

Odesia Group Inc.
Consolidated Financial Statements
December 31, 2006 and 2005

ODESIA GROUP INC.

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Management's Responsibility for Financial Reporting

The financial statements of Odesia Group Inc. and all information in this annual report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include management's best estimates and judgments. Management has established these amounts in a reasonable manner in order to ensure that the financial statements are accurately presented in all material respects. The financial information presented elsewhere in the annual report is consistent with the information included in the financial statements. The Company maintains control systems for quality internal accounting and administration. These systems provide a reasonable assurance that financial records are relevant, reliable and accurate and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for ensuring that management assumes its responsibilities with regard to the presentation of financial information and is ultimately responsible for the examination and approval of the financial statements. The Board of Directors discharges this responsibility principally through its Audit Committee.

The Board of Directors appoints the Audit Committee, and all of its members are non-management directors. The Audit Committee meets periodically with management and the auditors to discuss internal controls over the financial reporting process and audit issues and to review the consolidated financial statements and the external auditors' report. The Audit Committee communicates its observations to the Board when the latter approves the issuance of the consolidated financial statements to the shareholders.

Raymond Chabot Grant Thornton LLP, an independent firm of chartered accountants, was appointed to audit the consolidated financial statements and provide an independent professional opinion.

The Board of Directors has approved the Company's consolidated financial statements on the recommendation of the Audit Committee.

(Signed) Nicolas Bonnafous
Nicolas Bonnafous
President and Chief Executive Officer

(Signed) Christian Dufour
Christian Dufour
Vice-President, Finance and Secretary of the
Board

April 24, 2007

Auditors' Report

To the Shareholders of
Odesia Group Inc.

We have audited the consolidated balance sheets of **ODESIA GROUP INC.** as at December 31, 2006 and 2005 and the consolidated statements of earnings, retained earnings and contributed surplus and cash flows for the year ended December 31, 2006, the seven-month period ended December 31, 2005 and the year ended May 31, 2005. 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 audit.

We conducted our audit 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 December 31, 2006 and 2005 and the results of its operations and its cash flows for the year ended December 31, 2006, the seven-month period ended December 31, 2005 and the year ended May 31, 2005 in accordance with Canadian generally accepted accounting principles.

/S/ Raymond Chabot Grant Thornton

Chartered Accountants

Montréal (Québec)
April 24, 2007

ODESIA GROUP INC.

Consolidated Earnings

	December 31, 2006 (12 months) \$	December 31, 2005 (7 months) \$	May 31, 2005 (12 months) \$
Sales	7,999,764	2,420,035	5,089,328
Cost of services provided, operating and administrative expenses (a)	7,793,528	2,361,308	4,653,759
Earnings before amortization of tangible assets and client list, income taxes and non-controlling interest	206,236	58,727	435,569
Amortization of tangible assets and client list	53,991	172,060	77,647
Earnings (loss) before income taxes and non-controlling interest	152,245	(113,333)	357,922
Income taxes (Note 6)			
Current (recovered)	28,480	(7,256)	(41,180)
Future income taxes	37,546	(38,882)	179,446
Earnings (loss) before non-controlling interest	66,026	(46,138)	138,266
Earnings (loss) before non-controlling interest	86,219	(67,195)	219,656
Non-controlling interest	5,456	--	--
Net earnings (loss)	80,763	(67,195)	219,656
Net earnings (loss) per share, basic and diluted (Note 4)	0.003	(0.004)	0.014

(a) Includes stock-based compensation of \$64,183 to employees and \$68,893 to directors for the year ended December 31, 2006.

The accompanying notes are an integral part of the consolidated financial statements and Note 5 provides other information on consolidated earnings.

ODESIA GROUP INC.

