ODESIA Group

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS AND FORWARD-LOOKING STATEMENTS

The following Management's Discussion and Analysis ("MD&A") reviews the operational results of Group Odesia Inc. ("the Company") for the nine-month period ended September 30, 2008. The statements contained herein aim to assist the reader to better understand the business of the Company 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 unaudited consolidated financial statements and accompanying notes for the period ended September 30, 2008 along with the Management's Discussion and Analysis for the year ended December 31, 2007 as well as the related audited annual consolidated financial statements. Except as otherwise stated, the Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), however, they do not include all the information and disclosure that must be presented in the annual financial statements. Unless indicated otherwise, all amounts are shown in Canadian dollars. The preparation of financial statements in compliance with Canadian GAAP requires that management use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the pertinent periods. These estimates are based on the experience of the Company's management and on other assumptions that it considers reasonable under the circumstances. The interim consolidated financial statements for the third quarter ended September 30, 2008, have not been examined by the Company's auditors.

The financial statements and report were reviewed by the Company's audit, human resources and corporate governance committee, and approved by the Company's Board of Directors on November 25, 2008.

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.

The strategy of the Company is partly focused on growth through acquisitions to broaden the range of services offered to its customers and expand its geographical coverage. Accordingly, on November 30, 2007, the Company has acquired all of the outstanding shares of Resource IT; a firm based in Mexico and specialized in providing professional consulting services in Information Technology. In 2006, the Company had acquired 70% of the outstanding shares of SAS BI Expert (renamed Odésia Europe SAS), a French consulting firm in information technology operating in Europe.

Highlights of the quarter

Highlights for the third quarter of 2008 are as follows:

- The Company posted revenues of $4,350,000, compared to $3,415,000 for the corresponding quarter in 2007, an increase of $935,000 or 27.4%
- Earnings before amortization of tangible and intangible assets, financial expenses, income taxes and non-controlling interest are $195,000 for Q3 2008 compared to a loss of $222,000 for the corresponding period one year earlier.
- Net loss of $132,000 for the third quarter of 2008 caused by a $126,000 amortization expense of intangible assets and a $94,000 loss on foreign exchange following the recent fluctuations in the currencies in which ODESIA is operating.
- ODESIA closed a $1,450,000 financing composed of $750,000 in convertible debenture and $700,000 in equity.

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.

Selected financial information

Earnings

($000's except per share amounts)	For the three-month period ended September 30, (unaudited)		For the nine-month period ended September 30, (unaudited)	
	2008	2007	**2008**	2007
Revenues	**4,350**	3,415	**12,857**	9,831
Earnings (loss) before amortization of tangible and intangible assets, financial expenses, income taxes and non-controlling interest	**195**	(222)	**99**	(95)
Net loss and comprehensive income	**(132)**	(195)	**(1,549)**	(312)
Basic and diluted loss per share	**(0.005)**	(0.008)	**(0.055)**	(0.012)

Balance sheet

($000's except ratio)	**September 30, 2008** (unaudited)	December 31, 2007 (audited)
Total assets	**8,825**	9,701
Long-term liabilities	**840**	511
Working capital ratio	**1.09**	0.94

Operating Results

Operating revenues

During the third quarter ended September 30, 2008 the Company posted revenues of $4,350,000, compared to $3,415,000 for the corresponding quarter in 2007, an increase of $935,000 or 27.4%. During the nine-month period ended September 30, 2008 the Company posted revenues of $12,857,000, compared to $9,831,000 for the corresponding period in 2007, an increase of $3,025,000 or 30.8%. This increase in revenue is attributable to the $2,570,000 in sales of the Mexican subsidiary Resource IT; Odesia did not have any comparable operations in the corresponding period of 2007. This increase in sales is also explained by a strong growth both locally and internationally during Q1 and Q3 2008 compared to Q1 and Q3 2007.

Given the current economic conditions, there is an increased risk that past performance, especially on the sales growth side, will not be indicative of the future. However, ODESIA is confident it will be able to at least maintain its third quarter’s sales level in the fourth quarter of 2008 and in fiscal year 2009. In the event that a decrease in the demand from our clients occurs, ODESIA has a plan for new restructuring efforts to be put in place.

