is increasingly globalizing is unique in itself.

- ***Enterprise inSight* and *20-20 Virtual Studio*** are two products which will help us improve our market penetration. Adopted by a large number of manufacturers, *inSight* is our leading manufacturing execution solution, and *Virtual Studio* is the latest member of our point-of-sale product portfolio. Worldwide, these two exceptional technologies have found success with numerous key retailers and manufacturers. Our marketing and sales efforts are accordingly geared to bringing them to their full revenue potential.

- **For manufacturers,** our ability to deliver a powerful Online Order Entry and Electronic Order Processing system to link dealer side information with the factory side promises to generate major benefits. Given tough economic times and the stress on greater efficiency through automation, tremendous demand currently exists to reduce the cost of processing orders.

- **New revenue streams** are being created through leveraging and expanding our existing platform. For example, on top of our Kitchen and Bath application we have created versions for closet design and countertops.

- **In China,** we are delivering our end-to-end solution in Mandarin. We are offering a powerful dual proposition to Chinese manufacturers: first, our *inSight* solution provides an integrated engineering tool to complete their factory automation; second, for their exports, 20-20 enables them to digitally present products at the point-of-contact between retailer and consumer in North America and Europe.

- **Product Data Pool,** a work in progress, delivers the capability to create data once and use it within all our software products for all purposes required by every player in the interior design chain. Enabling our customers to automatically create data for all the software products in our portfolio will deliver additional competitive advantage to 20-20 and its customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Restated -
(Year ended October 31, 2008)

1. Introduction

The following report, dated April 2, 2009, is a discussion relating to the financial results and position of 20-20 Technologies Inc. ("20-20" or the "Company") for the year ended October 31, 2008. The discussion should be read in conjunction with the selected consolidated financial information shown in this report, and our audited restated consolidated financial statements and the accompanying notes. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and are presented in U.S. dollars as a significant proportion of the Company's revenues are recorded in U.S. dollars. The Company's restated financial statements have been translated from the measurement currency, the Canadian dollar, to the U.S. dollar using the current rate method. Additional information relating to 20-20, including the Company's Annual Information Form, Annual Report and the audited restated financial statements for the year ended October 31, 2008, can be obtained from SEDAR at www.sedar.com as well as from the Company's web site 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.

Unless otherwise noted or the context otherwise indicates, "20-20", the "Company", "we", "us" and "our" refers to 20-20 Technologies Inc. and its direct and indirect subsidiaries. Unless otherwise indicated, all dollar amounts in this report refer to U.S. dollars. References to "$" or "U.S." are to U.S. dollars and references to "C$" 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.

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 years ended October 31, 2008 and 2007, this report also discusses certain important events that occurred between the fiscal year-end and April 2, 2009.

Non-GAAP Measures

Adjusted Operating Income
As the Company has made several acquisitions over the last two years we considered it important to provide a measure that enhances an overall understanding of our operational results and trends, on a comparable basis with the prior periods. Adjusted operating income is a non-GAAP measure related to operating income and is defined for these purposes as operating income excluding stock-based compensation, amortization of business acquisition-related intangibles and development costs, and non-recurring items. Adjusted operating income is a supplemental measure and should not be construed as an alternative to operating income as defined under Canadian GAAP as a measure of profitability. Our method of measuring adjusted operating income is unlikely to be comparable to similar measures provided by other companies.

EBITDA
EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as operating income, adjusted for non-recurring items plus amortization expenses.

2. Corporate overview

Our mission
Making our customers more productive and competitive by providing software and services to integrate the entire sales, supply and manufacturing processes of the interior design and furniture industries.

Our Company
Interior design dealers and furniture manufacturers have made 20-20 Technologies the world's leading provider of computer-aided design, sales and manufacturing software for the interior design industry. 20-20 Technologies is offering an integrated software platform for industry-wide use from showroom to factory floor that is tailored specifically to the interior design business and employed across all environments desktop and web. It not only represents a significant competitive advantage, but is a critical element to the Company's success.

20-20 products and services are marketed and sold worldwide through a sales and marketing team in various locations complemented by a network of consultants and distributors. 20-20 has operations throughout North America and Europe as well as a direct presence in both Asian and Latin American markets.

The past several years have been dedicated to numerous strategic acquisitions. These completed acquisitions have enabled the Company to become the leading provider of computer-aided design and sales software for the commercial and residential interior design markets. The successful integration of these businesses into a single organization has strengthened 20-20 Technologies' capability to offer end-to-end solutions for the interior design industry.

Markets Served
20-20 Technologies Inc. serves a variety of interior design-related professions that include architects, commercial furniture dealers and retailers, facility managers, residential furniture dealers and retailers, manufacturers, interior designers, homebuilders and remodelers. Each can choose the software that best suits their needs and addresses their professional concerns and those of their customers.

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

20-20 software is available in 23 languages, sold in more than 90 countries. Each is adapted for the specific measurement units and currency of the geographical area where the software is used. 20-20 solutions include applications for business-to client (design and sales) business-to-business (order processing and e-procurement) and manufacturing facilities: enterprise resource planning (ERP) systems as well as computer-aided engineering (CAE) and manufacturing (CAM) software.

Leadership Team
Hailing from various countries around the world, 20-20 Technologies' global reach is reflected in its leadership team. The Company's executive committee has over 20 years experience in the interior design and software industries. These two decades of know-how have significantly contributed to the Company's continued success.

20-20 Technologies' successful integration of strategic acquisitions in recent years has resulted in the retention of senior management personnel, improving the level of expertise available to its customer base worldwide.

The diversity of business and computer science education backgrounds gives this leadership team an edge over its competitors. Their understanding of global markets and the issues they face puts 20-20 Technologies in a unique position to address each one.

Competitive Environment
The Company currently faces competition from software providers in both the CAD and the ERP markets. The interior design software industry is highly fragmented and comprised generally of point solution (as opposed to end-to-end 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. Generally, competitors can be described as follows:

- CAD Software: Competitors include smaller, privately-owned, companies whose products generally have limited functionality when compared to those of the Company, are principally focused on specific aspects of design software, and compete generally in some of our geographic markets but not all.

- ERP Software: As the Company increases the penetration of its ERP solution, it also faces competition from ERP software vendors which generally offer less targeted design, specification, photo-realistic rendering or 3-D visualization capabilities.

Large software providers typically find it more beneficial to form alliances with specialized software providers that provide a focused solution, like us, than to devote resources to developing and marketing their own specialized products.

Acquisitions in 2008

Synergies have resulted from our acquisition strategy. As a leader in our industry for over two decades, 20-20 Technologies developed within its ranks many of the finest minds in showroom technologies. Furthermore, over the last five years, our acquisition program has brought to 20-20 additional talent of the very first order- industry entrepreneurs, visionaries and strategists.

In 2008, the Company made two significant acquisitions, Planit* Fusion and 20-20 Icovia Inc.., thereby enhancing the cross selling opportunities for our products, namely point-of-sale desktops and web solutions.

Planit* Fusion
Planit* Fusion offers products that combine innovative design features with essential sales management tools to provide total support for businesses, including kitchens, baths and bedrooms. Targeted for dealers, designers, retailers, homebuilders and remodelers, the Fusion products provide high quality graphical presentations and integrated front-end and ordering systems. The Fusion software is a welcome addition to 20-20's already extensive product portfolio and 20-20 intends to maximize the benefit of this newly acquired asset.

The addition of Planit* Fusion's expertise and market knowledge will considerably strengthen our position in Europe. This bolstering of our European presence will help us maintain our growth and worldwide momentum.

Approximately 90% of Planit* Fusion's revenues are generated in Europe. Planit* Fusion's market share in key European countries is thus complementary to 20-20's. In point-of-sale technologies, Planit* Fusion is leading the U.K. market with significant market share in France. Planit* Fusion further commands a significant market share in Germany, Belgium, Holland, Spain and Scandinavia through its distributors.

The acquisition and the integration of Planit* Fusion's U.K. and French subsidiaries will extend to Europe, 20-20's leadership position in North America. The Company's collaboration with Planit* Fusion's distributors creates one of the largest and most diversified interior design technology providers across Europe.

20-20 Icovia Inc. (formerly Hookumu Inc.)
20-20 acquired Icovia both because of its complementary product offering as well as its expertise and success in marketing technology products to the home furnishings industry. Icovia's space planning solution is a platform we can build upon, extending the capabilities of the product to include 3D visualization.

The combination of Icovia's knowledge of the home furnishings industry and 20-20's expertise as a provider of interior design software solutions makes for an offering that is very attractive to home furnishings retailers and manufacturers. Our clients can link their online planning tool to web analytics software, allowing them to gain valuable insight into consumer preferences, and measure the effectiveness of their marketing campaigns through user registration.

The company was renamed 20-20 Icovia Inc. and will combine Icovia's 2D product and customer base with 20-20's 3D Virtual Planner and Virtual Showroom technology as a path to significantly upgrade technology tools. The new 20-20 Icovia 3D, successfully introduced at the recent Las Vegas Furniture trade show, where 20-20 Icovia Inc. presented it to over 400 of its customers, is an interactive 3D space planning tool that home furnishings retailers and manufacturers can use to extend their physical showrooms virtually in 3D photorealistic rendering.

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3. Corporate strategy with respect to current economic conditions

Market conditions

In North America, the residential market has been significantly impacted in 2008 by the US economic downturn, which affected new housing construction as well as remodeling, and caused the manufacturing sector to adopt a more prudent approach with respect to our manufacturing solutions. However, the Commercial market has not been as severely impacted. We expect these adverse conditions to continue to pose challenges in 2009.

The outlook for Europe is overshadowed by the ongoing financial crisis and the severity of the US recession. The economic conditions in North America are now extending to Europe especially in the UK, Spain, France and Italy, and are further deteriorating at the moment. A similar pattern is gradually being witnessed in Germany, Austria and Switzerland.

The housing markets in Latin American countries however will continue to grow in 2009, as they did in 2008. In Brazil, specifically, we expect market conditions to continue to be favorable throughout 2009. Economic and market conditions for Asian countries surrounding China are also expected to grow modestly in 2009 while in China, we expect market conditions to be favorable once again throughout 2009. Finally, economic conditions in markets with closer trade relationships with the USA are experiencing a slowdown including South Africa, Mexico, Australia and New Zealand.

Strategic objectives

Specific strategic global objectives during this period of economic turmoil and uncertainty are as follows::

1. Protect our EBITDA and cash position
2. Protect and leverage our core human capital
3. Deliver specific strategic investment initiatives
4. Protect our recurring revenues and market share
5. Improve our execution capabilities including decision making

Existing business and growth strategy

Given the global uncertainty about current market conditions, we are planning for limited growth in our existing markets with our existing products. However, we believe that by focusing on specific themes for the next 18 months, we can create incremental revenue opportunities, partly offsetting the expected softness in the demand for our existing solutions, particularly in North America. Furthermore, we believe that these strategic investment initiatives will strengthen our market position in every market where they will be deployed.

Cost reduction

In these uncertain and volatile conditions affecting global financial markets, it is quite difficult to forecast market conditions for the interior design and furniture markets in 2009 with any degree of confidence, as well as the corresponding impact on our business. This justifies our decision to concentrate our efforts on adjusting our cost structure, as proven by the $9.5 million cost reduction program implemented in 2008.

Given current economic conditions, management implemented cost measures to protect our cash generation capacity. However, should markets continue to deteriorate, we are prepared to take additional measures in order to protect this cash flow generation capacity.

Foreign exchange rates

As 20-20 operates in a global environment, even more so since the acquisition of the Planit* Fusion operations, foreign exchange rate assumptions and sensitivity analysis are particularly significant due to their potential impact on our results. In fact, all of our main currencies, the $US/$CAD, the Euro and the Pound Sterling have fluctuated significantly in 2008 and are continuing to do so.

Although the European currencies affect earnings to a lesser extent since both revenues and expenses are in the same currency, variations in the Canadian dollar versus the US dollar can have a significant impact on net earnings. The Company uses forward exchange contracts to sell US dollars forward on quarterly basis in order to partially offset this impact on earnings.

4. Selected Consolidated Financial Information

The selected consolidated financial information set out below for the three-month periods and years ended October 31, 2008 and 2007 has been derived from our restated audited annual and unaudited interim consolidated financial statements.

Restatement of financial statements

While preparing the interim consolidated financial statements for the first quarter ended January 31, 2009, the Company identified the following two errors reflected in the previously issued consolidated financial statements for the year ended October 31, 2008. Therefore the consolidated financial statements for the year ended October 31, 2008 have been restated to reflect the required corrections.

1- In the consolidation of the balance sheet of a subsidiary, a conversion error occurred and resulting in a translation gain for an amount of $279,000. This gain was improperly reported as a reduction of financial expenses instead of an increase in to accumulated other comprehensive income.

2- The Company failed to mark to market as of October 31, 2008, two forward exchange contracts involving the sale of US currency. The Company did not account for an accrued exchange loss of $334,000 on these contracts less an income tax impact of $97,000.

These errors are related to unusual items and highlighted internal control weaknesses. The Company has made appropriate changes to its internal control procedures to correct the weakness.

Below is a summary of the line items in the financial statements affected by the corrections.

	Previously reported	Adjustments	**As restated**
As At October 31, 2008			
Consolidated balance sheet			
Accounts receivable	17,856	(318)	**17,538**
Future income tax (Long term asset)	1,409	91	**1,500**
Deficit	(6,367)	(516)	**(6,883)**
Accumulated other comprehensive income	2,508	289	**2,797**
Consolidated shareholders' equity			
Accumulated other comprehensive income	2,508	289	**2,797**
Retained earnings (deficit)	(6,367)	(516)	**(6,883)**
Shareholders' equity	56,894	(227)	**56,667**
Year ended October 31, 2008			
Consolidated earnings			
Financial expenses	358	613	**971**
Loss before income tax	(3,076)	(613)	**(3,689)**
Income tax expenses	(1 ,295)	(97)	**(1,392)**
Net loss	(1,781)	(516)	**(2,297)**
Loss per share basic and diluted	(0.09)	(0.03)	**(0.12)**
Consolidated cash flows			
Operating activities			
Net loss	(1,781)	(516)	**(2,297)**
Future income tax	(2,030)	(97)	**(2,127)**
Unrealized loss(gain)on forward exchange contracts and currency options	143	318	**461**
Cash flows from operating activities	4,884	(295)	**4,589**
Effect of changes in exchange rate on cash held in foreign currencies	(4,528)	295	**(4,233)**

The following information should be read in conjunction with our audited restated financial statements and accompanying notes for the year ended October 31, 2008.