Consolidated Retained Earnings

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Balance, beginning of year	67,722	262,917	61,261
Net earnings (loss)	80,763	(67,195)	219,656
	148,485	195,722	280,917
Dividends	--	(128,000)	(18,000)
Balance, end of year	148,485	67,722	262,917

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

ODESIA GROUP INC.**Consolidated Balance Sheets**

December 31, 2006 and 2005

	December 31, 2006	December 31, 2005
	\$	\$
ASSETS		
Current assets		
Cash	557,581	1,198,438
Temporary investment, prime rate less 2.2%, maturing in May 2007	200,000	--
Accounts receivable (Note 9)	3,347,920	2,134,030
Income taxes receivable	--	62,324
Contracts in process	47,795	--
Prepaid expenses	36,881	1,683
	4,190,177	3,396,475
Term investment, 3%, maturing in February 2009	250,000	--
Tangible assets (Note 10)	149,115	69,590
Other assets (Note 11)	44,387	9,942
Client list (Note 8)	46,500	--
Goodwill (Note 8)	35,565	--
Future income taxes	58,065	66,832
	4,773,809	3,542,839
LIABILITIES		
Current liabilities		
Bank loans (Note 12)	--	300,000
Accounts payable and accrued liabilities	1,766,635	1,057,079
Deferred revenue	104,585	--
Income taxes payable	28,588	--
Instalments on long-term debt	13,900	140,254
Future income taxes	283,175	254,396
	2,196,883	1,751,729
Long-term debt (Note 13)	--	13,900
Non-controlling interest	10,055	--
Future income taxes	19,850	--
	2,226,788	1,765,629
SHAREHOLDERS' EQUITY		
Capital stock and warrants (Note 15)	2,318,975	1,683,895
Contributed surplus (Note 14)	79,561	25,593
Retained earnings	148,485	67,722
	2,547,021	1,777,210
	4,773,809	3,542,839

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

On behalf of the Board,

(signed) *Nicolas Bonnafous*
Nicolas Bonnafous, Director

(signed) *Jacques Topping*
Jacques Topping, Director

ODESIA GROUP INC.

Consolidated Cash Flows

	December 31, 2006 (12 months) \$	December 31, 2005 (7 months) \$	May 31, 2005 (12 months) \$
Operating activities			
Net earnings (loss)	80,763	(67,195)	219,656
Non-cash items			
Amortization	53,991	68,219	77,647
Loss on write-off of investment	--	--	50
Non-controlling interest	5,456	--	--
Gain on settlement of purchase price of Topinet Inc.	(68,574)	--	--
Impairment writedown of intangible asset	--	103,841	--
Stock-based compensation	133,076	--	--
Future income taxes	37,546	(38,882)	179,446
Changes in working capital items <i>(Note 7)</i>	(583,832)	(567,821)	(311,470)
	(341,574)	(501,838)	165,329
Investing activities			
Temporary investment	(200,000)	--	--
Term investment	(250,000)	--	--
Acquisition of tangible assets	(107,680)	(18,407)	(70,703)
Acquisition of other assets	(26,148)	--	--
Advance to shareholder company	--	--	(140,000)
Other advances	--	--	(3,116)
Business acquisition <i>(Note 8)</i>	91,360	--	--
	(492,468)	(18,407)	(213,819)
Financing activities			
Bank loans	(300,000)	(67,790)	169,152
Due to directors	--	(49,500)	49,500
Long-term loans	--	200,000	--
Repayment of long-term debt	(71,680)	(24,527)	(66,680)
Share issue <i>(Note 15)</i>	600,000	974,064	--
Class "E" shares and "F" share redemption	--	--	(221,000)
Share issue costs <i>(Note 15)</i>	(35,135)	--	--
Dividends paid	--	(30,000)	(12,000)
Reverse takeover	--	727,609	--
	193,185	1,729,856	(81,028)
Net increase (decrease) in cash	(640,857)	1,209,611	(129,518)
Cash (bank overdraft), beginning of year	1,198,438	(11,173)	118,345
Cash (bank overdraft), end of year	557,581	1,198,438	(11,173)

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

Notes to Consolidated Financial Statements

1. Governing Statutes, Nature of Operations and Change in Corporate Name

The Company, incorporated under the Canada Business Corporations Act, offers business intelligence and data warehouse solutions to large and medium-sized enterprises. The Company's mission is to support its customers in the course of the design and implementation of a decisional infrastructure contributing to the entity's strategic vision.

During the year ended December 31, 2005, the Company changed its name from Dufort Capital Inc. to Odesia Group Inc.

