SENSIO®

MANAGEMENT DISCUSSION AND ANALYSIS
3RD QUARTER 2011 ENDED FEBRUARY 28, 2011

APRIL 29, 2011

SENSIO TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

This management report explains the operating results and changes in the financial position of SENSIO Technologies Inc. ("SENSIO" or the "Company") for the quarter ended February 28, 2011 as compared to the quarter ended February 28, 2010. It also presents a comparison of the Company's balance sheets as at February 28, 2011 and May 31 of the year 2010. This management report, prepared as at April 29, 2011, is a complement to the unaudited financial statements and the relevant notes for the quarter ended February 28, 2011. It should be read in conjunction with those and with the audited annual financial statements for the fiscal year ended May 31, 2010. The management report provides the reader with a reasonable basis for better understanding SENSIO's activities and the main aspects of its financial results.

The unaudited interim financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the financial statements according to GAAP requires that management use estimates and assumptions which have an impact on the amounts of the assets and liabilities shown on the financial statements, on the disclosure of potential assets and liabilities as at the date of the financial statements and on the amounts of revenues and expenditures reported during the relevant period. These estimates are based on management's experience and on other assumptions they believe are reasonable under the circumstances. The reader is asked to refer to Note 3 to the annual financial statements as at May 31, 2010 for a description of all the accounting policies.

The financial statements and this management report have been reviewed by the audit committee and approved by the Company's board of directors.

The Company's independent auditors have not examined these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants concerning the examination of interim financial statements. Unless otherwise stated, all financial information presented herein is in Canadian dollars.

Forward-Looking Statements

This MD&A includes information that is forward-looking in nature. Such statements concern the future earnings of the Company, its operations, its financial results and its financial situation. Such forward-looking statements can be identified through use of expressions such as "believe", "foresee", "anticipate", "estimate", "expect" and other similar types of terms. Such statements are based on the information available at the time that they were made and on the good faith of management according to information available at this time. We wish to advise the reader that by their very nature forward-looking statements include an element of uncertainty and the actual results may be significantly different from the assumptions and estimations described in the forward-looking statements. The actual results will be affected by numerous factors over which the Company has no influence. Such factors are not limited to the ones described and reported under the heading "Risks and Uncertainties". Consequently, we recommend against placing undue trust in such forward-looking statements since future events and actual results may differ significantly from our forecasts. Unless otherwise stipulated under current law, the Company does not intend to update these statements to take into account new facts or future events and it makes no undertaking to do so.

Description of the Company

Founded in 1999, SENSIO Technologies Inc. (www.sensio.tv) is a pioneer in the 3D industry. Its vision, expertise and state-of-the-art solutions, based on diversified stereoscopic image-processing technologies, have been trusted by some of the biggest names in the broadcasting and consumer electronics sectors, as well as for live 3D events in cinemas, to power numerous industry firsts, initiate new business models and generate immediate revenue with a distinctive 3D offering.

SENSIO enables its clients to deliver the best possible 3D experience for the end-user through a broad portfolio of licensed products, based on quality, content, usability and compatibility. These include its flagship, award-winning technology, SENSIO® Hi-Fi 3D, the premium-quality frame-compatible format.

SENSIO's technologies are the object of patents and intellectual property protection proceedings worldwide. SENSIO is listed on the Toronto TSX Venture Exchange (SIO).

Highlights of the third quarter ended February 28, 2011

- 176.8% increase in SENSIO's revenues in the first nine months of the fiscal year;
- Acquisition of Algolith's intellectual property and know-how, thus enhancing SENSIO's offer of 3D image processing;
- Presentation of NBA All-Star Saturday Night and the NBA All-Star Game on two continents using the SENSIO® 3D Live Network;
- Addition of SENSIO® Autodetect to the array of solutions already offered by SENSIO;
- Presentation of the video-on-demand 3D content library at the Consumer Electronics Show;
- Addition of a decoding patent to the Company's patent portfolio;
- Integration of SENSIO® Hi-Fi 3D technology into the Zoran system-on-chip solution.

Achievements

In the third quarter, SENSIO announced that it had acquired the majority of the assets of Algolith. With this transaction, SENSIO now owns Algolith's intellectual property portfolio – including four issued patents and nine patents pending – the source code and its know-how. The addition of Algolith's technologies, which are 100% compatible with and complementary to SENSIO's, will catalyze the Company's development of its current and future projects and help it expand its range of solutions for the delivery of 3D images.

