

MATERIAL CHANGE REPORT

1. **Reporting Issuer**

iPerceptions Inc.
4999, W. Ste-Catherine Street
Suite 500
Montreal (Quebec)
H3Z 1T3

2. **Date of Material Change**

November 5, 2007

3. **Press Releases**

iPerceptions Inc. (“iPerceptions”) issued a press release with respect to the material change described below on October 26, 2007, a copy of which is attached hereto.

4. **Summary of Material Change**

On October 26, 2007, iPerceptions filed its restated audited December 31, 2006 annual financial statements, as well as its delayed unaudited June 30, 2007 interim financial statements and related Management’s Discussion and Analysis report.

5. **Full Description of Material Change**

iPerceptions has filed, on October 26, 2007, its restated audited December 31, 2006 annual financial statements as well as its delayed unaudited June 30, 2007 interim financial statements and related Management’s Discussion and Analysis report.

iPerceptions also indicated that the March 31, 2007 unaudited interim financial statements previously filed on SEDAR on July 9, 2007 will also be adjusted as per the modifications made to the restated December 31, 2006 annual financial statements and filed on SEDAR shortly.

i) **Restated December 31, 2006 annual financial statements**

The decision to restate arose from Management’s review of applicable accounting principles applied in the past with regards to revenue recognition and deferred revenues and has no bearing on the Corporation’s cash flows. Following the review process, other adjustments were identified, including an adjustment of the foreign

exchange gain and to the contributed surplus related to a corporate reorganization that took place in 2006.

Management decided to adopt a new revenue recognition policy as at January 1, 2006. In the previously issued December 31, 2006 financial statements, the application subscription and quarterly or monthly updates revenue was recognized ratably over the life of the application agreement, based on their relative fair value and revenue associated with the initial in-depth report was recognized at the time of delivery based on its relative fair value. Based on a review of the facts, Management concluded that revenue associated with in-depth initial reports is inseparable from the subscription revenue and quarterly or monthly reports and should be recognized ratably over the term of the contracts.

Management reviewed the customer contracts for the year 2005 and concluded that the previous revenue recognition policy was adequate and has not found any related material error as at December 31, 2005.

As a result of the adjustment to revenues, commission expenses were also adjusted as they are deferred and amortized on the same basis as revenue. In addition, Management has changed the presentation of deferred commissions on the balance sheet. The deferred commissions expenses are now presented as part of the prepaid account on the balance sheet, where previously they were netted against commissions due as part of accounts payable.

The impact of the change in revenue accounting policy resulted in a net overstatement of revenues previously reported for the year 2006 of \$492,378, and a net understatement of deferred revenues previously reported for the year 2006 of \$ 458,003. Substantially all of this amount will be recognized in revenues in 2007.

The impact of the adjustments to deferred commissions resulted in a overstatement of expenses previously reported for the year 2006 of \$ 117,948. Substantially all of this amount will be recognized in expenses in 2007.

In the aggregate, the impact of these adjustments resulted in a net overstatement of \$ 335,519 in consolidated earnings previously reported for the year ending December 31, 2006. Substantially all of this amount will be recognized in net earnings in 2007. This restatement only impacts the timing of revenue recognized and does not call into question the validity of the underlying transactions or cash flows.

The Corporation also revised the transactions related to the corporate reorganization that took place in 2006. The contributed surplus and the foreign exchange gain have been adjusted to properly account for foreign currency exchange rates as part of the reorganization on December 31, 2006 described in notes 11 and 18. The impact of the correction is an

overstatement of gain on foreign exchange previously reported for the year 2006 of \$ 365,702. The effect on the balance sheet is a reclassification from deficit to contributed surplus of \$ 365,702.

iPerceptions also indicated that, starting with the financial statements for the period ending June 30, 2007, Management has adopted a new presentation of the consolidated statement of earnings which is more comparable to financial presentation adopted by other publicly traded companies operating under a “software as a service” business model.

ii) **June 30, 2007 interim financial statements**

The delay in filing its June 30, 2007 interim financial statements arose only from iPerceptions’ decision to restate its December 31, 2006 annual financial statements and, in the process, to decide on the proper revenue recognition method for the Corporation.

iPerceptions announced a 207% increase in revenue in the first half of the 2007 financial year compared to the same period last year. Highlighting the growing demand for its solutions, iPerceptions announced that it has added new high-profile companies to its customer portfolio in the second quarter of 2007.

