



Interim Consolidated Financial Statements

Three Months Ended January 31, 2011 and 2010

1

Unaudited

March 10, 2011

The interim consolidated financial statements for the three months ended January 31, 2011 and 2010, which are included in this report, have not been subject to a review by the Company's external auditors.

Interim Consolidated Financial Statements
Three Months ended January 31, 2011 and 2010
UNAUDITED

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March 10, 2011

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

	January 31, 2011 (Unaudited) \$	October 31, 2010 (Audited) \$
ASSETS		
Current assets		
Cash and cash equivalents (Note 9)	13,016	14,681
Accounts receivable	22,673	16,685
Income taxes receivable	109	102
Contracts in progress	211	178
Prepaid expenses	982	1,019
Income tax credits recoverable	1,001	984
Future income taxes	139	263
	38,131	33,912
Property and equipment	2,290	2,345
Intangibles	6,470	6,968
Goodwill	62,490	61,472
Income tax credits recoverable	2,565	2,304
Future income taxes	2,935	2,745
Other assets	1,179	1,160
	116,060	110,906
LIABILITIES		
Current liabilities		
Bank loan	148	148
Accounts payable	12,324	11,907
Income taxes payable	643	413
Deferred revenue	17,919	13,644
Installment on long-term debt (Note 10)	3,052	2,833
Future income taxes	99	207
	34,185	29,152
Long-term debt (Note 10)	3,355	4,710
Leasehold inducements	262	279
Future income taxes	3,243	3,392
	41,045	37,533
SHAREHOLDERS' EQUITY		
Capital stock	58,569	58,569
Common stock options and warrants	1,604	1,553
Contributed surplus	1,050	1,050
Deficit	(1,586)	(1,979)
Accumulated other comprehensive income	15,378	14,180
	13,792	12,201
	75,015	73,373
	116,060	110,906

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

On behalf of the Board,

/s/ Jean-François Grou
Director

/s/ Benoît La Salle
Director

20-20 Technologies Inc.

CONSOLIDATED EARNINGS

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

	Three months ended January 31	
	2011	2010
	(Unaudited)	(Unaudited)
	\$	\$
Revenues	16,477	16,604
Cost of revenues	4,687	4,268
Gross margin	11,790	12,336
Operating expenses		
Sales and marketing	4,645	3,937
Research and development (Note 4)	2,917	3,301
General and administrative	3,461	3,498
Stock-based compensation (Note 6)	30	83
	11,053	10,819
Operating income	737	1,517
Financial expenses		
Bank charges and interest expense (Note 3)	274	352
Exchange loss	58	476
	332	828
Non-controlling interest	-	10
Earnings before income taxes	405	679
Income taxes		
Current	527	699
Future	(515)	(482)
	12	217
Net earnings	393	462
Earnings per share (Note 7)		
Basic and Diluted	0.02	0.02

The accompanying notes are an integral part of the interim unaudited 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 Number	Common Shares Amount	Common stock options and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
(Audited)		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2009	18,926,692	58,582	1,279	1,015	10,295	(4,268)	66,903
(Unaudited)							
Net earnings	-	-	-	-	-	462	462
Translation adjustment	-	-	-	-	785	-	785
Comprehensive income	-	-	-	-	785	462	1,247
Options granted	-	-	83	-	-	-	83
Balance as at January 31, 2010	18,926,692	58,582	1,362	1,015	11,080	(3,806)	68,233

	Common Shares Number	Common Shares Amount	Common stock options and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
(Audited)		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2010	18,921,792	58,569	1,553	1,050	14,180	(1,979)	73,373
(Unaudited)							
Net earnings	-	-	-	-	-	393	393
Translation adjustment	-	-	-	-	1,198	-	1,198
Comprehensive income	-	-	-	-	1,198	393	1,591
Options granted	-	-	51	-	-	-	51
Balance as at January 31, 2011	18,921,792	58,569	1,604	1,050	15,378	(1,586)	75,015