2. Accounting Change

Period ended December 31, 2005

Revenue recognition

In December 2003, the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") released EIC-141, *Revenue Recognition* and EIC-142, *Revenue Arrangements with Multiple Deliverables*. In general, the objective of these abstracts is to provide guidelines for the application of CICA Handbook Section 3400, *Revenue*.

EIC-142 addresses how to determine whether an arrangement involving multiple deliverables ("AMD") contains more than one unit of accounting and, if so, how arrangement considerations should be allocated to the separate units of accounting in the arrangement. EIC-142 applies to all deliverables (that is, products, services, or rights to use assets) within AMDs (whether written, oral, or implied). The guidelines set out in EIC-141 and 142 were applied to sale transactions recognized and AMDs entered into in the annual fiscal period beginning after December 17, 2003. Adoption of these guidelines did not have any impact on the Company's consolidated financial statements.

3. Accounting Policies

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates. The main accounting estimates relate to the allowance for bad debts, goodwill and stock-based compensation.

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Odesia Solutions Inc. and its 70%-owned subsidiary, Odesia Europe SAS.

Notes to Consolidated Financial Statements

3. Accountings Policies (Continued)

Foreign currency translation

Accounts in foreign currency are translated into Canadian dollars using the temporal method. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the earnings for the year.

Revenue recognition

Revenue is recognized when there is an agreement between the parties, the transaction amount is fixed or determinable, the services have been provided, delivery has occurred and collection is reasonably assured.

In addition to the general principles indicated above, the Company applies the following specific principles:

Revenues on sale of software applications

Revenues from the sale of software applications are recognized when the customer takes possession of the software.

Revenues from maintenance contracts

Revenues from maintenance contracts are recognized on a straight-line basis over the contract terms, that is 12 months.

Revenues from commission

Revenues from commissions are recognized when they are earned.

Revenues from IT consultations

Revenues from IT consultations are recognized using the percentage-of-completion method. Under this method, income including profits is 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 hours incurred at the date of the financial statements compared to estimated hours. Work in process is valued taking into account the hours worked to be invoiced and the disbursements made for clients. Losses are recorded once they can be determined.

Interest income

Interest income is recognized as it accrues.

Notes to Consolidated Financial Statements

3. Accounting Policies (Continued)

Refundable tax credit for electronic business activities

The Company is eligible to receive a provincial tax credit for its electronic business activities calculated on its eligible salaries.

The tax credit is recognized when the Company is reasonably certain it will be realized. The tax credit which the Company recognizes is examined and approved by the tax authorities and it is possible that the amounts granted may differ from the amounts recorded.

The tax credit is applied against eligible salaries.

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.

Stock-based compensation

The Company has a stock-based compensation plan as described in Note 14 and has used the fair-value-based method to recognize awards of stock options to employees and non-employees. The fair value of stock options awarded is determined on the award date using an option pricing model, and the stock-based compensation expense is recognized over the option vesting period. Any consideration paid by the executives, employees and non-employees at the time the options are exercised and the related contributed surplus are charged to capital stock.

Earnings per share

Basic earnings per share are computed using the weighted average number of shares outstanding during the years. Diluted earnings per share are calculated giving effect to the potential dilution that could occur if securities or other contracts to issue shares were exercised. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

Under this method, it is assumed that income from the exercise of stock options, that is “in-the-money”, is used to redeem common shares at their average market price during the period.

Notes to Consolidated Financial Statements

3. Accounting Policies (Continued)

Depreciation and amortization

Tangible assets are recognized at their historical cost and amortized over their estimated useful lives according to the following methods, annual rates and periods:

	<u>Method</u>	<u>Rates and periods</u>
Computer hardware	Straight-line	3 years
Software	Straight-line	2 years
Furniture	Diminishing balance	20%
Leasehold improvements	Straight-line	71 months
Client list	Straight-line	3 years

Impairment of long-lived assets

The carrying amount of property and equipment is tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Goodwill

Goodwill is the excess of the cost of an acquired enterprise over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it is impaired. Potential goodwill impairment is identified by comparing the carrying amount of a reporting unit with its fair value. If any potential impairment is identified, it is quantified by comparing the carrying amount of goodwill to its fair value. The fair value of a reporting unit is calculated using discounted cash flows. On the basis of the impairment test as at December 31, 2006, the Company considers that a goodwill impairment expense is not required.