Financial Highlights

(In thousands of dollars, except for share and per-share data)

	Three-month periods ended October 31, (Unaudited)		Years ended October 31, (Audited)	
	2008 Restated[3]	2007	**2008 Restated[3]**	2007
	$	$	**$**	$
Revenues	**19,556**	17,583	**78,602**	67,627
Profitability				
Gross margin	**14,435**	12,892	**56,992**	49,188
Gross margin (%)	73.8 %	73.3 %	72.5 %	72.7 %
EBITDA[1]	**2,021**	3,211	**4,326**	12,734
EBITDA (%)	10.3 %	18.3 %	5.5 %	18.8 %
Adjusted operating income[1]	**1,622**	1,937	**2,566**	7,299
Adjusted operating income (%)	8.3 %	11.0 %	3.3 %	10.8 %
Net loss	**(1,272)**	(8,272)	**(2,297)**	(5,249)
Net loss (%)	(6.5) %	(47.0) %	(2.9) %	(7.8) %
Loss per share[2]				
Basic and diluted loss per share	**(0.07)**	(0.44)	**(0.12)**	(0.28)
Balance sheet				
Total assets	**103,060**	104,063	**103,060**	104,063
Total long-term liabilities	**15,977**	2,680	**15,977**	2,680

(1) EBITDA and adjusted operating income are non-GAAP measures for which we provide reconciliation on pages 18, 28 and 29.
(2) Please refer to Note 7 to the audited annual restated consolidated financial statements for further details relating to the calculation of loss per share.
(3) Refer to Note 2 to the audited annual restated consolidated financial statements for further details relating to the restatement.

- Revenues for the year ended October 31, 2008 increased by 16.2% or $11.0 million.
- Manufacturing sector revenues grew 30.0%, compared with fiscal 2007.
- Recurring revenues rose by 23.8% or $6.8 million, compared with 2007.
- Expenses increased by about $1.8 million as the Canadian dollar strengthened (by an average 7.6%) against the U.S. dollar over the 2008 fiscal year.
- To better deal with the economic conditions, management implemented a restructuring plan, resulting in a $2.3 million charge that will generate estimated future annual savings of $9.5 million.
- The net loss before restructuring costs stood at $667,000 for fiscal 2008, compared with net income before asset write-offs of $3.5 million for fiscal 2007.

For the year ended October 31, 2008, the Company's revenues grew 16.2% or $11.0 million from the previous fiscal year with the acquisitions made during the fiscal year contributing 18.3% or $12.4 million. The decrease in organic revenues of $1.4 million is attributable to worsening economic conditions in North America during the year. Organic revenues in North America fell 9.5% while those in Europe grew more than 15.0%.

Declining revenues for point-of-sale solutions in the residential sector in North America were offset by revenues related to acquisitions and rising sales in Europe, resulting in 17.6% growth for the market in fiscal 2008. Over the same period, the manufacturing sector was up 30.0%, from $18.8 million in fiscal 2007 to over $24.4 million in fiscal 2008, mainly driven by the European market. Revenues from commercial point-of-sale solutions declined marginally from $14.7 million in 2007 to $14.0 million in fiscal 2008.

Operating results were hurt by translation from the Canadian dollar which strengthened on average by more than 7.6% against the US dollar compared with the same period in 2007. As a significant portion of our operating expenses and costs of revenue are incurred in Canadian dollars, the translation into U.S. dollars for reporting purposes led to a $1.8 million increase in expenses.

Generally, despite a negligible change in the revenue mix between licenses and recurring revenues, the Company's gross margin remained stable over the past two years.

The dollar increase in the gross margin attributable to sales volumes is more than offset by:
i) The impact of the $2.3 million restructuring costs.
ii) The impact of the exchange rate on Canadian expenses, which resulted in a loss of $1.8 million.

The operating loss for the year ended October 31, 2008 amounted to $2.7 million, compared with an operating loss of $7.5 million for the previous year, representing (3.4%) and (11.1%) respectively.

5. Financial Analysis for the Years Ended October 31, 2008 and 2007

Revenues

Revenues from license sales are predominantly derived from licensing of the Company's desktop and client-server enterprise software. Each software license, for which users pay a one-time fee, is typically perpetual in nature. Each license is typically intended for use by a single user and is non-transferable.

Revenues from maintenance and other recurring revenues are generated by customer support, software and electronic catalog updates, Web services and annual software usage fees. Typical maintenance and other recurring service agreements have a twelve-month term and are renewable at the option of the customer.

Last, revenues from professional services include revenues derived from training, electronic catalog creation and maintenance, and integration services such as consulting, application customization and hardware resale.

The Company's revenues grew 16.2% from $67.6 million in 2007 to $78.6 million in 2008. Acquisitions made in the first quarter of 2008 contributed $12.4 million, offsetting the fall in organic revenues resulting from the unfavorable economic climate in North America, particularly in the U.S. residential point-of-sales solutions market. The different acquisitions enabled the Company to develop the European market, which was less affected by the economy in 2008, and as a result, the geographic revenue mix worked to the Company's advantage. The proportion of European revenues increased from 29.9% in 2007 to 42.0% for fiscal 2008. Strong growth in the manufacturing sector in 2008 also helped mitigate the negative impact of the commercial and residential point-of-sale solutions sector.

The Canadian dollar's appreciation versus the U.S. dollar had almost no effect on revenues generated by license sales realized in North America as most of those sales are recorded in U.S. dollars. In addition, the Euro's strengthening against the U.S. dollar in fiscal 2008 resulted in a $1.9 million increase in organic revenues.

Revenues – by Type
(In thousands of dollars)

	For the years ended October 31,			
	2008		2007	
	$	%	$	%
Licenses	26,392	33.6	24,488	36.2
Recurring revenues	35,368	45.0	28,562	42.2
Professional services	16,842	21.4	14,577	21.6
Total revenues	**78,602**		**67,627**	

Revenues from license sales grew by 7.8% or $1.9 million for the year ended October 31, 2008, compared with the previous fiscal year. Revenues from license sales related to acquisitions (Planit* Fusion, 20-20 Icovia Inc., Shanghai 20-20 and Linkwood) totaled $5.0 million for the year ended October 31, 2008. Expansion into the European markets via strategic acquisitions in fiscal 2008 resulted in an increase of more than 90.0% for licenses sold in Europe compared with fiscal 2007, offsetting the 21.2% fall in overall North American sales.

Organic license sales fell 12.6% for the year ended October 31, 2008 from the same period in 2007. Europe generated an organic growth of 17.2% for license revenues, compared with a 22.3% organic decline for North America.

As for the different sectors, organic license sales declined 32.1% and 6.3% respectively in the residential and commercial sectors, while the manufacturing sector grew 44.7%, primarily in Europe.

Revenues from maintenance and other recurring revenues increased by $6.8 million to $35.4 million for the year ended October 31, 2008. This growth of 23.8% (17.5% related to acquisitions) was due to a high retention rate combined with license sales of more than $50.0 million in fiscal 2008 and 2007. In 2008, recurring revenues related to acquisitions totaled $5.0 million.

Organic recurring revenues rose 6.3% or $1.8 million for the year ended October 31, 2008, compared with the previous fiscal year. This increase is attributable to additional recurring support and maintenance service revenues generated from a growing licensee base, following record license sales revenues generated in the previous years in the residential and commercial point-of-sales solutions sectors, and in the manufacturing sector.

The manufacturing sector posted the Company's highest organic growth rate for recurring revenues, i.e. 34.4% or an increase of $2.4 million from $7.0 million in 2007 to $9.4 million in 2008. The residential and commercial sectors recorded an organic decrease of $0.6 million (2.8%) from the previous fiscal year.

Once again, it was Europe that generated an increase in organic recurring revenues, i.e., over 14.6 % compared with the last fiscal year.

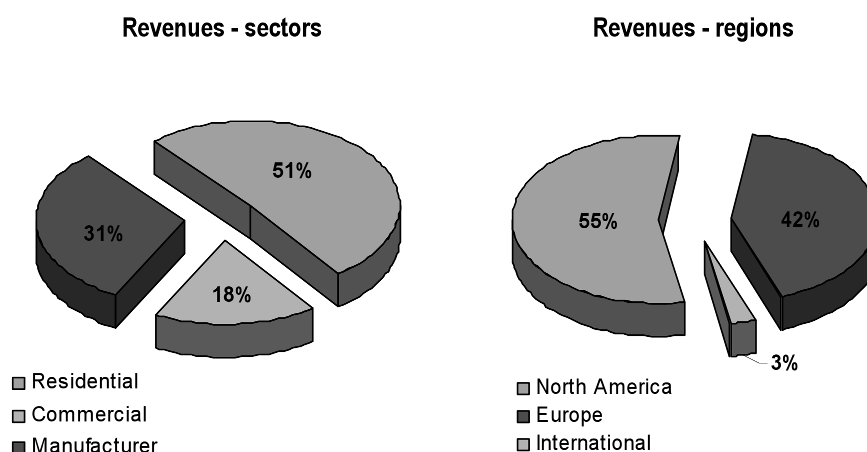
Revenues from professional services rose 15.5% from $14.6 million in 2007 to $16.8 million for the year ended October 31, 2008. This increase is generally attributable to acquisitions made during the year that generated revenues of $2.4 million. In Europe, revenues from professional services grew 37.3% from fiscal 2007, while in North America, despite the unfavorable economic climate, these revenues fell only 2.2%, as the revenues from professional services related to acquisitions made in fiscal 2008 amounted to $0.8 million.

In Europe, a 13.5% organic growth in revenues from professional services was offset by an 11.9% organic decrease in North America.

Organic growth in the manufacturing sector includes an 11.9% increase in organic revenues from professional services compared with the year ended October 31, 2007. Revenues from professional services in the commercial point-of-sale solutions sector decreased significantly by 25.3% due to unfavorable conditions in the North American market. The residential market experienced a $2.1 million increase, mainly attributable to European acquisitions.

Breakdown of revenues by sector for the year ended October 31, 2008.

Revenues - sectors **Revenues - regions**



Strategic acquisitions made at the beginning of fiscal 2008, including that of its main competitor, enabled the Company to improve its positioning in the residential sector. In addition, the latter acquisition greatly helped consolidate development in the different European markets. In 2007, North America accounted for 67.9% of the Company's total revenues, compared with a share of approximately 55.1% in 2008. In contrast, Europe's share grew 12.1% from 29.9% in 2007 to 42.0% for the year ended October 31, 2008; 76.4% of this growth is attributable to the acquisition of Planit* Fusion.

For the year ended October 31, 2008, revenues from North America fell $2.6 million (5.6%) from the previous year and, excluding acquisitions, the decrease amounted to $4.4 million (9.5%). The unfavorable economic conditions in the residential and commercial point-of-sales solutions sectors were the primary cause for the drop in sales of licenses to new clients and thereby revenues from professional services. However, recurring revenues rose slightly, due to a high retention rate and strong license sales in recent years.

Overall, European revenues grew $12.8 million or 63.5% over the previous year while organic growth amounted to $3.0 million or 15.0% compared with 2007. The Euro's strength made a significant contribution to this increase with a favorable impact of $1.9 million. By shifting its expansion to Europe, the Company continued growing in fiscal 2008 despite the negative impact of economic conditions in North America, its main market.

Europe, and more specifically France and Germany, enabled the Company to grow in the manufacturing sector with a 30.0% worldwide growth in revenues compared with the previous fiscal year. Manufacturing sector sales grew from $18.8 million in 2007 to $24.4 million in 2008.

Gross Margin

Gross Margin Mix
(In thousands of dollars)

	For the years ended October 31,					
	2008			2007		
	Revenues $	Margin $	%	Revenues $	Margin $	%
Licenses	26,392	23,538	89.2	24,488	21,768	88.9
Maintenance and other recurring services and professional services	52,210	33,454	64.1	43,139	27,420	63.6
	78,602	**56,992**	**72.5**	**67,627**	**49,188**	**72.7**

Changes in the revenue mix of proprietary and third party licenses and in the overall revenue mix directly affect the gross margin percentage. The positive effect of the change in the margin (%) related to licenses and maintenance, recurring revenues and professional services in fiscal 2008 was offset by the lower percentage of license sales in the revenue mix. In 2008, maintenance, recurring revenues and professional services accounted for 66.4% of total revenues with a gross margin of 64.1% while the corresponding share of revenues and gross margin were 63.8% and 63.6% respectively in 2007. Although gross margins increased by $7.8 million, the gross margin percentage decreased slightly from 72.7% for the year ended October 31, 2007 to 72.5% for the year ended October 31, 2008.

Economic conditions in the U.S. had a significant impact on how the overall mix of revenues changed in 2008 compared with the previous year. In particular, licenses generated 33.6% of revenues with a gross margin of 89.2%, compared with a 36.2% share of revenues and a gross margin of 88.9% for the same period last year.

The gross margin of recurring revenues and professional services increased from 63.6% in 2007 to 64.1% in 2008, due to some various acquisitions made during the year. Expertise developed in recent years in the manufacturing solutions sector has greatly improved the effectiveness of professional services, especially for the integration of these business solutions. In the manufacturing sector, professional services alone accounted for 47.8% of revenues in 2008, thereby contributing to increase in the margin for the year. Following the restructuring carried out by management in the last two quarters of year 2008, the Company expects to achieve higher margins once again.

For the year ended October 31, 2008, the EBITDA declined to 5.5% from 18.8% for the same period in 2007. The decrease is explained by the large fluctuations in exchange rates during the year and by the significant acquisitions made during the first quarter and for which

restructuring was only started in the third quarter. Restructuring should be completed during the first quarter of 2009 and it started to have an impact in the fourth quarter of 2008. The EBITDA for the fourth quarter stood at 10.3% (see analysis of the fourth quarter).

Cost of revenues

Cost of revenues from license sales primarily consists of:

i) Cost of actual software products, including duplication, manuals and inserts, as well as packaging
ii) Resale costs of third party software
iii) Royalties payable on certain license sales to third parties whose technology is used by 20-20 software

Cost of revenues from maintenance and services primarily consists of:

i) Personnel costs and other related costs incurred for client support
ii) Costs of personnel assigned to software upgrades (other than research and development costs)
iii) Costs of personnel assigned to electronic catalog creation, update and maintenance
iv) Costs of personnel assigned to Web services, training, integration services and hardware

The various direct personnel costs have been reduced during the restructuring started in the third quarter. Following the different acquisitions, management performed an in-depth analysis of potential synergies for personnel and service, and started implementing some measures in this respect in the fourth quarter; implementation should be completed by the beginning of the second quarter of fiscal 2009.

The following table provides the details for the years ended October 31, 2008 and 2007:

EBITDA

(In thousands of dollars)

	Years ended October 31,	
	2008	2007
	$	$
Operating loss (GAAP)	(2,690)	(7,493)
Restructuring costs	2,329	-
Write-off of development costs	-	12,558
Amortization of property and equipment	1,733	1,468
Amortization of intangible assets	2,954	6,201
EBITDA	**4,326**	**12,734**
Margin in percentage	5.5%	18.8%

EBITDA decreased by more than $8.4 million for the year ended October 31, 2008. The decrease is mainly due to the fact that the Company did not capitalize any costs in fiscal 2008 whereas an amount of $6.3 million was capitalized in fiscal 2007. The unfavorable exchange rate effect on the expenses incurred in Canadian dollars also had a material impact ($1.8 million).

