

ODESIA Group

ANNUAL REPORT

2006

FOR THE PERIOD ENDED DECEMBER 31, 2006

Letter to the shareholders

Dear shareholders,

The year 2006 was our first as a public company. It marks a vital milestone in the development of our service offering in Business Intelligence (BI). Since the incorporation of our company in 1998, we have seen the evolution of the BI market up close, starting with its early days in IT departments. Now it has become an essential element in fulfilling organizations' strategic goals.

Throughout its own evolution as a company, ODESIA has adapted its service offering to the market on a continuous basis. This way it can always provide the best solutions to an ever more demanding customer base.

Review of the latest fiscal year

Revenues in the fiscal year ended December 31, 2006, reached \$8 million, up 57% from \$5 million in 2005. This was due in particular to a decision to increase our presence in France, where our office recorded revenues of \$1.9 million in 10 months of operation.

We have served more than 20 organizations of international calibre on two continents, and our professionals have provided nearly 90,000 hours in Business Intelligence services. Clients such as Canal+ in France and SITA in Switzerland were among the first to show their confidence in us and to provide us with the privilege of serving them in Europe. In Canada, we are very proud to continue serving the Yellow Pages Group, Aeroplan and the National Bank, which are among our main clients. In 2006, we managed to reduce the share of our business accounted for by our largest client, starting the year at 52% and ending it at 24%. This clear improvement results from the market diversification we achieved in 2006.

Rapid development of the Paris office, getting our new organization under way, and costs related to the first year on the stock exchange each produced major expenses, bringing our overall cost of services, together with the company's operating and administrative expenses, to \$7.8 million for the period, compared to \$4.6 million for the 12 months ended May 31, 2005.

In 2006 we also took steps toward acquisitions to expand the company's activities in North America and Europe. Based on the strength of the European markets, we have begun negotiations for the repurchase of 30% of ODESIA Europe, for the benefit of all our shareholders.

Human Resources, processes and infrastructure

Our focus in 2006 lay on training our professionals, improving our internal processes and enhancing our infrastructure. We are proud to report that we made significant progress in these areas throughout the year.

We doubled the number of consultants, bringing its total number to 85 in our offices in Canada and France. We instituted a performance follow-up program along with specific Business Intelligence training plans and a laboratory to do tests and experiments on all our partners' technologies. We also set up a new incentive program to bring each employee's performance in

line with corporate goals; this program was designed to improve employee satisfaction and retain the best talent.

Since its founding in 1998, ODESIA has developed practices, methods and tools that have been proven in real solution development conditions in Business Intelligence. This intellectual capital includes know-how in methods for selecting appropriate technologies for our clients, continuous training programs for our resources and complete libraries on best practices in Business Intelligence. Our company believes the intellectual capital we possess increases our ability to understand our clients' needs better and thus to design solutions more effectively.

In terms of our community commitment, the ODESIA Centre for the Study of New Technologies and Public Relations is proud to have developed a leading-edge press analysis tool for the Chair in Public Relations at the Université du Québec à Montréal (UQAM). This pledge to the university is part of our resolve to equip the UQAM faculty of communications with the latest data analysis technologies, keeping us active and committed in our community as well as positioning us to attract the best talent!

With respect to **internal processes**, we have replaced many of our non-integrated data systems with a single integrated software suite that can keep up with our business growth, embracing and supporting our activities both in Canada and in France.

In the area of **infrastructure**, we have relocated our French operations to more spacious quarters that suit our activities better. We have also renewed most of our data servers and equipped our main managers with better working tools.

Outlook

The next year will also be a time of growth. We will be on the lookout for opportunities to develop our presence in the Americas and to extend our French operations to other countries in Europe.

The tax credit program will end on December 31, 2007. Measures have already been taken to prepare the company for the withdrawal of this tax measure. For example, we will be increasing our presence in higher-margin markets during 2007.