In the third quarter, the Company also announced that it was issued a patent for its decoding technology. The patent, issued by the U.S. Patent and Trademark Office, covers SENSIO's proprietary decoding method, thus protecting the fidelity of 3D images along the entire delivery chain. The Company has been issued eight patents and has 33 pending around the world in 12 different patent families.

Early in January, the Company took advantage of the Consumer Electronics Show (CES), the biggest trade show of its kind, to launch the new SENSIO® Autodetect technology and a library of 3D content.

With SENSIO® Autodetect technology, consumers who use a product equipped with the technology will be able to by-pass the difficulties involved in configuring input and output formats. This functionality represents another SENSIO solution that enhances the user's experience while contributing to the success of its technological partners. The product will be officially available this summer.

At the CES, SENSIO also announced its solution to the current scarcity of 3D content. The Company has negotiated the rights to a diversified library which includes independent films, documentaries and feature films, which it will encode in SENSIO® Hi-Fi 3D format for distribution on RoxioNow®'s video-on-demand platform. Manufacturers of Internet-connected devices equipped with the SENSIO® Hi-Fi 3D decoder will be able to offer their customers access to this diversified and expanding library of 3D content. Such devices include 3D-connected TVs, starting with Vizio's XVT line-up.

In this quarter, the Company also announced that Zoran, a leader in entertainment and digital imaging solutions, will integrate the SENSIO® Hi-Fi 3D technology into its new system-on-chip solutions for audiovisual products to satisfy customer demand.

Finally, the National Basketball Association (NBA) and SENSIO teamed up to present NBA All-Star Saturday Night and the 60th NBA All-Star Game in Live 3D in movie theatres. This is the second partnership between SENSIO and the NBA, who collaborated on presenting All-Star Saturday Night and the All-Star Game in 2009.

Operating Results

The following table presents some important financial data for the quarter ended February 28, 2011.

Main financial information

	Quarter ended February 28 Unaudited		Nine-month period ended February 28 Unaudited	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Sales	410,651	24,018	1,158,312	418,425
Gross profit	405,626	23,635	1,133,644	277,885
Net loss	1,329,155	1,223,698	2,910,287	2,322,354
Net loss per common share	0.0256	0.0245	0.0563	0.0506

Revenues

For the third quarter of fiscal 2011, the Company posted revenues of $410,651 compared to $24,018 for the corresponding quarter the previous year, an increase of $386,633 or 1,609.8%.

During the quarter, the Company continued the rollout of its SENSIO® Hi-Fi 3D decoding technology in various movie theatres. Revenues in the third quarter were mainly from the sale of licences for the digital movie market (81.9%). As at February 28, 2011, the number of 3D digital movie theatres equipped with SENSIO technology enabling live broadcasting of events in 3D totalled 742, distributed over five continents, making SENSIO the only major worldwide network for the broadcasting of such events. The extent of its existing network therefore makes the Company a logical choice for theatre broadcasting of major world events.

For the nine-month period ended February 28, 2011, the Company's revenues totalled $1,158,312 compared $418,425 one year earlier, an increase of $739,887 or 176.8%. As was the case for the quarter, revenues were generated primarily by the digital movie market ($1,026,184 as at February 28, 2011 versus $373,219 for the corresponding nine-month period).

Gross Profit

The costs of the goods sold include the following: the costs of parts, royalties on sales and overhead, which consists of subcontracting costs and professional services. The gross profit margin, both in dollars and on a percentage basis, can fluctuate due to numerous factors, such as sales volume, royalties and the cost of procuring certain parts.

In the quarter ended February 28, 2011, the Company earned a gross profit of $405,626, or 98.8% of its revenues, compared to $23,635 or 98.4% of its revenues for the previous period. In the three-month period ended February 28, 2011, the Company earned revenue from the use of its solution for live broadcasting of events in 3D. This solution, representing the installation of software, made it possible for SENSIO to maintain a high gross margin.

For the nine-month period ended February 28, 2011, the Company's gross profit amounted to $1,133,644 (97.9% of its revenues) compared to $277,885 (66.4% of its revenues) in the comparative period of the previous year. As was the case for the quarter, the solution sold by SENSIO represents a software installation, which made it possible to significantly increase the gross margin.

Operating Expenses

Selling Expenses

The Company's selling expenses consist of expenses relating to personnel, trade shows, promotion, travel for prospecting efforts, fees paid to strategic development partners, and depreciation on the equipment used to demonstrate the Company's technologies.