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

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

	Three months ended	
	January 31	
	2011	2010
	(Unaudited)	(Unaudited)
	\$	\$
OPERATING ACTIVITIES		
Net earnings	393	462
Non-cash items		
Amortization	908	1,024
Leasehold inducements	(21)	(20)
Stock-based compensation	19	83
Capitalized interest on long term debt	12	25
Non-controlling interest	-	10
Future income taxes	(515)	(482)
Unrealized gain on long term debt exchange	-	(134)
Unrealized loss on forward exchange contracts and currency options	194	57
Changes in working capital items (Note 8)	(1,338)	(2,110)
Cash flows used in operating activities	(348)	(1,085)
INVESTING ACTIVITIES		
Property and equipment	(214)	(246)
Intangible assets – acquired	(28)	-
Product of disposition of property and equipment	5	33
Other assets	(1)	(11)
Cash flows used in investing activities	(238)	(224)
FINANCING ACTIVITIES		
Long-term debt	-	699
Repayment of long-term debt	(1,308)	(685)
Cash flows from (used in) financing activities	(1,308)	14
Effect of changes in exchange rate on cash held in foreign currencies	229	311
Net decrease in cash and cash equivalents	(1,665)	(984)
Cash and cash equivalents, beginning of period	14,681	23,221
Cash and cash equivalents, end of period (Note 9)	13,016	22,237

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

20-20 Technologies Inc.

Notes to Interim Consolidated Financial Statements

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

1 – BASIS OF PRESENTATION AND NATURE OF OPERATION

The interim unaudited 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) unless otherwise noted. They are consistent with the principles used in the preparation of our annual audited consolidated statements. These interim unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended October 31, 2010.

The Company's operations are affected in varying degrees by market cycles and/or seasonality. As such, operating performance over a given interim period should not necessarily be considered indicative of full fiscal year performance. Seasonality and quarterly performance are affected by events such as vacations, major trade shows and the number of statutory holidays in a given quarter. The workflow from certain clients may vary from quarter to quarter based on their business cycles and the seasonality of their own operations.

2- ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared using the same accounting policies and methods of their application as the annual audited consolidated financial statements for the year ended October 31, 2010.

3 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited)	Three months ended	
	2011	January 31, 2010
Amortization of property and equipment	274	354
Amortization of intangible assets	634	670
Total amortization expense ^(a)	908	1,024
Interest on long-term debt	105	241
Other interest expense	81	80
Bank charges	117	74
Gain on cash and cash equivalent and short-term investments	(29)	(43)
Total bank charges and interest expense	274	352
Research and development tax credits	291	149
Carrefour de la Nouvelle Économie tax credits	232	249
Total tax credits ^(b)	523	398

- a) Amortization expense on property and equipment and on intangible assets is allocated between the cost of revenues and the different operating expenses in the consolidated statement of earnings.
- b) The total tax credits recovered are subject to an allocation between the cost of revenues and the research and development expenses.

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:

(Unaudited)	Three months ended	
	2011	January 31, 2010
	\$	\$
Research and development expenses	3,075	3,309
Less: Tax credits- research and development	(440)	(311)
Plus : Amortization of software	282	303
	2,917	3,301

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.

20-20 Technologies Inc.

Notes to Interim Consolidated Financial Statements

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

5 - RESTRUCTURING COSTS

Operational Restructuring Plan

During the 2009 and 2010 year end, the Company approved restructuring plans to align its cost structure to its strategic plan and due to slow market conditions. The Company expects to complete all payments under these plans by October 2011. Any changes to the estimates of executing the Operational Restructuring Plan will be reflected in the future results of operations. The following table summarizes the amounts payable and the effect on consolidated income.

January 31, 2011	Total estimated cost	Accounts payable as at October 31, 2010	Restructuring expense	Cash payments	Adjustment	Foreign exchange adjustment	Accounts payable as at January 31, 2011
		(Audited)					(Unaudited)
Operational Restructuring Plan							
Severance	1,482	473	-	(111)	-	(2)	360
Other	155	73	-	(73)	-	-	-
Total	1,637	546	-	(184)	-	(2)	360

6 - STOCK BASED-COMPENSATION

Stock option plans

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

(Unaudited)	Number	Three months ended
		January 31, 2011
		Weighted Average Exercise Price (C\$)
Balance, beginning of year	825,134	5.38
Options granted	-	-
Options cancelled	-	-
Balance, end of period	825,134	5.38
Options exercisable, end of period	563,333	6.48

20-20 Technologies Inc.

