

20-20 Technologies Reports Fourth Quarter and Fiscal 2011 Results

LAVAL, QUEBEC, January 19, 2012 -- 20-20 Technologies Inc. (TSX: TWT), the world leader in 3D interior design and furniture manufacturing software, today announced its results for the fourth quarter and fiscal year ended October 31, 2011. All amounts are in US dollars unless otherwise indicated.

Highlights

- Revenues of \$68.7 million, up 5.3% compared to last year
- Revenues from International markets increased 53.4% over 2010
- Highest quarter since 2008 with revenues at \$17.9 million
- Manufacturing sector license revenues increased 22.2% due to continued momentum of InSight solution with 22 sold in 2011
- EBITDA at \$7.5 million (\$8.3 million in constant dollars) compared to \$8.5 million in 2010, Year-over-year Ebitda growth of 27.2% at \$2.3 million for Q4
- Net earnings stood at \$1.3 million or \$0.07 per share compared to \$2.3 million or \$0.12 per share last year

“While overall market conditions remained soft but stable during the fourth quarter, the Company was able to complete the year with a solid quarter. We have promising momentum going into FY2012. EBITDA reached \$2.3 million in the fourth quarter, the highest level during the year, and International revenues grew just over 40% and reached 8.7% of total revenues. Revenues of \$17.9 million for the quarter represented the highest level reached since the fourth quarter of 2008,” said Jean-François Grou, Chief Executive Officer.

“We are pleased with our trend in FY2011 considering persistent sluggish conditions in some of our traditional market segments. Some recently launched solutions, such as Visual Impression and InSight outside North America have enjoyed noteworthy success in the marketplace. These products, combined with continued efforts to expand in high-growth geographic areas, reflect important strategic decisions taken to mitigate the difficult IT spending environment,” said Mr. Grou.

FISCAL 2011 RESULTS

Revenues increased 5.3% to \$68.7 million, compared with \$65.2 million a year ago. Without the positive impact of exchange rates revenues would have increased by 3.9%.

Revenues from North America were flat when compared to 2010 while revenues in Europe and in International markets increased. As percentages of total revenues, North America, Europe and International markets represented 50.2%, 43.3% and 6.5% respectively.

Home sector revenues, accounting for 52.7% of total revenues, reached \$36.2 million, down 0.4% over the previous year. Growth in revenues from professional services and maintenance and other recurring revenues were offset by the decline in overall license

revenues affecting particularly the U.S. market. Europe and International markets registered revenue growth in this sector, the latter fuelled to a large extent by closet solutions.

Manufacturing sector revenues, which accounted for 30.4% of total revenues, increased by 12.8% to \$20.9 million. License revenues increased by 22.2% or \$1.5 million supporting professional services growth representing 20.4% or \$1.0 million. Maintenance and other recurring revenues were down slightly (\$0.1 million) as some customers anticipate a short-term migration to InSight. The momentum of manufacturing solutions in Europe and International markets remains very strong and has allowed for market share gains.

Office sector revenues reached \$11.6 million, up 12.4% over the previous year. The office sector is benefiting from a modest recovery in the North American office industry and, more importantly, from the introduction of Visual Impression, launched early in 2011. This contributed to License revenue growth of 24.1% for 2011 over the previous year. Revenues from professional services also benefited from license revenue growth, which increased by 26.8%. Maintenance and other recurring services revenues were up modestly year-over-year. According to the Reis research group, the vacancy rate for the fourth quarter was the lowest since the end of 2009.

For fiscal 2011, operating expenses prior to foreign exchange impact increased by 1.7% or \$0.7 million over last year, largely reflecting the dedication of increased resources to high growth markets. Research and development expenses declined as some resources were redirected to professional services due to strong demand.

EBITDA

EBITDA reached \$7.5 million or 10.9% of revenues from \$8.5 million or 13.0% of revenues a year ago. The decrease in EBITDA is due to a lower gross margin reflecting more third party licenses and strong growth of lower margin professional services, higher operating expenses and the negative impact of foreign exchange. In constant dollars, EBITDA would have been \$8.3 million or 12.1% of revenues.

Net Earnings

The Company generated net earnings of \$1.3 million or \$0.07 per share, compared with net earnings of \$2.3 million or \$0.12 per share, a year ago. Income taxes of \$0.9 million compared to \$0.2 million last year as well as unfavourable exchange rates overall amounting to \$0.6 million resulted in negative impact on earnings of \$1.3 million.

Balance Sheet

The Company maintained a solid balance sheet with cash and cash equivalents of \$11.4 million compared with \$14.7 million for the previous year. Long-term debt was reduced by \$2.8 million when compared with last year and stood at \$4.7 million, including the current portion, as of October 31, 2011.

Share Repurchase Program

Under its Normal Course Issuer Bid (NCIB), during FY2011, the Company acquired 133,900 shares representing a total value of \$407,000. Since November 1, 2011 to this date, another 25,100 shares were acquired.

