

ODESIA Group

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

FOR THE FIRST QUARTER ENDED MARCH 31, 2007

(UNAUDITED)

MANAGEMENT REPORT FOR THE FIRST QUARTER ENDED MARCH 31, 2007

MANAGEMENT'S DISCUSSIONS AND ANALYSIS AND FORWARD-LOOKING STATEMENTS

This management report (the "report") reviews the operational results of Odesia Group Inc. ("the Company") for the three months ended March 31, 2007. The statements contained herein aim to assist the reader in gaining a fuller understanding of the business of Odesia Group Inc. and the key elements of its financial position.

Prepared in accordance with Regulation 51-102 respecting continuous disclosure obligations, this report should be read in conjunction with the financial statements and accompanying notes for the three months ended March 31, 2007. Also in accordance with this regulation, we advise you that the interim consolidated financial statements for the first quarter ended March 31, 2007, have not been examined by the Company's auditors.

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Unless indicated otherwise, all amounts are shown in Canadian dollars.

The financial statements and report were reviewed by the Company's audit, human resources and corporate governance committee as of May 24, 2007, and approved by the Company's Board of Directors on the same date.

1. Description of the Company's business

The Company has offered business intelligence (BI) and data warehousing solutions to large and medium-sized companies since 1998. It has adopted the mission of supporting its customers in the design and implementation of a decision support infrastructure contributing to a clear vision of their business strategy. The Company helps companies maximize their performance by having them experience the full potential of business intelligence technology. This technology enables them to access, process and transmit information throughout an organization as well as to the organization's customers and business partners.

2. Highlights in the first quarter of 2007

Highlights in the first quarter of 2007 are as follows:

- Revenues up 100% compared to the first quarter of 2006;
- Operating income up 29% at Odesia Solutions Inc. compared to the first quarter of 2006;
- Continued growth in Europe;
- Increases in the value of contracts with several existing customers; and
- Winning of substantial bids.

3. Events subsequent to the quarter

On May 14, 2007, the Company announced the signing of an agreement with National Bank Financial Group (NBSFG) involving the development of business intelligence (BI) tools. The framework agreement will cover a preliminary period of nearly three years with the possibility of renewal and will help accelerate implementation of the business intelligence strategy of National Bank Financial by enabling them to react more quickly to business needs.

Our subsidiary Odesia Solutions Inc. agreed to a service contract with a Swiss company, Impleo Technologies (Switzerland), S.A., to provide human resources in Europe. This contract, covering two years, will enable Odesia Solutions Inc. to serve as subcontractor to major European accounts, inaccessible to the Company up to now because of the referral concept that is rigorously established in Europe. The Company expects about fifty of its professionals to be working on these projects by late May.

4. Forward-looking statements

This analysis contains statements that are forward-looking in nature. Such statements involve risks both known and unknown. These uncertainties and other factors can influence results. Accordingly, the actual results of the Company may be materially different from those expressed or implied by such forward-looking statements.

Statements made in reference to the current expectations of management involve risks and inherent uncertainties, known and not known. Certain verbs such as “believe,” “foresee,” “estimate,” “anticipate,” “aim” and “assess” as well as related expressions are employed in these forward-looking statements. These statements express the intentions, projects, expectations and opinions of the Company, which are all subject to risks, uncertainties and other factors over which the Company has, in many instances, no control. Future results may differ from those expected. Readers are cautioned against exaggerated confidence in any information of a prospective nature.

5. Selected financial information

For the three-month periods ended March 31
(in thousands of dollars, except amounts per share and the ratio)

	2007	2006
Revenues	2,561.9	1,268.2
Net loss	(110.4)	(48.9)
Basic and diluted loss per share	(0.004)	(0.002)
Total consolidated assets	4,718.8	3,246
Long-term liabilities	12.7	24.2
Working capital ratio	1.87	1.9

6. Operating results

6.1 Operating revenues

The first quarter ended March 31, 2007, is characterized in particular by higher revenues, which reached \$2,561,932, double the amount in the three months ended March 31, 2006, when revenues of \$1,268,240 were recorded. Several large customers increased their orders in the first quarter, and the Company also won in bidding solicited by customers.

Revenues of the Canadian subsidiary, Odesia Solutions Inc., rose 30%, while the French subsidiary, Odesia Europe, S.A.S, contributed \$903,784 in revenues in the first quarter of 2007. The French subsidiary was acquired on March 1, 2006, and was not included in the Company's consolidated financial statements until that date. Growth in income from the French subsidiary continued during this first quarter.