6. **Confidentiality of Material Change Report**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

The senior officer who can answer questions regarding this report is Mr. Martin Faucher, Chief Financial Officer. Mr. Faucher can be reached at (514) 488-3600.

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

SIGNED the 5th day of November 2007 at Montreal, Quebec.

(s) Martin Faucher

Martin Faucher, Chief Financial Officer

iPerceptions reports restated December 31, 2006 financial results

MONTREAL, QC - (Marketwire – October 26, 2007) - iPerceptions Inc. (TSX.V: IPE) today reported that it completed its restatement of its financial statements and filed today on SEDAR (www.sedar.com) its financial statements for the year-ending December 31, 2006.

On August 28, 2007, iPerceptions announced that upon the recommendation of its newly appointed CFO and Audit Committee and with the concurrence of its independent public accountants, its management has decided to delay the release of 2nd quarter 2007 interim consolidated financial statements and would restate its previously issued financial statements for the fiscal year ending December 31, 2006, initially issued within Demcap Investments Inc. Filing Statement for a Qualifying Transaction dated May 30, 2007 and available on SEDAR.

The decision to restate and delay arose from management's review of applicable accounting principles applied in the past with regards to revenue recognition and deferred revenues and has no bearing on the Corporation's cash flows. As part of the Company's review of these transactions, certain other adjustments were identified, including an adjustment of the foreign exchange gain and to the contributed surplus related to the reorganization described in notes 11 and 18 of the Revised Consolidated Financial Statements.

The impact of management's review resulted in the following adjustments to the financial statements for the year ending December 31, 2006:

	Previously reported amount	Restated amount	Variation
Consolidated Balance Sheet			
Prepaid	12,158	315,027	302,869
Accounts Payable and accrued liabilities	760,712	941,098	180,386
Deferred Revenue	1,358,714	1,816,717	458,003
Contributed Surplus	1,668,507	2,034,208	365,701
Consolidated Statements of Earnings			
Revenue	2,074,400	1,582,022	(492,378)
Costs of revenue and expenses	2,338,905	2,220,957	(117,948)
Foreign exchange gain/loss	332,366	5,575	(326,791)
Net income/loss	2,254,010	1,552,789	(701,221)

Review of revenue recognition accounting policy and deferred commissions

Management decided to adopt a new revenue recognition policy as at January 1, 2006. Prior to 2006, the Corporation was selling its offerings as a one-time service. In late 2005, the Corporation started to offer its service on an annual subscription basis with real-time online tools. The revised policy reflects the new business model of the Corporation and it has the effect of shifting subscription revenues from the period in which they were previously reported to subsequent periods.

In the previously issued December 31, 2006 financial statements, the application subscription and quarterly or monthly updates revenue was recognized ratably over the life of the application agreement, based on their relative fair value and revenue associated with the initial in-depth report was recognized at

the time of delivery based on its relative fair value. Based on review of the facts, management concluded that revenue associated with in-depth initial reports is inseparable from the subscription revenue and quarterly or monthly reports and should be recognized ratably over the term of the contracts.

iPerceptions' revenues primarily now come from renewable annual contracts that generate recurring revenues for the Corporation. Revenue is generally comprised of subscription fees from customers accessing our applications as well as initial in-depth report and quarterly or monthly update reporting.

Management reviewed the customers' contracts for the year 2005 and concluded that the previous revenue recognition policy was adequate and has not found any related material error as at December 31, 2005.

Deferred commissions are the incremental costs that are directly associated with non-cancelable subscription contracts with customers and consist of sales commissions paid to the Corporation's direct sales force. The commissions are deferred as prepaid expenses and amortized on the same basis as related revenue. Sales commissions are paid at the time of collection of the customer account receivable and are recoverable in the event the customer terminates the service.

As a result of the adjustment to revenues, commission expenses were also adjusted as they are deferred and amortized on the same basis as revenue. In addition, management has changed the presentation of deferred commissions on the balance sheet. The deferred commissions expenses are now presented as part of the prepaid account on the balance sheet, where previously they were netted against commissions due as part of accounts payable.

The impact of the change in revenue accounting policy resulted in a net overstatement of revenues previously reported for the year 2006 of \$492,378, and a net understatement of deferred revenues previously reported for the year 2006 of \$458,003. Substantially all of this amount will be recognized in revenues in 2007.

The impact of the adjustments to deferred commissions resulted in an overstatement of expenses previously reported for the year 2006 of \$117,948. Substantially all of this amount will be recognized in expenses in 2007.