For the quarter ended February 28, 2011, the selling expenses totalled $937,794 compared to $719,822 for the corresponding quarter in the previous year, an increase of $217,972 or 30.3%. This increase can be explained by, amongst other things, greater Company presence at the huge Consumer Electronics Show (an increase of $53,581 compared to the same period last year), the addition of sales staff for the Company (an increase of $100,520 compared to February 28, 2010) and the expenses related to marketing efforts (an increase of $122,793 compared to the previous year).

For the nine-month period ended February 28, 2011, the Company's selling expenses amounted to $2,017,424 compared to $1,317,961 one year earlier, an increase of $699,463 or 53.1%. As mentioned above, this increase can be explained by the Company's presence at the Consumer Electronics Show and by the hiring of more staff to develop and support the Company's marketing efforts.

Research and Development Expenses

Research and development expenses primarily consist of salaries, materials required for project development, fees paid by the Company to carry out these projects, and depreciation on the equipment. Research and development expenses are presented net of investment tax credits.

For the quarter ended February 28, 2011, the Company's research and development expenses totalled $375,734 compared to $133,347 for the same quarter the previous year, an increase of $242,387 or 181.8%. The difference is primarily due to a higher payroll for the R&D department following the acquisition of Algolith's know-how and expenses related to the development of new technologies. The Company has continued to develop new products during the quarter, which will be marketed in the coming quarters.

For the nine-month period ended February 28, 2011, the Company's research and development expenses totalled $754,334 compared to $339,849 in the same period the previous year, an increase of $414,485 or 122%. As mentioned above, the increase is primarily due to a higher payroll for the R&D department following the acquisition of Algolith's know-how and expenses related to the development of new technologies.

Administrative Expenses
Administrative expenses essentially consist of expenses for administrative personnel, professional fees, expenses related to administering a publicly listed company, and depreciation.

Administrative expenses totalled $401,190 for the third quarter ended February 28, 2011 compared to $377,807 for the comparative quarter in the previous year, an increase of $23,383 or 6.2%. This increase is due to higher costs for administering a public company, higher rent payable by the Company further to an expansion of its premises and an increase in depreciation expense.

For the nine-month period ended February 28, 2011, administrative expenses totalled $1,153,231 compared to $875,032 for the same period one year earlier, an increase of $278,199 or 31.8%. The difference in the administrative expenses for the nine-month period can be explained by an increase in non-recurring professional fees paid further to the acquisition of the assets of Algolith, higher costs for administering a public company, higher rent payable by the Company further to an expansion of its premises and an increase in depreciation expense.

Financial Expenses
The Company's financial expenses totalled $8,738 in the third quarter of the current year, compared to $6,597 in the same quarter the previous year, an increase of $2,141 or 32.5%. The variance can be explained by an increase in the foreign exchange loss.

For the nine-month period ended February 28, 2011, the Company's financial expenses totalled $40,140 compared to $28,698 for the same period ended February 28, 2010, an increase of $11,442 or 39.9%. As was the case for the quarter, the variance can be explained by, amongst other things, an increase in the foreign exchange loss, which was $36,448 at the end of the quarter versus $14,174 for the comparative period in 2010.

Interest Income
The Company posted interest income of $23,438 for the quarter ended February 28, 2011 compared to $13,498 for the period ended February 28, 2010, an increase of $9,940 or 73.6%. The increase is due to the fact that the yield on the term deposit is higher than in the corresponding period the previous year.

For the nine-month period ended February 28, 2011, interest income totalled $85,856 compared to $25,103 one year earlier. This increase of $60,753, or 242%, can be explained by the fact that the average balance of the term deposit and its yield were higher than in the comparative period the previous year.

Net Loss
SENSIO's net loss for the quarter ended February 28, 2011 came to $1,329,155 ($0.0256 per share) compared to $1,223,698 ($0.0245 per share) as at February 28, 2010. This increase can be explained by the factors stated previously, which are intended to position

SENSIO as a major industry player, offering a vast array of technologies to its potential clients in the coming years.

For the nine-month period ended February 28, 2011, the Company posted a net loss of $2,910,287 ($0.0563 per share) compared to $2,322,354 ($0.0506 per share) as at February 28, 2010. This increase is essentially due to the same factors as set out in the preceding paragraph.

Quarterly Information

The results for each of our last eight quarters are presented in the following table. The information was prepared in the same way as our audited financial statements for the fiscal year ended May 31, 2010. Our unaudited quarterly financial statements were not examined by our external auditors.