Adjusted Operating Income

(In thousands of dollars)

	Years ended October 31,	
	2008	2007
	$	$
Operating loss (GAAP)	(2,690)	(7,493)
Restructuring costs	2,329	-
Write-off of development costs	-	12,558
Stock-based compensation	(27)	351
Amortization of intangible assets (1)	2,954	1,883
Adjusted operating income	**2,566**	**7,299**
Margin in percentage	3.3%	10.8%

(1) For year ended October 31, 2007, the amortization related to internal research and development cost is excluded.

The Company's adjusted operating income is calculated after deducting cost of revenues and operating expenses, as explained above. In fiscal 2008, the adjusted operating income fell of $4.7 million from $7.3 million in fiscal 2007 to $2.6 million, mainly due to the research and development costs not capitalized in 2008 and unfavorable exchange rates as discussed above.

Operating loss
(Amounts in percentage)

	Years ended October 31,	
	2008	2007
	%	%
Revenues	100.0	100.0
Cost of Sales	27.5	27.3
Gross Margin	72.5	72.7
Sales and marketing	33.1	31.5
Research and development	21.5	15.1
General and administrative	18.3	18.1
Restructuring costs	3.0	-
Write-off of development costs	-	18.6
Stock-based compensation	0.0	0.5
Operating loss	**(3.4)**	**(11.1)**

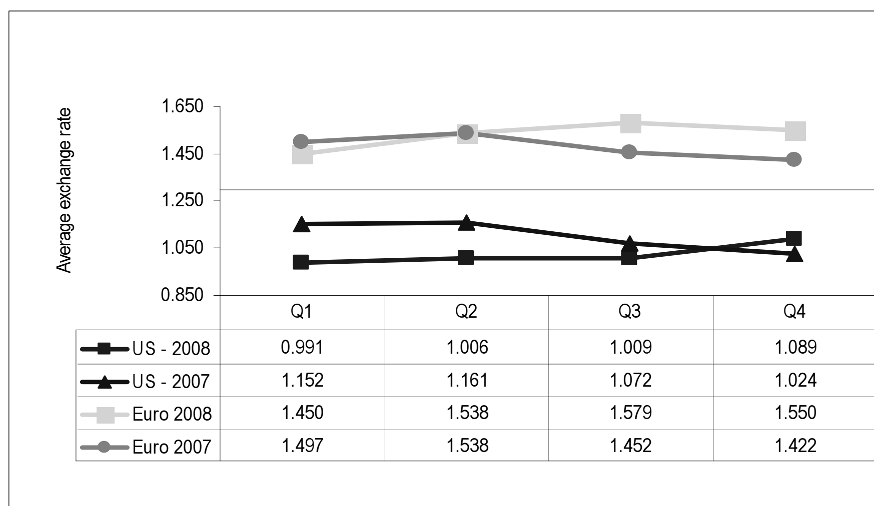
Operating expenses

Operating expenses include:

- Sales and marketing expenses, which primarily consist of costs relating to personnel, sales and marketing activities and product management, including the salaries and commissions paid to our sales force, as well as fees paid to our industry consultants, and fees related to shipping, advertising, telemarketing, trade shows and promotional items
- Research and development costs primarily relate to personnel and subcontractors for new product development, existing product enhancement, quality assurance and documentation activities and software development tools and equipment. Research and development costs are shown net of applicable tax credits
- General and administration expenses primarily consist of costs relating to information technology, legal services, financial functions, human resources, legal and professional fees, insurance and other indirect corporate overhead
- Stock-based compensation expense consists of the Company portion of the employee share purchases under the Employee Share Purchase Plan (ESPP), the cost of stock-based awards to employees expensed on a straight-line basis over the options' vesting period, and the cost associated with the deferred share units issued quarterly to the Company's directors

Effect of foreign exchange rate changes on operating expenses

Table comparing changes in exchange rates in fiscal 2008 with those in fiscal 2007



	Q1	Q2	Q3	Q4
US - 2008	0.991	1.006	1.009	1.089
US - 2007	1.152	1.161	1.072	1.024
Euro 2008	1.450	1.538	1.579	1.550
Euro 2007	1.497	1.538	1.452	1.422

The Company's currency of measurement is the Canadian dollar while the presentation currency is the U.S. dollar. The U.S. dollar's decline against most major currencies over the last fiscal year has affected the Company's operating results, but only in cases where expenditures are incurred in a currency other than the U.S. dollar. This trend was reversed to the Company's advantage in the fourth quarter of 2008, mitigating the negative impact of rate changes in the first three quarters. Meanwhile, the Euro's strength had an unfavorable impact on expenses incurred in Euros starting in the third quarter, resulting in an increase in expenditures. However, as the revenues from these subsidiaries are in the same currency, there was no significant impact on operating results.

The overall impact of Canadian and European exchange rates versus U.S. dollars was an increase in operating expenses of $3.0 million, equally distributed between expenses incurred in Canadian dollars and those in European currencies.

Sales and marketing expenses

During fiscal 2008, sales and marketing expenses increased 22.1% or $4.7 million to $26.0 million, compared with $21.3 million for the corresponding period in 2007, which amounts to 33.1% and 31.5% respectively of total revenues for each period. This increase is partly attributable to acquisitions made during the fiscal year with the corresponding expenses for acquired companies amounting to $4.3 million. Exchange rate changes led to an increase in sales marketing expenses of $1.5 million in 2008. The decrease in revenues from license sales in North America resulted in lower commissions.

Research and development (R&D) expenses

Following the different acquisitions made during the year, the Company mainly focused on integrating and localizing recently acquired solutions in order to offer the full potential of our industry-specific and fully-integrated solutions to all players in the interior design market. This will be done by maintaining and leveraging a unique and comprehensive industry database that will be used seamlessly across all of 20-20's tools and solutions, now significantly expanded with Planit* Fusion's extensive catalog library. Management believes this strategy will allow the Company to increasingly offer its customers the ability to produce and deliver customized products on an industrial scale, which is rapidly becoming vital for those wanting to remain competitive and profitable in today's operating environment. In the last quarters of fiscal 2008, the Company carried out a comprehensive restructuring of its research and development activities to capitalize on greater synergy resulting from the acquisitions through a better allocation of R&D activities among the North American and European markets.

Research and development expenses

(In thousands of dollars)

	Years ended October 31,	
	2008	2007
	$	$
Gross expenses	17,084	12,971
Tax credits	(1,551)	(1,939)
Software amortization	1,412	1,119
Expenses before capitalization	**16,945**	**12,151**
Capitalized costs	-	(6,269)
Amortization of internal development costs	-	4,318
Expenses	**16,945**	**10,200**

On a comparable basis (expenses before capitalization), research and development expenses for the year ended October 31, 2008 amounted to $16.9 million or 21.6% of revenues, compared with $12.1 million or 18.0% for fiscal 2007, an increase of $4.8 million of which $1.9 million resulted from costs attributable to acquisitions. Unfavorable exchange rates changes were responsible for an increase of $0.9 million. Additional investments of $1.3 million for developing business solutions for the manufacturing sector, a $0.4 million decrease in tax credits and a $0.3 million increase in amortization of R&D expenses contributed to the rise in research and development expenses.

General and administrative expenses

For the twelve months ended October 31, 2008, general and administrative expenses totaled $14.4 million (18.3% of revenues), compared with $12.3 million (18.1% of revenues) for the same period in 2007. General and administrative expenses related to acquisitions made during the year amounted to $1.6 million while changes in exchange rates resulted in an increase of $0.7 million.

Restructuring costs

Planit* Fusion restructuring plan

On January 29th 2008, the Company acquired the Planit* Fusion business and at the same time approved and initiated a plan to restructure certain operations related to this acquisition and eliminate redundant costs. The total estimated restructuring costs (primarily related to employee severance) associated with the Planit* Fusion restructuring plan is $442,000. The acquisition was accounted for using the purchase method, whereby the purchase price is allocated to the assets and liabilities acquired pursuant to this transaction. The restructuring costs were accounted for as liabilities assumed. Any future decreases to the Planit* Fusion restructuring plan cost estimate will be recognized as a permanent adjustment to goodwill while any increases will be recorded as an adjustment to goodwill during the purchase accounting period and as an operating expense thereafter.

Operational restructuring plan

On June 11, 2008, following the numerous acquisitions, including their related offices, personnel and additional products the Company announced that it had approved and initiated a restructuring plan to consolidate its worldwide operations into a leaner and better integrated organization. The restructuring plan also aims to restore profitability to acceptable levels, align the Company's cost structure to the realities of current market conditions in North America, and benefit from cost synergies related to recent acquisitions. The total estimated restructuring costs (primarily related to employee severance) for the Operational restructuring plan are $968,442 and are accounted for as restructuring costs in the consolidated statement of earnings.

To ensure continuity in the face of unfavorable economic conditions, the Company approved a new restructuring phase on October 15, 2008. The total estimated restructuring costs (primarily related to employee severance) for the operational restructuring plan is $1,360,392.

Those restructuring plans will enable the Company to reduce its annual operating expenses for personnel by $9.5 million, resulting in the elimination, upon plan completion, of approximately 133 positions, or 19.9% of the workforce at the end of the first quarter, once the acquisitions are made. We will also continue to trim our non-personnel related expenses, such as travel and marketing costs, to reduce our total spending.

While these actions will immediately and gradually contribute to improving our profitability, we intend to manage our cost structure throughout 2009 to ensure it remains relatively stable as revenues increase, thereby achieving our target profitability level. We will continue to closely monitor our business in each region, adapting and realigning our organization as needed to maintain an EBITDA which is reasonable given the current economic conditions.

Restructuring plan

(In thousands of dollars)

		Estimated initial costs
		$
Planit* Fusion restructuring plan		
	Severance	404
	Outplacement fees	38
Accounted for as business acquisition costs		**442**
Operational restructuring plan		
Phase 1	Severance	841
	Outplacement fees	47
	Other	80
		968
Phase 2	Severance	**1,361**
Charged to earnings for the year		**2,329**

Human resources

As at October 31, 2008, the Company employed 600 people on a full-time and part-time basis in the following countries and regions, including employees of acquired companies:

As at October 31,	2008		2007	
	Number of employees	%	Number of employees	%
Canada	206	34.3	239	44.8
United States	113	18.9	107	20.0
United Kingdom	74	12.3	48	9.0
Germany	57	9.5	62	11.6
Rest of Europe	88	14.7	51	9.6
Rest of the world	62	10.3	27	5.0
	600	**100**	**534**	**100**

Once the Company completes its operational restructuring plan discussed above, the number of people employed on a full-and part-time basis is expected to total approximately 551 compared with 669 at the end of the first quarter of 2008.

Stock-based compensation expenses

Stock-based compensation expenses amounted to ($27,054) and $350,792 respectively for years ended October 31, 2008 and 2007.

(In thousands of dollars)	For the year ended October 31,	
	2008	2007
	$	$
Stock-based compensation	56	152
Deferred share unit plan		
Expense for the year	100	152
Re-evaluation of units [1]	(270)	13
	(170)	165
Employee Share Purchase Plan (ESPP)	87	34
	(27)	**351**

[1] The re-evaluation represents the impact of the share market value on the deferred payment in shares of the deferred share unit plan for directors.

Financial expenses

Financial expenses amounted to $971,000 in fiscal 2008, compared with $407,000 in 2007. The Company recognized a financial expense of $589,000 for the year ended October 31, 2008, compared with an expense of $27,000 in 2007 relating to interest on the long-term debt. This increase is attributable to the debt contracted in January 2008 to finance the acquisition of Planit* Fusion. The exchange rate effect practically eliminated the increased expenditure resulting from the additional financing made at the beginning of the fiscal year mainly due to exchange rate variations as the Company had recognized a $1.5 million foreign exchange loss in 2007 compared with an exchange loss of $393,000 in 2008. Bank fees also increased, from $182,000 in 2007 to $701,000, due to the cost of the new credit facilities negotiated in January 2008. Revenues on short term investments had declined from $1.3 million in 2007 to $716,000 for the year ended October 31, 2008, due to liquidity used for the acquisition in January 2008.

Liquidity

The Company's cash and investments are essentially held in AAA and R1 rated instruments issued by major Canadian chartered banks and federal and provincial governments. The Company has no exposure to asset-backed instruments.

As at October 31, 2008, cash and cash equivalents totaled $13.5 million compared with $25.3 million as at the same date in 2007. The table below shows the changes over the last two fiscal years.

(In thousands of dollars)		Years ended October 31,	
	2008 Restated	2007	Change
	$	$	$
Cash flows from operating activities	4,589	10,606	(6,017)
Cash flows from (used in) investing activities	(26,784)	6,066	(32,850)
Cash flows from (used in) financing activities	14,635	(338)	14,973
Effect of changes in exchange rates on cash and cash equivalents	(4,233)	3,609	(7,842)
Net increase (decrease) in cash and cash equivalents	**(11,793)**	**19,943**	**(31,736)**

Cash flows from operating activities

For the year ended October 31, 2008, cash flows from operating activities totaled $4.6 million compared with $10.6 million for the same period in 2007. The significant difference is mainly attributable to lower income before write-off of development costs – a net loss of $2.3 million in 2008 compared with an net earnings of $3.5 million in 2007.

Cash flows from investing activities

Cash flows from investing activities totaled $26.8 million for the year ended October 31, 2008 while cash flows from investing activities amounted to $6.1 million in 2007. The difference is explained by the following factors:

i) Our main investing activities in fiscal 2008 were acquisitions of companies. During the year ended October 31, 2008, $40.8 million in cash was used to acquire Planit* Fusion, 51% of all outstanding shares of Icovia and recently, Conceptor Sarl. Please refer to Note 9 to the audited annual restated consolidated financial statements for further details relating to the allocation of purchase prices and other specifics of these acquisitions.

ii) In fiscal 2008, the Company increased available cash on hand by reducing short-term investments in commercial paper and bankers' acceptances by $15.2 million. In the future, we will continue to invest available cash on hand in short-term investments in order to maintain financing availability and flexibility while ensuring a minimum return on such amounts.

iii) In 2008, no development costs were capitalized compared with $6.3 million for the previous year.

Cash flows from financing activities

In fiscal 2008, cash flows from financing activities were up to $14.6 million, mainly due to drawings from our line of credit to carry out some acquisitions in the first quarter of 2008.