6.2 Costs of supplying services, operating and administrative expenses

The costs of supplying services and the operating and administrative expenses in this first quarter were \$2,651,380, compared to \$1,340,458 in the quarter ended March 31, 2006. In this first quarter, the profit margin was affected by items with lower margins, including the use of a greater number of highly specialized subcontractors and the sale of software as well as time between mandates among our resources. This last point is most notable in the first quarter of the year.

In terms of charges related to share-based payments, an amount of \$13,834 for the deferred unit share plan and an amount of \$13,400 for the employee stock option plan were recorded. We ask you to refer to Note 6 in the unaudited interim consolidated financial statements to learn more about the share-based compensation charge.

6.3 Results

In the quarter ended March 31, 2007, the net loss was \$110,421 compared to a loss of \$48,938 in the quarter ended March 31, 2006. The first quarter of the year marks the start of a number of new mandates or renewals, leading to time between mandates among our resources. Although this growth in mandates fills our order book, the time between mandates lowers our profit margin, thereby reducing first-quarter earnings.

In late 2006, the Company equipped itself with a management software suite. The Company expects to benefit from the information it contains to manage staff performance and employability more effectively and also to exert better control over its profit margin. It plans to adopt rigorous rules as part of this control.

Quarterly data

The following table presents a summary of certain consolidated information concerning the Company's last eight quarters, including the first quarter of 2007:

(In thousands of dollars, except for amounts per share)

	Q1 March 31			
2007	\$			
Revenues	2,561.9			
Net earnings (loss)	(110.4)			
Earnings (loss) per share	(0.004)			
	Q1 March 31	Q2 June 30	Q3 Sept. 30	Q4 Dec. 31
2006	\$	\$	\$	\$
Revenues	1,268.2	1,728.8	2,309.7	2,692.9
Net earnings (loss)	(48.9)	(131.9)	236.7	24.8
Earnings (loss) per share	(0.0021)	(0.0055)	0.01	0.01
	Q1 Feb. 28	Q2 May 31	Q3 Aug. 31	
2005	\$	\$	\$	
Revenues	1,147	1,335.5	951.3	
Net earnings (loss)	18.3	(39.6)	1.6	
Earnings (loss) per share	0.0011	(0.0025)	0.0001	

7 Balance sheet

Growth in the Company's business has put pressure on the Company's balance sheet.

The Company's total assets stood at \$4,718,864 on March 31, 2007, down \$54,945 from \$4,773,809 on December 31, 2006. This decline resulted mainly from lower cash on hand, which was \$557,581 on December 31, 2006, but stood at \$90,204 on March 31, 2007. However, customer accounts rose by \$183,528 compared to December 31, 2006, reaching \$2,448,051 on March 31, 2007, while tax credits connected with the Montreal E-commerce Zone rose by \$240,058, reaching \$1,283,181.

Short-term liabilities at the end of the first quarter stood at \$2,256,092, compared to \$2,196,883 on December 31, 2006. Bank financing, supported by customer accounts, rose by \$169,707, largely backed by a guarantee on customer accounts.

8 Liquidity and capital resources

On March 31, 2007, the Company had \$290,204 in cash and cash equivalents, compared to \$757,581 on December 31, 2006. This reduction is due to an increase in pre-paid costs and a rise in accounts receivable, which exerted downward pressure on cash resources.

On March 31, 2007, working capital was \$1,901,027 compared to \$1,993,294 last December 31. The quarterly loss accounts for this variation.

Management is currently reviewing short-term financing while taking account of growth in international activities. This will provide for a better balance sheet structure to support growth.

9 Cash flow

9.1 Cash flow from operating activities

In the first quarter ended March 31, 2007, cash flow used in operating activities was \$624,553. The main component in this use came from a cash flow variation of \$570,442 in the quarter. Since the first quarter ended March 31 is the least profitable of the year for the Company, it appears that an increase of \$422,940 in accounts receivable and a decrease of \$114,585 in accounts payable compared to December 31, 2006, are positive points.

9.2 Cash flow related to investment activities

In the first quarter of 2007, an amount of \$8,361 was devoted to the Company's investment activities compared to (\$100,587) in the first quarter of 2006. The gap of \$108,948 is due to acquisition of the French subsidiary in the first quarter of 2006. In the first quarter of 2007, purchases by the Company included computer equipment for an amount of \$18,432.

9.3 Cash flow related to financing activities

Cash flow generated by financing activities in the first quarter of 2007 reached \$165,537, resulting mainly from the use of its bank loan.

In the first quarter of 2006, cash flow used by financing activities was \$227,777. In 2006, the use of cash flow reflected a debt settlement of \$59,946.

10 Financial instruments

The Company does not use derivatives.

11 Off balance sheet transactions

The Company undertook no off balance sheet transactions in the period ended March 31, 2007.

