



## **Interim Consolidated Financial Statements**

Three and Six Months Ended April 30, 2011 and 2010

# 2

**Unaudited**

June 13, 2011

**The interim consolidated financial statements for the three months ended April 30, 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 and Six Months ended April 30, 2011 and 2010  
UNAUDITED

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June 13, 2011

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

	April 30, 2011 (Unaudited) \$	October 31, 2010 (Audited) \$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 9)	10,137	14,681
Accounts receivable	21,346	16,685
Income taxes receivable	206	102
Contracts in progress	327	178
Prepaid expenses	1,122	1,019
Income tax credits recoverable	748	984
Future income taxes	364	263
	<b>34,250</b>	<b>33,912</b>
Property and equipment	2,491	2,345
Intangibles	6,895	6,968
Goodwill	66,021	61,472
Income tax credits recoverable	3,255	2,304
Future income taxes	1,549	2,745
Other assets	1,251	1,160
	<b>115,712</b>	<b>110,906</b>
<b>LIABILITIES</b>		
Current liabilities		
Bank loan	-	148
Accounts payable	11,540	11,907
Income taxes payable	862	413
Deferred revenue	17,633	13,644
Installment on long-term debt (Note 10)	1,111	2,833
Future income taxes	292	207
	<b>31,438</b>	<b>29,152</b>
Long-term debt (Note 10)	3,038	4,710
Leasehold inducements	255	279
Future income taxes	1,475	3,392
	<b>36,206</b>	<b>37,533</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 11)	58,541	58,569
Common stock options and warrants	1,656	1,553
Contributed surplus	1,050	1,050
Deficit	(1,349)	(1,979)
Accumulated other comprehensive income	19,608	14,180
	<b>18,259</b>	<b>12,201</b>
	<b>79,506</b>	<b>73,373</b>
	<b>115,712</b>	<b>110,906</b>

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)

<b>(Unaudited)</b>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
<b>Revenues</b>	<b>16,950</b>	17,155	<b>33,427</b>	33,759
<b>Cost of revenues</b>	<b>4,557</b>	4,242	<b>9,244</b>	8,509
<b>Gross margin</b>	<b>12,393</b>	12,913	<b>24,183</b>	25,250
Operating expenses				
Sales and marketing	5,115	4,828	9,760	8,765
Research and development (Note 4)	2,743	2,941	5,660	6,242
General and administrative	3,647	3,158	7,108	6,655
Restructuration expense (Note 5)	(195)	-	(195)	-
Stock-based compensation (Note 6)	39	208	69	292
	<b>11,349</b>	11,135	<b>22,402</b>	21,954
<b>Operating income</b>	<b>1,044</b>	1,778	<b>1,781</b>	3,296
Financial expenses				
Bank charges and interest expense (Note 3)	206	348	480	699
Exchange loss	406	975	464	1,452
	<b>612</b>	1,323	<b>944</b>	2,151
Non-controlling interest	-	29	-	39
<b>Earnings before income taxes</b>	<b>432</b>	426	<b>837</b>	1,106
Income taxes				
Current	484	100	1,011	800
Future	(289)	53	(804)	(429)
	<b>195</b>	153	<b>207</b>	371
<b>Net earnings</b>	<b>237</b>	273	<b>630</b>	735
Earnings per share (Note 7)				
Basic and Diluted	<b>0.01</b>	0.01	<b>0.03</b>	0.04

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
(Unaudited)		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2009	18,926,692	58,582	1,279	1,015	10,295	(4,268)	66,903
Net earnings	-	-	-	-	-	735	735
Translation adjustment	-	-	-	-	4,357	-	4,357
Comprehensive income	-	-	-	-	4,357	735	5,092
Options expired	-	-	(39)	39	-	-	-
Options granted	-	-	165	-	-	-	165
<b>Balance as at April 30, 2010</b>	<b>18,926,692</b>	<b>58,582</b>	<b>1,405</b>	<b>1,054</b>	<b>14,652</b>	<b>(3,533)</b>	<b>72,160</b>

	Common Shares Number	Common Shares Amount	Common stock options and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
(Unaudited)		\$	\$	\$	\$	\$	\$
Balance as at October 31, 2010	18,921,792	58,569	1,553	1,050	14,180	(1,979)	73,373
Net earnings	-	-	-	-	-	630	630
Translation adjustment	-	-	-	-	5,428	-	5,428
Comprehensive income	-	-	-	-	5,428	630	6,058
Options granted	-	-	103	-	-	-	103
Common shares buyback for a cash consideration (Note 11)	-	(28)	-	-	-	-	(28)
<b>Balance as at April 30, 2011</b>	<b>18,921,792</b>	<b>58,541</b>	<b>1,656</b>	<b>1,050</b>	<b>19,608</b>	<b>(1,349)</b>	<b>79,506</b>

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)

