



**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED APRIL 30, 2008**

JULY 29, 2008

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ANNUAL INFORMATION FORM OF TECSYS INC.

In this Annual Information Form, "TECSYS" or the "Corporation" represents TECSYS Inc. Unless the context otherwise requires, reference to "TECSYS" or the "Corporation" includes the subsidiaries of TECSYS Inc.

Unless otherwise noted, all dollar references in this Annual Information Form are expressed in U.S. dollars and in accordance with generally accepted accounting principles in Canada.

1. INCORPORATION AND SUBSIDIARIES

(A) INCORPORATION

TECSYS was incorporated under the *Canada Business Corporations Act* on April 28, 1983. The Articles of Incorporation of TECSYS were amended on May 30, 1983 to change the name of the Corporation from 123293 Canada Inc. to TECSYS Inc.; on April 28, 1988 to create new classes of shares and add "private company" restrictions; on October 3, 1995 to subdivide the outstanding Class "A" shares; on December 12, 1996 to further subdivide the outstanding Class "A" shares; on March 18, 1998 to create a new class of shares; and on June 18, 1998, in connection with the initial public offering of TECSYS common shares, to subdivide all the issued and outstanding Class "A" shares on a 2 for 1 basis, to create an unlimited number of common shares and Class A preferred shares issuable in series, to change all the issued and outstanding Class "A" shares into common shares on a 1 for 1 basis, to cancel all the authorized and unissued shares other than the common shares, to change the minimum number of directors from 1 to 3, to remove the "private company" restrictions on the transfer and issue of shares and the number of shareholders and to authorize the appointment of directors in compliance with Section 106(8) of the *Canada Business Corporations Act*.

The head and registered office of the Corporation is located at 87 Prince Street, 5th Floor, Montréal, Québec, Canada, H3C 2M7.

(B) SUBSIDIARIES

TECSYS owns all of the issued and outstanding shares of TECSYS U.S. Inc., a corporation incorporated under the laws of the State of Ohio, which owns all of the issued and outstanding shares of TECSYS CDI, Inc. (formerly Concepts Dynamic, Inc.), a corporation incorporated under the laws of the State of Indiana. TECSYS owns 51% of the issued and outstanding shares of TECSYS Europe Limited, a corporation incorporated under the laws of England.

2. GENERAL DEVELOPMENT OF THE BUSINESS

(A) OVERVIEW

TECSYS is a market leading supply chain management software provider that delivers enterprise distribution, warehouse and transportation logistics software solutions. The Corporation specializes in the development, marketing, implementation and support of supply chain execution systems for mid-size and Fortune 1000 corporations in healthcare, heavy equipment, third-party logistics, and general high-volume wholesale distribution industries. TECSYS' solutions empower customers to optimize their supply chain with best practice distribution processes that drive cost out of their logistics operations and enable them to deliver improved service to their clients. TECSYS' products and services include enterprise software, hardware, consulting and support services.

In July 1998, TECSYS completed an initial public offering and listed its common shares on the Montréal and Toronto Stock Exchanges. TECSYS' common shares currently trade on the Toronto Stock Exchange ("TSX") under the ticker symbol "TCS".

(B) DEVELOPMENT OF BUSINESS DURING MOST RECENT THREE YEARS

In May 2005, TECSYS announced that Brault and Martineau Inc., a leading Québec furniture and appliance distributor, has chosen the TECSYS EliteSeries warehouse management system for iSeries to automate its 600,000 square foot distribution center in Québec.

In December 2005, TECSYS acquired a 27% interest in TECSYS Latin America Inc. (TLA), to become its second largest shareholder. TLA, through its offices in Venezuela, Colombia and Chile, serves customers in thirteen countries in Latin America and the Caribbean and is the exclusive reseller of TECSYS' supply chain management software and other solutions for the region.

TECSYS renewed its banking agreement with the National Bank of Canada ("NBC") in January 2006 and subsequently in May 2007 and February 2008 under substantially the same terms, conditions and obligations. Under the February 2008 renewal, TECSYS has to maintain a working capital ratio of 1:1. The agreement provides for two facilities: a currency risk facility for a principal amount not exceeding \$743,000 as well as a facility under which TECSYS can issue letters of guarantee up to a maximum amount of \$1,486,000. These facilities are secured by a first ranking general hypothec of \$1,981,000 on all present and future moveable assets.

In February 2006, TECSYS announced the upcoming release of **EliteSeries** Warehouse Management System for iSeries 4.1. This new release offers a range of advanced functionality that will provide warehouse operations operating on the IBM platform with greater flexibility and power. iSeries 4.1 extends the solution's advanced functionality by offering a browser-based user interface, new queries on key reporting indicators using iTopia (the Corporation's state of the art supply chain visibility application) proof-of-delivery applications, web-based order life cycle tracking and tracing, and a flexible third-party billing component.

Effective May 1, 2006, TECSYS merged its Logistics Management Group and Transportation Management Group into a single group called the Transportation and Logistics Management Group (TLM). The TLM group now provides leading cross-industry enterprise transportation management systems for logistics planning and execution as well as warehouse management solutions and system integration services.

On October 31, 2006, TECSYS announced that Peter Brereton, then President and Co-CEO, was named President and CEO effective November 1, 2006 by the board of directors. David Brereton continued in his position as Executive Chairman of TECSYS Inc. but has no longer served as Co-CEO as of November 1, 2006. The board of directors believes that separating the roles of chairman and CEO will ensure not only better corporate governance for TECSYS but also the continuing streamlining of operations.

On February 13, 2007, TECSYS received a favourable ruling from the Ministère du Revenu du Québec confirming that its common shares are eligible as valid shares for the SME Growth Stock Plan. The common shares of TECSYS have been included on the list of the Autorité des Marchés Financiers (AMF) of corporations eligible for the SME Growth Stock Plan. As a result of being on the AMF list, an individual that has withdrawn shares qualifying under the SME Growth Stock Plan from such plan, can acquire common shares of TECSYS on the secondary market to include them in the SME Growth Stock Plan to replace such withdrawn shares.

On April 4, 2007, TECSYS announced the launching of PointForce Enterprise 6.0, a business application software for small to mid-size distributor businesses. PointForce Enterprise 6.0 is designed to combine powerful product capabilities for the import to retail industry with TECSYS, iTopia and Microsoft's SQL Server database technology. PointForce Enterprise 6.0 and iTopia are designed to provide businesses with real-time visibility and access to relevant information for better decision making and real world competitive advantage.

On September 14, 2007, TECSYS announced that it had approved an important enhancement to the Corporation's software license and maintenance agreement. This enhancement allows new customers licensing TECSYS software to purchase annual maintenance on an optional rather than a mandatory basis. This change provides TECSYS customers with more flexibility and enables TECSYS to recognize license revenue upon conclusion of an agreement and shipment of the software compared to recognizing license revenue ratably over the support period generally over a period of twelve months.

On September 28, 2007, the Corporation entered into a revolving credit facility with NBC providing access to CA\$4,000,000 (\$3,962,000) of credit facilities, or the equivalent thereof in U.S. dollars, by way of floating rate advances, to be used to finance the Corporation's working capital needs.

Floating rate advances in Canadian dollars bear interest at the Canadian prime rate less 1.50% per annum, with interest at the same rate on any amount in arrears. If the Corporation is in default towards NBC, any floating rate advances in Canadian dollars bear interest at the Canadian prime rate plus 1.00% per annum until total repayment thereof.

Similarly, floating rate advances in U.S. dollars bear interest at the U.S. base rate less 1.50% per annum. If the Corporation is in default towards NBC, any floating rate

advances in U.S. dollars bear interest at the U.S. base rate plus 1.00% per annum until total repayment thereof.

These credit facilities are secured by a first-ranking hypothec of CA\$4,800,000 (\$4,755,000) on the third-party ABCP held with NBC.

This credit facility may be reviewed periodically by NBC and shall be payable on demand. Notwithstanding the foregoing, this credit facility shall be reimbursed in its entirety on September 30, 2008 (previously April 30, 2008).

On April 30, 2008, the Corporation had drawn CA\$4,000,000 (\$3,962,000) on this credit facility.