In the aggregate, the impact of these adjustments resulted in a net overstatement of \$335,519 in consolidated earnings previously reported for the year ending December 31, 2006. Substantially all of this amount will be recognized in net earnings in 2007. This restatement only impact the timing of revenue recognized and does not call into question the validity of the underlying transactions or cash flows.

Reorganization

The Corporation also revised the transactions related to the reorganization. The contributed surplus and the foreign exchange have been adjusted to properly account for foreign currency exchange rates as part of the reorganization on December 31, 2006 described in notes 11 and 18. The impact of this correction is an overstatement of gain on foreign exchange previously reported for the year 2006 of \$365,702. The effect on the balance sheet is a reclassification from deficit to contributed surplus of \$365,702. The net effect of this adjustment on the shareholders' Deficiency is nil.

Review of financial statements presentation

Starting with the financial statements for the period ending June 30, 2007, management has adopted a new presentation of the Consolidated Statement of Earnings which is more comparable to financial presentation adopted by other publicly traded companies operating under a *Software As A Service* business model.

Conclusion

"Our financial review process was thorough and comprehensive," said Martin Faucher, appointed to the position of Chief Financial Officer of iPerceptions on June 5th, 2007. "The review covered two years of customer contracts. It required documentation involving individual contracts and their revenue recognition and foreign currency exchange impact. In addition, other adjustments were identified, investigated and corrected. There is no change on the Corporation's business potential and the strength of current customer adoption, but in essence a misallocation of revenues between reported periods," said Martin Faucher. "These restatements involve complex software revenue recognition practices. The restatement is not a reflection on our core business, but an indication of our commitment to address past accounting issues and correct them. We reviewed the previous year's financial statements to ensure facts were properly taken into account and properly recorded," Mr. Faucher added.

The Q1 2007 interim financial statements previously filed on SEDAR on July 9, 2007 will also be adjusted and filed on SEDAR shortly. The Q2 2007 interim financial statements were filed on SEDAR as at the date hereof.

Our business continues to grow and management continues to focus on the execution of our strategy and on profitable opportunities.

About iPerceptions:

iPerceptions is one of North America's leading web-focused attitudinal analytics providers. Its webValidator Continuous Listening solution and its Proprietary Satisfaction Index (iPSI) turn thousands of data points into easy-to-understand strategic and tactical decision support for website marketers. iPerceptions' clients include such well known brands as InterContinental Hotels, General Motors, Dell Computers, Hyundai, CompUSA, LG Electronics, Toshiba, Choice Hotels International, BMW and Hilton Hotels. iPerceptions has offices in New York, Toronto and Montreal.

Forward-Looking Statements And Caution

Securities laws encourage companies to present forward-looking information to provide investors with a better understanding of the Corporation's future prospects and to help them make informed decisions. The present press release of iPerceptions contains forward-looking statements about the Corporation's objectives, strategies, financial position, results of operations, cash flows and activities, which are based on Management's current expectations, estimates and assumptions about the markets in which it operates.

Statements based on Management's current expectations contain known and unknown risks and uncertainties. Forward-looking statements may include verbs such as "believe," "anticipate," "estimate," "expect," "target" and "assess" or related expressions. These statements represent iPerceptions' intentions, plans, expectations or beliefs and are subject to risks, uncertainties and other factors, many of which are beyond the Corporation's control. Actual results may vary materially from forecasts. The reader is cautioned not to place undue faith in any forward-looking statement. Please note that the forward-looking statements contained in this press release describe our expectations as at October 26, 2007.

Additional information on the risk factors to which the Corporation is exposed is available in the *Risks Factors* section of the Filing Statement dated May 30, 2007, which is available on SEDAR. This section addresses the risks, uncertainties and other factors that could affect financial results. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our activities. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available as a result of future events or for any other reason unless required to do so by applicable securities regulations.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this press release.

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IPERCEPTIONS INC.

PRESS RELEASE

For immediate release

iPerceptions Grows Revenue three-fold for the first half of 2007

Online customer satisfaction and experience metrics provider adds top brands such as CGI, Boost Mobile and Unilever and renews annual contracts with high profile clients such as Panasonic and Hyundai

Montreal, QC - (Marketwire – October 25, 2007) - iPerceptions Inc. (TSX.V: IPE), a leader in online customer satisfaction and experience measurement, today reported its financial results for the second quarter ended June 30, 2007 and announced a 207% increase in revenue in the first half of fiscal 2007 compared to the same period of the last fiscal year.