Schedule of Annual Payments due on Commitments

	Annual Payments						
Commitments	Total	2009	2010	2011	2012	2013	After 2014
Long term debt	15,629	3,805	524	11,300	-	-	-
Operating leases	11,943	2,964	2,449	1,977	1,728	1,627	1,198
	27,572	**6,769**	**2,973**	**13,277**	**1,728**	**1,627**	**1,198**

Capital Resources

Consolidated Balance Sheet Data
(In thousands of dollars)

	October 31, 2008 Restated	October 31, 2007
	$	$
Cash and cash equivalents	13,487	25,280
Short-term investments	1,644	18,495
Working capital (including deferred revenue)	4,947	37,150
Total assets	103,060	104,063
Deferred revenue	12,481	15,384
Long-term debt (including current portion)	15,629	517
Total shareholders' equity	56,667	75,635

As at October 31, 2008, our working capital stood at $4.9 million, down from $37.2 million at the end of fiscal 2007, mainly due to the following:

i) Lower cash and cash equivalents and short-term investments following the acquisitions of Planit* Fusion and other companies.
ii) A $2.7 million increase in accounts payable following the acquisition of Planit* Fusion and Icovia, partly offset by a $1.5 million increase in accounts receivable. Approximately 81.8% of receivables are less than 90 days due as at October 31, 2008.

We believe that our cash, investments and anticipated cash flows from operating activities will be sufficient to meet our working capital, contractual obligation, capital expenditure and corporate development program requirements for the foreseeable future. Furthermore, the Company has at its disposal authorized but unused bank credit facilities of $8.2 million for our current operational needs, subject to compliance with certain financial tests. In addition, one wholly-owned subsidiary of the Company has at its disposal authorized but unused credit facilities available for their current operational needs amounting to approximately €160,000.

Balance Sheet and Financial Situation

The consolidated balance sheet as at October 31, 2008 includes the assets and liabilities of acquisitions completed in the first quarter of 2008. These acquisitions resulted in significant changes to working capital and tangible and intangible assets.

The changes in balance sheet amounts as at October 31, 2008, compared with those as at October 31, 2007, resulted principally from the completion of the acquisitions of Planit* Fusion, 20-20 Icovia Inc., Shanghai 20-20 and Conceptor, and changes in working capital. Readers should refer to Note 9 to the audited annual restated consolidated financial statements for further details relating to the accounting treatment of the business acquisitions completed in fiscal 2008.

Accumulated other comprehensive income included in shareholders' equity decreased by $16.6 million, mainly due to the decrease in the value of net assets denominated in Canadian dollars after translation into U.S. dollars for presentation purposes. The exchange rate used to translate balance sheet items from the currency of measurement, the Canadian dollar, to the presentation currency, the U.S. dollar, was C$1.2165 as at October 31, 2008, compared with C$0.9499 as at October 31, 2007. The main items comprising this decrease are the translation of: i) goodwill of $14.7 million; ii) accounts receivable of $4.5 million; iii) cash and cash equivalents and short-term investments totaling $4.3 million; and iv) impact on tangible and intangible assets of $3.7 million. These decreases were partly offset by increases in i) long-term debt of $4.4 million; ii) deferred revenue of $3.6 million; iii) accounts payable of $3.3 million.

Off balance sheet arrangements
The Company's off balance sheet arrangements comprise operating lease agreements which are deemed to have been entered into in the normal course of business. The Company has no other off balance sheet arrangements and do not expect to enter into any arrangement other than in the normal course of business.

Share capital information

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. The common shares are voting and participating. The 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.

	Authorized	Issued as at October 31, 2008	Issued as at April 2, 2009
Common Shares	Unlimited	18,947,292	18,933,692
Preferred shares	Unlimited	–	–
Stock options – issued and outstanding		553,820	553,820

On April 26, 2007, 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 May 2, 2007 and ending on May 1, 2008. On May 16, 2008, the Company announced its intention to continue this bid from May 21, 2008 to May 20, 2009. The Company may repurchase for cancellation up to 942,000 common shares over a maximum period of 12 months, which amounts to 5% of its 18,851,037 issued and outstanding shares as at May 14, 2008. The consideration payable by the Company for these common shares under the Bid is their market price at the time of repurchase.

During the year ended October 31, 2008, 53,800 common shares were repurchased and cancelled for a total cash consideration of $280,000. Between the fiscal year-end and April 2, 2009, the Company repurchased 16,600 common shares for a total consideration of $30,448.

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. Under the ESPP, employees may contribute every year up to the lesser of 10% of their admissible compensation and C$10,000. The Company's contribution amounts to one-third of each employee's contribution. All contributions are then remitted to the Administrative Agent who will purchase common shares on the open market every month, on behalf of the employees. The Company also assumes all transaction fees related with share purchases.

During the year ended October 31, 2008, an amount of $87,497 ($34,192 in 2007) was charged as stock-based compensation expense.

Acquisitions

The following information with respect to acquisitions completed during the year ended October 31, 2008 should be read in conjunction with Note 9 to the audited annual restated consolidated financial statements for further details relating to basic considerations paid, future performance-based additional considerations, values attributed to the assets acquired (including intangible assets and goodwill) and assumed liabilities as of the date of the transactions, if applicable.

Conceptor Sarl

On May 5, 2008, a wholly-owned subsidiary of the Company acquired a portion of the assets of Conceptor Sarl, a France-based software distribution company that sells Planit* Fusion products for a minimum consideration of $400,972 (€257,083), excluding acquisition costs. The unallocated balance of the purchase price was allocated to goodwill. The preliminary allocation of the purchase price is subject to change when the Company completes its evaluation of the assets.

20-20 Icovia Inc. (formerly Hookumu Inc.)

On January 31, 2008 the Company concluded a purchase agreement for a 51% interest in 20-20 Icovia Inc. (Hookumu Inc.) for a cash consideration of $1,625,000, excluding transaction costs, with Icovia management holding the remaining 49% interest. Icovia is a supplier of interactive online space planning solutions for the residential furniture, real estate and interior design industries. Under this agreement, the Company has the option to acquire the remaining 49% interest between January 1, 2010 and September 1, 2010 according to a predetermined formula. The preliminary allocation of the purchase price is subject to change when the Company completes its evaluation of the assets.

Planit* Fusion operations

On January 29, 2008, the Company entered into an agreement with Planit Holdings Limited to acquire the business of Planit* Fusion for a consideration of US$37.7 million (£19.0 million), excluding related transaction costs. The acquisition consists of the worldwide kitchen and bath software business, including two subsidiaries. Planit International Limited (U.K.), Planit S.A. (France) and all of their U.S. assets related to that business.

Planit* Fusion is responsible for retail design activities of U.K.-based Planit Holdings Limited and offers interior design programs that combine innovative design with essential sales management tools providing comprehensive support to businesses, including kitchen, bathroom and bedroom design. The Company has filed a claim regarding some accounts and litigious valuations. The preliminary allocation of the purchase price is subject to change when the Company completes its evaluation of the assets. Furthermore the Company initiated a litigation against the seller that could have an effect on the purchase price.

Shanghai Rena and DesignTec Co. Ltd.

On November 1, 2007, the Company completed a transaction for the acquisition of all the assets of Shanghai Rena and DesignTec Co. Ltd. for a total consideration in the form of settlement of the sellers' debts of $398,565. Shanghai Rena and DesignTec Co. Ltd. (Shanghai 20-20) are affiliates with a common shareholder and they serve as distributors for the Company in China and Taiwan since March 2002. The unallocated balance of the purchase price was included in goodwill.

Related Party Transactions

In October 2008, the Company made a loan to a director for an amount of $82,463 to permit him to exercise outstanding stock options. The promissory note is payable upon demand with interest at the rate published quarterly by Canada Revenue Agency (3% as at October 31, 2008) calculated monthly and is recorded in other assets.

6. Comparative Quarterly Financial Data

The following quarterly information has been presented on the same basis as the audited restated consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with our audited restated consolidated financial statements and the notes thereto. Quarterly operating results should not be relied upon as any indication of results for any future period.

There are factors causing quarterly variances which may not be reflective of the Company's future performance. First, there is seasonality, and the quarterly performance of these operations is impacted by occurrences such as vacations, major trade shows and the number of statutory holidays in any given quarter. Second, the workflow from some clients may fluctuate from quarter to quarter based on their business cycle and the seasonality of their own operations. Third, foreign exchange rate fluctuations also contribute to quarterly variances, and these variances are likely to increase as the percentage of revenues and monetary assets held in foreign currencies increases.

In general, cash flows from operating activities could vary significantly from quarter to quarter depending on the timing of monthly payments received from large clients, cash requirements associated with large acquisitions and outsourcing contracts, and the timing of reimbursements for various tax credits.

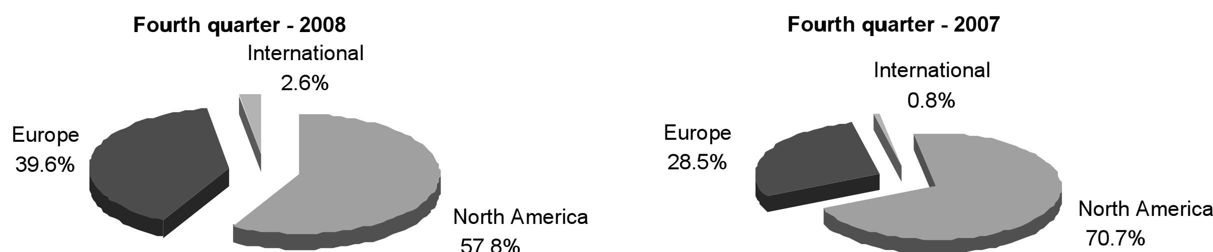
Comparative quarterly financial data
(In thousands of dollars, except per-share amounts)

(Unaudited)	2008				2007			
	Q4 Restated[3]	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Revenues	19,556	20,407	21,870	16,769	17,583	16,941	17,525	15,578
Profitability								
Gross Margin	14,435	15,067	15,741	11,749	12,892	12,365	12,847	11,084
Gross margin (%)	73.8%	73.8%	72.0%	70.0%	73.3%	73.0%	73.3%	71.2%
EBITDA[1]	2,021	906	1,133	266	3,211	2,861	4,283	2,379
EBITDA (%)	10.3%	4.4%	5.2%	1.6%	18.3%	16.9%	24.4%	15.3%
Adjusted operating income (loss)[1]	1,622	430	636	(122)	1,937	1,380	2,901	1,081
Adjusted operating income (loss) (%)	8.3%	2.1%	2.9%	(0.7%)	11.0%	8.1%	16.6%	6.9%
Net income (loss)	(1,272)	(1,586)	37	524	(8,272)	549	1,694	780
Net income (loss) (%)	(6.5%)	(7.8%)	0.2%	3.1%	(47.0%)	3.2%	9.7%	5.0%
Income (loss) per share[2]								
Basic income (loss) per share	$(0.07)	$(0.08)	$0.00	$0.03	$(0.44)	$0.03	$0.09	$0.04
Diluted income (loss) per share	$(0.07)	$(0,08)	$0.00	$0.03	$(0.44)	$0.03	$0.09	$0.04
Balance sheet								
Total assets	103,060	117,998	123,065	148,942	104,063	105,714	101,079	97,146
Total long-term liabilities	15,977	20,389	20,451	5,083	2,680	4,706	4,405	4,078

(1) EBITDA and adjusted operating income are non-GAAP measures for which we provide a reconciliation on pages 28 and 29 .
(2) Please refer to Note 7 to the audited annual restated consolidated financial statements for further details on the calculation of basic and diluted earnings (loss) per share.
(3) Please refer to Note 2 to the audited annual restated consolidated financial statements for further details

7. Financial Analysis for the Fourth Quarter of 2008

Revenues – by region



Highlights for the fourth quarter of 2008

- Revenues increased by 11.2% compared with the fourth quarter of 2007
- Acquisition-related revenues account for 17.7% of fourth quarter revenues
- Europe accounts for 39.6% of revenues compared with 28.5% for the same period in 2007
- EBITDA was up 10.3% for the fourth quarter compared with 4.4% for the third quarter of 2008
- Restructuring provision of $1.4 million in the fourth quarter of 2008

Revenues

For the quarter ended October 31, 2008, revenues from acquisitions amounted to $3.5 million (17.7% of revenues for the quarter), offsetting the decrease in organic sales and resulting in a 11.2% increase in the Company's revenues over the same period in 2007.

Further weakening in economic conditions in North America over the past quarter combined with acquisitions made during the fiscal year contributed to a shift in the Company's regional breakdown of revenues in favor of Europe. Europe accounted for 39.6% of fourth quarter revenues compared with 28.5% for the same period in 2007.

The U.S. dollar's rise against the Canadian dollar during the three months had almost no effect on revenues derived from license sales in North America as most of those sales are recorded in U.S. dollars. In addition, the Euro's slight strengthening against the U.S. dollar (up 2.8% in the fourth quarter of fiscal 2008 compared with the same period in 2007) resulted in an increase in revenues, which was however offset by an equivalent impact on expenses.

Revenues from license sales rose 7.2% to $6.6 million for the quarter ended October 31, 2008 from $6.1 million for the same period in 2007. Revenues from license sales related to acquisitions amounted to $1.5 million for the fourth quarter of 2008 while organic license sales fell 17.4%.

License sales in the residential point-of-sales solutions sector grew 6.1% in the quarter from the same period in 2007, with sales related to acquisitions driving overall sales in the residential sector. Revenues from license sales in the commercial sector grew 10.4% from $1.1 million in 2007 to $1.3 million for the last quarter of 2008.

Manufacturing sector revenues continued to grow in the fourth quarter of 2008 to $5.4 million from $4.8 million in 2007, an increase of 14.4%. Manufacturing sector growth is highest in Europe, particularly France and Germany.

Revenues from maintenance and other recurring services increased by 11.0%, or $870,000, to $8.8 million for the fourth quarter ended October 31, 2008, thanks mainly to acquisitions which generated revenues of $1.4 million. North America recorded the most significant change in organic revenues with a fall of 7.4% from 2007 while Europe experienced an organic decrease of 4.1%. However, for Europe, revenues from acquisitions totaled $1.1 million.

Revenues from professional services recorded the highest increase (18.7%) in the revenue mix for the fourth quarter of 2008, to total $4.2 million compared with $3.5 million in 2007. This increase was mainly attributable to two factors: primarily acquisitions and revenues related to the manufacturing sector, which grew 12.9% from $1.7 million for the fourth quarter of 2007 to $1.9 million in 2008. Revenues from residential and commercial point-of-sale solutions rose 21.0% from $1.9 million in 2007 to $2.3 million in 2008 of which $0.6 million resulted from acquisitions.

Gross margin

The gross margin for the fourth quarter of 2008 stood at $14.4 million (73.8%) compared with $12.9 million (73.3%) for the same period in 2007. The revenue mix for the fourth quarter of 2008 was essentially the same as for the corresponding period in 2007.

EBITDA
(In thousands of dollars)

	Fourth Quarters ended October 31,	
	2008	2007
	$	$
Operating loss (GAAP)	(507)	(11,471)
Restructuring costs	1,361	-
Write-off of development costs	-	12,558
Amortization of property and equipment	333	405
Amortization of intangible assets	834	1,719
EBITDA	**2,021**	**3,211**
Margin (%)	10.3%	18.3%

In the fourth quarter ended October 31, 2008, EBITDA fell by more than 8.0% compared with 2007. The fourth quarter saw a difference of $644,000 (4.0%) as the same amount was capitalized as development costs in 2007 while no such costs were capitalized in the fourth quarter of 2008.