On December 3, 2007, TECSYS announced that it had completed the acquisition of all of the issued and outstanding shares of Streamline Information Systems Limited ("Streamline"), a leading Canadian software supplier in the industrial distribution sector. The total amount paid by TECSYS was approximately CDN\$1.5 million. Streamline was wound up on April 30, 2008 and all of its assets were transferred to TECSYS, which also assumed all of its liabilities.

On February 26, 2008, the board of directors of TECSYS declared a dividend of CDN\$0.02 per common share, payable on March 31, 2008 to shareholders of record on March 10, 2008. The board of directors of TECSYS also announced that it had also approved a dividend policy whereby it intends to declare a cash dividend of CDN\$0.02 per common share to be distributed following the release of its financial results to the first and third quarter of each financial year. (See "Dividend Policy").

On July 16, 2008, the TSX accepted the Corporation's Notice of Intention to Make a Normal Course Issuer Bid (the "Notice"). In the Notice, the Corporation stated its intention to purchase on the open market at prevailing market prices, through the facilities of the TSX, the greater of 25% of the average daily trading volume of the common shares on the TSX for the six months prior to the date of acceptance by the TSX of the Notice (the "ADTV") or 1,000 common shares on any trading day. Once a week, the Corporation may make a block purchase from a person who is not an insider exceeding the daily repurchase limit of (i) common shares having a price of at least CDN \$200,000 (ii) at least 5,000 common shares for at least CDN \$50,000 or (iii) at least 20 board lots of the common shares which total at least 150% of ADTV. The maximum number of common shares which may be purchased under the bid is 650,184 or 5% of the 13,003,684 issued and outstanding common shares on July 4, 2008.

3. DESCRIPTION OF THE BUSINESS

The Supply Chain Execution Market (SCE), the market where TECSYS is a player, is a diverse market. SCE solutions are composed of four groups: Warehouse Management Systems (WMS), Transportation Management Systems (TMS), Collaborative Production Management (CPM) applications, and other real-time supply chain applications.

TECSYS is comprised of four groups: The Enterprise Supply Chain Group (ESC), Small Medium Business Group (SMB), Transportation, Logistics Management Group (TLM) and Industrial Distribution Management Group (IDM).

ESC markets its products and services under the name *EliteSeries*, SMB group under PointForce, TLM group under *EliteSeries* Warehouse Management System for i-Series and Transportation Management System and IDM under Visual Streamline. The ESC group provides a leading supply chain management software suite for the healthcare distribution and high-volume wholesale-to-retail distribution market segments. The SMB group provides a leading supply chain management software suite for the giftware distribution, office products distribution, and high-growth import-to-retail distribution market segments. The TLM group provides a leading cross-industry enterprise transportation management system for logistics planning and execution. The transportation management solution is integrated with the *EliteSeries*, PointForce and the WMS for the IBM i-Series solutions. The TLM group also provides warehouse management solutions and system integration services on the IBM i-Series platform. The IDM group provides enterprise software applications to the industrial distribution sector. The IDM group's product line, Visual Streamline, is a full suite of software that includes: Sales Order Management, Inventory Management, Customer Service Inquiry, Job Costing, Financials, Price Book Integration, e-Commerce, and Executive Management applications. The IDM group's customers are primarily wholesalers spanning multiple industry segments in Canada and the U.S.

TECSYS' e-fulfillment solutions enable clients to capture orders, confirm inventory availability in real time, procure and process orders and returns cost efficiently, and deliver as promised in today's competitive Internet economy. TECSYS' solutions target high-volume brick-and-mortar distributors, business-to-business, dot-coms, manufacturers moving to the Web, service companies and application service providers. They also allow customers to automate their operations and extend their market reach by selling their products through trading exchanges on the Web.

TECSYS' products are used by over 500 customers including: Acetylene Oxygen Company, A. Lassonde Inc., Adidas-Salomon Canada Ltd., AmerisourceBergen Canada, Basic Office Products Ltd., Bayer Inc., Brault & Martineau, Canon U.S.A., Inc., Cinram Ltd., Cleveland Brothers Equipment Co Inc., Colgate-Palmolive Company, Cardinal Health Specialty Pharmaceutical Services, a division of Cardinal Health, Inc., Empire Southwest, Future Electronics Inc., GE Polymers, Cadillac & Commercial, GlaxoSmithKline Inc., Honda Canada Inc., ICI Canada Inc., Nova Scotia Liquor Corporation, Panasonic Canada Inc., Piedmont Healthcare Inc., Pfizer Canada Inc., Robinson Home Products Inc., Rolf C. Hagen Inc., Schenker Canada Ltd., Shoppers Drug Mart, Telent Communications Ltd. The News Group Canada, a division of Great Pacific Enterprises Inc., Triple i Medimedia USA, Inc., Sisters of Mercy Health System, Guinness-UDV Venezuela CA, University Health Network, McKesson HBOC Inc., Entertainment One Ltd., Wagner Equipment Co. and Winnipeg Regional Health Authority. Approximately 44% and 45% of TECSYS' revenues in fiscal 2007 and fiscal 2008, respectively, were derived from the United States market, approximately 54% and 53% from the Canadian market and the remainder from outside of the United States and Canada.

TECSYS' products combine best-of-breed distribution, financial, warehouse, and transportation management functionality to provide accurate information and synchronized

real-time, online information to enable users to make rapid, proactive decisions. TECSYS' product line offers the following modules: Enterprise Performance Management, Order Management, Warehouse Management, Radio Frequency Identification, Electronic Commerce, Procurement, Financial Management and Value-added Services. TECSYS' current products run on an open systems platform and therefore support complementary software modules from third parties that enable TECSYS to offer a broader set of functionalities to address the requirements of more clients.

TECSYS' flagship product is the **EliteSeries**, designed for business-to-business distribution operations. The current version (7.6.2) was released in April, 2008. The 7.6.2 **EliteSeries** product release includes significant functional enhancements to distribution management such as order entry, counter sales and buyer decision tools, as well as financial management such as accounts receivable functions, to further differentiate and strengthen the product line in TECSYS' target markets. It also includes specific functionality to support TECSYS' vertical alignment with the Gas & Welding industry, and continued technological and architectural enhancements to make the product even more robust and to support its growth plans.

(A) TECSYS' PRODUCTS AND SERVICES

(i) Enterprise Supply Chain Group (ESC) - *EliteSeries*

TECSYS' flagship product, the **EliteSeries** is an enterprise distribution management, warehouse management and transportation management system that addresses the needs from the office to the shipping dock and beyond, offering increased efficiency and return on investment to value-added distribution operations. TECSYS **EliteSeries** is available as an integrated enterprise suite or as standalone best-of-breed component solutions. Management believes the **EliteSeries** software has the flexibility to adapt and grow with the specific needs of its users, while adjusting to new and evolving technologies.

The **EliteSeries** takes advantage of the Internet and open systems applications, bar-coding, EDI, multimedia and complementary software solutions. The **EliteSeries** supports multi-company, multi-warehouse, multilingual and multi-currency operations. The **EliteSeries** has been installed in sites processing 400,000 order lines daily. **EliteSeries** 7.6.2, the most recent release, became available in April 2008.

The **EliteSeries** automates and streamlines the distributor's most important functions including: Distribution Management, Warehouse Management, Transportation Management, E-commerce, Enterprise Performance Management and Enterprise Radio Frequency Identification.

The *EliteSeries* Modules

***EliteSeries* Distribution Management System**

TECSYS *EliteSeries* Distribution Management System (DMS) is a market leading integrated distribution software system for mid-market and high-end distribution operations. The software is mature, functionally feature-rich and used in high-volume transaction processing environments. TECSYS Distribution Management System has been widely installed across a wide variety of vertical market segments.

The *EliteSeries* Distribution Management System is comprised of the following integrated modules

Order Management

The *EliteSeries* Order Management System (OMS) is a flexible, high-performance order entry and order processing system that is configurable to fit customers specific business needs. Designed to support high volume distribution operations, OMS is currently managing upwards of 1,000,000 order lines per day. With support for flexible user-defined order types and profiles, OMS has been implemented across a wide variety of vertical distribution industry sectors that have unique industry-specific requirements. In addition, the *EliteSeries* OMS has been implemented as a best-of-breed order processing application that integrates into other ERP and supply chain software systems.