Corporate governance

We have chosen to be at the forefront of corporate governance rules:

- On our board of directors, independent members are in the majority, and we have an independent chairman. Only independent board members sit on the audit, human resources and corporate governance committees.
- Our external board members were chosen for their expertise in our areas of activity and for their business management skills.
- We have adopted a policy of issuing stock options and share units, based in many cases on our company's performance.
- During 2007, we are committed to setting up a process for monitoring and declaring incidents involving possible violations in accounting, internal accountancy controls and auditing.

- We have set out to improve our internal control processes with respect to the company's internationalization.

Annual shareholders' meeting and proxies

ODESIA's management will be presenting major initiatives aimed at increasing long-term value for shareholders at the annual general meeting to be held June 19, 2007, in Montreal. On behalf of the board of directors and management of ODESIA, we invite you to attend.

The annual general meeting gives you the direct opportunity to hear the presentations by company executives and to ask questions.

We encourage you to exercise the voting rights connected to your shares and provided by your proxy, which you may return by mail, telephone or Internet based on the instructions contained in the enclosed circular or by presenting your signed proxy in person before the start of the meeting.

Sincerely,

(Signed) Jacques Topping
Chairman of the Board of Directors

(Signed) Nicolas Bonnafous
President and Chief Executive Officer

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") reviews the operational results of Group Odesia Inc. ("the Company") for the twelve month period ending December 31, 2006. 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.

All financial data presented below is expressed in Canadian dollars.

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 period ending December 31, 2006. The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). 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. Readers are referred to note 3 of the financial statements of December 31, 2006 for a description of all accounting principles employed. In addition to these general principles, management has adhered to the following specific principles:

Proceeds from IT consultations

Proceeds 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.

Proceeds on sale of software applications

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

Proceeds from maintenance contracts

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

Commission proceeds

Proceeds from commissions are recognized when they are earned.

Interest income

Interest income is recognized as it accrues.

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

Odesia Group Inc. is a public company, the common shares of which are listed under the symbol "ODS" on the TSX Venture Exchange. The Company resulted from a qualifying transaction dated December 23, 2005 between a venture capital firm then known as Dufort Capital Inc. and Odesia Solutions Inc. The fiscal year ending December 31, 2006 was most distinguished by: the acquisition of BI Expert S.A.S. (now known as Odesia Europe, S.A.S.); a private placement in April 2006; and significant organic growth over the last two quarters.

On February 1, 2006, the Company agreed to acquire 70% of the outstanding shares of BI Expert SAS, an IT consulting firm based in France and operating in Europe. The sole compensation in the acquisition involved the issuance of 150,000 common shares of the Company at a price of \$0.40 each. The agreements related to this acquisition contain a clause in favour of the Company for purchase of the residual rights of the non-controlling shareholder. Moreover, on April 11, 2006, the Company closed a private placement of \$500,000 with a private investor for a total of 1,333,334 units. Each unit, subscribed at a price of \$0.375, constitutes one common share and one warrant allowing the holder to subscribe to one additional common share of the Company at a price of \$0.60 no later than December 23, 2007.

Odesia Solutions Inc., the operating arm of Group Odesia Inc., changed its fiscal year end as of December 31, 2005. Henceforth, fiscal year end would be the 31st day of December. The customary sequence of twelve months was therefore interrupted on December 31, 2005, and the financial reporting period covered only seven months. The 2006 fiscal year, the period being reported in this Annual Report, is for twelve months. As a result, comparing the 2006 fiscal year with the seven-month period that ended December 31, 2005 might prove inexact. As well, the Company included in its results the audited financial information relative to the twelve month fiscal year that ended May 31, 2005, to which we likewise refer in this management discussion.

Events subsequent to year end

In January 2007 the Company renewed the lease for its head office premises until July 2010.

Outlook

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, so that 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" whether used in the affirmative or negative, 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 according exaggerated confidence to all information of a prospective nature.