Costs of services provided, operating and administrative expenses

The cost of services provided, operating and administrative expenses of the company amounted to $4,155,000 during the third quarter ended September 30, 2008 compared to $3,637,000 during the corresponding quarter last year, an increase of $518,000 or 14.3%. Similarly, the cost of services provided, operating and administrative expenses of the company amounted to 12,758,000 for the nine-month period ended September 30, 2008 compared to $9,926,000 during the corresponding period last year, an increase of $2,831,000 or 28.5%.

The cost of services provided includes mainly wages of our employees, and the direct costs of contracts. Given that the Company is in the field of consultation, the cost of services provided is highly correlated to revenues. Compared to the equivalent period of 2007, operating gross margins during the three and nine-month periods ended September 30, 2008 were impacted by various factors, including:

- Increase in the average billing rate since Q2 2008.
- The operating gross margins generated by Resource IT in Mexico have generally impacted positively the consolidated gross margins.
- During Q3 2008, the number of resources and the overall placement rate has grown significantly in Europe.
- The decrease in the government tax credits also impacted the consolidated gross margin.

Tax credits for the area of Montreal E-commerce zone recognized in the results of the subsidiary Odésia Solutions against employees wages, amounted to $277,000 during the third quarter of 2007 ($761,000 for the nine-month period), compared to nil this current quarter and nine-month period. This tax credits program ended on December 31, 2007. However, in its March 13, 2008 budget, the Quebec government introduced a new tax measure, effective immediately, for the development of e-business, aiming to consolidate the development of information technology throughout Quebec. This measure allows eligible companies to obtain a refundable tax credit until December 31, 2015. The refundable tax credit is equal to 30% of salaries paid to eligible employees up to $20,000 per employee annually. Management estimates that the Company will be eligible for this new measure. Accordingly, an $180,000 tax credit was recorded for the third quarter ended September 30, 2008 ($398,000 for the nine-month period).

Compared to the third quarter of 2007, and the nine-month period ended September 30, 2007, operating and administrative expenses of the current quarter were impacted by various factors, including:

- The restructuring that took place at the end of Q2 2008 significantly decreased the administrative expenses in Q3 2008.
- The operating and administrative expenses of Resource IT were nil during the corresponding quarter last year.
- Higher professional fees related to the acquisition of Resource IT & customer contracts.

The cost of the stock-based compensation to employees, which covers the period of vesting on options granted, amounted to $7,000 during the third quarter of 2008 while it was $13,000 in the third quarter of 2007 ($34,000 for the nine-month periods ended September 30, 2008 and $40,000 for the same period in 2007). The cost of stock-based compensation to the independent directors of the Board of Directors of the Company amounted to $14,000 during the third quarter of 2008 compared to $24,000 in the third quarter of 2007 ($41,000 and $59,000 respectively for the nine-month periods ended September 30, 2008 and 2007).

ODESIA realized earnings before amortization of tangible and intangible assets, financial expenses, income taxes and non-controlling interest of $195,000 and $99,000 respectively for the third quarter and the nine-month periods ended September 30, 2008, compared to a loss of $222,000 and $95,000 for the equivalent periods in 2007. This shows that ODESIA was successful with the restructuring plan it has put in place earlier this year. Once again shall the present economic crisis have a negative impact on ODESIA's results, management has a plan for new restructuring efforts to be put in place.

Financial expenses and foreign exchange

Financial expenses and foreign exchange amounted to $226,000 during the third quarter of 2008 compared to $72,000 during the corresponding quarter last year. This increase in expense is due to the fact that important fluctuations in the various exchange rates in which Odesia operates, caused by rapid changes in the economy, created a foreign exchange loss of $107,000 during Q3 2008 compared to $25,000 during the same period last year. Also, ODESIA has more bank loans and long term debt in Q3 2008 than it had in Q3 2007 which leads to higher interest expense.