Procurement

The *EliteSeries* Procurement System is a demand planning and replenishment system that automatically generates system-suggested purchase orders for buyer review, maintenance and approval. Unlike most purchasing systems available in the distribution software market, the *EliteSeries* Procurement System uses over 20 sophisticated statistical formulas to forecast demand so that a customer's purchasing agents are equipped to make optimized inventory management decisions. The *EliteSeries* Procurement System also offers non-statistical forecasting methods for simpler purchasing environments.

Inventory Management

The *EliteSeries* Inventory Management System is at the heart of the *EliteSeries* Distribution Management System. The *EliteSeries* Inventory Management is designed to support multi-warehouse distribution networks, multiple methods of inventory costing, item setup and mass maintenance, and light warehousing capabilities for companies that do not require the sophistication of the *EliteSeries* Warehouse Management System across all branches or facilities.

Value-Added Services

The **EliteSeries** Value-Added Services enables distribution operations to expand their capabilities to conduct light manufacturing through work orders and bills of materials, kitting, product repackaging, EDI and customer-specific forms and paperwork, and compliance bar code labelling.

Financial Accounting

TECSYS **EliteSeries** Financial Accounting modules form the backbone of the **EliteSeries** Distribution Management System. The Financial Accounting modules are tightly integrated throughout the entire **EliteSeries** Distribution Management System to support online enterprise-wide computing. For enterprises that wish to retain existing corporate financial accounting systems, the **EliteSeries** Financial Accounting modules are designed to interface to external financial accounting applications. The **EliteSeries Financial Accounting Module** consists of general ledger, accounts payable, accounts receivable, fixed assets and financial statements.

EliteSeries Warehouse Management System

The **EliteSeries** Warehouse Management System (WMS) is a feature-rich and functionally robust packaged software system that manages all distribution center activities. The WMS product was originally designed and developed by one of the leading vendors in the warehouse management software industry. In September 1996, TECSYS acquired the non-exclusive, perpetual and worldwide rights to license (including source code), further develop, and integrate the WMS product as a module within the **EliteSeries** enterprise Distribution Management System.

The **EliteSeries** WMS manages all activities within the warehouse including: Receiving, Putaway, Cross Docking, Replenishment, Order Planning, Picking, Packing, Shipping, Cycle Counting, Freight Management, Labour Management and Warehouse Planning.

The **EliteSeries** Warehouse Management System may be deployed to run the warehouse as a completely system-directed, radio frequency / bar code scanning operation. Similarly, simplistic paper-based operations are supported, as well as a mix of RF and paper. Inbound and Outbound EDI ASN processing, Kitting, Production, Returns Processing and Compliance Labelling are fully integrated to support warehousing operations performing customer-specific value added services.

The fundamental feature that differentiates the **EliteSeries** WMS from other warehouse management software is its tight integration to the Distribution Management System, which includes Order Management, Procurement, Forecasting, Inventory Management, Value-added Services, Financial Accounting, Electronic Commerce and Enterprise Performance Management (all part of the **EliteSeries**). For the distributor, this translates directly into cost savings and more rapid deployment of the complete solution. In addition, the elimination of batch processing and update delays enables synchronized, real-time and accurate

inventory information to be available across the entire enterprise, providing a significant competitive advantage in customer service.

***EliteSeries* Transportation Management System**

The ***EliteSeries*** Transportation Management System (TMS) provides a powerful, full-featured, multi-carrier shipping manifesting system that optimizes carrier selection and shipping for outbound small parcels and LTL freight on a number of major carriers in the United States and Canada. See “TECSYS’ Products and Services - Transportation and Logistics Management Group (TLM)”.

***EliteSeries* E-commerce**

TECSYS ***EliteSeries*** E-commerce module provides the gateway to the World Wide Web and electronic interchange capabilities for the ***EliteSeries*** Distribution and Warehouse Management Systems. With ***EliteSeries*** E-commerce, customers gain 24-hour access to the enterprise sales desk with Web-based order placement and tracking, on-line inventory lookups, and product information retrieval.

The ***EliteSeries*** E-commerce module is fully integrated into the ***EliteSeries*** Order Management System, which provides access to customer-specific credit control, pricing, promotions, inventory availability rules, invoices, and delivery tracking.

EliteSeries E-commerce is designed as a business-to-business electronic commerce application with multiple levels of security preventing outsiders from making changes to the corporate database. Notable features include:

- Order placement using customer-specific pricing, payment terms and inventory allocation rules;
- Order status and shipment tracking with full visibility of Probills, expected and actual shipment dates and expected arrival times;
- Orders are processed through EDI gateway to prevent users from making changes to corporate data;
- Multi-level firewall security using latest technology.

The ***EliteSeries*** E-Commerce includes Electronic Data Interchange, which provides a complete suite of EDI transactions that are seamlessly integrated into the ***EliteSeries*** Distribution and Warehouse Management Systems. The ***EliteSeries*** Electronic Data Interchange enables the distribution enterprise and its trading partners to exchange commercial transactions with high efficiency.

The ***EliteSeries*** Electronic Data Interchange module supports both ANSI X.12 and EDIFACT industry standards. All EDI transactions are mapped to trading partner specifications based on compliance requirements.

***EliteSeries* Enterprise Performance Management**

EliteView, the ***EliteSeries*** Enterprise Performance Management is a business analysis and reporting tool that provides access to the customer's corporate database to support easy information access and executive decision-making. ***EliteView*** offers powerful data extraction capabilities and can analyse data sets of millions of records. ***EliteView*** can be used to generate presentation-quality reports, charts, graphs and spreadsheets. The ***EliteView*** product design is based on IBM Cognos 8 Business Intelligence Tools.¹

EliteView includes a full suite of pre-built views on key benchmark performance indicators specific to the information needs of value added distribution operations. Views include powerful trend analysis on inventory, customer service, warehouse productivity, sales/profits, procurement and financial performance.

***EliteSeries* Enterprise Radio Frequency Identification**

The ***EliteSeries*** Enterprise Radio Frequency Identification (RFID) solution allows distribution-centric organizations to comply with requirements from organizations such as Wal-Mart Stores, Inc. and Target Corporation and to increase warehouse efficiency. RFID technology eliminates the line-of-sight requirements of current barcode systems and automatically provides basic yet critical information about products, such as item number and item location. Within a distribution warehouse, this enables increased order and inventory accuracy.

iTopia for *EliteSeries*

iTopia for ***EliteSeries*** leverages web technologies by transforming data from disparate systems into critical and timely information that can be easily accessed and shared by different business units. Information can be securely published via the ***EliteSeries*** portal or can be communicated between systems through a web service.

While iTopia extensibility allows it to be the core provider of ***EliteSeries*** information, it is also the foundation upon which applications are built to unlock data previously locked in legacy systems. iTopia changes the way a user has access to information and is designed to permit individuals to interact with their systems the way they want to operate, achieving a simple, predictable and homogenous user interface that draws all elements of the supply chain together.

(ii) Transportation and Logistics Management Group

The TLM group includes the WMS for i-series applications and the TMS application.

The TMS is a powerful, full-featured, multi-carrier shipping manifesting system that is designed to optimize carrier selection and shipping for outbound small

¹ POWERPLAY AND IMPROMPTU ARE REGISTERED TRADEMARKS OF COGNOS INCORPORATED.

parcels and LTL freight on a number of major carriers in the United States and Canada.

The TMS permits the automation of many of the time-consuming, labour-intensive tasks in the shipping department and is designed to enable companies to generate savings and efficiencies if they process high volumes of shipping parcels.

Unlike other traditional shipping solutions, the TECSYS TMS solution for an enterprise is installed and maintained on only one computer, regardless of the number of deployed shipping stations. This leading shipping solution enables enterprises to eliminate the time and complexity required for companies to update on-going carrier rules and rate changes, all of which are managed by TECSYS through the Internet.

The TMS is a flexible, reliable and easy-to-maintain part of the shipping process. It accelerates shipment processing by:

- Enabling independent multi-carrier rate and service selection (including special service requirements like COD, dangerous goods, insurance, etc.);
- Optimizing the freight rate for small parcel and LTL shipments;
- Producing small parcel carrier-specific compliant documents (labels, prebills, manifests) and bills of lading for LTL/TL carriers;
- Automatically capturing parcel weights;
- Automatically generating electronic carrier-specific manifests for EDI transmission to the carriers;
- Providing convenient access to and analysis of important shipping information.