Analysis and Discussion

Selected Financial Information

	December 31 2006 12 months Audited	December 31 2005 7 months Audited	May 31 2005 ⁽¹⁾ 12 months Audited	May 31 2004 ⁽¹⁾ 12 months Audited
Revenues	\$7,999,764	\$2,420,035	\$5,089,328	\$3,161,203
Net Earnings (Net loss)	\$80,763	(\$67,195)	\$219,656	\$229,524
Diluted Earnings / (Loss) per common share	\$0.003	(\$0.004)	\$0.014	\$0.014
Total consolidated assets	\$4,773,809	\$3,542,839	\$2,155,323	\$1,050,016
Short term consolidated liabilities	\$2,196,883	\$1,751,729	\$1,757,586	\$691,532
Long term consolidated liabilities	\$29,905	\$13,900	\$134,720	\$297,123

(1) Financial information from Odesia Solutions Inc.

The Company has not issued any dividends since it listed on the TSX Venture Exchange.

Operating Results

Operating revenues

During the period ending December 31, 2006 the Company posted revenues of \$7,999,764 compared to \$2,420,035 for the 7-month period ending December 31, 2005, and \$5,089,328 for the 12-month period ending May 31, 2005. This represented an increase of 57% over the 12-month period ending May 31, 2005. The increase in revenues is principally due to strong growth in our Paris-based operation which posted a volume of \$1,908,000 during the ten months since its acquisition.

For the period ending December 31, 2006 the proportion of our business originating from outside North America represented close to 24% of our total business, while it represented only 2% for each of the previous reporting periods. As we emphasized in 2005, the market in France for market intelligence solutions was growing strongly and represented a major opportunity for the Company. We believe that this trend will continue in 2007. In the fiscal year ended December 31, 2006, the Company recorded \$2,150,150 in proceeds from its breakthrough in Europe.

Cost of supplying services, operating and administrative expenses

The Company's cost of supplying its services, and its operating and administrative expenses, amounted to \$7,793,528 for the period ending December 31, 2006 compared to \$2,361,308 for

the 7-month period ending December 31, 2005, and \$4,653,759 for the 12-month period ending May 31, 2005.

The salaries paid to our consultants comprise the principal component of the Company's costs. Our cost of providing services, together with operating and administrative expenses represented 97.4% of our revenues, compared to 97.6% for the 7-month period ending December 31, 2005, and 91.4% for the 12-month period ending May 31, 2005. The increase in this percentage was chiefly accountable to organic growth and the rapid development of our French subsidiary.

During the period ending December 31, 2005, the Company had decided to write off the assets acquired from Topinet Inc. During the first quarter of 2006, the Company paid off the connected debt, and a gain of \$68,574 was posted as a reduction in operating expenses.

Tax credits related to our participation in e-commerce (electronic commerce activities) amounted to \$986,519 for the period ending December 31, 2006, compared to \$485,185 for the 7-month period ending December 31, 2005, which were charged against operating expenses. For the 12-month period ending May 31, 2005, the credits were \$719,768. The tax program encompassing these credits will end December 31, 2007.

Having become a publicly traded company at the end of 2005, 2006 was the first year during which the Company could make payments in the form of shares. In this regard, during the period ending December 31, 2006, the Company granted a net 937,500 stock options the attribution of which, according to the corporate governance of the Company, incurred an expense of \$64,183. As to the Deferred share unit plan which serves to compensate the independent members of the Board of Directors, the Company has issued 163,823 units and the amount of \$68,893 has been expensed.

Net Profit

During the period ending December 31, 2006 the Company's net profit was \$80,763 compared to the net loss of \$67,195 for the 7-month period ending December 31, 2005, and the profit of \$219,656 for the 12-month period ending May 31, 2005. Although comparing a period of twelve months to a period of seven months may be difficult, it is clear that the Company experienced strong organic growth during 2006. Such growth, when paired with the commencement of business on another continent, naturally incurs increased direct costs.

Unaudited quarterly data

The following table presents quarterly data which the Company reported in its interim financial statements.