Notes to Interim Consolidated Financial Statements

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

6 - STOCK BASED-COMPENSATION (continued)

The following table summarizes information about options outstanding and exercisable:

(Unaudited)				January 31, 2011	
Exercise Price	Expiration date	Outstanding Number	Exercisable Number	Weighted Average Remaining Contractual Life in Years	
				Outstanding	Exercisable
C\$					
2.44	September 2019	120,000	40,000	8.6	8.6
3.24	October 2019	197,277	23,333	8.7	8.7
3.24	March 2020	7,857	-	9.1	-
4.65	October 2013	120,000	120,000	2.8	2.8
6.01	November 2013	100,000	100,000	2.8	2.8
6.50	November 2014	15,000	15,000	3.8	3.8
8.03	November 2013	100,000	100,000	2.8	2.8
8.26	January 2016	115,000	115,000	4.9	4.9
9.41	April 2015	50,000	50,000	4.2	4.2
		825,134	563,333	5.5	4.0

The impact of the stock based-compensation expense in the consolidated statement of earnings would be as follow:

(Unaudited)	Three months ended	
	2011	2010
Stock options plans	51	83
Deferred share unit plan (DSU)		
Expense of the period	25	16
Reevaluation of the liability	(57)	(16)
	(32)	-
Total non-cash stock based-compensation expense	19	83
Employee share purchase plan (ESPP)	11	-
Total stock based-compensation expense	30	83

Deferred share unit plan

During the three months ended January 31, 2011 and 2010, 7,458 (5,888 in 2010) DSUs were issued under the plan. As of January 31, 2011, the Company has recorded an account payable of \$551,685 (\$573,637 as of October 31, 2010), which will be paid as any Director leaves the Board of Directors.

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Notes to Interim Consolidated Financial Statements

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

7 - EARNINGS PER SHARE

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

(Unaudited)	Three months ended	
	2011	January 31 2010
	\$	\$
Basic		
Net earnings	393	462
Weighted average number of common shares outstanding	18,921,792	18,926,692
Basic earnings per share	0.02	0.02
Diluted		
Net earnings	393	462
Weighted average number of common shares outstanding	18,921,792	18,926,692
Effect of dilutive stock options	12,026	4,115
Effect of dilutive warrants	28,402	2,586
Adjusted weighted average number of common shares outstanding	18,962,220	18,933,393
Diluted earnings per share	0.02	0.02

The options and warrants not included in the computation of the diluted earnings per share because their exercise prices were greater than the average market price of the common shares for the periods as follows:

(Unaudited)	Three months ended	
	2011	January 31 2010
Options	761,801	825,497
Warrants	-	-

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

The changes in working capital items are detailed as follows:

(Unaudited)	Three months ended	
	2011	January 31 2010
	\$	\$
Accounts receivable	(5,883)	(4,145)
Income taxes receivable	(6)	18
Contracts in progress	(30)	89
Prepaid expenses	54	296
Income tax credits recoverable	(1)	-
Accounts payable	272	(802)
Income taxes payable	222	(502)
Deferred revenue	4,034	2,936
	(1,338)	(2,110)

20-20 Technologies Inc.

Notes to Interim Consolidated Financial Statements

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

9- CASH AND CASH EQUIVALENTS

	January 31, 2011 (Unaudited)	October 31, 2010 (Audited)
	\$	\$
Cash	10,644	12,347
Cash equivalent	2,372	2,334
	13,016	14,681

10 - LONG-TERM DEBT

	Current portion	January 31, (Unaudited) 2011	October 31, (Audited) 2010
	\$	\$	\$
Payable in Canadian dollars			
Government loan ^(a)	2,011	2,011	3,082
Government loan	1,018	4,235	4,330
Payable in Pounds Sterling			
Other loans	23	161	131
	3,052	6,407	7,543
Installments due within one year		3,052	2,833
		3,355	4,710

a) As at January 31, 2011, the Company reclassified an amount of \$1,287,000 outstanding on a government loan from long term to current liabilities as management expects to repay this debt within 12 months of the date of the balance sheet.

11 - 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:

(Unaudited)	Three months ended January 31	
	2011	2010
	\$	\$
Revenue by geographic location		
Canada	4,480	4,483
United States	4,150	4,178
United Kingdom	2,492	2,991
Germany	2,405	2,251
France	1,910	1,899
Europe – others	291	435
Other countries	749	367
	16,477	16,604

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.

20-20 Technologies Inc.

Notes to Interim Consolidated Financial Statements

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

11 - SEGMENTED INFORMATION (continued)

	January 31, 2011 (Unaudited)	October 31, 2010 (Audited)
Property and equipment by geographic location	\$	\$
Canada	1,170	1,291
United States	137	141
United Kingdom	423	401
Germany	179	150
France	264	279
Europe – others	3	5
Other countries	114	78
	2,290	2,345
Goodwill by geographic location		
Canada	1,064	1,049
United States	20,850	20,510
United Kingdom	28,678	28,210
Germany	3,957	3,892
France	6,074	5,975
Europe-others	1,436	1,412
Other countries	431	424
	62,490	61,472