WMS for i-Series

WMS for i-Series is Warehouse Management System designed to orchestrate the logistics functions of a modern distribution center, where goods must move from receiving to shipping with a minimum amount of time and cost. In today's world, all of this must be done with 100% accuracy.

WMS for i-Series is designed to manage all activities within the warehouse including: Receiving, Putaway, Cross Docking, Replenishment, Order Planning, Load Building, Pallet Building, Picking, Packing, Kitting, Shipping, Cycle Counting, Returns Management, Quality Control, Freight Management, Labour Management and Warehouse Planning.

The WMS for i-Series system, with over fifteen years of development behind it, is designed to work in harmony with any business system. It has been interfaced

with SSA's, BPCS, Baan, IBM's Mapics, JDEdwards, SAP and other custom written systems. WMS for i-Series is a table driven system and can be tailored to many different distribution centre scenarios. Some of the key modules TLM group provides which integrate to the WMS for i-Series system are:

- Transportation Management System
- E-Commerce
- Key Performance Indicators for Reporting and Analysis
- 3PL – Costing and Billing
- RFID Integration

WMS for i-Series can be deployed to run the warehouse as a completely system-directed, radio frequency / bar code or RFID scanning operation. The system directs the printing of Industry-Compliant Bar Code labels such as MH-10 labels, as well as internal slot labels, licence plate labels, RFID labels and product labels. The system employs Radio Frequency Terminals (RF) on-line to the WMS system. WMS for i-Series supports RF terminals manufactured by all the major Radio Frequency Manufacturers.

Techniques such as licence plates, task interleaving, sophisticated putaway algorithms, item alias, wave picking and freight routing are incorporated into the system. Items that are lot or serial controlled are supported by the system. The system also supports multiple warehouses and multiple slotting schemes, such as fixed, random, or by zone. It allows for multiple items per location and multiple locations per item, including multiple primary picking locations per item.

All the details for each transaction, such as user, date, time and elapsed time, are stored in a history file to allow for performance and sales reporting. This data can also be used in a data warehouse application for sales reporting and management tracking of key performance indicators.

Hardware

TLM group is a single-source solution provider for both the software and the hardware designed to make businesses a success. TLM's hardware expertise is fine-tuned for clients' needs.

Server Hardware

TLM group is an IBM Business Partner, and provides a full suite of value-added hardware, software and services for any business environment. TLM's server offerings include:

- Certified IBM Server Proven Software

- IBM Certified Technicians and Client Support Programs
- eServer Internet Back-up, Archiving and Disaster Recovery
- Managed Network Services

TLM group can provide complete systems and support for the following server products:

- IBM i-Series (AS/400)
- IBM p-Series
- IBM x-Series

Data Collection Hardware and Integration Services

TLM group is a customer-oriented, value added reseller of Wireless LANs and data collection products. The data collection equipment TLM provides and supports includes:

- Mobile Devices (Radio Frequency Wireless Devices)
- Radio Frequency Wireless Backbones and Infrastructure
- Barcode Scanners
- Barcode Printers
- RFID Readers

TLM group brings added value to Tecsys' hardware offerings by providing:

- Un-biased hardware equipment selection
- Proven equipment selection process and implementation methodology
- Service and repair contracts for new and used equipment
- 24/7 WLAN managed network services
- Vendor-managed bar code labels and suppliers

Labels and Media

TLM group's label program is designed to help customers:

- Eliminate downtime
- Re-order quickly and easily with 24 hour stock programs
- Reduce costly inventory
- Simplify administration

Below are some of the products offered by Tecsys to help keep clients' businesses running:

- Direct Thermal and Thermal Transfer Labels
- Custom Pre-Printed Labels
- Custom Warehouse Location Labels
- Asset, Product and Pallet ID Labels
- RFID Labels
- Thermal Transfer Ribbons
- Pallet Wrap and Pallet Bags

(iii) Small Medium Business Group (SMB)

PointForce Enterprise

The corner stone of SMB's products, PointForce Enterprise, is a comprehensive suite of integrated modules geared to enhance distribution management efficiencies. With over 25 modules, PointForce Enterprise is a multi-company, multi-currency and multi-warehouse application developed specifically for wholesalers, importers and distributors which sell to retailers. Optional modules and products are also available to address the needs of today's distributors.

On April 4, 2007, PointForce Enterprise 6.0 was launched. This application is designed to combine powerful product capabilities for the import to retail industry with Tecsys, iTopia and Microsoft's SLQ server database technology. PointForce Enterprise 6.0 tracks the product path from beginning to end with extensive real-time information that provides a variety of capabilities such as:

- Accounting & Financial Management – Financial control with credit management tools, multiple currency capabilities, G/L distribution, drill down commission and royalty tracking and account activity statistics.

- Customer Services – Sales and customer services representatives receive accurate information, allowing them to more effectively manage customer orders and relationships.
- Order Processing – Orders are processed faster, with less manual intervention and greater flexibility to meet customers' needs through features such as: backorder control, credit management, allocations and priorities and innovative pricing schemes that are easy to manage.
- Order Management – Providing the ability to manage order requirements against incoming purchasing receipts, enabling the client to best fulfill orders with minimum effort to ensure ontime and accurate fulfillment.
- Inventory Management – Accurate information, such as historical and demand analysis, costing and allocations and planning and purchasing, is provided in real-time.
- Purchase Order Management – Automated inventory replenishment tools provide the ability to the correct order product at the appropriate time to ensure order fulfillment. Purchased inventory is tracked from point of origin by vessel and containers with multi-currency values at every level to ensure accurate costing. Purchasing history is retained for analysis.

iTopia for *PointForce Enterprise 6.0*

iTopia for *PointForce Enterprise 6.0* leverages web technologies by transforming data from disparate systems into critical and timely information that can be easily accessed and shared by different business units. Information can be securely published via a portal or can be communicated between systems through a web service.

PointForce e-Commerce

PointForce e-Commerce is a fully integrated package for business-to-business e-Commerce. Designed specifically for wholesalers, distributors and importers, PointForce e-Commerce was created from the ground up with the ability to respond and expand as business grows, markets change and the Internet environment matures.

With its powerful and flexible search capabilities and secure on-line ordering, PointForce e-Commerce allows customers to browse and order according to their schedule while displaying customer-specific pricing. Its full integration with PointForce Enterprise enables clients to log-in with a unique user id and password for account-specific access to pricing, inventory and account information. PointForce e-Commerce users can view invoices, review the history of their account, complete and capture orders, display their product offerings and check the status of an order

while providing real-time information. PointForce e-Commerce offers the ability to extend customer self-service to clients 24 hours a day, 7 days a week on the web.

PointForce e-Commerce allows users to:

- Publish products on-line with thumbnails and descriptions;
- Offer flyer pricing, promotions and discounts;
- Offer on-line account management;
- Offer multiple navigation models for fast product look-up and queries;
- Publish pages for a consistent, corporate look;
- Display important company information and policies; and
- Both Business to Business and Business to Customer order processing.

PointForce EDI

PointForce EDI enables the electronic exchange of core business transactions between a PointForce Enterprise user and its trading partners. Offering automated assistance for retail trading partner compliance, PointForce EDI is completely integrated with PointForce Enterprise and is designed to enable users to reduce labour costs and improve fulfillment accuracy.

PointForce EDI is designed to offer the following key benefits to users:

- No manual keying of EDI data;
- Savings in time and costs for EDI processing;
- Greater accuracy of information and diminished errors;
- Verification of EDI information, including prices and codes;
- Cross referencing of supplier, item and UPC codes;
- Automating the population of new code information;
- Improved compliance with customer requirements; and
- Pre-configured mappings to common EDI trading partners.

(iv) ***Industrial Distribution Management Group (IDM)***

IDM provides enterprise software applications to the industrial distribution sector. IDM's product line, Visual Streamline, is a full suite of software that includes: Sales Order Management, Inventory Management, Customer Service Inquiry, Job Costing, Financials, Price Book Integration, e-Commerce, and Executive Management applications. IDM customers are primarily wholesalers spanning multiple industry segments in Canada and the U.S.