Due to higher interest expenses the financial expenses and foreign exchange amounted to $425,000 for the nine-month period ended September 30, 2008 compared to $220,000 for the nine-month period ended September 30, 2007.

Net loss

The net loss for the third quarter ended September 30, 2008 amounted to $132,000 or $0.005 per share, compared to $195,000 or $0.008 per share during the third quarter of 2007. The net loss for the third quarter of 2008 includes amortization of tangible and intangible assets of $168,000 compared to $28,000 during the corresponding quarter last year. This increase of $140,000 in amortization expense is mainly due to an increase in amortization of intangible assets due to the acquisition, towards the end of 2007, of customer contracts of approximately $1.5 million and the acquisition of Resource IT. Just like the foreign exchange loss of $107,000 described earlier, this amortization expense has no impact on cash flows of the Company.

The net loss for the nine-month period ended September 30, 2008 amounted to $1,549,000 or $0.055 per share, compared to $312,000 or $0.012 per share during the same period of 2007. The net loss for the nine-month period ended September 30, 2008 includes amortization of tangible and intangible assets of $608,000 compared to $74,000 during the corresponding quarter last year. This increase of $534,000 in amortization expense is also mainly due to the increase in amortization of intangible assets described earlier. The net loss for the nine-month period ended September 30, 2008 also includes a $1,010,000 write-off of a portion of the customer contracts acquired toward the end of 2007. This write-off has no impact on cash flows of the Company. Although some contracts were completed, which forced the write-off of this intangible asset, ODESIA was able to replace them by equivalent contracts with existing and new clients.

Quarterly data (unaudited)

The following table summarizes certain information of the Company's last eleven quarters:

($000's except per share amounts) **2008**	Q1 March 31 $	Q2 June 30 $	Q3 September 30 $
Revenues	4,236	4,271	4,350
Net loss and Comprehensive income	(217)	(1,199)	(132)
Loss per share	(0.008)	(0.043)	(0.005)

($000's except per share amounts) 2007	Q1 March 31 $	Q2 June 30 $	Q3 September 30 $	Q4 December 31 $
Revenues	2,561	3,854	3,415	3,621
Net loss and Comprehensive income	(110)	(6)	(195)	(302)
Loss per share	(0.004)	(0.000)	(0.008)	(0.012)

($000's except per share amounts) 2006	Q1 March 31 $	Q2 June 30 $	Q3 September 30 $	Q4 December 31 $
Revenues	1,268	1,729	2,310	2,693
Net profit (loss) and Comprehensive income	(49)	(132)	237	25
Profit (loss) par share	(0.0021)	(0.0055)	0.01	0.01

Outstanding shares

Information relating to shares outstanding is summarized in the table below:

	September 30, 2008	December 31, 2007
Outstanding shares	**29,620,286**	27,870,286
Stock Options outstanding	**475,000**	522,500
Warrants outstanding	**--**	4,010,664
Common shares outstanding on a fully diluted basis	**30,095,286**	32,403,450

Balance sheet

Current assets amounted to $6,386,000 as at September 30, 2008 compared to $6,058,000 as at December 31, 2007, an increase of $328,000. This increase is mainly caused by the increase in contracts in progress.

The Company's total assets amounted to $8,825,000 as at September 30, 2008, compared to $9,701,000 as at December 31, 2007, an $876,000 decrease. Aside from the increase in current assets discussed above, and the impact of the amortization of tangible and intangible assets, the important decrease in long-term assets is explained by the write-off of contracts that occurred in Q2 2008, and its related future income taxes recovery.

Current liabilities amounted to $5,881,000 as at September 30, 2008, compared to $6,417,000 as at 31 December 2007, a decrease of $536,000. This is mainly due to the decrease in future income taxes.

On July 21, 2008, the Company completed a private placement of $1,450,000 by the issuance of convertible debenture of $750,000 and 1,750,000 units at a price of $0.40 per unit for consideration of $700,000. This private placement explains the increase in the convertible debenture, in the capital stock, in the Shareholder's equity portion of the convertible debenture as well as in the contributed surplus.