(Unaudited)	Three months ended April 30		Six months ended April 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings	237	273	630	735
Non-cash items				
Amortization	819	952	1,727	1,976
Leasehold inducements	(22)	(21)	(43)	(41)
Stock-based compensation	38	187	57	270
Capitalized interest on long term debt	12	14	24	40
Non-controlling interest	-	29	-	39
Future income taxes	(289)	53	(804)	(429)
Unrealized gain on long term debt exchange	-	(425)	-	(559)
Unrealized loss (gain) on forward exchange contracts and currency options	(99)	(74)	95	(17)
Changes in working capital items (Note 8)	(536)	565	(1,874)	(1,545)
Cash flows from (used in) operating activities	160	1,553	(188)	469
<b>INVESTING ACTIVITIES</b>				
Business acquisition	(137)	98	(137)	98
Property and equipment – acquired	(382)	(233)	(596)	(479)
Intangible assets – acquired	(527)	-	(555)	-
Product of disposition of property and equipment	17	9	22	43
Other assets	(4)	14	(5)	3
Cash flows used in investing activities	(1,033)	(112)	(1,271)	(335)
<b>FINANCING ACTIVITIES</b>				
Repayment of bank loan	(148)	-	(148)	-
Long-term debt	105	600	105	1,300
Repayment of long-term debt	(2,770)	(2,698)	(4,078)	(3,382)
Common shares repurchased	(28)	-	(28)	-
Cash flows used in financing activities	(2,841)	(2,098)	(4,149)	(2,082)
Effect of changes in exchange rate on cash held in foreign currencies	835	1,114	1,064	1,421
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,879)</b>	<b>457</b>	<b>(4,544)</b>	<b>(527)</b>
Cash and cash equivalents, beginning of period	13,016	22,237	14,681	23,221
Cash and cash equivalents, end of period (Note 9)	10,137	22,694	10,137	22,694

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		Six months ended	
	2011	2010	2011	2010
	\$	\$	\$	\$
Amortization of property and equipment	297	293	571	646
Amortization of intangible assets	522	659	1,156	1,330
<b>Total amortization expense</b> <sup>(a)</sup>	<b>819</b>	<b>952</b>	<b>1,727</b>	<b>1,976</b>
Interest on long-term debt	94	218	199	458
Other interest expense	82	84	163	165
Bank charges	45	91	162	164
Gain on cash and cash equivalent and short-term investments	(15)	(45)	(44)	(88)
<b>Total bank charges and interest expense</b>	<b>206</b>	<b>348</b>	<b>480</b>	<b>699</b>
Research and development tax credits	301	576	592	725
Carrefour de la Nouvelle Économie and other tax credits	618	98	850	347
<b>Total tax credits</b> <sup>(b)</sup>	<b>919</b>	<b>674</b>	<b>1,442</b>	<b>1,072</b>

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. During the quarter ended April 30, 2011, the company revised upwards its estimate of the tax credits for an amount of \$325,000.

#### 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		Six months ended	
	2011	2010	2011	2010
	\$	\$	\$	\$
Research and development expenses	3,217	3,263	6,292	6,572
Less: Tax credits - research and development	(658)	(630)	(1,098)	(941)
Plus: Amortization of software	184	308	466	611
	<b>2,743</b>	<b>2,941</b>	<b>5,660</b>	<b>6,242</b>

## 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:

April 30, 2011	Total estimated cost	Accounts payable as at October 31, 2010	Restructuring expense	Cash payments	Adjustment	Foreign exchange adjustment	Accounts payable as at April 30, 2011
		(Audited)					(Unaudited)
Operational Restructuring Plan	\$	\$	\$	\$	\$	\$	\$
Severance	1,482	473	-	(112)	(195)	8	174
Other	155	73	-	(73)	-	-	-
<b>Total</b>	<b>1,637</b>	<b>546</b>	<b>-</b>	<b>(185)</b>	<b>(195)</b>	<b>8</b>	<b>174</b>

Due to manufacturing market recovery in 2011 management canceled a part of the 2010 restructuring plan and adjusted the operational restructuring provision.

## 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:

	Six months ended April 30, 2011	
(Unaudited)	Number	Weighted Average Exercise Price (C\$)
Balance, beginning of year and 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)					April 30, 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	8.4	8.4	
3.24	October 2019	197,277	23,333	8.5	8.5	
3.24	March 2020	7,857	-	8.9	-	
4.65	October 2013	120,000	120,000	2.5	2.5	
6.01	November 2013	100,000	100,000	2.5	2.5	
6.50	November 2014	15,000	15,000	3.6	3.6	
8.03	November 2013	100,000	100,000	2.5	2.5	
8.26	January 2016	115,000	115,000	4.7	4.7	
9.41	April 2015	50,000	50,000	3.9	3.9	
		<b>825,134</b>	<b>563,333</b>	<b>5.3</b>	<b>3.8</b>	

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

(Unaudited)	Three months ended		Six months ended	
	April 30		April 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Stock options plans	52	82	103	165
Deferred share unit plan (DSU)				
Expense of the period	25	16	50	32
Reevaluation of the liability	(39)	89	(96)	73
	(14)	105	(46)	105
Total non-cash stock based-compensation expense	38	187	57	270
Employee share purchase plan (ESPP)	1	21	12	22
Total stock based-compensation expense	39	208	69	292

#### Deferred share unit plan

During the six months ended April 30, 2011 and 2010, 15,371 (10,593 in 2010) DSUs were issued under the plan. As of April 30, 2011, the Company has recorded accounts payable of \$432,146 (\$573,637 as of October 31, 2010), which will be paid as any Director leaves the Board of Directors.