(B) THIRD-PARTY SOFTWARE MODULE SUPPORT

TECSYS' *EliteSeries* products run on an open systems platform and therefore support complementary software modules from third parties that enable TECSYS to offer a broader set of functions to address the requirements of clients.

(C) CUSTOMER SERVICE AND SUPPORT

TECSYS complements its product line with customer services, including an online Web-based Helpdesk, that management believes are essential to differentiate TECSYS in the marketplace and, at the same time, are major contributors to TECSYS' revenues and profitability. TECSYS' services include: Consulting Services, Training, Custom Enhancements and Customer Support.

CONSULTING SERVICES

TECSYS' consultants work with clients mainly during project planning and the implementation of TECSYS' products. They have extensive experience organizing and executing the installation of TECSYS' products and in-depth knowledge in distribution operations across a wide range of industries. The professional service consultant's main role is to act as a project manager. The consultant coordinates the project between TECSYS and the customer and provides the continuity and accountability necessary to accomplish a seamless transition to a TECSYS solution.

TRAINING

TECSYS offers training at many different levels. TECSYS aims to transfer its knowledge in a way that best suits the particular business environment. End-user training is designed to accommodate both the scope of systems knowledge required by employees and their level of comfort with new technology. TECSYS also provides application development training that allows in-house developers to maintain and customize the software themselves and provides them with the tools to migrate their customization to new releases as these are delivered.

CUSTOM ENHANCEMENTS

The custom enhancements group is made up of senior systems analysts, database administrators and programmers with substantial experience in the development of feature enhancements specific to a particular customer based on TECSYS' technology and architecture. This group is responsible for carrying out any

new enhancements requested by customers that are not considered a generic feature of the TECSYS product line.

CUSTOMER SUPPORT

Once a system has been implemented, the customer support group is the main user contact at TECSYS. The customer support specialists at the TECSYS Helpdesk respond to customer calls, evaluate customer problems, and answer routine, short-duration installation and usage questions. The specialists are able to access the customer's system, execute sophisticated remote diagnostics, and take corrective measures as needed.

(D) PRODUCT PRICING

The Corporation generates revenue through the licensing of proprietary and third-party products and through providing related information technology services.

PRODUCT

TECSYS' product licenses are generally priced based on the number of modules and the number of concurrent users that will be working on the system as well as by site. However, in the case of an enterprise license, the price is for an unlimited number of users for a particular major release of TECSYS' product line. Typically, the minimum number of users for TECSYS *EliteSeries* system is 32, and the current highest number of users for TECSYS *EliteSeries* by a single customer is over 400 at one major distribution facility. TECSYS PointForce Enterprise is typically sold to clients with requirements as low as 5 users and as high as 160 users.

SERVICES

TECSYS provides the full range of services for the consulting, implementation and ongoing maintenance of its products. These services include consulting services, training, custom enhancements, customer support and hosting services.

TECSYS' services are priced as follows:

- an annual maintenance contract for Helpdesk support and maintenance releases is priced as a percentage of license fees, depending on the services included in the contract;
- Consulting Services including Custom Enhancements, Business Process Evaluation and Re-engineering, Project Management and Training are priced generally on an hourly rate, depending on the type of work that will be performed for the customer and the length of the project.
- TECSYS' Hosting & Managed Services extend the expertise offered by TECSYS' support staff beyond the software application and database. In simple form, the server hardware is housed in a secure

facility and managed and monitored by TECSYS' staff around the clock. Hosting services are priced on a monthly basis, depending on the extent of hardware and software included in the service.

(E) INTELLECTUAL PROPERTY AND OTHER PROPRIETARY RIGHTS

TECSYS relies primarily on a combination of copyright and trade secret laws and license agreements to establish and protect TECSYS' proprietary rights on its products and technology. The source codes for TECSYS' products and technology are protected both as trade secrets and as unpublished copyrighted works.

TECSYS also utilizes certain software technologies and other information that it licenses from third parties on a non-exclusive basis, including software that is integrated with internally developed software and used in TECSYS' products to perform key functions. These third-party license agreements generally require the payment of license fees based on sales of the product in which the technology is used.

Because the software development industry is characterized by rapid technological change, TECSYS' management believes that factors such as the technological and creative skills of its personnel, new product developments, frequent product enhancements, name and brand recognition and reliable product maintenance are more important for establishing and maintaining a technology leadership position than the various legal protective measures for its technology.

(F) DESCRIPTION OF PROPERTIES

TECSYS presently has four offices, as follows:

CANADA

TECSYS' registered and executive offices are located in the leased facility of approximately 51,000 square feet in the Multimedia Center located at 87 Prince Street, Montréal, Québec. The lease was signed on September 28, 1998, became effective March 1, 2000 and will expire on April 30, 2010. About 30% of the superficial area of these premises are currently sub-leased to a third party ending April 30, 2010.

TECSYS leases a facility of approximately 15,800 square feet located at 80 Tiverton Court, Suite 400, Markham, Ontario. The lease was renegotiated and renewed as of December 1st, 2006 and will terminate on November 30, 2011.

TECSYS leases a facility of approximately 1,618 square feet located at 200 Grand River Avenue, Brantford, Ontario. This lease is effective as of December 1, 2007 and will terminate on November 30, 2009.

UNITED STATES

TECSYS' principal sales office is a leased facility of approximately 808 square feet. This facility is located at 1515 Woodfield Road, Suite 330, Schaumburg, Illinois pursuant to a lease effective July 1, 2005, which will terminate on June 30, 2008. This lease has been extended for two months and will now expire on August 31st, 2008.

(G) COMPETITIVE CONDITIONS

The supply chain management and e-fulfillment software industry is highly competitive and fragmented, consisting of many fast-growing and rapidly changing competitors. TECSYS' management believes that its integrated applications, which includes all of the office and warehouse functions for the distribution center, is a unique solution at present, and it is not aware of any competitor that has equivalent integrated functionality and technology to address the high-volume distribution organization. The principal competitive factors affecting the market for TECSYS' products include: supplier competency, product functionality, performance and reliability of technology, depth and experience in distribution and operations, ease of implementation, rapidity of deployment and price.

TECSYS' management believes that TECSYS' integrated product modules and respective features are more advanced than those of its competitors, particularly when it comes to the flexibility, ease of use and depth of functionality of the Order Management, Warehouse Management, Transportation Management, Electronic Commerce and Enterprise Performance Management. TECSYS' large-sized competitors include SAP AG and Oracle Corporation. The software packages of most of these competitors are either manufacturing or financial based and are not designed to perform the sophisticated distribution functionality required by wholesale distributors. The functionality of manufacturing or financial-based packages is not well suited to distribution operations and usually falls short in providing the specific features needed for distributors in the order entry cycle and warehouse management execution process. These packages are also very large, difficult to modify, and expensive and time consuming to implement, which makes them less attractive to the mid-range distribution operations.

At the lower end of the market, Infor Global Solutions, Prophet 21 Inc. (acquired by Activant Solutions Inc.), Manhattan Associates, Inc., Great Plains Software, Inc. and Navision A/S (acquired by Microsoft Corporation), International Business Systems AB (IBS) and Best Software Inc. are the competitors that TECSYS has encountered most often. The lower end of the market is highly fragmented, industry specific and regional in nature.

(H) NET RESEARCH AND DEVELOPMENT

Net research and development expenditures (in thousands of dollars) consist of the following:

YEARS ENDED APRIL 30

	2008 \$000's	2007 \$000's	2006 \$000's	2005 \$000's	2004 \$000's
EXPENDITURES	4,955	4,254	4,457	3,944	3,375
LESS: TAX CREDITS	(1,056)	(292)	(636)	(484)	(619)
LESS: DEFERRED DEVELOPMENT COSTS	(308)	(393)	(259)	—	—
AMORTIZATION OF DEFERRED DEVELOPMENT COST	124	—	—	—	—
TOTAL	3,715	3,569	3,562	3,460	2,756

(I) NUMBER OF EMPLOYEES

As at April 30, 2008, TECSYS had approximately 235 employees.

4. DESCRIPTION OF CAPITAL STRUCTURE**Authorized Capital**

The authorized share capital of TECSYS consists of an unlimited number of common shares and an unlimited number of Class A preferred shares, issuable in series, of which 13,003,684 common shares were issued and outstanding and no Class A preferred shares were issued and outstanding as at June 30, 2008.