Adjusted operating income
(In thousands of dollars)

	Fourth Quarters ended October 31,	
	2008	2007
	$	$
Operating loss (GAAP)	(507)	(11,471)
Restructuring costs	1,361	-
Write-off of development costs	-	12,558
Stock-based compensation	(66)	80
Amortization of intangible assets (1)	834	770
Adjusted operating income	**1,622**	**1,937**
Margin (%)	8.3%	11.0%

(1) For year ended October 31, 2007, the amortization related to internal research and development cost is excluded.

As in the case of EBITDA mentioned above, the change in adjusted operating income is essentially caused by the fact that there were no development costs capitalized in 2008.

Operating loss

Operating expenses in the fourth quarter of 2008 decreased by $12.2 million from the fourth quarter of 2007 following the write-off of development costs. The decrease in expenses is mainly explained by the following:

i) Write-off of development costs totaling $12.6 million in 2007
ii) Restructuring provision in the amount of $1.4 million in the fourth quarter of 2008
iii) Operating expenses in the fourth quarter of 2008 related to acquisitions made during the year amounting to $1.8 million.

The North American market continued to be affected by the sub-prime and tight credit issues as well as the general economic environment in the United States for both our residential point-of-sales solutions and manufacturing sectors. Expecting these conditions to persist over the coming quarters, management continued to reduce costs accordingly via a restructuring program the cost of which ($1.4 million) was charged in the fourth quarter of 2008.

As a result, the loss before income taxes amounted to $2.0 million for the fourth quarter of fiscal 2008 compared with $11.8 million for the same period last year. The net loss stood at $ 1.3 million ($0.07) per share compared with a loss of $8.3 million ($0.44) per share for the fourth quarter of fiscal 2007.

8. Responsibilities, Controls and Accounting Policies

Management's responsibility for financial reporting

The restated 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 MD&A are the responsibility of management and have been reviewed and approved by its Board of Directors.

The restated 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 regulators. The financial statements and MD&A include amounts that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such amounts 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 audited restated consolidated financial statements.

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) 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 Company has been made known to them and has been properly disclosed in the audited annual restated consolidated financial statements and MD&A. In compliance with Multilateral Instrument 52-109, the Company's CEO and CFO have provided to the Canadian Securities Administrators a certification related to the Company's annual disclosure documents, including the audited annual restated 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 audited annual restated 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 audited annual restated consolidated financial statements, the MD&A, auditing matters and financial reporting issues, to discuss internal controls over the financial reporting process, and to satisfy itself that each party is properly discharging its responsibilities. The annual restated consolidated financial statements for the year ended October 31, 2008 have been audited by the Company's auditors. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying the audited restated 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 restated consolidated financial statements and MD&A for issuance to shareholders.

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

This report and our audited annual restated consolidated financial statements were reviewed by the Company's Audit Committee on January 28, 2009 and approved by 20-20's Board of Directors on January 28, 2009.

Disclosure Controls

The CEO and CFO are responsible for establishing and maintaining disclosure controls and procedures for the Company. Disclosure controls and procedures have been conducted under the supervision of the CEO and the CFO to provide reasonable assurance that material information related to the Company has been made known to management over the period covered by the annual filings.

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 has made changes to internal control over financial reporting during the year ended October 31, 2008 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting The company identified two material errors which resulted in the restatement of its consolidated financial statements and this report. Management determined that these errors were in part related to internal control weaknesses identified and changed in order to eliminate the weaknesses.

Changes in accounting policies

In the first quarter of fiscal 2008 the Company adopted three new *Handbook* sections issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1535, "Capital Disclosures," establishes standards for disclosing information about the entity's capital and how it is managed. These standards require an entity to disclose the following:

- Its objectives, policies and processes for managing capital
- Summary quantitative data about what it manages as capital
- Whether during the period it complied with any externally imposed capital requirements to which it is subject
- Whether the entity has not complied with such requirements and the consequences of such non-compliance.

Section 3862 "Financial Instruments – Disclosures" modifies the disclosure requirements for financial instruments that replaced Section 3861 "Financial Instruments – Disclosure and Presentation." The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments for the entity's financial position and performance; and
- The nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 "Financial Instruments – Presentation" carries forward unchanged the presentation requirements of the old Section 3861 "Financial Instruments – Disclosure and Presentation." The adoption of these standards did not have an effect on the Company's results, financial position or cash flows.

Future accounting changes

The CICA has issued the following new Handbook sections:

i) Section 3064, "Goodwill and Intangible Assets", effective for interim periods beginning on or after October 1, 2008 and the Company will implement it as of November 1, 2008. This section, which replaces Section 3062. "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs," establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The Company has assessed that the impact of adopting this standard on the Company's restated consolidated financial statements will not be significant.

ii) Section 1400, "General Standards of Financial Statement Presentation," effective for interim periods beginning on or after October 1, 2008, will be implemented by the Company as of November 1, 2008. This section includes requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of the new section will not have a significant impact on the Company's restated consolidated financial statements.

Additionally, in February 2008 the Canadian Accounting Standards Board (AcSB) confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011, and the Company will implement it as at November 1, 2011. The AcSB also stated that, during the transition period, enterprises will be required to provide comparative figures in accordance with IFRS. The IFRS will require additional financial statement disclosures and, while the organization's conceptual framework is similar to GAAP, companies will have to take into account differences in accounting principles. The Company is currently evaluating the impact of adopting IFRS on the consolidated financial statements. The Company already has put in place an implementing program and accordingly started the training and the analysis.

9. Risks and Uncertainties

The Company must take into the 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 evaluating the Company's future prospects as an investment. Management is confident about the Company's long-term prospects.

ECONOMIC RISKS

Current economic conditions – An economic slowdown could cause demand for our products to decline. Growth in our customers' 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 the current period of recession, our current and potential customers 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 revenue is earned in U.S. dollars while a substantial portion of our operating expenses is incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. 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 British pound, however, we had 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 with the objective of minimizing the impact of adverse foreign exchange movements. However, we do not entirely hedge the exposure related 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, which is our currency of measurement, the largest exposure is with respect to the U.S. dollar.

International activities – We currently conduct operations in Canada, the United States, Europe, Latin America and Asia. We intend to continue to expand our international operations and to increase the proportion of our revenue from outside North America. These operations require significant management attention and financial resources while additionally 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.

Risk related to transfer pricing – 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 income 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.

Tax credits of the Carrefour de la nouvelle économie – The Carrefour de la nouvelle économie ("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 guarantee that we will continue to meet the eligibility criteria or that the CNE program will not be amended or cancelled in the future.

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 the 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, the taxation authorities of these foreign jurisdictions could however challenge our liabilities for such foreign taxes, which could adversely affect our operating results.

BUSINESS RISKS

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, customers and the market. Against the current economic background, the Company must be able to retain its key personnel and attract new employees in order to continue growing. The personnel is 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 labour 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.

Capacity to integrate new technologies following acquisitions – The different acquisitions made in the past three fiscal years enabled us to add new technologies that must be integrated into our current software platforms and to market new solutions. Management has to implement processes and systems to evaluate technologies in all business units in order to prioritize the development of certain integrated software solutions. The integration of new businesses may cause unexpected operational problems and expenditures. In addition, as management is obliged to devote much time, attention and resources to the integration of these operations, we might not be able to maintain our usual quality of products offered to established customers and as a result, our revenues and operating results could be adversely affected.

Sales and implementation cycle duration – 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 revenue 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.

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 as a result of 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 successfully 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 revenues and margins could be affected.

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 the attention of our management, 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 the attention of our management, 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 could be detected at any point in their 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 might be subject to lawsuits, claims and litigation for amounts not covered by our liability insurance. Some of these proceedings could 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 October 31, 2008, no claims or litigation have been brought against the Company, however, the Company has initiated certain proceedings against the former owners of Planit* Fusion relating to certain claims concerning the acquisition.

As our software solutions expand, potential competitors may have significantly greater resources than we do, and therefore, we may be at a disadvantage when competing against them – As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to 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 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 the target businesses or; (iii) complete any 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.

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 comprises generally of point-of-solution (as opposed to complete solutions) 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. Generally, competitors can be described as follows:

- CAD Software: Competitors include smaller, privately-owned, companies whose products generally have limited functionality when compared to those of the Company, which are principally focused on specific aspects of design software, and compete generally in some of our geographic markets but not all. Following the acquisition of Planit* Fusion with its direct and indirect market share, 20-20 has significantly increased its ability to compete in Europe.

- ERP Software: As the Company increases the penetration of its ERP solution, it also faces competition from ERP software vendors, such as SAP, Lawson and Oracle, which generally offer less targeted design, specification, photo-realistic rendering or 3-D visualization capabilities. In addition, 20-20 also faces competition from ERP software vendors targeting the windows and doors and cabinet maker markets.

Large software providers typically find it more beneficial to form alliances with specialized software providers that provide a focused solution, like us, than to devote resources to developing and marketing their own specialized products. As we leverage our partnership with Microsoft, integrating their horizontal ERP solutions (financials) with our own vertical manufacturing solutions, we will continue to improve our competitiveness in our different geographical markets.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Restated Consolidated Financial Statements and Restated 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 Restated Consolidated Financial Statements and the Restated Management Discussion and Analysis have been reviewed and approved by its Board of Directors.

The Restated Consolidated Financial Statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The Restated 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 Restated Consolidated Financial Statements.

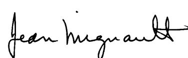
The Company's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, to provide reasonable assurance that material information related to the Company has been made known to them and has been properly disclosed in the Restated Consolidated Financial Statements and Restated 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 2008. 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 Restated Consolidated Financial Statements and Restated 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 restated certification related to the Company's annual disclosure documents, including the Restated Consolidated Financial Statements and Restated 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.

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

This report and our audited Restated Consolidated Financial Statements were reviewed by the Company's Audit Committee on April 2, 2009 and approved by 20-20's Board of Directors on April 2, 2009.



Jean Mignault	Jean-François Grou	Steve Perrone, C.A.
Co-chairman & Chief Executive Officer	President & Chief Operating Officer	Chief Financial Officer

Raymond Chabot Grant Thornton

Auditors' Report

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To the Shareholders of
20-20 Technologies Inc

We have audited the consolidated balance sheets of 20-20 Technologies Inc. as at October 31, 2008 and 2007 and the consolidated statements of earnings, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

This report replaces our report dated December 23, 2008 (January 23, 2009 for Note 24) which has been withdrawn and the financial statements have been restated as described in Note 2.

Raymond Chabot Grant Thornton LLP [1]

Montréal, Canada
December 23, 2008
(January 23, 2009 for Note 24, and March 30, 2009 for Note 2)

[1] Chartered accountant auditor permit no. 19007

Chartered Accountants
Member of Grant Thornton International Ltd

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

	October 31,	
	2008 Restated (Note 2)	2007
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	**13,487**	25,280
Short-term investments (Note 11)	**1,644**	18,495
Accounts receivable (Note 12)	**17,538**	16,629
Income taxes receivable	**585**	-
Contracts in progress	**267**	378
Prepaid expenses	**1,244**	1,949
Future income taxes (Note 6)	**598**	167
	35,363	62,898
Property and equipment (Note 13)	**2,894**	3,941
Intangibles (Note 14)	**10,417**	5,665
Goodwill (Note 15)	**52,367**	29,407
Future income taxes (Note 6)	**1,500**	995
Other assets	**519**	1,157
	103,060	104,063
LIABILITIES		
Current liabilities		
Accounts payable	**12,665**	9,885
Income taxes payable	**1,465**	355
Deferred revenue	**12,481**	15,384
Installment on long-term debt (Note 17)	**3,805**	54
Future income taxes (Note 6)	**-**	70
	30,416	25,748
Long-term debt (Note 17)	**11,824**	463
Leasehold inducements	**364**	410
Non-controlling interest	**33**	-
Future income taxes (Note 6)	**3,756**	1,807
	46,393	28,428
SHAREHOLDERS' EQUITY		
Capital stock (Note 19)	**58,647**	58,183
Common stock options	**1,145**	1,600
Contributed surplus	**961**	963
Deficit	**(6,883)**	(4,474)
Accumulated other comprehensive income	**2,797**	19,363
	(4,086)	14,889
	56,667	75,635
	103,060	104,063

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

On behalf of the Board,

Jean Mignault
Director

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,	
	2008 Restated (Note 2)	2007
	$	$
Revenues		
License sales	**26,392**	24,488
Maintenance and other recurring revenues	**35,368**	28,562
Professional services	**16,842**	14,577
	78,602	67,627
Cost of revenues		
License sales	**2,854**	2,720
Maintenance and services	**18,756**	15,719
	21,610	18,439
Gross margin	**56,992**	49,188
Operating expenses		
Sales and marketing	**26,015**	21,305
Research and development (Note 4)	**16,945**	10,200
General and administrative	**14,420**	12,267
Stock-based compensation (Note 18)	**(27)**	351
Restructuring costs (Note 5)	**2,329**	-
Unusual item – write-off of development costs (Note 14)	**-**	12,558
	59,682	56,681
Operating loss	**(2,690)**	(7,493)
Financial expenses	**971**	407
Non-controlling interest	**28**	-
Loss before income taxes	**(3,689)**	(7,900)
Income taxes (Note 6)		
Current	**735**	222
Future	**(2,127)**	(2,873)
	(1,392)	(2,651)
Net loss	**(2,297)**	(5,249)
Loss per share (Note 7)		
Basic and diluted	**(0.12)**	(0.28)

The accompanying notes are an integral part of the restated consolidated financial statements and Note 3 provides additional information on consolidated earnings.