4. Earnings Per Share

	December 31, 2006		
	Earnings	Weighted average number of shares	Earnings per share
	\$		\$
Basic net earnings attributable to common shareholders	80,763	25,018,734	<u>0.003</u>
Dilutive effect of stock options and warrants	--	<u>184,311</u>	
Diluted net earnings attributable to common shareholders	<u>80,763</u>	<u>25,203,045</u>	<u>0.003</u>

Notes to Consolidated Financial Statements

4. Earnings Per Share (Continued)

	December 31, 2005		
	Loss	Weighted average number of shares	Loss per share
	\$		\$
Basic and diluted net loss attributable to common shareholders	<u>(67,195)</u>	<u>16,326,033</u>	<u>(0.004)</u>
	May 31, 2005		
	Earnings	Weighted average number of shares	Earnings per share
	\$		\$
Basic and diluted net earnings attributable to common shareholders	<u>219,656</u>	<u>16,000,000</u>	<u>0.014</u>

Warrants for the acquisition of 4,010,664 common shares were outstanding during the year ended December 31, 2006, but were not included in the calculation of diluted earnings per share because the exercise price of the warrants was greater than the average market price of the common shares.

5. Information on Consolidated Earnings

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Refundable tax credit for electronic business activities applied against the cost of services provided, operating and administrative expenses	(986,519)	(485,185)	(719,768)
Reversal of excess allowances for bonuses payable, applied against the cost of services provided, operating and administrative expenses	--	(108,900)	--
Provincial government subsidy applied against the cost of services provided, operating and administrative expenses	--	(13,082)	--
Depreciation of tangible assets	38,491	21,126	40,210
Amortization of intangible assets	--	47,093	37,437
Amortization of client list	15,500	--	--
Impairment writedown of intangible asset	--	103,841	--
Gain on settlement of balance of purchase price of Topinet Inc.	(68,574)	--	--
Interest on bank loan	357	9,538	22,757
Interest on long-term debt	2,950	17,293	5,449
Exchange loss (gain)	(82,279)	5,743	23,465
Interest income	22,916	10,971	--

Notes to Consolidated Financial Statements

6 Income Taxes

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Earnings (loss) before income taxes	152,245	(113,333)	357,922
Income taxes at the combined federal and provincial tax rate in Canada of 32.02% (31.02% as at December 31, 2005 and 22.02% as at May 31, 2005)	48,749	(35,156)	78,815
Increase (decrease) in taxes resulting from the following:			
Difference between tax rate for future income taxes and statutory tax rate	--	--	65,450
Difference in the tax rate used to reverse future income taxes	--	--	(14,748)
Use of prior year's tax losses	(15,194)	--	--
Change in tax rates	--	2,750	--
Non-deductible and other items	32,471	(13,732)	8,749
Income taxes at combined effective tax rate of 43.37% (40.71% as at December 31, 2005 and 38.63% as at May 31, 2005)	66,026	(46,138)	138,266

The tax impact of temporary differences which result in significant future tax liabilities is presented below:

	December 31, 2006 (12 months)	December 31, 2005 (7 months)
	\$	\$
Future income tax assets		
Tangible assets and intangible assets	13,720	38,907
Financing research costs	19,811	27,925
Donations	24,534	--
	58,065	66,832
Short-term future income tax liabilities		
Refundable tax credit for electronic business activities	333,353	385,826
Unused tax losses	(50,178)	(131,430)
	283,175	254,396
Long-term future income tax liabilities		
Client list	19,850	--

Notes to Consolidated Financial Statements

7. Information on Cash Flows

Changes in working capital items are detailed as follows:

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Accounts receivable	(1,186,455)	(365,531)	(879,952)
Income taxes	90,912	13,745	(52,485)
Contracts in process	(47,795)	--	--
Prepaid expenses	(35,198)	6,852	(8,535)
Accounts payable and accrued liabilities	490,119	(222,887)	629,502
Deferred revenue	104,585	--	--
	(583,832)	(567,821)	(311,470)

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

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Interest paid	3,307	21,128	28,206
Income taxes received	62,324	21,001	11,305

As at December 31, 2006, accounts payable include \$6,644 relating to acquisitions of tangible assets. As at December 31, 2005 and as at May 31, 2005, dividends of \$98,000 and \$6,000 respectively were paid as consideration of an advance to a shareholder company.