Common Shares

Each common share entitles the holder thereof to one vote at meetings of shareholders of the Corporation and to receive dividends if, as and when declared by the board of directors of TECSYS and to participate upon liquidation or winding-up in the distribution of the assets of the Corporation, subject to the rights of holders of any class ranking prior to the common shares.

Class A Preferred Shares

The Class A preferred shares may be issued from time to time in one or more series as may be determined by the board of directors of the Corporation. The Class A preferred shares rank ahead of the common shares with respect to the payment of dividends and return of capital. The Class A preferred shares do not entitle the holder to vote at meetings of shareholders of the Corporation except as required pursuant to applicable law.

5. DIVIDEND POLICY

On February 26, 2008, TECSYS announced that its board of directors declared a dividend of CDN\$0.02 per common share, payable on March 31, 2008 to shareholders of record on March 10, 2008. On the same date, the board of directors of TECSYS also announced that it had approved a dividend policy whereby it intended to declare a cash dividend of CDN\$0.02 per common share to be distributed following the release of its financial results of the first and the third quarter of each financial year.

The decision on whether to declare a dividend is subject to the discretion of the board of directors of TECSYS and applicable law. In determining whether to declare, and the amount of a dividend, the board of directors, among other criteria, takes into account the Corporation's financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

6. MARKET FOR SECURITIES

The common shares of TECSYS are listed under the symbol "TCS" on the TSX. The following table sets forth the market price range, in Canadian dollars, and trading volumes of the common shares on the TSX for each month of the most recently completed financial year:

Fiscal Year ended April 30, 2008	Price Range		Trading Volumes
	High	Low	
May 2007	1.65	1.45	216,402
June 2007	1.60	1.41	72,450
July 2007	1.62	1.31	69,085
August 2007	1.50	1.26	340,771
September 2007	1.60	1.45	64,936
October 2007	1.55	1.25	235,143
November 2007	1.50	1.12	187,223
December 2007	1.65	1.35	395,912
January 2008	1.95	1.21	166,159
February 2008	1.60	1.30	371,324
March 2008	1.89	1.48	458,977
April 2008	2.05	1.62	149,027

7. OFFICERS & DIRECTORS

The following table sets forth, as of April 30, 2008, the name, province or state and country of residence, office with TECSYS and principal occupation of each director and officer of TECSYS, as well as the number of common shares of TECSYS beneficially owned or over which control or direction is exercised by him. Directors are elected until the

next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected by shareholders or appointed by the board of directors.

NAME & MUNICIPALITY OF RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION	OFFICER/DIRECTOR SINCE	NUMBER OF COMMON SHARES HELD
FRANK J. BERGANDI CALIFORNIA, USA	DIRECTOR	BUSINESS CONSULTANT	JUNE 29, 1998	—
BRIAN BOWYER ⁽²⁾⁽³⁾ ONTARIO, CANADA	DIRECTOR	VICE PRESIDENT & GENERAL MANAGER AIRIQ INC.	JULY 11, 2001	6,450
DAVID BRERETON ⁽¹⁾ QUÉBEC, CANADA	EXECUTIVE CHAIRMAN OF THE BOARD	EXECUTIVE CHAIRMAN OF THE BOARD, TECSYS	SEPT. 17, 1997	3,961,088
PETER BRERETON QUÉBEC, CANADA	PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR	PRESIDENT AND CHIEF EXECUTIVE OFFICER, TECSYS	SEPT. 17, 1997	369,671
ANDRÉ DUQUENNE ⁽²⁾⁽³⁾ QUÉBEC, CANADA	DIRECTOR	PRESIDENT, T2IC INC.	SEPT. 17, 1997	—
BERTY HO-WO CHEONG QUÉBEC, CANADA	VICE-PRESIDENT, FINANCE AND ADMINISTRATION AND CHIEF FINANCIAL OFFICER	VICE-PRESIDENT, FINANCE & ADMINISTRATION AND CHIEF FINANCIAL OFFICER, TECSYS	FEB. 2, 1998	6,000
RONALD E. NOTKIN QUÉBEC, CANADA	CORPORATE SECRETARY	PRESIDENT, R.E. NOTKIN & ASSOCIATES INC.	MAY 26, 1998	11,000
VERNON LOBO ⁽²⁾ QUÉBEC, CANADA	DIRECTOR	MANAGING DIRECTOR, MOAIC VENTURE PARTNERS INC.	OCTOBER 17, 2006	67,900
DAVID WAYLAND ⁽³⁾ QUÉBEC, CANADA	DIRECTOR	CORPORATE SECRETARY, MRRM INC.	SEPT. 17, 1997	10,000

(1) David Brereton and his spouse, Kathryn Ensign-Brereton, hold respectively 3,961,088 and 1,196,802 common shares of TECSYS which represent respectively 30.5% and 9.2% of the outstanding common shares as of May 27, 2008.

(2) Member of Compensation Committee.

(3) Member of Audit Committee.

As of June 30, 2008, the directors and executive officers of TECSYS, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 4,432,109 common shares of TECSYS representing 34.1% of the outstanding common shares.

During the past five years, each of the directors and officers of TECSYS have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for:

Frank J. Bergandi who, prior to October 2004, was President and Chief Executive Officer of Actional Corporation, Brian Bowyer who, prior to October 2007 was a supervisory agent at ALTIG International, prior to February 2007 was the President of ProNet Management Inc. and prior to April 2003, was Senior Vice President of Engineering and Operations at Coradiant Inc., André Duquenne who, prior to January 2005, was Vice-President, T²C² Limited Partnership.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation is, as at the date hereof, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (a) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, no director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, except for Brian Bowyer and André Duquenne. Mr. Bowyer has been, since January 2004, a director of a private recreational power sports and services corporation incorporated under the *Business Corporations Act* (Ontario), 1073642 Ontario Inc. Due to insufficient cash flow, 1073642 Ontario Inc. filed for bankruptcy in March 2006. André Duquenne was a director of Bigknowledge Enterprises Inc., a public company incorporated under the *Companies Act* (Québec), the common shares of which were listed on the TSX Venture from June 2005 to November 2005. Bigknowledge Inc. filed for bankruptcy in November 2005.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Audit Committee

General

TECSYS has established an Audit Committee (the “Audit Committee”) comprised of three members: André Duquenne, Brian Bowyer and David Wayland, each of whom is considered “independent” and “financially literate” within the meaning of Multilateral Instrument 52-110 – Audit Committees. David Wayland is the Chairman of the Audit Committee.

Mandate of the Audit Committee

The mandate of the Audit Committee is to assist the board of directors of TECSYS in fulfilling its oversight responsibilities and as such reviews the quality and integrity of TECSYS’ financial reporting, the independence, qualifications and performance of TECSYS’ external auditor, the adequacy of TECSYS’ internal systems of accounting and financial controls, the appropriateness of TECSYS’ accounting policies and compliance with applicable legal and regulatory requirements and internal corporate policies.

The terms of reference for the Audit Committee are attached hereto as Appendix A.

Relevant Education and Experience of the Audit Committee Members

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by TECSYS to prepare its annual and interim financial statements.

Name of Audit Committee Member	Relevant Education and Experience
David Wayland	Mr. Wayland is a Chartered Accountant. As Secretary-Treasurer and Chief Financial Officer of MRRM Inc., Mr. Wayland has acquired significant financial and accounting knowledge related to the preparation, auditing, analysis and evaluation of financial statements.
André Duquenne	Mr. Duquenne holds a Masters in Public Administration. Mr. Duquenne has also completed a securities course with the Autorité des marchés financiers as well as a business administration course with the Université du Québec. Currently, Mr. Duquenne is a Director of D-box Technologies Inc. and H2O Innovation (2000) Inc., both of which are public companies whose common shares are listed on the TSX Venture Exchange. As former Chairman of the Audit Committees of both Cognicase Inc. and Positron Fiber Systems Corporation, Mr. Duquenne has acquired significant financial knowledge and experience related to the preparation, auditing, review and analysis of financial statements.
Brian Bowyer	Mr. Bowyer has acquired significant experience in the preparation and analysis of financial statements as an enterprise director and a member of the senior executive team of AlliedSignal Inc. and as Product Line Manager of Control Data Corporation. Also, as the executive officer of ProNet Management Inc. who was responsible for the preparation of ProNet Management Inc.'s financial statements and those of its subsidiaries, Mr. Bowyer actively supervised persons engaged in preparing, auditing, analysing or evaluating financial statements. Mr. Bowyer holds a Bachelor of Science from the University of Bath, England.