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

	Common Shares		Common stock options	Contributed surplus	Accumulated other comprehensive income	Retained earnings (deficit)	Total
	Number	Amount					
		$	$	$	$	$	$
Balance as at October 31, 2006, as reported	18,805,037	57,886	1,847	966	6,493	896	68,088
Adjustment for financial instruments (Note 2)	-	-	-	-	-	61	61
Balance as at November 1, 2006, as restated	18,805,037	57,886	1,847	966	6,493	957	68,149
Net loss	-	-	-	-	-	(5,249)	(5,249)
Translation adjustment	-	-	-	-	12,870	-	12,870
Comprehensive income	-	-	-	-	12,870	(5,249)	7,621
Options exercised	104,965	481	(399)	-	-	-	82
Options granted	-	-	152	-	-	-	152
Common shares buyback for cash consideration	(59,700)	(184)	-	(3)	-	(182)	(369)
Balance as at October 31, 2007	**18,850,302**	**58,183**	**1,600**	**963**	**19,363**	**(4,474)**	**75,635**
Net loss – Restated (Note 2)	-	-	-	-	-	(2,297)	(2,297)
Translation adjustment – Restated (Note 2)	-	-	-	-	(16,566)	-	(16,566)
Comprehensive loss – Restated (Note 2)	-	-	-	-	(16,566)	(2,297)	(18,863)
Options exercised	150,790	712	(511)	-	-	-	201
Promissory note receivable from a director (Note 8)	-	(82)	-	-	-	-	(82)
Options granted	-	-	56	-	-	-	56
Common shares buyback for cash consideration	(53,800)	(166)	-	(2)	-	(112)	(280)
Balance as at October 31, 2008 – Restated (Note 2)	**18,947,292**	**58,647**	**1,145**	**961**	**2,797**	**(6,883)**	**56,667**

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

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

	Years ended October 31,	
	2008 Restated (Note 2)	2007
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,297)**	(5,249)
Non-cash items		
Amortization	**4,687**	7,669
Unusual item – write-off of developments costs	**-**	12,558
Leasehold inducements	**53**	39
Stock-based compensation	**(115)**	317
Capitalized interest on long-term debt	**27**	22
Future income taxes	**(2,127)**	(2,873)
Unrealized loss (gain) on foreign exchange	**3,215**	(68)
Unrealized loss (gain) on forward exchange contracts and currency options	**461**	(455)
Changes in working capital items (Note 8)	**685**	(1,354)
Cash flows from operating activities	**4,589**	10,606
INVESTING ACTIVITIES		
Business acquisitions (Note 9)	**(40,765)**	(948)
Short-term investments	**(24,790)**	(15,942)
Short-term investments dispositions	**39,998**	30,472
Property and equipment	**(1,103)**	(1,163)
Intangible assets	**-**	(6,269)
Other assets	**(124)**	(84)
Cash flows from investing activities	**(26,784)**	6,066
FINANCING ACTIVITIES		
Long-term debt	**15,000**	-
Repayment of long-term debt	**(203)**	(51)
Options exercised	**118**	82
Common shares buyback	**(280)**	(369)
Cash flows from financing activities	**14,635**	(338)
Effect of changes in exchange rate on cash held in foreign currencies	**(4,233)**	3,609
Net increase (decrease) in cash and cash equivalents	**(11,793)**	19,943
Cash and cash equivalents, beginning of year	**25,280**	5,337
Cash and cash equivalents, end of year	**13,487**	25,280

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

1- GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company, incorporated under Part IA 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- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

Restatement of financial statements

While preparing the interim consolidated financial statements for the first quarter ended January 31, 2009, the Company identified the following two errors reflected in the previously issued consolidated financial statements for the year ended October 31, 2008. Therefore the consolidated financial statements for the year ended October 31, 2008 have been restated to reflect the required corrections.

1- In the consolidation of the balance sheet of a subsidiary, a conversion error occurred and resulted in a translation gain for an amount of $279,000. This gain has been improperly reported as a reduction of financial expenses instead of an increase to accumulated other comprehensive income.

2- The Company failed to mark to market as of October 31, 2008, two forward exchange contracts involving the sale of US currency. The Company did not account for an accrued exchange loss of $334,000 on these contracts less an income tax impact of $97,000.

Below is a summary of the line items in the financial statements affected by the corrections.

	Previously reported	Adjustments	**As restated**
As At October 31, 2008			
Consolidated balance sheet			
Accounts receivable	17,856	(318)	**17,538**
Future income tax (Long term asset)	1,409	91	**1,500**
Deficit	(6,367)	(516)	**(6,883)**
Accumulated other comprehensive income	2,508	289	**2,797**
Consolidated shareholders' equity			
Accumulated other comprehensive income	2,508	289	**2,797**
Retained earnings (deficit)	(6,367)	(516)	**(6,883)**
Shareholders' equity	56,894	(227)	**56,667**
Year ended October 31, 2008			
Consolidated earnings			
Financial expenses	358	613	**971**
Loss before income tax	(3,076)	(613)	**(3,689)**
Income tax expenses	(1 ,295)	(97)	**(1,392)**
Net loss	(1,781)	(516)	**(2,297)**
Loss per share basic and diluted	(0.09)	(0.03)	**(0.12)**

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

	Previously reported	Adjustments	**As restated**
Year ended October 31, 2008			
Consolidated cash flows			
Operating activities			
Net loss	(1,781)	(516)	**(2,297)**
Future income tax	(2,030)	(97)	**(2,127)**
Unrealized loss(gain)on forward exchange contracts and currency options	143	318	**461**
Cash flows from operating activities	4,884	(295)	**4,589**
Effect of changes in exchange rate on cash held in foreign currencies	(4,528)	295	**(4,233)**

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).

Changes in accounting policies

The Canadian Institute of Chartered Accountants (CICA) issued the following new Handbook sections, which were effective for periods beginning on or after October 1st 2007 and which were adopted by the Company;

i) Section 3862 – *Financial instruments – Disclosures,* describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, *Financial Instruments – Presentation* replaced section 3861, *Financial Instruments – Disclosure and Presentation.*

ii) Section 3863 – *Financial Instruments – Presentation,* establishes standards for presentation of financial instruments and non-financial derivatives.

iii) Section 1535, *Capital Disclosures,* establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.

The additional disclosures required as a result of the adoption of these standards are included in the notes to the consolidated financial statements (Notes 20 and 21).

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Use of estimates

The consolidated financial statements have been prepared in conformity 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 valuation of accounts receivable, intangibles and goodwill, tax credits, restructuring costs, income taxes, capitalization and amortization of development costs, and the determination of the amount and timing of revenue to be recognized. 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 future business and economic conditions in the future period over which the receivables are collectible. Management has estimated the useful life of its intangibles based upon rapidly changing industry trends and changes in its customers' businesses.

Management is required to make assumptions for the research and development tax credits and those are subject to review and approval by tax authorities. In its determination of the amount and timing of revenue to be recognized, management relies on assumptions supporting its revenue recognition policy. Estimates of the percentage of completion for contracts are based upon current actual and forecasted information and contractual terms.

Principles of consolidation

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

		October 31,
	2008	2007
	% owned	% owned
Twenty-Twenty Europe B.V. and its subsidiaries	100	100
Twenty-Twenty UK Ltd.	100	100
Interior Design Software Ltda.	100	100
20-20 Technologies (Asia), Co., Ltd.	100	100
20-20 Technologies SAS and its subsidiary	100	100
Power Computing Technologies Ltd.	100	100
20-20 Technologies Commercial Corp.(a)	100	100
20-20 Technologies International Inc.	100	100
20-20 Technologies Bangladesh Ltd.	100	100
20-20 Technologies GmbH (formerly MBI 20-20 Technologies GmbH) and its subsidiary	100	100
20-20 Technologies China	100	-
20-20 Fusion Limited	100	-
20-20 Icovia Inc. (formerly Hookumu Inc.)	51	-

(a) Virtual Systems International, Inc., Data One, Inc. and 20-20 Technologies Commercial Corp. were combined as of November 1, 2006.

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Reporting currency and translation of foreign currencies

The Company uses the U.S. dollar as its reporting currency since a significant proportion of the Company's revenues are recorded in U.S. dollars.

The Company's financial statements have been translated from the currency of measurement, 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".

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

- Monetary assets and liabilities in foreign currencies of Canadian companies and of integrated foreign operations have been translated at the exchange rates in effect at the balance sheet dates, whereas other 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, maintenance and other service fees. The Company licenses its desktop and client-server 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. The Company also provides maintenance and other recurring revenues, 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.

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

For contracts with multiple deliverables (e.g., licenses, maintenance services 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 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 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.

The Company also enters into various contracts with its clients for services such as electronic catalog creation and updates, training and integration services. Contract earnings are recorded under the percentage-of-completion method. Under this method, contract earnings and profits are recognized proportionately with the degree of completion of work.

The Company uses the efforts expended method to calculate the degree of completion of work based on direct labour cost incurred at the date of the financial statements compared to estimated total direct labour costs. Contracts in progress are valued considering labour, 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 a loss.

Deferred revenue is comprised of revenue from services invoiced that have not met recognition criteria.

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 under Canadian GAAP are met, in which case they are deferred and amortized.

The Company is entitled to certain Canadian tax credits for qualifying research and development activities performed in Canada and credits pursuant to the Carrefour de la nouvelle économie program.

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 sheets.

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

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 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 18. 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. When stock options are exercised, the exercise price and the related portion previously recorded in Common stock options are credited to Common shares.

Loss per share

Loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss 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. This method assumes that proceeds of the stock options 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.

Short-term investments

Short-term investments consist of debt instruments of companies meeting investment guidelines approved by the Board of Directors. Short-term investments are recorded at fair market value.

Depreciation and amortization

Property and equipment, intangible assets are accounted for at cost and are amortized over their estimated useful lives according to the straight-line method and the following periods:

Property and equipment (Note 13)	
Office furniture	5 years
Computer equipment	3 years
Leasehold improvements	Lease term equivalent to 10 years
Automotive equipment	6 years
Intangible assets (Note 14)	
Client lists	3 or 7 years
Software	3 or 4 years
Trade name	3 or 5 years
Non-compete agreement	10 or 15 years
Distributor relationships	7 or 10 years

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

The Company reviews the carrying values of its property and equipment and intangible assets for impairment on a regular basis or 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. The fair value is calculated based on evaluation of discounted cash flows

Goodwill

Goodwill is assessed for impairment through an estimation of the fair value of the reporting unit, using the discounted free cash flow method, or when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit bellow 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. As at October 31, 2008 and 2007, the Company determined that it has one reporting unit.

Leasehold inducements

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

Deferred credit

On June 30, 2005, the Company acquired 100% of the shares of MindAvenue Inc, a designer of 3-D web-enabled animation software. In accordance with EIC-124, *Definition of a business*, the transaction was treated as an asset acquisition because MindAvenue was in the development stage. In accordance with EIC-110, *Accounting for Acquired Future Tax Benefits in Certain Purchase Transactions That are Not Business Combinations*, any excess of the amounts assigned to the acquired assets over the consideration paid, should be allocated pro rata to reduce the values assigned to non-monetary assets acquired. As the allocation reduced the non-monetary assets to zero, the excess was accounted as a deferred credit that will be amortized in the same proportion that the future income tax asset, accounted for in the transaction, is recognized in the consolidated earnings. As at October 31, 2007, the deferred credit is completely amortized

Financial instruments

All financial assets are classified as held for trading or loans and receivables categories. Also, all financial liabilities must be classified as other financial liabilities. All financial instruments are recorded on the consolidated balance sheet at fair value. After initial recognition, the financial instruments are measured at amortized cost. 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.

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The Company has classified its cash and cash equivalents, short-term investments and forward exchange contracts and currency options as held for trading. The accounts receivable, rental deposits, balance receivable on asset disposal, loan receivable, promissory note receivable and balance of sale receivable were classified as loans and receivables, and the accounts payable and the long-term debt were classified as other financial liabilities. Gain and loss on cash and cash equivalents and short-term investment are presented in financial expenses in the consolidated earnings. For the year ended October 31, 2007, the initial measurement resulted in a gain of $86,615 for the long term debt, at an interest rate of 4.5%, and in a loss of $25,558 for the short-term investments at their fair value. This net gain of $61,057 is presented as an adjustment to the opening retained earnings.

Transactions costs

Transactions costs, related to financial assets and liabilities, are accounted for in the financial expenses.

Forward exchange contracts and currency options

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

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If certain conditions are met, an embedded derivative is separated from the host contract and accounted for as a derivative in the balance sheet, at his fair value. The Company recognized embedded derivative in its consolidated balance sheet, if applicable.

FUTURE ACCOUNTING CHANGES

The CICA has issued the following new Handbook sections which have not yet been implemented by the Company;

a) Section 3064, *Goodwill and Intangibles Assets,* effective for periods beginning on or after October 1, 2008 and the Company will implement it as at November 1, 2008. This section, which replaces Section 3062, *Goodwill and Other Intangibles Assets* and Section 3450, *Research and Development Costs* establishes standards for the recognition, measurement and disclosure of goodwill and intangibles assets. The Company has assessed that the impact of the adoption of this standard will not be significant.

b) Section 1400, *General Standards of Financial Statement Presentation,* effective for periods beginning on or after January 1, 2008, the Company will implement it as at November 1, 2008. This section includes requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section will not have an impact on the Company's consolidated financial statements.

2- RESTATEMENT OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

FUTURE ACCOUNTING CHANGES (Continued)

Additionally, in February 2008 the Canadian Accounting Standards Board (AcSB) confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011 and the Company will implement it as at November 1, 2011. The AcSB also stated that, during the transition period, enterprises will be required to provide comparative figures established in accordance with IFRS. The IFRS will require additional financial statement disclosures and, while the organization's conceptual framework is similar to GAAP, enterprises will have to take account of differences in accounting principles. The Company is currently evaluating the impact of adopting IFRS on the consolidated financial statements. The Company already has put in place an implementing program and accordingly started the training and the analysis.

3- ADDITIONAL INFORMATION RELATED TO THE CONSOLIDATED STATEMENTS OF EARNINGS

	Years ended October 31,	
	2008 Restated (Note 2)	2007
	$	$
Amortization of property and equipment	**1,733**	1,468
Amortization of intangibles assets	**2,954**	6,201
Gain on asset disposal	**175**	-
Interest on long-term debt	**589**	27
Other interest	**4**	19
Bank charges	**701**	182
Exchange loss	**393**	1,456
Gain on cash and cash equivalent and short-term investments	**716**	1,277
Tax credits	**1,954**	598

4- RESEARCH AND DEVELOPMENT EXPENSES

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

	Years ended October 31,	
	2008	2007
	$	$
Research and development expenses	17,084	5,004
Less: Tax credits	(1,551)	(241)
Plus : Amortization of software	1,412	5,437
	16,945	10,200

5 - RESTRUCTURING COSTS

Operational Restructuring Plan

On June 11, 2008, the Company had approved a restructuring plan in order to restore profitability and align its cost structure to the realities of current market conditions in North America as well as benefit from cost synergies related to its recent acquisitions. The total estimated restructuring charge (primarily related to employee severance) associated with the Operational Restructuring Plan is $968,442 and is recorded as restructuring costs line item within the Company's consolidated statement of earnings.

On October 15, 2008, the Company approved a restructuring plan in order to further adjust its cost structure due to continuing weaker market conditions. The total estimated restructuring charge related to employee severance, associated to the Operational Restructuring Plan is $1,360,392 and is recorded as restructuring costs line item within the Company's consolidated statement of earnings.

Any changes to the estimates of executing the Operational Restructuring Plan will be reflected in the future results of operations. The Company expects to complete all payments under this plan by July 2009.