8. Business Acquisition and Reverse Takeover

Year Ended December 31, 2006

Business acquisition

On March 2, 2006, the Company acquired 70% of the shares of BI Expert SAS, a French IT consulting company located in Paris. This company is now called Odesia Europe, SAS. The total consideration for this acquisition of \$88,447 was paid as 150,000 common shares of the Company at \$0.40 per share and \$28,447 in cash. The value of the shares was determined on the basis of the Company's common share market price on the date of agreement and acceptance of the acquisition terms and conditions.

Notes to Consolidated Financial Statements

8. Business Acquisition and Reverse Takeover (Continued)

The values assigned to the assets acquired are detailed as follows:

	\$
Cash	119,807
Accounts receivable	27,435
Accounts payable	(143,900)
Working capital assumed	3,342
Tangible assets	3,692
Other assets	8,297
Client list	62,000
Goodwill (non-deductible)	35,565
Non-controlling interest	(4,599)
Long-term future income tax liabilities	(19,850)
Acquisition cost	88,447

This acquisition was recognized using the purchase method. The results of BI Expert, SAS are included in the statement of consolidated earnings since the acquisition date.

As at December 31, 2006, cost of client list, accumulated amortization and net book value are \$62,000, \$15,500 and \$46,500 respectively.

Year ended December 31, 2005

Reverse takeover

On December 23, 2005, Odesia Group Inc. (formerly Dufort Capital Inc.) entered into an agreement with Odesia Solutions Inc. to acquire all of its outstanding shares in exchange for 16,000,000 of its own common shares.

As a result of this transaction, the shareholders of Odesia Solutions Inc. have a direct or indirect 67% interest in the outstanding voting shares of Odesia Group Inc. At the time of the transaction, Odesia Group Inc. was an inactive public company that did not meet the definition of a business unit for accounting purposes. Accordingly, the transaction was not considered a business combination. The transaction was recognized as a reverse takeover and constitutes a restructuring of Odesia Solutions Inc.'s capital. The amount attributed to the issue of the Company's common shares represents the net carrying amount equivalent to the fair value of Odesia Group Inc. on the transaction closing date of December 23, 2005. The results of operations of Odesia Group Inc. are included in these financial statements since the acquisition date, i.e. December 23, 2005. The capital structure, that is the number and type of issued shares on the balance sheet, is Odesia Group Inc.'s capital structure and includes the number of shares issued to carry out the reverse takeover.

Notes to Consolidated Financial Statements

8. Business Acquisition and Reverse Takeover (Continued)

The assets acquired and liabilities assumed in connection with the reverse takeover are detailed as follows:

	\$
Assets	
Cash	727,609
Advance to Odesia Solutions Inc.	200,000
Accrued interest receivable	1,083
Sales taxes receivable	27,882
	956,574
Liabilities	
Accounts payable and accrued liabilities	221,250
	735,324

9 Accounts Receivable

	December 31, 2006	December 31, 2005
	\$	\$
Trade accounts (a)	2,264,523	893,506
Advance to a shareholder company, without interest	--	187
Refundable tax credit receivable for electronic business activities	1,041,077	1,204,953
Other	42,320	35,384
	3,347,920	2,134,030

(a) As at December 31, 2006, three customers represent 14%, 14% and 26% respectively of trade accounts (one customer representing 44% of trade accounts as at December 31, 2005). The Company carries out its sales with three customers representing 24%, 14% and 13% respectively (52% with one customer for the seven-month period ended December 31, 2005 and 51% with one customer for the year ended May 31, 2005).

10. Tangible assets

	December 31, 2006		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer hardware	122,765	75,565	47,200
Software	83,181	26,813	56,368
Furniture	61,682	28,875	32,807
Leasehold improvements	19,387	6,647	12,740
	287,015	137,900	149,115

ODESIA GROUP INC.