12 Accounting changes

On January 1, 2007, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook (CICA Handbook) Section 1530, *Comprehensive Income*; Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*; Section 3865, *Hedges*; and Section 3251, *Equity*. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive incomes defined by revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income, in conformity with the generally accepted accounting principles.

Under the new standards, all financial assets, except for those classified as held-to-maturity, loans and receivables, and derivative financial instruments are measured at their fair values. All financial liabilities are measured at their fair values when they are classified as held for trading purposes. Otherwise, they are measured at their carrying value. The adoption of this new section has no impact on the interim consolidated financial statements.

13 Outstanding shares

On March 31, 2007, the Company had 25,635,664 common shares outstanding. No shares were issued during the first quarter.

14 Risk factors

The Company's business is generally subject to certain risks, which are described as follows:

Dependence on major customers

A limited number of customers have generated, in the past, a substantial share of the Company's operating revenues. Concentration of the Company's operating revenues from a limited number of customers can result in operating revenues and profits fluctuating appreciably from one quarter to the next. The Company expects that, in the foreseeable future, operating revenues attributable to a relatively limited number of customers will continue to represent a high percentage of its operating revenues, and nothing guarantees that the Company's customers, including its major customers, will continue to use its solutions or that they will continue to use them to the same extent as before. The loss of one or more of the Company's major customers, or a sizable reduction in their use of the Company's services and solutions, including a loss or reduction caused by factors beyond the Company's control, may have substantial adverse effects on the Company's activities, financial position and operating results. Furthermore, delays in recovering (or inability to recover) accounts receivable from one or other of the Company's major clients could have substantial adverse consequences on its liquidity or working capital.

Customer expectations and provision of services

The Company's services and solutions often make use of complex data systems and software that are essential to its customers' operation. Failure by the Company to meet customers' expectations in implementing appropriate solutions and in executing its services, particularly in terms of quality, cost and speed, may harm its reputation in the business intelligence services sector and have an adverse effect on its ability to maintain customers and obtain contracts from new customers. If a customer is not satisfied with the Company's solutions or services, the Company will generally take on, at its expense, the extra human and other resources needed to satisfy the customer. The costs committed will usually result in a lower margin on the contracts and could have a substantial adverse effect on the Company's business, its financial position and its operating results.

Long-term relationships with customers

The Company's future success relies largely on its ability to maintain long-term relationships with its customers. The Company may not manage to maintain relationships with new customers, and its relationships with its existing customers may not be fruitful. Failure by the Company to maintain long-term relationships with its customers may lower its operating proceeds and its profitability.

Growth management and market development

The Company expects that its activities and the industry in which it is active will continue to evolve rapidly. The Company anticipates a sizable increase in its marketing efforts, in its ability to provide solutions and services to its customers in Canada and abroad, and in the number of persons it employs. If the Company experiences rapid growth, its ability to be profitable may depend on factors including its ability to manage large numbers of human resources and business intelligence projects simultaneously. Failure by Company executives to react effectively to technological change or business conditions and to manage these changes may have substantial adverse consequences on the Company's activities, financial position and operating results.

Vulnerability with respect to demand

Some large companies attempt to limit the number of suppliers they call upon in the information technologies field. Despite the fact that the Company's leading-edge expertise and the quality of its services set it apart from its competitors, it may be vulnerable to fluctuations in demand for business intelligence solutions. Since the Company draws a vast majority of its income from specialized business intelligence services provided to its customers, revenues from its services will represent a substantial share of the Company's income in the foreseeable future. Accordingly, if there is a substantial decline in demand for services in information technologies, particularly in the specialized services offered by the Company, it and its operating results could be affected adversely.

The importance and cost of our workforce

The Company will rely on the services of its specialized employees and its management personnel. The loss of one of these persons could have a substantial adverse effect on the Company, its operating results and its financial position. The Company's success will depend largely on its continuous ability to identify, hire, train, motivate and retain its management employees, its specialized employees and its highly competent sales and marketing staff. Competition for its employees may be intense, and the Company cannot ensure that it will be able to attract specialized staff or highly competent management in the future. An inability to attract and retain management and technical staff along with the necessary sales and marketing employees could have an adverse

effect on its future growth and profitability. The Company could be obliged to increase the compensation paid to current or new employees, producing a substantial increase in operating costs.

Acquisitions

In the future, the Company may conduct selective acquisitions of companies or products it considers will round out its range of business intelligence services and solutions. It may be that the Company is unable to find appropriate acquisition prospects at reasonable prices, that it is unable to conduct an acquisition or that it cannot succeed in integrating the acquired activities or a new range of services. Moreover, it is possible that the Company could find itself competing with other companies to make acquisitions and that the competing companies could have much greater resources.