	Initial estimated cost	Cash payments	Accounts payable as at October 31, 2008
Operational Restructuring Plan			
Severance	2,202	644	1,558
Outplacement fees	47	47	-
Other	80	14	66
Total	**2,329**	**705**	**1,624**

6- INCOME TAXES

	Years ended October 31,	
	2008 Restated (Note 2)	2007
	%	%
Combined statutory income tax rate in Canada [(a)]	31.1	32.0
Foreign income taxed at different rates	5.0	1.0
Non deductible items	(15.5)	(6.0)
Change in valuation allowance	(13.2)	(9.0)
Deferred credit	-	17.0
Impact of reduction in income tax rates on future income taxes	(2.6)	-
Uncertainties allowance reversal	19.2	
Other differences	14.0	(1.4)
Effective income tax rate	**38.0**	33.6

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

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,	
	2008 Restated (Note 2)	2007
	$	$
Future income tax assets		
Property and equipment	218	156
Intangible assets and goodwill	862	426
Financing costs	170	591
Restructuring costs	390	-
Leasehold inducement	105	127
Net operating loss carry-forwards	753	1,367
Capital loss	487	182
Other	208	278
	3,193	3,127
Valuation allowance	(487)	(990)
Total future income tax assets	**2,706**	2,137
Future income tax liabilities		
Tax credits	(608)	(716)
Property and equipment	(6)	(32)
Intangible assets and goodwill	(3,727)	(2,054)
Other	(23)	(50)
Total future income tax liabilities	**(4,364)**	(2,852)
Net future income tax liabilities	**(1,658)**	(715)

Amounts recognized in the consolidated balance sheet consist of :

	October 31,	
	2008 Restated (Note 2)	2007
	$	$
Future income tax assets – current	598	167
Future income tax assets – non-current	1,500	995
Future income tax liabilities – current	-	(70)
Future income tax liabilities – non-current	(3,756)	(1,807)
Net future income tax liabilities	**(1,658)**	(715)

7- LOSS PER SHARE

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

	Years ended October 31,	
	2008 Restated (Note 2)	2007
	$	$
Net loss available to common shareholders	(2,297)	(5,249)
Weighted average number of common shares outstanding	18,852,189	18,814,722
Basic and diluted loss per share	**(0.12)**	(0.28)

For the years ended October 31, 2008 and 2007, outstanding stock options are not included in the computation of diluted loss per share since the Company has incurred losses and therefore the options would be anti-dilutive.

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

The changes in working capital items are detailed as follows:

	Years ended October 31,	
	2008	2007
	$	$
Accounts receivable	(3,058)	383
Income taxes receivable	(695)	-
Contracts in progress	33	241
Prepaid expenses	665	(427)
Accounts payable	2,908	7
Income taxes payable	1,412	(1,582)
Deferred revenues	(580)	24
	685	(1,354)

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

	Years ended October 31,	
	2008	2007
	$	$
Interest paid	**407**	16
Income taxes paid	**(194)**	2,059

As of October 31, 2008, the accounts payable included $8,691 ($39,595 in 2007) in relation with the acquisition of property and equipment.

8- ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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 with interest at the rate published quarterly by Canada Revenue Agency (3% as at October 31, 2008) calculated monthly and is recorded against Capital Stock.

9- BUSINESS ACQUISITIONS

During the past two fiscal years, the Company completed business acquisitions that were recorded using the purchase method. Results from these acquisitions have been included in the statement of earnings from the date of acquisition.

Year ended October 31, 2008

Conceptor Sarl

On May 5, 2008, a wholly-owned subsidiary of the Company acquired a portion of the assets, such as employees and accounts receivable, of Conceptor Sarl, a software distribution company that sells Planit* Fusion products, based in France, for a consideration of $400,972 (€ 257,083) excluding transaction costs. The allocation of the purchase price is subject to change as the Company completes its evaluation of the assets.

The values attributed to the assets acquired as of May 5, 2008 were :	$
Accounts receivable	48
Goodwill, not deductible for tax purposes	368
Total consideration paid in cash, including transaction costs of $ 16	**416**

20-20 Icovia Inc. (formerly Hookumu Inc.)

On January 31, 2008 the Company concluded an agreement to acquire 51% of the outstanding shares of Hookumu Inc., based in New Hampshire, USA, for a cash consideration of $1,625,000 excluding transaction costs, with management of Icovia holding the remaining 49%. Should certain revenue objectives be attained by December 31, 2010, an additional amount of $150,000 will become payable. Icovia provides interactive, online space planning solutions for the home furnishings, real estate and interior design industry. As part of the agreement, the Company has an option to acquire the remaining 49% from January 1, 2010 to September 1, 2010 based on a pre-determined formula. The allocation of the purchase price is subject to change as the Company completes its evaluation of the assets. The name of the company has been changed for 20-20 Icovia Inc. (Icovia).

9- BUSINESS ACQUISITIONS (Continued)

20-20 Icovia Inc. (formerly Hookumu Inc.) (Continued)

The values attributed to the assets acquired and liabilities assumed as of January 31, 2008 were:	$
Cash	51
Accounts receivable	280
Prepaid expenses	15
Property and equipment	42
Software	259
Client list	168
Accounts payable	(296)
Deferred revenue	(70)
Future income taxes	(154)
Non-controlling interest	(11)
Goodwill, not deductible for tax purposes	1,505
Total consideration, including transaction costs of $164	**1,789**

Consideration payable:	$
In cash	1,789
Less : Cash acquired	(51)
Net cash consideration paid	**1,738**

Planit Fusion*

On January 29, 2008 the Company concluded an agreement to acquire the Planit* Fusion business from Planit Holdings Limited for a cash consideration of $37.7 million (£19 million) excluding transaction costs. The acquisition consists of the worldwide kitchen and bath software business including 2 subsidiaries Planit International Limited (U.K.), Planit S.A. (France) and all of their US assets related to that business.

Planit* Fusion is the retail design business of the United Kingdom-based Planit Holdings Limited and offers interior design programs that combine innovative design features with essential sales management tools to provide total support for businesses, including kitchens, baths and bedrooms. The allocation of the purchase price is subject to change as the Company completes its evaluation of the assets. Furthermore the Company initiated litigation against the seller that could have an effect on the purchase price.

9- BUSINESS ACQUISITIONS (Continued)

Planit Fusion (Continued)

The values attributed to the assets acquired and liabilities assumed as of January 29, 2008 were:	$
Cash	669
Accounts receivable	2,330
Prepaid expenses	320
Property and equipment	537
Software	2,402
Distributor relationships	2,939
Client list	3,971
Trade name	298
Non-compete agreement	179
Other assets	56
Accounts payable	(2,874)
Deferred revenue	(1,067)
Long-term debt	(302)
Future income taxes	(3,337)
Goodwill, not deductible for tax purposes	33,522
Total consideration, including transaction costs of $2,062	**39,643**

Consideration payable:	$
In cash	39,643
Less : Cash acquired	(669)
Purchase price balance payable	(154)
Net cash consideration paid ($239 paid in 2007)	**38,820**

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

Shanghai Rena and DesignTec Co. Ltd

As at November 1, 2007, a subsidiary of the Company concluded an agreement to acquire all of the assets of Shanghai Rena and DesignTec Co. Ltd for a total consideration of $398,565 in the form of a settlement of an amounts receivable from the vendor. Shanghai Rena and DesignTec Co. Ltd are related companies with a common shareholder and they have been distributors for the Company in China and Taiwan respectively, since March 2002.

The values attributed to the assets acquired and liabilities assumed as of November 1, 2007 were:	$
Cash	11
Property and equipment	1
Client list	126
Accounts payable	(12)
Future income taxes	(42)
Goodwill, not deductible for tax purposes	356
Total consideration, including transaction costs of $41	**440**

9- BUSINESS ACQUISITIONS (continued)

Shanghai Rena and DesignTec Co. Ltd **(Continued)**

Consideration payable:	$
In cash	440
Less : Application of amounts receivable from the vendor	399
Cash acquired	11
Net cash consideration paid	**30**

Year ended October 31, 2007

Linkwood Engineering

On August 1, 2007, a wholly-owned subsidiary of the Company acquired a portion of the assets of Linkwood Engineering, a software distribution company that sells 20-20 Technologies Inc. products, based in United Kingdom, for a minimum consideration of $ 203,080 (£ 100,000) up to a maximum of $ 304,620 (£ 150,000) upon attainment of certain revenue objectives. The consideration consisted of the following: $ 81,232 (£ 40,000) payable at the closing of the transaction reduced by an amount payable by Linkwood Engineering to a subsidiary of 20-20 Technologies Inc., for a net payment of $ 52,841 (£ 26,020), a second installment due in September 2008 equal to 20% of the revenues for the 12 months ended July 31, 2008 and a third installment due in September 2009 equal to 20% of the revenues for the 12 months ended July 31, 2009. The unallocated balance of the purchase price was allocated to goodwill.

The values attributed to the assets acquired as of August 1, 2007 were:	$
Client list	102
Goodwill, deductible for tax purposes	101
Total consideration payable	**203**

Consideration payable:	$
Cash	53
Application of accounts payable due from the vendor	28
Balance of purchase price payable, without interest	122
Net cash consideration paid	**203**

Pattern Systems International, Inc.

On January 8, 2007, the Company acquired substantially all of the assets of Pattern Systems International, Inc. ("PSI"), based in Mount Arlington, New Jersey. At that time, the transaction was established at a total consideration of $1,025,000 of which $225,000 was remaining as a balance of purchase price payable, as the seller completes development of additional software components for the Company. On July 17, 2007, the Company concluded an agreement with PSI whereby the balance of purchase price was settled at $95,000, representing a full and final payment for development completed as of that date, with no further obligation to either party. The unallocated balance of the purchase price was allocated to goodwill. PSI develops computer software products for distribution through dealers and internal sales representatives, with some direct sales, mainly for the cabinetmaker, architectural millwork and woodworking industry.

9- BUSINESS ACQUISITIONS (continued)

Pattern Systems International, Inc. **(Continued)**

The values attributed to the assets acquired and liabilities assumed as of January 8, 2007 were :	$
Accounts receivable	13
Software	260
Client list	350
Deferred revenue	(327)
Goodwill, deductible for tax purposes	599
Total cash consideration, including acquisition costs of $25	**895**

10- CASH AND CASH EQUIVALENTS

	Years ended October 31,	
	2008	2007
	$	$
Cash	8,392	5,731
Cash equivalents		
Term deposits maturing between November 2008 and January 2009, interest rate 2.42% to 3.35%	2,894	-
Banker's acceptance, maturing in December 2008, interest rate 1.85% (in 2007, maturing between November 2007 and January 2008, interest rate 4.73% to 4.81%)	2 201	19,549
	13,487	25,280

11 - SHORT-TERM INVESTMENTS

	Years ended October 31,	
	2008	2007
	$	$
Commercial paper, bearing interest at 4.32%, maturing in December 2007.	-	4,331
Bankers acceptance, bearing interest at 3.14% maturing in November 2008 (4.58% to 4.94% in 2007 matured between January 2008 and March 2008) .	1,644	14,164
	1,644	18,495

12 - ACCOUNTS RECEIVABLE

	October 31,	
	2008 Restated (Note 2)	2007
	$	$
Trade accounts	13,795	12,400
Balance receivable on asset disposal	279	-
Fair value of forward exchange contracts and currency options	63	524
Interest on investments	19	244
Balance of sale receivable, without interest	50	54
Loan receivable, without interest	100	100
Tax credits receivable	2,627	3,225
Other	605	82
	17,538	16,629

13 - PROPERTY AND EQUIPMENT

	October 31, 2008		
	Cost	Accumulated amortization	Net
	$	$	$
Office furniture	1,799	1,304	495
Computer equipment	4,298	3,087	1,211
Leasehold improvements	2,229	1,219	1,010
Automotive equipment	361	183	178
	8,687	**5,793**	**2,894**

	October 31, 2007		
	Cost	Accumulated amortization	Net
	$	$	$
Office furniture	1,698	1,091	607
Computer equipment	5,367	3,572	1,795
Leasehold improvements	2,172	695	1,477
Automotive equipment	134	72	62
	9,371	5,430	3,941

14- INTANGIBLE ASSETS

			October 31, 2008
	Cost	Accumulated amortization	Net
	$	$	$
Client lists	7,783	2,736	5,047
Software	5,303	2,729	2,574
Trade names	439	256	183
Non-compete agreement	451	67	384
Distributor relationships	2,410	181	2,229
	16,386	**5,969**	**10,417**

			October 31, 2007
	Cost	Accumulated amortization	Net
	$	$	$
Client lists	5,487	2,202	3,285
Software	4,730	2,695	2,035
Trade names	250	250	-
Non-compete agreement	391	46	345
	10,858	5,193	5,665

During the year ended October 31, 2007, software costs were reduced by tax credits totaling $1,698,134.

In the fourth quarter of 2007, the Company had accentuated its conduct of a financial due diligence review related to an acquisition (Planit* Fusion). This due diligence process resulted in a review by the Company, as of October 31, 2007, of a portion of its business plan and of products commercialized or in development. Following this review, the Company concluded that certain criteria enabling, under generally accepted accounting principles, the continued deferral of development costs were no longer met and, accordingly, recorded a $12,558,000 charge for the write-off of certain development costs.

The acquired development costs were reclassified as software in the intangible assets in 2008 in order to better reflect the nature of the cost. During the years ended October 31, 2008 and 2007, intangible assets totaling $10.3 million and $712,000 respectively, were acquired.

15 – GOODWILL

		October 31,
	2008	2007
	$	$
Balance, beginning of year	29,407	24,157
Business acquisitions (Note 9)	35,751	700
Effect of foreign currency exchange rate changes	(12,791)	4,550
Balance, end of year	**52,367**	29,407

16 - AUTHORIZED BANK LINE OF CREDIT

The Company has credit facility available of up to C$25 million in the form of a secured and committed revolving credit line in place with two Canadian banks. The facility has a five-year term and the Company may elect to draw loans based on Cnd prime rate, U.S. base rate, Libor or banker's acceptances. The interest rate charged is a function type of loan drawn and a financial ratio. The maximum interest rate premium is 2%. 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. (See Note 17)

A wholly-owned subsidiary of the Company has credit facilities, denominated in Euros, available for operational purposes but not utilized as at October 31, 2008 and 2007 amounting to $202,896 ($231,472 in 2007), bearing interest at the Euribor one month rate plus 3.10% to 3.15%, secured by specific accounts receivable up to $126,810 ($144,670 in 2007), without fixed renewal dates.

The Company had credit facilities available as of October 31, 2007 of $5,263,712 for its ongoing operational needs, bearing interest at the prime rate in 2007. These facilities were not utilized as at October 31, 2007 and are denominated in Canadian dollars. The facilities are secured by a movable hypothec of $ 6,316,454 on fluctuating credit balances in U.S. and Canadian dollar current accounts and fluctuating investments held at the bank's treasury department.