Notes to Consolidated Financial Statements

10. Tangible assets (Continued)

	December 31, 2005		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer hardware	84,874	53,629	31,245
Software	24,771	17,783	6,988
Furniture	46,416	23,900	22,516
Leasehold improvements	12,938	4,097	8,841
	168,999	99,409	69,590

11. Other Assets

	December 31, 2006	December 31, 2005
	\$	\$
Deposits	41,988	7,543
Life insurance cash surrender value	2,399	2,399
	44,387	9,942

12. Bank Indebtedness

	December 31, 2006	December 31, 2005
	\$	\$
Bank loan (a)	--	--
Term loan, prime rate plus 2% (7% as at December 31, 2005) (b)	--	300,000
	--	300,000

(a) The maximum authorized amount of the bank loan is \$550,000. It is secured by accounts receivable of the subsidiary, Odesia Solutions Inc., and a \$200,000 temporary investment. The bank loan bears interest at the bank's prime rate plus 1.5% (7.5% as at December 31, 2006 and 6.875% as at December 31, 2005) and is renegotiable in June 2007.

Notes to Consolidated Financial Statements

12. Bank Indebtedness (Continued)

- (b) The maximum authorized amount of the term loan is \$550,000. It is secured by a hypothec on the universality of book debts including the refundable tax credit for electronic business activities and a loan loss guarantee from Investissement Québec. It is also secured by a \$550,000 movable hypothec on two life insurance policies of officers. The term loan bears interest at the prime rate plus 2% (8% as at December 31, 2006 and 7% as at December 31, 2005). Under the terms of the credit agreement, the Company is required to comply with certain financial ratios.

13. Long-term debt

	December 31, 2006 \$	December 31, 2005 \$
Term loan, secured by the universality of property, base rate plus 5% (13% as at December 31, 2006 and 12% as at December 31, 2005), payable in monthly principal instalments of \$1,390, maturing in October 2007 (a)	13,900	30,580
Balance of purchase price of Topinet Inc. (b)	--	123,574
	13,900	154,154
Instalments due within one year	13,900	140,254
	--	13,900

- (a) Under the terms of the loan agreement, the Company is required to comply with certain financial ratios.
 (b) In January 2006, the Company made the final cash payment of \$55,000 on the purchase price of Topinet Inc., which resulted in a gain on settlement of the purchase price of \$68,574.

14. Stock-based Compensation and Contributed Surplus

A) Stock option plan

In 2005, the Company adopted a stock option plan for its employees, directors, consultants and suppliers enabling them to acquire common shares. The terms for exercising the options are determined by the Board of Directors, however the plan is governed by the rules of the TSX Venture Exchange. The options are granted at the market closing price on the day before they are granted. Under the plan, the maximum number of common shares reserved for option awards cannot exceed 2,375,000 shares issued and options granted to any beneficiary cannot exceed 5% of outstanding common shares on the grant date. Unless the Board of Directors decides otherwise, the rights vest over a three-year period as of the grant date. The option must be exercised within five years of the grant date.

Notes to Consolidated Financial Statements

14. Stock-based Compensation and Contributed Surplus (Continued)

A) Stock option plan (Continued)

During the year ended December 31, 2006, the Company granted 977,500 stock options to employees and non-employees. The fair value of these options on the grant date in 2006 has been determined using the Black-Scholes option pricing model and the following weighted average assumptions:

	December 31, 2006
Dividend yield	-%
Expected volatility	60%
Risk-free interest rate	3.89%
Expected life of the options	5 years
Average fair value of each option	\$0.20

For the year ended December 31, 2006, the Company recognized a \$64,183 stock-based compensation expense which was credited to contributed surplus.