Competition and technological change

The Canadian and North American market for business intelligence specialists is dominated by companies of modest size. These companies generally specialize in a very tight area of activities, and very few of them offer complete services in this field. To stay at the leading edge of technology, the Company will have to develop a full range of solutions. Whether competition comes from new arrivals providing business intelligence solutions or from established companies, competition in the business intelligence industry from firms offering solutions similar to those that the Company will be offering is likely to increase in the coming years. Some of the Company's competitors may have financial, technical and marketing resources that could be significantly greater than what the Company possesses. Technological progress and the development of certain products or solutions by the Company's competitors could result in the Company's products or solutions becoming obsolete or in their usefulness to customers being reduced.

Establishment of market-based pricing

The competitive market in which the Company expects to conduct its business could cause the Company to reduce its prices. If competitors offer substantial discounts on some of their services to win back or gain market share or to offer other business intelligence services, the Company may have to lower its prices and to offer favourable payment conditions to compete effectively. Such changes could reduce profit margins and have adverse effects on the Company's operating results.

Uncertainty related to the information technologies market

The market for services the Company will be offering depends on economic conditions affecting the information technologies market, especially the market for business intelligence services. A weaker economy could result in customers cancelling or delaying order for these services. In this context, customers could face financial difficulties, hold back on acquiring these services, postpone budgets for implementing solutions offered by the Company, or cease business. In turn, this situation could lead to longer sales cycles, delays or defaults in payment or collection, and price pressures that would result in lower income and lower margins for the Company.

Additional capital requirements

The Company will have to find the funds needed to fulfil its business plan. The Company estimates that net cash flow resulting from its financing rounds and its expected operating income will be sufficient for this purpose. In the event that the Company's plans were to be modified, or if income did not meet all requirements as originally expected, it is possible that supplementary financing

could be necessary. There exists no guarantee that additional capital, if required, will be available under conditions that would be acceptable to the Company or that would favour its growth.

Tax credits

The Company currently benefits from the Montreal E-commerce Zone program and thus benefits from a 35% tax credit on any increase in its wage bill. The Company's eligibility under the program ends on December 31, 2007. No assurance can be given that the tax rules allocating these benefits will be amended in the future. Modifications to tax laws or a change in control of the Company could prevent the Company from continuing to take advantage of these advantages and could have a negative effect on the Company's operating results.

Exchange rate

Part of the Company's income is earned in euros, but a larger part of its operating costs are set in Canadian dollars. Fluctuations in the exchange rates between currencies could have an adverse effect on the Company, its financial position and its operating results.

Further information concerning the Company is available at the Sedar website (www.sedar.com).

Montreal, May 24, 2007

(signed) Nicolas Bonnafous

Nicolas Bonnafous, President and Chief Executive Officer

(signed) Christian Dufour

Christian Dufour, Vice-President Finance and Secretary

Information on the Company

Members of the Board of Directors

Jacques Topping

Quebec, Quebec,
Canada

Nicolas Bonnafous

Longueuil, Quebec,
Canada

Jean-Pierre Dubé

Mont Saint-Hilaire, Quebec,
Canada

André Malo

Saint-Bruno-de-Montarville, Quebec,
Canada

Jan Czech

Laval, Quebec,
Canada

Legal Counsel

McCarthy Tétrault s.e.n.c.r.l.
Lawyers

Transfer Agent and Registrar

Computershare Investor Services inc.
1500 University Street,
Suite 7001
Montreal (Quebec), Canada
H3A 3S8

Listing

TSX Venture Exchange
Ticker : ODS
Cusip: 675848105

Reports

Additional copies of this report may be obtained upon
written request at :
Odesia Group inc.
1155 University,
Suite 800
Montreal, Québec,
Canada
H3B 3A7
Fax: (514) 876-9205
E-mail : cdufour@odesia.com

Senior executives

Nicolas Bonnafous, President and Chief Executive Officer

Longueuil, Quebec,
Canada

Jean-Pierre Dubé, Executive Vice-Président

Mont Saint-Hilaire, Quebec,
Canada

Christian Dufour, Vice-President Finance

Saint-Jean-sur-Richelieu, Quebec,
Canada

Jacques Daigle, General Manager, Odesia Europe, S.A.S.

Argenteuil,
France

Auditors

Raymond Chabot Grant Thornton, L.L.P.
Chartered Accountants.

Head Office

Odesia Group inc.
1155 University Street,
Suite 800
Montreal (Québec)
H3B 3A7

Telephone: (514) 876-1155
Fax: (514) 876-9205