	2011 Fiscal year			2010 Fiscal year				2009 Fiscal year
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Statement of results								
Sales	410,651	116,114	631,547	274,942	24,018	184,247	210,161	247,193
Gross profit	405,626	103,378	624,640	258,402	23,635	134,471	119,459	151,794
Net loss and fully diluted results	(1,329,155)	(1,172,978)	(408,154)	(852,100)	(1,223,698)	(645,194)	(453,462)	(632,092)
Net loss per common share	(0.0256)	(0.0227)	(0.0079)	(0.0165)	(0.0245)	(0.0140)	(0.0108)	(0.0158)
Weighted average number of shares outstanding	51,991,054	51,595,949	51,595,949	51,555,216	49,937,819	45,941,992	42,041,648	40,063,709

Cash Flow

As at February 28, 2011, the Company had $7,246,429 in the form of cash and term deposits. The cash and cash equivalents consist of bank balances. The temporary investment consists of a term deposit bearing interest at the rate of 1.27%.

Operating Activities

During the quarter ended February 28, 2011, an amount of $1,106,577 was allocated for the Company's operating activities compared to $1,037,769 for the comparative quarter in the previous fiscal year, an increase of $68,808 or 6.6%.

For the nine-month period ended February 28, 2011, cash flow from operating activities totalled $2,430,806 compared to $2,148,903 one year earlier, an increase of $281,903 or 13.1%. The increase in the funds utilized is essentially due to the increase in the net loss ($587,933), the increase in the non-monetary expenses related to depreciation and the granting of stock options to the personnel of the Company ($290,941).

Investment Activities

Cash flow relating to investment activities generated liquidity of $988,458 in the third quarter of fiscal 2011. In the comparative quarter of the previous year, the same cash flow had absorbed the sum of $8,675,154. The variance can be explained by dispositions of the short-term investment totalling $1,700,390 during the quarter compared to a $8,633,435 investment in a term deposit in the corresponding quarter.

The Company also paid out $586,000 to purchase the assets of Algolith in order to expand its array of solutions for the 3D market. During the third quarter, the Company also utilized $125,932 to purchase tangible and intangible assets compared to $41,719 in the quarter ended February 28, 2010.

For the nine-month period ended February 28, 2011, cash flow for investment activities generated $2,390,836, whereas in the corresponding nine-month period one year earlier, investment activities had absorbed an amount of $10,785,263. During this period, the Company invested $3,535,390 compared to having made a total disposition of $10,685,846 in the comparative nine-month period one year earlier. The Company also invested a total of $558,554 in tangible and intangible assets in the first nine months of fiscal 2011, compared to $99,417 one year earlier.

Financing Activities
Cash flow related to the Company's financing activities generated $332,341 in the nine-month period ended February 28, 2011, compared to $9,738,620 one year earlier. This variance is primarily attributable to the closing of a bought deal private placement in December 2009, whereas the amounts received in 2011 were further to the exercise of securities convertible into shares of the Company.

In the nine-month period ended February 28, 2011, financing activities generated liquidity of $252,141, whereas one year earlier the same activities had generated liquidity of $12,918,779.

Financial Situation

Assets
As at February 28, 2011, SENSIO had total assets of $10,018,845 compared to $11,931,358 as at May 31, 2010.

At the end of the third quarter of fiscal 2011, SENSIO had $7,246,429 in cash and term deposits compared to $10,569,648 as at May 31, 2010. This $3,323,219 decrease in liquidity in the first nine months of the year is due to the execution of the Company's strategic plan.

The Company's receivables varied during the quarter, rising from $436,315 as at May 31, 2010 to $689,034 as at February 28, 2011 due to, amongst other things, an increase in R&D tax credits ($107,057) and the Company's taxes receivable ($68,462).

In order to be in a position to execute its strategy for live 3D events, the Company paid certain expenses, which increased its prepaid expenses by $250,349, from $32,919 as at May 31, 2010 to $283,268 as at February 28, 2011.

Liabilities
As at February 28, 2011, SENSIO's total liabilities amounted to $996,839 compared to a balance of $661,534 nine months earlier, an increase of $335,305, which is attributable to the increase in supplier accounts and expenses payable and the tenant inducement further to the expansion of the Company's premises.

Shareholders' Equity
As at February 28, 2011, the shareholders' equity in the Company stood at $9,022,006 compared to $11,269,824 as at May 31, 2010.

As at the date of filing of this management report, the Company had 52,395,297 shares outstanding.