External Auditor Service Fees

The following table shows fees paid to KPMG LLP in fiscal year 2007 and 2008 in Canadian dollars respectively for services provided to TECSYS and its subsidiaries:

	YEAR ENDED APRIL 30	
	2008	2007
Audit Fees	160,000	210,190
Audit-Related Fees	23,452	Ø
Tax Fees	34,154	Ø
Total	217,606	210,190

Audit Fees

These fees include professional services rendered by the external auditors for statutory audits of the annual financial statements.

Audit-Related Fees

These fees include professional services that reasonably relate to the performance of the audit or review of TECSYS' financial statements, including translation, consultations and advice regarding financial accounting and reporting standards on interim financial statements and responding to an inquiry from the Québec Autorité des marchés financiers.

Tax Fees

These fees include professional services for tax compliance, tax advice and tax planning.

Policies and Procedures for the Engagement of Audit and Non-Audit Services

The Audit Committee has adopted an Audit Committee Charter, which outlines policies and procedures for the engagement of audit and non-audit services. Under these policies and procedures, all audit and non-audit services to be provided by TECSYS' external auditor (the "Auditors") must be pre-approved by the Audit Committee. A pre-approved range of services to be provided by the external auditors has been established in the policy.

If an engagement of the Auditors for a particular service that is not covered under the range of pre-approved services is contemplated, pre-approval by the Audit Committee must be received for the engagement to proceed.

Similarly, in the case of proposed engagements of the Auditors involving any of the services covered under the pre-approved range of services where the fees for any such engagement are expected to exceed CDN\$5,000, specific pre-approval must be obtained from the Audit Committee. In respect of any other pre-approved services to be provided by the Auditors, the Chairman of the Audit Committee shall be notified expeditiously of such services commenced by the Auditors.

8. LEGAL PROCEEDINGS

In the 2002 fiscal year, Mattingly Foods Inc., a customer of TECSYS, instituted an action against TECSYS in the Court of Common Pleas of Muskingum County, Ohio claiming damages in the amount of \$3,200,000 for breach of contract and implied warranties, misrepresentation, unfair and deceptive consumer sales practices and unjust enrichment. TECSYS believes the claim is unfounded and has vigorously contested the lawsuit. A trial date has not yet been set.

In June 2005, a former lobbying consulting group instituted a lawsuit against the Corporation claiming commissions on tax credits received and receivable by the Corporation through to September 2008 pursuant to a lobbying services contract executed between the two parties. The Corporation has not paid such commissions since 2002 and the enactment of the Lobbying Act which rendered such lobbying activities that were taking place as of June 13, 2002 illegal. The lobbying consulting group contends that the lobbying services were rendered prior to the enactment of the law and that the law cannot have the retroactive effect of rendering illegal acts that were performed prior to its enactment. The Corporation contests the allegations and contends that the payment of the commission ensuing from the lobbying contract is not permitted since the Lobbying Act came into force. The commissions ensuing from the lobbying contract executed prior to the enactment of the law were resolved by arbitration. The discovery process is still at an early stage and the proper assessment of this claim cannot be determined at this time. A trial date has not been set.

9. MATERIAL CONTRACTS

The following material agreements were entered into by TECSYS since April 30, 2007 or are required to be disclosed pursuant to recent amendments to applicable securities laws:

- The revolving credit facilities agreement entered into with NBC more fully described in Section 2(B);
- The Share Purchase Agreement of Streamline Information Systems, such transaction being more fully described in Section 2(B); and
- The Corporation entered into a licensing agreement with Four J's Development Tools Inc., effective February 1, 2004 under which the Corporation licenses software which allows for the compiling of the software applications sold by TECSYS. Under the agreement, TECSYS pays royalties calculated at 1.25% of revenue of the ESC business unit, excluding reimbursable expenses and hardware sales. The agreement is automatically renewed for consecutive one year terms and may be terminated at any time by either party by providing the other with six months notice. The Corporation has incurred royalty fees relating to the agreement of \$233,000 in fiscal 2008 in comparison to \$178,000 for the previous fiscal year.

10. TRANSFER AGENT AND REGISTRAR

TECSYS' transfer agent and registrar is Computershare Investor Services Inc. ("Computershare"). The register of transfers of the common shares of TECSYS maintained by Computershare is located at its offices in Montréal, Québec.

11. INTEREST OF EXPERTS

The Corporation's auditors are KPMG LLP, Chartered Accountants, who have prepared an independent auditors' report dated July 7, 2008 in respect of the Corporation's consolidated financial statements with accompanying notes as at April 30, 2008, has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Québec.

KPMG LLP is the only person, company or partnership which is named as having prepared or certified a statement, report or valuation described, included or referred to in a filing made by the Corporation during or relating to the Corporation's most recently completed financial year and whose profession gives authority to the statement, report or valuation made.

12. RISK FACTORS

Special note regarding forward-looking statements

Certain statements contained under the captions "General Development of the Business", "Description of the Business", "Selected Consolidated Financial Information" and "Risk-Factors" and elsewhere in this Annual Information Form constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "anticipate", "believe", "expect" and similar expressions, as they relate to TECSYS or its management, are intended to identify forward-looking statements. Such statements reflect TECSYS' current views with respect to future events, are based on information currently available to TECSYS and are subject to certain risks, uncertainties and assumptions, including those discussed above. Many factors could cause TECSYS' actual results, performance or achievements to differ materially from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. These factors should be considered carefully, and prospective investors should not place undue reliance on the forward-looking statements. These forward-looking statements are made as of the date of this Annual Information Form, and TECSYS does not intend, and does not assume any obligation, to update or revise these forward-looking statements.

In addition to the other information in this Annual Information Form, the following risk factors should be carefully considered when evaluating an investment in TECSYS' common shares:

History of Losses; Uncertainty of Future Operating Results

The Corporation incurred a net profit of \$1.3 million in fiscal 2008 but incurred losses in fiscal 2007, 2006 and 2005. The Corporation has continued to adjust its operating model in view of achieving renewed profitability. However, there can be no assurance that the Corporation will achieve or sustain profitability in the future. As of April 30, 2008, the Corporation had retained earnings of \$1.0 million. The limited operating history of the Corporation as a public company and its dependence on a market characterized by rapid technological change make the prediction of future results of operations difficult or impossible. There can be no assurance that the Corporation can generate substantial revenue growth on a quarterly or annual basis, or that any revenue growth that is achieved can be sustained. Revenue growth the Corporation has achieved or may achieve may not be indicative of future operating results. In addition, the Corporation may increase its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities and expand its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Corporation's business, results of operations and financial condition would be materially adversely affected.

Fluctuations in Quarterly Results

The Corporation's quarterly operating results have in the past and, will in the future, fluctuate significantly, depending on factors such as the demand for the Corporation's products, the size and timing of orders, the number, timing and significance of new product announcements by the Corporation and its competitors, the ability of the Corporation to develop, introduce, and market new and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others.

In particular, the Corporation's quarterly results are affected by the timing of new releases of its products and upgrades. The Corporation's operating expenses are based on anticipated revenue levels in the short term and are relatively fixed and incurred throughout the quarter. As a result, if the revenues are not realized in the expected quarter, the Corporation's operating results could be materially adversely affected. Quarterly results in the future will be influenced by these or other factors, including possible delays in the shipment of new products and purchasing delays of current products as customers anticipate new product releases. Accordingly, there will be significant variations in the Corporation's quarterly operating results.

Lengthy Sales and Implementation Cycle

The sale and implementation of the Corporation's products generally involves a significant commitment of resources by prospective customers. As a result, the Corporation's sales process is often subject to delays associated with lengthy approval processes attendant to significant capital expenditures. For these and other reasons, the sales cycle associated with the licensing of the Corporation's products varies substantially from customer to customer and typically lasts between six and twelve months. During this time, the Corporation may devote significant resources to a prospective customer, including

costs associated with multiple site visits, product demonstrations and feasibility studies, and experience a number of significant delays over which it has no control. In addition, following license sales, the implementation period may involve six to twelve months for consulting services, customer training and integration with the customer's other existing systems.