## 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)

#### 7 - EARNINGS PER SHARE

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

(Unaudited)	Three months ended		Six months ended	
	2011	2010	2011	2010
	\$	\$	\$	\$
Basic				
Net earnings	237	273	630	735
Weighted average number of common shares outstanding	18,921,388	18,926,692	18,921,593	18,926,692
Basic earnings per share	0.01	0.01	0.03	0.04
Diluted				
Net earnings	237	273	630	735
Weighted average number of common shares outstanding	18,921,388	18,926,692	18,921,593	18,926,692
Effect of dilutive stock options	12,335	3,917	12,190	3,819
Effect of dilutive warrants	28,848	15,409	28,638	12,026
Adjusted weighted average number of common shares outstanding	18,962,571	18,946,018	18,962,421	18,942,537
Diluted earnings per share	0.01	0.01	0.03	0.04

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		Six months ended	
	2011	2010	2011	2010
Options	761,801	825,134	761,801	825,134
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		Six months ended	
	2011	2010	2011	2010
	\$	\$	\$	\$
Accounts receivable	2,599	2,073	(3,284)	(2,072)
Income taxes receivable	(86)	(338)	(92)	(320)
Contracts in progress	(100)	73	(130)	162
Prepaid expenses	(80)	109	(26)	405
Income tax credits recoverable	(451)	-	(452)	-
Accounts payable	(1,413)	(640)	(1,141)	(1,442)
Income taxes payable	179	(63)	401	(565)
Deferred revenue	(1,184)	(649)	2,850	2,287
	(536)	565	(1,874)	(1,545)

## 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)

#### 8- ADDITIONAL INFORMATION RELATED TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

- The amount recorded as a business acquisition in the investing activities of the statement of cash flows for the quarter ended April 30, 2011 represents the payment of the remaining purchase price of Icovia, a transaction that took place in the year ended October 31, 2010.
- The company acquired for \$445,000 of intangibles during the present quarter related to an intellectual property of a software solution that will improve our current product.

#### 9- CASH AND CASH EQUIVALENTS

	April 30 2011 (Unaudited)	October 31 2010 (Audited)
	\$	\$
Cash	10,137	12,347
Cash equivalent	-	2,334
	<b>10,137</b>	<b>14,681</b>

#### 10 - LONG-TERM DEBT

	Current portion	April 30 2011 (Unaudited)	October 31 2010 (Audited)
	\$	\$	\$
<b>Payable in Canadian dollars</b>			
Government loan	-	-	3,082
Government loan	1,078	3,929	4,330
<b>Payable in Pounds Sterling</b>			
Other loans	33	220	131
	1,111	4,149	7,543
Installments due within one year		1,111	2,833
		<b>3,038</b>	<b>4,710</b>

#### 11 - 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.

	April 30, 2011 (Unaudited)	October 31, 2010 (Audited)
<b>Issued:</b>		
Common Shares	18,921,792	18,921,792

## 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 – CAPITAL STOCK (continued)

##### Normal Course Issuer Bid

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

During the six months ended April 30, 2011, 9,000 shares were repurchased for a total cash consideration of \$28,000 (nil in 2010). As of April 30, 2011, the shares repurchased were not cancelled yet.

#### 12 - 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		Six months ended	
	2011	April 30 2010	2011	April 30 2010
	\$	\$	\$	\$
Revenue by geographic location				
Canada	4,876	6,332	9,356	10,815
United States	4,322	4,032	8,472	8,209
United Kingdom	2,585	2,488	5,077	5,479
Germany	2,310	1,642	4,715	3,893
France	1,910	1,876	3,820	3,775
Europe – others	283	438	574	873
Other countries	664	347	1,413	715
	<b>16,950</b>	17,155	<b>33,427</b>	33,759

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)

#### 12 - SEGMENTED INFORMATION (continued)

	April 30 2011 (Unaudited)	October 31 2010 (Audited)
	\$	\$
Property and equipment by geographic location		
Canada	1,272	1,291
United States	149	141
United Kingdom	480	401
Germany	199	150
France	262	279
Europe – others	4	5
Other countries	125	78
	<b>2,491</b>	<b>2,345</b>
Goodwill by geographic location		
Canada	1,125	1,049
United States	22,028	20,510
United Kingdom	30,298	28,210
Germany	4,180	3,892
France	6,418	5,975
Europe-others	1,517	1,412
Other countries	455	424
	<b>66,021</b>	<b>61,472</b>