Significant Accounting Policies

The Company prepares its unaudited financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as of the date of the quarterly financial statements, as well as the amounts of revenues and expenses for the relevant periods. The elements in the financial statements that require more use of estimates include the provision for bad debt, the provision for the devaluation of inventories, the provision for the receivable research and development tax credit, capital assets and intangible assets. Actual results may differ from these estimates, but according to management they do not result in material changes versus the results being presented. The Company's accounting policies are presented in Note 3 to the audited financial statements for its fiscal year ended May 31, 2010.

Revenue Recognition
Revenues are recognized when there is an agreement between the parties, the amount of the transaction is determined or can be determined, delivery has taken place and collection is reasonably assured.

Amounts billed or received that do not meet the revenue recognition criteria are recorded as deferred revenue.

Interest income is accounted for based on the number of days the investment is held during the fiscal year and is calculated based on the effective interest rate.

Research and Development Tax Credits
Research and development tax credits are recorded net of research and development expenses for the fiscal years in which said expenses are incurred, provided that the Company is reasonably certain that such credits will be awarded. Research and development tax credits must be analyzed and approved by tax authorities, meaning that final amounts may differ from recorded amounts.

Stock Option Plan
The Company offers a stock option plan for which it applies a fair value method to record stock option distribution to wage and non-wage employees. The fair value of stock options offered to wage earners is set on the date of distribution, through an option analysis model, and the compensation expense is based on the option acquisition period. Any consideration paid by wage or non-wage employees upon the exercise of options, as well as contribution surplus related to said options, will be included in the share capital account.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board of Canada confirmed that Canadian GAAP will be entirely aligned with IFRSs published by the International Accounting Standards Board (IASB). The Company will have to convert and present its interim and annual financial statements for the 2012 year in accordance with IFRSs and provide comparative statements in accordance with IFRSs for the 2011 year.

The four-phase conversion process, managed by the controller, is detailed as follows:

Phase 1 - Diagnostic (including training)

Phase 2 - Valuation

Phase 3 - Solution

Phase 4 – Implementation

The Company is currently in Phase 4 – Implementation of its conversion plan and is preparing an opening statement of financial position according to IFRSs.
In light of the work performed to date, that is, a detailed analysis of the standards, conversion to IFRS standards would only affect the presentation of financial information. Except for the difference mentioned below, no significant impact was identified on the Company's previous recognition of assets, liabilities and results, nor on its commercial activities, information systems, internal controls over financial reporting, disclosure controls and procedures and its other business processes.

During the valuation phase, the only significant difference detected by the Company was the initial valuation of stock options granted to service providers. The process of valuing these options in accordance with IFRSs is currently under way. As for other types of assets and liabilities, the Company opted for accounting policies that are similar to those used in the financial statements prepared in accordance with Canadian GAAP. For example, the cost model was retained to measure property, plant and equipment and intangible assets.

The Company should be able to comply with guidance from the *Autorités des marchés financiers* and the Canadian Institute of Chartered Accountants by these organizations' prescribed application dates.

Controls and Procedures for Reporting Information

The CEO, the CFO and other management team members have developed controls and procedures for the presentation of information to ensure that important financial information about the Company will be appropriately recorded, processed, summarized and reported to the Company's audit committee and board of directors. The CEO and the CFO assessed the effectiveness of the communication controls and procedures for financial reporting as at the end of the 2010 fiscal year. Further to this assessment, they concluded that the controls and procedures in place are effective, and that important information pertaining to the management reports (MD&As), the quarterly financial statements, the year-end financial statements and other documents that must be filed, provide reasonable assurance that all of the Company's material information is being reported in an efficient manner.

As part of the evaluation process for the development of communication controls and procedures for financial reporting by the CEO and CFO, it was established that stricter management supervision of controls and procedures should compensate for the deficiency related to the segregation of duties, a situation which can be attributed to the size of the Company.

Risks and Uncertainties

The Company is involved in an industry that is subject to various risks and uncertainties. The risks and uncertainties listed below are not the only ones to which the Company is subject. Additional risks and uncertainties of which the Company is not aware at the moment or to which it does not currently assign importance could also be harmful to its performance. The materialization of any of the following risks, without limitation, could harm the Company's activities and have significant adverse impacts on its financial position and operating results. In that case, the Company's stock price could be affected.

Future Capital Requirements

The Company has posted operating losses in recent fiscal years. The ability of the Company to discharge its obligations and finance its future activities depends on its ability to achieve a level of profitability or support from its shareholders and its creditors. Nothing guarantees that the Company will be able to attract the capital required to continue to develop and market its technologies. In the event that the Company does not manage to find additional capital, this could have adverse impacts on its activities, revenues, financial position and operating results.