Product Development and Technological Change

The software industry is characterized by rapid technological change and frequent new product introductions. Accordingly, the Corporation believes that its future success depends upon its ability to enhance current products or develop and introduce new products that enhance performance and functionality at competitive prices. The Corporation's inability, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on its business, results of operations and financial condition.

The ability of the Corporation to compete successfully will depend in large measure on its ability to maintain a technically competent research and development staff and adapt to technological changes and advances in the industry, including providing for the continued compatibility of its software products with evolving computer hardware and software platforms and operating environments. There can be no assurance that the Corporation will be successful in these efforts.

Competition

The Corporation competes in many cases against companies with more established and larger sales and marketing organizations, larger technical staff, and significantly greater financial resources. As the market for the Corporation's products continues to develop, additional competitors may enter the market and competition may intensify. Additionally, there can be no assurance that competitors will not develop products superior to the Corporation's products or achieve greater market acceptance due to pricing, sales channels or other factors.

Management of Growth

The Corporation's ability to support the growth of its business will be substantially dependent upon having in place highly trained internal and third-party resources to conduct pre-sales activity, product implementation, training and other customer support services.

Risks Related to Acquisitions

The Corporation may continue to expand its operations or product line through the acquisition of additional businesses, products or technologies. Acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on the Corporation's business, results of operations and financial condition.

Risk of Software Defects

Software products as complex as those offered by the Corporation frequently contain errors or defects, especially when first introduced or when new versions or enhancements are released. Despite product testing, the Corporation has in the past released products with defects, discovered software errors in certain of its new versions after introduction and experienced delays or lost revenue during the period required to correct these errors. The Corporation regularly introduces new releases and periodically introduces new versions of its software. There can be no assurance that, despite testing by the Corporation and its customers, defects and errors will not be found in existing products or in new products, releases, versions or enhancements after commencement of commercial shipments.

Risk of Third-Party Claims for Infringement

The Corporation is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Corporation or its licensees with respect to current or future products. The Corporation expects that software developers will increasingly be subject to such claims as the number of products and competitors in the Corporation's industry segment grows and as functionality of products in different industry segments overlaps.

Reliance on Third-Party Software

The Corporation relies on certain software that it sub-licenses from third parties. There can be no assurance that these third-party software companies will continue to permit the Corporation to sub-license on commercially reasonable terms.

Currency Risk

A significant part of the Corporation's revenues are realized in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies may have a material adverse effect on the Corporation's results of operations. From time to time, the Corporation takes steps to manage such risk by engaging in exchange rate-hedging activities; however, there can be no assurance that the Corporation will be successful in such hedging activities.

13. OTHER INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of TECSYS' securities and securities authorized for issuance under equity compensation plans is contained in TECSYS' management proxy circular for the annual meeting of shareholders of TECSYS to be held on September 9, 2008.

Additional financial information is provided in TECSYS' comparative financial statements and management's discussion and analysis for the financial year ended April 30, 2008 contained in TECSYS' 2008 Annual Report.

Additional information relating to TECSYS may also be found on SEDAR at www.sedar.com.

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APPENDIX A

TECSYS INC.

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The primary functions of the Audit Committee are to oversee the accounting and financial reporting practices of the Company and the audits of the Company's financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in reviewing the following: financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with Applicable Requirements (as defined below); selecting the auditors for shareholder approval; reviewing the qualifications, independence and performance of the auditors; and reviewing the qualifications, independence and performance of the Company's financial management.

2. MEMBERSHIP AND ORGANIZATION

1. Composition — The Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Company's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.

2. Appointment and Removal of Audit Committee Members — Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company's shareholders at which the member's term of office expires, (b) the death of the member, or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

3. Chair — At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work plan and provide reports of the Audit Committee to the Board.

4. Independence — Each member of the Audit Committee shall meet the requirements promulgated by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “Applicable Requirements”) related to independence and audit committee composition.

5. Financial Literacy — At the time of his or her appointment to the Audit Committee, each member of the Audit Committee shall be able to read and understand fundamental financial statements, including a balance sheet, cash flow statement and income statement and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years. At least one member of the Audit Committee shall have past employment experience in financing or accounting, requisite professional certificate in accounting, or other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

3. MEETINGS

1. Meetings — The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Executive Chairman of the Board or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company’s Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

2. Corporate Secretary and Minutes — The Corporate Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

3. Quorum - A majority of the members of the Audit Committee shall constitute a quorum.

4. Access to Management and Outside Advisors — The Audit Committee shall have unrestricted access to the Company’s management and employees and the books and records of the Company, and, from time to time may hold unscheduled or regularly

scheduled meetings or portions of regularly scheduled meetings with the auditor, the Chief Financial Officer, the Chief Executive Officer or the Executive Chairman. The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors, subject to approval by the Board. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

5. Meetings Without Management — The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present. The Audit Committee shall meet at least annually with the external auditor without management present.

4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by the Applicable Requirements.

1. Financial Reports

a. General — The Audit Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The auditors are responsible for auditing the Company's annual consolidated financial statements and for reading the Company's unaudited interim financial statements.

b. Review of Annual Financial Reports — The Audit Committee shall review the annual consolidated audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

c. Review of Interim Financial Reports — The Audit Committee shall review the interim consolidated financial statements of the Company and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

- d. Review Considerations — In conducting its review of the annual financial statements, the Audit Committee shall:
- i. meet with management and the auditors to discuss the financial statements and MD&A;
 - ii. review the disclosures in the financial statements;
 - iii. review the audit report or other input prepared by the auditors;
 - iv. discuss with management, the auditors and legal counsel, as required, any litigation claim or other contingency that could have a material effect on the financial statements;
 - v. review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
 - vi. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
 - vii. review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
 - viii. review management's report on the effectiveness of internal controls over financial reporting;
 - ix. review the factors identified by management as factors that may affect future financial results;
 - x. review results of the Company's audit committee Procedure for Treatment of Complaints ("Whistle Blower") Policy; and
 - xi. review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.
- e. Approval of Other Financial Disclosures — The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing financial results of the Company and any other material financial disclosure, including financial guidance provided to analysts rating agencies or otherwise publicly disseminated.

2. Auditors

- a. General — The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.
- b. Appointment and Compensation — The Audit Committee shall review and, if advisable, select and recommend for shareholder approval the appointment of, the auditors. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditor's audit plan.
- c. Resolution of Disagreements — The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.
- d. Discussions with Auditor — At least annually, the Audit Committee shall discuss with the auditor such matters as are required by applicable auditing standards to be discussed by the auditor with the audit committee, including the matters required to be discussed by Statement on Auditing Standards 61, as it may be modified or supplemented.
- e. Audit Plan — At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.
- f. Interim Reporting — The Audit Committee shall review any comments or input provided by the auditors following the auditors' reading of the Company's interim unaudited financial statements.
- g. Independence of Auditors — At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall: obtain from the auditors a formal written statement describing all relationships between the auditors and the Company; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.
- h. Evaluation and Rotation of Lead Partner — At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors. The Audit Committee shall obtain a report from the auditors annually verifying that the

lead partner of the auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

i. Requirement for Pre-Approval of Non-Audit Services — The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Company that it deems advisable in accordance with Applicable Requirements, and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

j. Approval of Hiring Policies — The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

3. Internal Controls

a. General — The Audit Committee shall review the Company's system of internal controls.

b. Establishment, Review and Approval — The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

i. the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions.

ii. any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

iii. any material issues raised by any inquiry or investigation by the Company's regulators;

iv. the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the

Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

v. any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4. Compliance with Legal and Regulatory Requirements — The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific Applicable Requirements, and management's plans to remediate any deficiencies identified.

5. Audit Committee Treatment of Complaints — The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

6. Audit Committee Disclosure — The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

7. Delegation — The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. REPORTING TO THE BOARD

The Chair shall report to the Board, as required by Applicable Requirements or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.

6. GENERAL

The Audit Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Audit Committee's discretion, to exercise its powers and fulfill the duties under this mandate.

7. CURRENCY OF THE AUDIT COMMITTEE CHARTER

This charter was last amended and approved by the Audit Committee on February 27, 2007.