FOURTH QUARTER RESULTS

Revenues increased 7.3% to \$17.9 million, the highest level reached since Q4 2008, compared with \$16.7 million a year ago. Without the positive impact of exchange rates, revenues would have increased by 5.4%.

All geographic regions posted growth with North America at 5.2%, Europe at 4.6% and International at 40.8%. As percentages of total revenues, North America, Europe and International markets represented 48.6%, 42.7% and 8.7% respectively. It should be noted that revenues are more diversified geographically as North America for the first time in the Company's history fell below the 50% level and International revenues are gradually approaching the 10% level.

Home sector revenues, accounting for 51.7% of total revenues, reached \$9.2 million, up 2.0% over the previous year. Revenue declines in North America and stable revenues in Europe were offset by solid growth of 76.0% in International markets.

Manufacturing sector revenues, which accounted for 31.8% of total revenues, increased by 16.4% to \$5.7 million. Several new contracts with European customers during the year fuelled 33.7% growth in professional services. In North America, the manufacturing sector was up 45.5% on a small revenue base. However, there are growing indications of solid pipeline opportunities translating into potential short-term sales.

Office sector revenues reached \$2.9 million, up 8.4% over the previous year. As indicated above, office market conditions in North America are gradually improving.

EBITDA

EBITDA reached \$2.3 million or 13.0% of revenues from \$1.8 million or 10.9% of revenues a year ago. The increase in EBITDA is due to higher revenues combined with flat operating expenses when compared with last year.

Net Earnings

The Company generated net earnings of \$0.3 million or \$0.02 per share, compared with net earnings of \$0.7 million or \$0.04 per share, a year ago. A valuation allowance of \$0.3 million was recorded during the quarter for future income taxes related to the French subsidiary. This resulted in a tax rate of 67.0% for the quarter compared with a negative tax rate last year.

Outlook

"Despite recent events in Europe which continue to make the headlines, we have not perceived any negative impact on our business at this stage. In the U.S., recent economic indicators point to more positive data which also correspond to more positive feedback from customers. According to recent figures from the U.S. Commerce Department, housing starts rose by 9.3% in November, the most since April 2010. International markets show no signs of slowdown. While some economists have made reference to lower GDP growth in China, considering our small size and the market potential we expect no interruption in our growth in that country," Mr. Grou stated.

"Since the end of the recession, a large percentage of revenues was derived from larger customers when compared to historical levels as small- to mid-size customers have largely remained on the IT spending sidelines. Recently, we noticed in the U.S. and Europe that mid-size customers are slowly coming back and we view this as a positive

development. The strong performance of the manufacturing sector in the U.S. during the fourth quarter is indicative of this early recovery in a traditionally important customer segment for 20-20.

“We enter fiscal 2012 with great confidence in our strategy which is based on a 5-year business plan. As we enter the second year of that plan, our diversification initiatives are expected to continue acting as our main growth vectors. Moreover, 20-20’s end-to-end solution will migrate to the cloud in 2012. We are confident that this open platform, facilitating the development and adoption of applications created by third parties, will increasingly make our Company the focus of innovation for the vertical we serve,” concluded Mr. Grou.

Conference Call Information

20-20 will host a conference call to discuss the fourth quarter results January 19, 2012 at 2:00 p.m. (EST). The call will be accessible by telephone at 1-800-731-5319, or 514-807-8791. An audio replay of the conference call will be available until midnight, Wednesday, January 25, 2012. To access it, dial 1-877-289-8525 and enter the pass code: 4505438# .

Please note that 20-20 Technologies' full financials and MD&A are available on SEDAR as well as on the Company's web site, www.2020technologies.com.

About 20-20 Technologies Inc.

20-20 Technologies is the world's leading provider of computer-aided design, business and manufacturing software tailored for the interior design and furniture industries. Dealers and retailers use our desktop and Web-based products and solutions for the home and office markets. 20-20 offers a unique end-to-end solution, integrating the entire breadth of functions in interior design. It provides a bridge for data communication from the point-of-sale to manufacturing, including computer-aided engineering and plant floor automation software. Operating in eleven countries with more than 500 employees and an extensive network of partners worldwide, 20-20 is a publicly traded company (TWT) on the Toronto Stock Exchange (TSX). For more information, visit www.2020technologies.com.

NON-GAAP MEASURE

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

FORWARD-LOOKING STATEMENTS

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

Implicit in this information, particularly in respect of future operating results and economic performance of the Company are assumptions regarding projected revenue and expenses. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance of the Company 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 comprehensive information on these risks and uncertainties, please refer to our most recently filed annual information form, 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. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to do so, we are under no obligation and do not undertake to update this information at any particular time unless required by applicable securities law.

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

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

20-20 Technologies Inc.
CONSOLIDATED EARNINGS

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

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

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

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