Liquidity and capital resources

As at September 30, 2008, the Company had cash amounting to $180,000, compared to $261,000 as at December 31, 2007. Working capital as at September 30, 2008 was $506,000 compared to negative $358,000 as at December 31, 2007. The current cash position is mainly attributable to the acquisition completed at the end of 2007. The company expects to collect, in the upcoming weeks, the 2007 refundable tax credits for the area of electronic commerce and for the development of information technologies, which amounts to $350,000, net of the related bank loan of $576,000.

ODESIA expects the cash flow from operations to be sufficient to meet its liquidity needs in the upcoming months. It currently has no additional credit available aside from the bank loans which are not used up to the maximum amount authorized. ODESIA is currently working on obtaining additional funds from the financing round it has started this summer. As at December 31, 2007, the Company did not meet its financial ratios as required by the bank in its bank loans agreement with respect to minimum working capital and maximum debt to equity. This is largely attributable to the acquisition, towards the end of 2007, of customer contracts of approximately $1,5 million and the acquisition of Resource IT.

Cash flow

Cash flow from operating activities

During the third quarter ended September 30, 2008, utilisation of cash flows from operating activities amounted to $1,423,000 compared to $229,000 during the third quarter 2007. The loss for Q3 2008 was off-set by the adjustment for the amortization of tangible and intangible assets. So, the decrease in cash flows from operating activities mainly reflects the variances in working capital items and future income taxes.

Similarly, during the nine-month period ended September 30, 2008, utilisation of cash flows from operating activities amounted to $1,095,000 compared to $1,253,000 during the same period in 2007. The important loss for the nine-month period ended September 30, 2008 was off-set by the adjustment for non-cash items like the amortization of tangible and intangible assets and the write-off of intangible assets. So, once again, the decrease in cash flows from operating activities mainly reflects the variances in working capital items and future income taxes.

Cash flows from investing activities

Cash flows from investing activities did not vary significantly, aside from the acquisition of tangible and other assets, and the adjustment to goodwill following the capitalization of professional fees that were not correctly estimated upon the acquisition of Resource IT in November 2007 and an adjustment to the calculation of the fair value of the balance of purchase price at the date of acquisition.

Cash flow from financing activities

Cash flow from financing activities has varied as a result of the July 21, 2008, private placement which generated positive cash inflows following the issuance of the convertible debenture and shares.

Financial instruments

The Company does not use derivatives.

Off-balance sheet transactions

The Company did not conduct any off-balance sheet transactions during the quarter.

Accounting changes

The impact of the adoption of new accounting rules is disclosed in note 2 to the interim financial statements.

Internal controls with respect to financial information

The internal controls of financial reporting are designed to provide reasonable assurance regarding the reliability of financial information of the company and the preparation of financial statements in accordance with GAAP. The chief executive officer and chief financial officer have made an assessment to determine if the Company has, during the period ended September 30, 2008, made changes to this control mechanism which had or could have had a significant impact on results. No change of this kind has been identified from this evaluation.

The Company and its Audit Committee have established a policy of denunciation as required by Regulation 52-110.

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 several clients could have substantial adverse consequences on its liquidity or working capital.

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.

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.

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.

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 orders 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.

Exchange rates

The Company's results may be affected by fluctuations in exchange rates between foreign currencies and the Canadian dollar. One of the Company's strategies is to grow outside Canada, and thus its income and expenses may be denominated in Canadian and foreign currencies, mainly U.S., Mexican and European, in varying proportions. Depending on exchange rate fluctuations, this may have an unfavourable or favourable effect on the Company's financial situation and operating results.

Capital requirements

The net cash flows resulting from financing and operating activities have been sufficient to fund growth and fulfil the business plan so far. The continuation of this business plan requires efficient cash management and, if cash flows from operating activities do not cover all capital requirements, it is possible that supplementary financing would 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.

Further information concerning the Company is available on the SEDAR website (www.sedar.com).

Montreal, November 25, 2008

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

(Signed) Simon Lepage
Simon Lepage, Chief Financial Officer

Company information

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Annual Report

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