Changes in the Company's stock options are detailed as follows:

	Number of options	December 31, 2006 Weighted average exercise price \$
Awarded during the year ended December 31, 2006	977,500	0.38
Cancelled during the year ended December 31, 2006	(40,000)	0.39
Outstanding at the end of the year	937,500	0.38
Exercisable at the end of the year	100,000	0.39

The following table summarizes information regarding the outstanding options as at December 31, 2006:

Number of options	Weighted average remaining term (years)	Weighted average exercise price	Exercisable options	
			Number of shares	Weighted average exercise price
200,000	4.61	\$0.32	-	
725,000	4.04	\$0.39	100,000	\$0.39
12,500	4.86	\$0.40	-	
937,500	4.17	\$0.38	100,000	\$0.39

Notes to Consolidated Financial Statements

14. Stock-based Compensation and Contributed Surplus (Continued)

B) Deferred share unit plan

On January 18, 2006, the Board of Directors approved a deferred share unit (“DSU”) plan for the benefit of the directors under which they will receive 100% of their total compensation in the form of DSUs. The value of a DSU is calculated according to the market value of a share of the Company on the date of the event, i.e. the weighted average quoted market price on the TSX Venture Exchange for the five days immediately preceding the event.

Under the terms of this plan, at the end of each quarter, DSUs equivalent to the number of common shares that could be purchased on the open market is credited to an account held by the Company for each director, for an amount equal to the compensation.

Upon leaving the Board of Directors, a director will receive a cash lump sum payment equivalent to the credit balance under the terms of the plans.

During the year ended December 31, 2006, 163,823 DSUs were issued and \$68,893 charged to stock-based compensation. As at December 31, 2006, the Company recorded an amount payable in the same amount which will be paid when a director leaves the Board of Directors.

C) Contributed surplus

Changes in the Company’s contributed surplus are detailed as follows:

	December 31, 2006	December 31, 2005
	\$	\$
Balance, beginning of year	25,593	--
Exercised options (<i>Note 15 (A)(i)</i>)	(10,215)	--
Stock-based compensation (<i>Notes 14(A) and 15(A)(i)</i>)	64,183	10,215
Warrants issued	--	15,378
Balance, end of year	79,561	25,593

Notes to Consolidated Financial Statements

15. Capital Stock and Warrants

A) Capital Stock

Authorized

The Company's authorized capital stock consists of an unlimited number of voting and participating common shares.

Issued and fully paid

The following table presents changes in the Company's capital stock during the years:

	<u>Number</u>	<u>Amount</u>
		\$
Balance, beginning of year	--	100
February 1, 2005 issue	1,000,000	125,000
Shares issued pursuant to the May 17, 2005 public offering (i)	4,000,000	972,106
Shares issued on the date of the reverse takeover	16,000,000	(361,782)
Share issue in connection with the concurrent private financing on December 23, 2005 (ii)	2,677,330	920,346
Shares issued to the underwriter as additional compensation (ii)	75,000	28,125
Balance as at December 31, 2005	23,752,330	1,683,895
Shares issued in connection with the acquisition of BI Expert SAS (<i>Note 8</i>)	150,000	60,000
Shares issued in connection with a private placement on April 11, 2006 (iii)	1,333,334	464,865
Options exercised (i)	400,000	110,215
Balance as at December 31, 2006	25,635,664	2,318,975

Notes to Consolidated Financial Statements

15. Capital Stock and Warrants (Continued)

A) Capital stock (Continued)

(i) *May 17, 2005 issue*

Under the terms of the underwriting agreement, the underwriter was granted a non-transferable option to purchase a number of common shares equivalent to 400,000 common shares at \$0.25 per common share maturing on November 17, 2006. The fair value of this option, valued at \$10,215, has been applied against capital stock and credited to contributed surplus. The option was exercised during the year ended December 31, 2006.

(ii) *December 23, 2005 issue*

Each of the 2,677,330 shares issued includes a warrant to purchase shares at \$0.60 per share until December 23, 2007.

In connection with this transaction, the underwriter received, as additional compensation, 75,000 common shares with a fair value of \$28,125 and 160,186 warrants to purchase shares at \$0.375 per share maturing on December 23, 2007. The fair value of the warrants, valued at \$15,378, has been applied against capital stock and credited to contributed surplus.

In accordance with the requirements of the TSX Venture Exchange, 17,000,000 common shares issued were placed in escrow under an escrow agreement. Under the terms of the agreement, 10% of the escrowed common shares were released on December 29, 2005 when the Final Exchange Bulletin was released and an additional 15% of the common shares will be released in six-month intervals after the initial release. As at December 31, 2006, 10,200,000 common shares are held in escrow.