Inability to Implement the Established Strategy

The Company's growth is dependent on its ability to implement the established strategy. Nothing guarantees that management will succeed in implementing it successfully.

Uncertain Adoption of the Experience by the Consumer Market

Despite the recent success of 3D movies in theatres, consumers could decide not to bring that reality home. Nothing guarantees that the products integrating the Company's technology will be adopted by consumers. In the event consumers do not buy those products, there could be an adverse impact on the Company's activities, revenues, financial position and operating results.

Competition
The Company is evolving in a relatively new and competitive field. New players, new alliances and new technological solutions could appear. However, nothing can guarantee how quickly customers will adopt those products or how quickly the competition will develop similar products.

Economic Dependency
Two clients represented 76.4% of the Company's sales for the third quarter ended February 28, 2011. The Company believes that the level of dependency will decrease as its sales grow. However, if these clients should reduce, delay or discontinue the current or expected purchases, this could have adverse impacts on the Company's activities, revenues, financial position and operating results.

Economic Situation
Unfavourable changes in the world economy could have an adverse impact on the Company's financial results. The situation could influence the purchase of electronic products by consumers and directly affect the Company's revenue.

Exchange Risk
Because the Company makes most of its sales in US Dollars and because it incurs the majority of its expenses in Canadian Dollars, its revenues and profitability are influenced by the fluctuation of Canadian currency versus other currencies, in particular the US Dollar. The Company's ability to adjust its selling prices to take into account fluctuations in exchange rates is limited. At the moment, the Company does not hedge its currency risk.

Scope and Validity of Intellectual Property
The Company's patents could be incomplete, invalid, disputed or refused. It is possible that the patents applied for will not be granted or not provide the desired protection. This could result in legal actions. Such litigation could entail significant expense, without any guarantee as to a positive outcome. The loss of any intellectual property could have adverse effects on the Company's activities and financial position.

Inability to Support the Defence of its Intellectual Property
The Company could eventually have to assert the legitimacy of its intellectual property when dealing with a prospective customer. Depending on that customer's stature, it could decide to disregard the Company's patent and contravene it. The Company's ability to defend its rights depends on having the funds needed for any such defence or forming an alliance with a partner having this expertise.

Risk of Infringement
The Company's success depends on its ability to sell technologies that do not infringe other intellectual property rights. Other parties could own, or claim to own, intellectual

property similar to that developed by the Company. The Company cannot determine the scope of such patents or those of a third party with certainty. If the Company were to infringe a patent belonging to a third party, there could be a material impact on its future results.

Uncertainty as to the Ability to Have the Company's Technology Recognized as an Industry Standard

Various standardization bodies for the industry in which the Company is active handle the determination of standards to ensure compatibility for the transfer of 3D content between the numerous electronic products in the distribution chain. In order to become a standard, the Company has to convince a multitude of parties around the world. If the Company fails to do this its future results could be materially affected.

Inability to Integrate the Company's Technology in the Electronic Chips of Semi-Conductor Companies

The Company's business model is based on generating revenue from the sale of licences for decoders integrated in electronic products destined for the consumer market. Under this type of business model, a semi-conductor company must integrate the Company's technology in an electronic chip. That electronic chip will then be sold to the manufacturers of electronic products destined for the consumer market. The Company does not manufacture electronic chips. The revenue generated by the Company therefore depends on semi-conductor companies' deciding to integrate the Company's technology and selling that chip to the manufacturers of electronic consumer products. If those companies were to decide not to integrate the Company's technology or not to sell the electronic chip integrating that technology, the Company's future results could be materially affected.

Computer system Infrastructure

Management has identified a potential risk of business interruption related to the lack of an active fire protection system in central computer system room.

Current practice has all critical data copied off-site to minimize any impact on the business. Contingency planning is under way as part of a more comprehensive risk mitigation strategy.

The Loss of Management Members Could Have a Material Impact on the Implementation of the Company's Strategic Plan

The success of the Company's business plan depends significantly on the work done by the management team. This team consists of a limited number of individuals. The Company does not carry life insurance on those individuals. The loss of a member of management could hinder the execution of the Company's strategic plan, which could have a material impact on its operations.

Management believes it monitors these risks very closely. It is constantly watching each of these elements and takes the necessary action to mitigate its risks.

More information about the Company can be obtained on the SEDAR website (www.sedar.com).
Montreal, April 29, 2011