2006	T1	T2	T3	T4
	\$	\$	\$	\$
Revenues	1,268,240	1,728,861	2,309,745	2,692,918
Earnings (loss)	(48,938)	(131,912)	236,736	24,877
Earnings (loss) per outstanding share	(0.0021)	(0.01)	0.01	0.01
Earnings (loss) per diluted share	(0.0021)	(0.01)	0.01	0.01

The Company's annual reporting period, previous to 2006, had ended on May 31. In 2005 the Company changed its reporting period, so that its year end would be December 31. In 2005, therefore, the Company reported a 12-month period ending May 31, 2005, and then a 7-month period ending December 31, 2005.

2005	T 1	T2
	August 30 2005	November 30, 2005
	\$	\$
Revenues	951,319	1,090,384
Net Earnings (loss)	1,433	132,861
Earnings (loss) per outstanding share	0.0001	0.008
Earnings (loss) per diluted share	0.0001	0.008

Outstanding Shares

Information in reference to the Company's outstanding shares appears in the following table :

	2006	2005
Common shares outstanding	25,635,664	23,752,330
Outstanding share purchase options	937,500	none
Outstanding warrants	4,170,850	2,837,516
Broker options (a)		400,000
Outstanding common shares on a diluted basis	30,744,014	26,989,846

(a) The inaccessable option to purchase 400,000 common shares was exercised during the period ending December 31, 2006.

Balance Sheet

Assets of the Company totalled \$4,773,809 as at December 31, 2006, compared to \$3,542,839 as at December 31, 2005. The rapid growth of the Company was such that by December 31, 2006, account receivables had reached \$2,264,523, compared to \$893,506 as of December 31, 2005. Regular follow-up, and the nature and reputation of our clients, provide assurance in reference to any potential risk of these accounts.

Account receivables of the Company stood at \$3,347,920 as of December 31, 2006 compared with \$2,134,030 as of December 31, 2005. Included in the accounts receivables the amounts to be received under the electronic business activities credit program (which are tied to the calendar year) totalled \$1,041,077 for the 2006 calendar year, compared to \$1,204,953 for the 2005 calendar year. As mentioned, this tax credit program will end on December 31, 2007.

Short term liability as of December 31, 2006 stood at \$2,196,883 while it was \$1,751,729 as of December 31, 2005. This rise in short term liability results from an increase in our accounts with suppliers. From \$1,057,079 as of December 31, 2005, our accounts with suppliers rose to \$1,766,635 as of December 31, 2006. The rapid organic growth of the Company, and particularly the growth enjoyed by our European subsidiary (where we lacked a credit facility), contributed to our higher cost of supply.

Long term liability as of December 31, 2006 was \$29,905, consisting of \$10,055 on behalf of non-voting shareholders and \$19,850 for future income taxes.

Liquidity and Capital Resources

As of December 31, 2006 the Company had at its disposal working capital of \$1,993,294 and an unused bank loan. The Company used the liquid assets on hand as of December 31, 2005 to support its strong organic growth. As of December 31, 2006 the Company's term deposits remained at \$450,000 to underwrite continuing growth.

In addition to the liquid assets derived from its business activities and bank loan (guaranteed by receivables), the financial capital required to support the activities of the Company have been drawn from the guaranteed funding inherent in receivable tax credits.

The operations of the Company's subsidiaries, Odesia Solutions and Odesia Europe S.A.S., provide sufficient cash to maintain the Company's ability to finance organic growth. However, to profit from acquisition opportunities that may arise, it is likely that the Company will call upon additional sources of capital.

The only long term obligation on the balance sheet that the Company must meet involves the lease for its office, which the Company renewed at the start of 2007. The term of the lease extends to July, 2010.