(iii) *April 11, 2006 issue*

On April 11, 2006, the Company concluded a private financing under which it issued 1,333,334 shares and 1,333,334 warrants for gross proceeds of \$500,000. The share issue costs, including fees and commissions amounting to \$35,135, were applied against capital stock. Each warrant can be exercised for one common share at \$0.60 until expiration in December 2007.

B) Warrants

Outstanding warrants entitling their holder to subscribe to an equivalent number of common shares are as follows:

	December 31, 2006		December 31, 2005	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance, beginning of year	2,837,516	\$0.59	2,837,516	\$0.59
Issued	1,333,334	\$0.60		
Balance, end of year	4,170,850	\$0.59	2,837,516	\$0.59

Notes to Consolidated Financial Statements

15. Capital Stock and Warrants (Continued)

B) Warrants (Continued)

Warrants exercisable as at December 31, 2006 :

Number	Exercise price \$	Maturity
160,186	0.375	December 2007
4,010,664	0.60	December 2007
4,170,850		

During the year ended December 31, 2006, 1,333,334 (2,837,516 in 2005) warrants were issued in connection with a private placement.

16. Segment Information

The Company examined its operations and determined that it operates in a single reportable operating segment. This single reportable operating segment derives its income from the sale of business intelligence and data warehouse solutions. General information required for the Company is detailed as follows:

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Revenue by location			
Canada	5,826,690	2,365,501	4,985,974
France	1,907,978	54,534	103,354
Switzerland	242,180	--	--
	7,976,848	2,420,035	5,089,328

Revenue is attributed to the various countries according to the customer's country of domicile.

	December 31, 2006 (12 months)	December 31, 2005 (7 months)	May 31, 2005 (12 months)
	\$	\$	\$
Property and equipment			
Canada	129,474	69,590	72,309
France	19,641	--	--
	149,115	69,590	72,309

Goodwill and a client list amounting to \$35,565 and \$46,500 respectively presented on the balance sheet are attributable to the subsidiary in France.

Notes to Consolidated Financial Statements

17. Financial Instruments

Fair value

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Short-term financial instruments

The fair value of short-term financial assets and liabilities approximates their carrying amount given that they will mature shortly.

Term investment

The fair value of the term investment is equivalent to the discounted value of future cash flows using market interest rates at the balance sheet date for similar investments. This value approximates the carrying amount.

Long-term debt

The fair value of long-term debt is equivalent to the carrying amount given that it bears interest at a rate which varies according to the market rate.

The fair value of the balance of purchase price has been determined by discounting future cash flows using rates which the Company could currently use. The fair value is equivalent to the carrying amount.

Interest rate risk

The Company uses a line of credit and has a long-term debt with a variable interest rate. Accordingly, it is exposed to interest rate risk resulting from fluctuations in the base rate.

The Company has not entered into any agreement to hedge its interest rate risk exposure.

Exchange risk

The Company is exposed to exchange risk as a result of cash, accounts receivable and accounts payable and accrued liabilities denominated in foreign currency. As at December 31, 2006, assets denominated in U.S. dollars total US\$8,028 (US\$69,002 as at December 31, 2005), assets denominated in euros total €77,279 (€59,296 as at December 31, 2005) and assets denominated in Swiss francs represent accounts receivable totalling SF113,000 (nil as at December 31, 2005). Accounts payable and accrued liabilities in U.S. dollars total US\$0 (US\$14,961 as at December 31, 2005) and accounts payable and accrued liabilities in euros total €14,350 (€2,000 as at December 31, 2005).

The Company has not entered into any agreement to hedge its exchange risk exposure.

Notes to Consolidated Financial Statements

18. Commitments

The Company has entered into long-term lease agreements expiring on various dates until 2010 which call for lease payments of \$142,817 for the rental of premises, automotive equipment and equipment in Canada. The Company has also entered into a long-term lease agreement expiring in 2009 which calls for lease payments of \$182,986 for the rental of premises in France. This lease has two renewal options for an additional six years which the Company may exercise by giving a six-month notice. Minimum lease payments for the next years are \$155,223 in 2007, \$90,135 in 2008, \$70,380 in 2009 and \$10,065 in 2010.

On January 12, 2007, the Company extended its lease for premises in Canada for \$299,498 expiring in 2010.