17 - LONG-TERM DEBT

		October 31,	
	Current portion	**2008**	2007
	$	$	$
Payable in Canadian dollars			
Government loan, payable in three equal semi-annual installments, without interest, maturing on April 1, 2009 (Note 20)	16	16	61
Payable in U.S. dollars			
Revolving credit line payable at any time not to exceed January 2013, bearing interest at rate of 4,68% (Libor plus 1.875%) (Notes 16 and 24) (1)	3,700	15,000	-
Balance of purchase price of $500,000, without interest, effective rate of 4.5%, payable by installments of $500 for each copy of the Build-Rite software sold by the Company. The remaining balance is payable in July 2010 (Note 20)	-	464	439
Other loans	3	4	17
Payable in pounds			
Other loans	86	145	-
	3,805	15,629	517
Installments due within one year		**3,805**	54
		11,824	463

17 - LONG-TERM DEBT (Continued)

The installments on long-term debt for the next three years ending October 31, 2009 to 2011 are:

2009:	$3,805	**2010 :**	$524	**2011 :**	$ 11,300

(1) As at October 31, 2008, the Company's authorized borrowing capacity on the credit facility of C$25 million described amounted to $10.5 million as a result of the application of the leverage ratio on EBITDA for 2008. As a result the Company did not meet its obligations under this credit facility (See Note 24).

18- 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.

In connection with the acquisition of 20-20 Giza Inc. in 2001, 172,860 common share stock options were issued outside of the stock option plan. These options can be exercised for $0.71 each and expire in 2010. An employee who leaves the Company has 90 days during which to exercise the options.

The following table presents the changes in the number of options outstanding, related to the 20-20 Giza options, in the years ended October 31, 2008 and 2007:

	Number
Balance, as at October 31, 2006	107,260
Options exercised in 2007	(97,460)
Balance as at October 31, 2007	9,800
Options exercised in 2008	(4,200)
Balance as at October 31, 2008	5,600

On May 27, 2004, the Board of Directors approved the termination of the above plans, 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 of such options will be determined by the Board of Directors at the time the options are granted but will not be more favorable than those permitted under applicable

18- STOCK-BASED COMPENSATION (Continued)

Stock option plans (Continued)

securities legislation. The total number of Common Shares that will be reserved for issuance under the Share Option Plan and the previous stock option plans will not exceed, in the aggregate, 10% of the issued and outstanding Common Shares. Since its inception, 215,000 options have been granted under the Share Option Plan. All options granted vest 33.3% each anniversary date of the grant and expire 10 years after being granted.

The following table presents the changes in the number of options outstanding for the previous stock option plan and the Share Option Plan (excluding 20-20 Giza options):

	October 31, 2008		October 31, 2007	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
		C$		C$
Balance, beginning of year	694,840	5.69	702,345	5.65
Options exercised	(146,590)	1.55	(7,505)	1.55
Options forfeited	(30)	1.55	-	-
Balance, end of year	**548,220**	**6.80**	694,840	5.69
Options exercisable, end of year	**508,220**	**6.68**	593,171	5.23

The following table summarizes information about options outstanding and exercisable:

				October 31, 2008	
				Weighted Average Remaining Contractual Life in Years	
Exercise Price	Expiration date	Outstanding Number	Exercisable Number	Outstanding	Exercisable
C$					
4.65	October 2013	160,000	160,000	5.0	5.0
6.01	November 2013	103,220	103,220	5.0	5.0
6.50	November 2014	15,000	15,000	6.1	6.1
8.03	November 2013	100,000	100,000	5.0	5.0
8.26	January 2016	120,000	80,000	7.2	7.2
9.41	April 2015	50,000	50,000	6.4	6.4
		548,220	**508,220**	**5.6**	**5.5**

The fair value of the stock options granted was estimated at the grant date using the Black-Scholes option-pricing model.

The estimated fair value of the options is expensed on a straight-line basis over the options' vesting period.

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

18- STOCK-BASED COMPENSATION (Continued)

Deferred share unit plan (Continued)

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. Since its inception, 78,425 DSUs were issued.

During the year ended October 31, 2008, 22,723 DSUs (22,629 in 2007) were issued under the plan and an amount of $99,640 ($164,558 in 2007) was charged to stock-based compensation expense. As of October 31, 2008, the Company had recorded an amount payable of $151,809 ($423,362 in 2007) which will be paid to directors as they leave the Board of Directors. An amount of ($270,030) was credited to stock based compensation expense resulting from a reevaluation of the liability based on the Company's market value. As of October 31 2007, the account payable includes an amount of $32,789 related to 4,580 DSUs due to a Director who left the Board of Directors in September 2007.

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 his admissible 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 will purchase monthly, on behalf of the employees, Common shares on the open market. The Company also assumes all transaction fees related with the purchases of shares.

During the year ended October 31, 2008, an amount of $87,497 ($34,192 in 2007) related to the Company's contribution, was charged to stock-based compensation expense.

19- 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.

	October 31,	
	2008	2007
Issued:		
Common Shares	18,947,292	18,850,302

Normal Course Issuer Bid

On April 26, 2007, 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 May 2, 2007 and ending May 1, 2008. On May 16, 2008, the Company announced its intention to continue this program beginning on May 21, 2008 and ending on May 20, 2009.

The Company may repurchase for cancellation, up to 942,000 common shares over a maximum period of 12 months representing approximately 5% of its 18,851,037 issued and outstanding as

19- CAPITAL STOCK (Continued)

of May 14, 2008. 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.

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.

20 - 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, short-term investments and accounts receivable.

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. 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 affected 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 81.8% of trade receivables are outstanding 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.

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

20 - FINANCIAL INSTRUMENTS (Continued)

As at October 31, 2008, the aging of accounts receivable is as follows:

	$
Current:	5,838
Due 1-30 days	2,506
Due 31-90 days	2,948
Due over 90 days	3,908
Trade accounts receivable	15,200
Less allowance for doubtful accounts	1,405
	13,795

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

	$
Balance as at October 31, 2007	1,523
Acquisitions	404
	1,927
Accounts written off	(702)
Allowance for doubtful accounts	458
Effect of foreign currency exchange rate changes	(278)
Balance as at October 31, 2008	**1,405**

The credit risk on cash and cash equivalents, short-term investments and forward exchange contracts and currency options 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 and currency options to sell amounts of currency in the future at predetermined exchange rates. These forward exchange contracts and currency options serve to protect against the risk exposure to future exchange rate fluctuations. As at October 31, 2008, 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:

	October 31, 2008	Restated (Note 2)	
Remaining term	Contract amount	Average rate	Fair value
	$	C$	$
Less than three months			
Forward contracts	11,000	1.06838	63

The net 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 $63,000 ($ 524,000 in 2007). The realized gain on forward exchange contracts amounted to $ 162,600 ($485 000 in 2007) for the year ended October 31, 2008 and is accounted for as a foreign exchange gain, presented in financial expenses in the consolidated earnings.

20 - 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 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. As of October 31, 2008 and 2007, financial assets totaling $30,360,000 ($57,180,000 in 2007) and financial liabilities totaling $28,294,000 ($10,402,000 in 2007) include these amounts expressed in foreign currencies:

As at October 31, 2008	**$**	**€**	**£**	**KRD**	**RMB**	**BRL**
Financial assets						
Cash and cash equivalents	5,868	1,321	1,329	-	2,329	37
Short-term investments	-	-	-	-	-	-
Accounts receivable	8,271	3,175	1,195	-	628	257
	14,139	**4,496**	**2,524**		**2,957**	**294**
Financial liabilities						
Accounts payable	3,737	2,071	526	-	619	136
Long-term debt	15,468	-	90	-	-	-
	19,205	**2,071**	**616**	**-**	**619**	**136**

As at October 31, 2007	**$**	**€**	**£**	**KRD**	**¥**	**BRL**
Financial assets						
Cash and cash equivalents	2,366	884	185	13	3,351	75
Short-term investments	-	–	–	–	–	–
Accounts receivable	7,300	2,493	847	251	1,385	189
	9,666	3,377	1,032	264	4,736	264
Financial liabilities						
Accounts payable	2,235	2,074	543	444	1,052	121
Long-term debt	456	–	–	–	–	–
	2,691	2,074	543	444	1,052	121

Currencies Legend:

$	-	U.S. Dollar	**KRD**	-	Danish Krone
€	-	European Euro	**¥**	-	Japanese Yen
£	-	U.K. Pound Sterling	**BRL**	-	Brazilian Real
RMB	-	Chinese Renminbi			

20 - FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk (Continued)
The Company is mainly exposed to fluctuations in the U.S. dollar and the Euro. The following table details the Company's sensitivity to a 10% variation of the U.S. dollar and the Euro on net loss 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 weaker U.S. dollar or a stronger Euro 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.

	U.S. dollar impact	Euro impact
Exchange rate as at October 31, 2008	1.2165	1.5426
On net loss	616,000	374,000
On comprehensive income - increase	5,2 million	N/A
- decrease	(6,3 million)	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 a portion of its long-term debt and does not currently hold any financial instruments that mitigate this risk. A 1% variation in interest rates would have an impact of approximately $150,000 on the earnings before tax, on an annual basis.

Fair value of other than derivative financial instruments

Accounts receivable, balance receivable on asset disposal, loan receivable, promissory note receivable and balance of sale receivable as well as 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 is $ 361,000 compared to a carrying value of $ 396,000. For the rental deposits consisting in mutual investments funds, the fair value was established using the issue market value with an interest rate of 4.58%. For the other rental deposits, the present value of future cash in flows at the current market rate (4.58%) the Company could have obtained at the balance sheet date for bankers acceptances was used.

The fair value of the Build-Rite balance of purchase price was calculated with the present value of future payments using interest rates which the Company could have obtained, as of October 31, 2008, for a loan with similar terms, conditions and maturity dates. The fair value was approximated to the carrying value. The fair value of the government loan and other loans approximates the carrying value at the balance sheet date because of their shorter term maturities.

The fair value of the revolving credit line is $13,430,000 compared to a carrying value of $15,000,000. The fair value was established using the cost of borrowing that the Company could have obtained as of October 31, 2008 (6.68%) for a loan with similar terms, conditions and maturity dates.

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. 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.

20 - FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

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

	Current within	Non-Current later than	
	12 months	1-5 years	5 years
	$	$	$
Purchase considerations payable	171	-	-
Accounts payable	12,494	-	-
Income taxes payable	1,465	-	-
Long-term debt	3,805	11,824	-
Derivative instruments	-	-	-
	17,935	**11,824**	**-**

21 - 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.

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 0.2 to 0.5 to 1.0. The Company set this range following its acquisition of the Planit* Fusion business described in Note 9.

The Company is not subject to externally imposed capital requirements. 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 2008 fiscal year include:

	Objectives	As at October 31,	
		2008 Restated (Note 2)	2007
i - Long term debt to Capital ratio	not to exceed 0.3 to 1.0	0.28 to 1.0	negligible
ii - Current Assets to Current Liabilities ratio	a minimum of 1.25 to 1.0	1.16 to 1.0	2.44 to 1.0
iii – Interest bearing debt to EBITDA[(1) (2)]	not to exceed 2.5 to 1.0	3.50 to 1.0	negligible

[1)] EBITDA is a non-GAAP measure that the Company defines as earnings from operations excluding non-recurring items plus depreciation and amortization.

[(2)] This ratio is calculated on a trailing twelve month basis

21 - CAPITAL RISK MANAGEMENT (Continued)

The Company's 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. Given that the objectives have not been met for year ended October 31, 2008, the Company has taken restructuring measures designed to meet the above objectives.

22 - COMMITMENTS

The Company has entered into various leases expiring on different dates until September 30, 2017, which call for lease payments of $11,943,500 for the rental of buildings and other operating leases. The minimum lease payments for the coming years are:

	Years ending October 31,
	$
2009	2,964
2010	2,449
2011	1,977
2012	1,728
2013	1,627
Subsequent years	1,198

The Company received a certificate of eligibility for the Carrefour de la nouvelle économie (CNE) program, which enables it to receive refundable tax credits on eligible salaries until October 2012.

23- 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:

	Years ended October 31,	
	2008	2007
	$	$
Revenue by geographic location		
Canada	23,638	27,129
United States	20,596	19,815
Germany	8,713	7,162
France	8,863	5,835
United Kingdom	11,911	3,755
Europe – others	3,537	3,451
Other foreign countries	1,344	480
	78,602	67,627

23- SEGMENTED INFORMATION (Continued)

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,	
	2008	2007
	$	$
Property and equipment by geographic location		
Canada	1,622	2,464
United States	354	532
Germany	184	276
France	319	323
United Kingdom	352	174
Europe – others	13	43
Other foreign countries	50	129
	2,894	3,941
Goodwill by geographic location		
Canada	878	1,124
United States	17,083	20,291
Germany	3,260	4,189
France	5,004	2,119
United Kingdom	24,605	113
Europe – others	1,183	1,514
Other foreign countries	354	57
	52,367	29,407

24– SUBSEQUENT EVENT

The Company has obtained a waiver from the lenders with respect to the obligation it did not meet pursuant to its credit facility (Note 17) which includes modifications to the terms and conditions applicable to the said credit facility which result in an increase in applicable interest rates of 2.0%, a reimbursement of $3.7 million, new conditions imposed on the availability of the credit facility and a reduction of the term from 5 years to 3 years. The available credit facility was adjusted from C$25 million to $15 million.

DIRECTORS

Jocelyn Proteau (2) (4)
Co-Chairman of the Board and
Lead Director

Jean Mignault
Co-Chairman of the Board and
Chief Executive Officer
20-20 Technologies Inc.

Jacques Malo (2) (3) (4)
Vice Chairman of the Board
Corporate director

Jean-François Grou
President and Chief Operating Officer
20-20 Technologies Inc.

Yves Archambault (1)
Corporate Director

Philippe Frenière (1) (3) (4)
Vice President, Investments
Montreal Partners & Bourgie
Financial Corporation

Me Pierre L. Lambert (2)
Partner, Dunton Rainville
S.E.N.C.R.L.

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

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

Ghislain St-Pierre (2) (3) (4)
Consultant

(1) Member of the Audit Committee
(2) Member of the Human Resources and
Governance Committee
(3) Member of the Advisory Committee
(4) Member of the Strategic Committee

MANAGEMENT

Jean Mignault
Co-Chairman of the Board and
Chief Executive Officer

Jean-François Grou
President and Chief Operating Officer

Steve Perrone
Chief Financial Officer

André Chartier
Vice President, Operations

Louise Chartier
Vice President,
Sales Residential Dealers/Retailers
North America

Christian Dubuc
Vice President, Product Management

Me Yannick Godeau
General Counsel

Klaus Gueniker
Vice President Manufacturing
Solutions

Christine Labelle
Vice President, Human Resources

Thierry Racinais
Vice President, Sales
Southern Europe

Craig Rothwell
Vice President, Sales
Northern Europe

Stephane Vidal
Director of Marketing and
Communications

Joerg Witthus
Executive Vice President for Europe

Craig Yamauchi
Executive Vice President,
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