Cash flow

Cash flow from operating activities

The operating activities of the Company entailed a use of funds in the amount of \$341,574 as of December 31, 2006, compared to \$501,838 as of the end of the 7-month period ending December 31, 2005. The difference was caused principally by net operating earnings in 2006 in contrast to a loss in operating earnings for the 7-month period ending December 31, 2005. It is also necessary to take account of the gain from settling the debt due to Topinet, producing a cost reduction of \$68,574 (cost of services rendered, operating expenses and administrative expenses) and also a charge of \$133,076 for the stock option plan and the deferred share unit plan.

The net variation of \$583,832 in items outside working capital for the 2006 period is explained principally by an increase in the amount to be received as an e-commerce (electronic business activities) tax credit, taxes on earnings, and accounts payable.

Cash flow related to investment activities

As of December 31, 2006 the cash flow used by the Company for investment activities amounted to \$492,468. This variation is explained principally by term investments of \$450,000, the purchase of IT equipment and the purchase of management software the installation of which began during the 4th quarter of 2006.

Cash flow related to financing activities

Financing activities generated funds of \$193,185 for the period ending December 31, 2006, compared to \$1,729,856 as of December 31, 2005. Let us remember that the authorized transaction (reverse takeover) of December 23, 2005 was achieved with a concomitant private placement of \$920,346.

During 2006, the Company obtained a private financing (net of expenses) of \$464,865, and beneficiaries exercised \$100,000 in options. As well, at the start of the year the Company settled a debt with Topinet Inc.

Operations between affiliates

There were no operations between affiliates during the period.

Financial Instruments

The Company did not employ any derivative financial instruments during the period ending December 31, 2006.

Off balance sheet transactions

The Company did not undertake any off-balance sheet transactions during the period ending

December 31, 2006.

4th Quarter

During the 4th quarter, namely the period of three months ending December 31, 2006, the Company continued its solid earnings performance, posting a volume of \$2,692,918. This accomplishment is particularly noteworthy in light of the reduced number of billable days in the month of December. The volume figure represented a gain of \$383,173 over the previous quarter ending September 30, 2006. The cost of services rendered was \$2,656,824 and net earnings reached \$24,877, or \$0.01 per share (basic and diluted).

Controls and Policies Respecting the Disclosure of Information

The President and Chief Executive Officer and Vice-President Finance have, as of December 31, 2006, verified and assured the effectiveness of all disclosure controls and policies as required by Regulation 52-109. They have concluded that, as of December 31, 2006, the controls and policies respecting disclosure of information were reliably and properly conducted and implemented and that a reasonable level of assurance has been provided that all material information respecting the Company and its consolidated subsidiaries has been made known to management.

Internal Controls Over Financial Reporting

Management is responsible for establishing and implementing adequate internal controls respecting disclosure of financial information, in order to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external reporting purposes are in accordance with Canadian GAAP. Thus, as of December 31, 2006, the management of the Company has evaluated the design of the controls with respect to financial reporting as defined by Regulation 52-109, and has concluded based on that evaluation certain aspects of internal controls related to financial reporting were not adequately established, but that these controls have been improved with additional procedures.

Management found that the most significant weakness in internal controls was in the distribution of tasks in its accounting and finance department.. More specifically, in light of the small number of employees in the accounting and finance department, proofs of authorization may be missing, whether for disbursements or entries. This could leave the impression that some tasks were executed without independent oversight and authorization

To reduce this risk, management has relied largely on manual procedures and detection controls, weekly management meetings, monthly review of financial statements by each operating division as well as the quarterly review of financial statements by the auditors of the Company and its audit committee. In addition, management will institute internal control procedures to ensure follow-up of authorizations.

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

Montreal, April 24, 2007

(s) Nicolas Bonnafous

Nicolas Bonnafous, President and Chief Executive Officer

(signed) Christian Dufour

Christian Dufour, Vice-President Finance and Secretary

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>
	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.

Corporate Information

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Canada

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Canada

Jean-Pierre Dubé
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Canada

André Malo
Saint-Bruno-de-Montarville, Quebec
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Annual Report

Additional copies of this report may be obtained upon written request from:

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