Highlighting the growing demand for its solutions, iPerceptions added numerous high-profile companies to its customer portfolio in the second quarter of 2007. CGI, a leading IT and business process service provider, Boost Mobile, one of the fastest growing wireless services in the U.S, and Unilever, an international manufacturer of leading brands in foods, home care and personal care, were among the companies that selected iPerceptions to engage the voice of customer. Among the second quarter renewals, Panasonic, a leading provider of home and business electronics, continued with its "Customer First" tradition by renewing their annual subscription to the iPerceptions webValidator solution, as did Hyundai, the worlds 6th largest automaker.

iPerceptions delivered the following results for the second fiscal quarter 2007:

Revenue: For the quarter ended June 30, 2007, revenue totaled \$715,191 compared to \$289,724 for the corresponding period in the previous fiscal year, an increase of 147%. For the six-month period ended June 30, 2007, the Corporation's revenue totaled \$1,361,140, compared to \$442,946 for the corresponding period in the previous fiscal year, an increase of 207%. This growth in revenue is directly related to the increase in iPerceptions customers. This substantial growth for the first six months of the fiscal year reflects the customer's appreciation for iPerceptions products and services, new marketing initiatives, as well as the Company's headway in this emerging market.

Net loss and Earnings per Share: Net loss and comprehensive loss for the quarter ended June 30, 2007 was \$401,292 compared to \$244,576 in the same period of 2006. The year-to-date net loss and comprehensive loss was \$793,490 compared to \$789,530 during the first six months in the prior year. The second quarter 2007 and the year-to-date diluted loss per share were \$0.02 and \$0.03 respectively.

Cash position: Total cash and cash equivalents is approximately \$3.2 million at the end of the second quarter as a result of a Private Placement of \$2.6 million and the cash acquired of \$1.1 million from the reverse takeover of Demcap Investments Inc. on June 29, 2007.

"The growth we've seen in the first half of 2007 speaks directly to the commitment that the marketplace is making to online customer satisfaction and experience," says Jerry Tarasofsky, CEO and President at iPerceptions. "The webValidator Continuous Listening Solution and the iPerceptions Satisfaction Index (iPSI) have provided companies with the key toolset and data needed to remain in step with competitors who are increasingly engaging the voice of their customers' to measure online satisfaction and web experiences."

"iPerceptions allows Panasonic to continually monitor and measure customer satisfaction across our web site," said Oliver Carmona, Senior Manager, Corporate Brand Marketing at Panasonic. "This kind of voice of the customer information has proved invaluable in prioritizing web site changes and enhancements."

For additional information, consult our Management Discussion and Analysis filed today on SEDAR at www.sedar.com.

About iPerceptions:

iPerceptions is one of North America's leading web-focused attitudinal analytics providers. Its webValidator Continuous Listening solution and its Proprietary Satisfaction Index (iPSI), turn thousands of data points into easy-to-understand strategic and tactical decision support for website marketers. iPerceptions' clients include such well known brands as InterContinental Hotels, General Motors, Dell Computers, Hyundai, CompUSA, LG Electronics, Toshiba, Choice Hotels International, BMW and Hilton Hotels. iPerceptions has offices in New York, Toronto and Montreal.

Forward-Looking Statements And Caution

Securities laws encourage companies to present forward-looking information to provide investors with a better understanding of the Corporation's future prospects and to help them make informed decisions. The present press release and related Management Discussion and Analysis of iPerceptions contains forward-looking statements about the Corporation's objectives, strategies, financial position, results of operations, cash flows and activities, which are based on Management's current expectations, estimates and assumptions about the markets in which it operates.

Statements based on Management's current expectations contain known and unknown risks and uncertainties. Forward-looking statements may include verbs such as "believe," "anticipate," "estimate," "expect," "target" and "assess" or related expressions. These statements represent iPerceptions' intentions, plans, expectations or beliefs and are subject to risks, uncertainties and other factors, many of which are beyond the Corporation's control. Actual results may vary materially from forecasts. The reader is cautioned not to place undue faith in any forward-looking statement. Please note that the forward-looking statements contained in this press release and related Management Discussion and Analysis describe our expectations as at October 23, 2007.

Additional information on the risk factors to which the Corporation is exposed is available in the *Risks Factors* section of the Filing Statement dated May 30, 2007, which is available on SEDAR. This section addresses the risks, uncertainties and other factors that could affect financial results. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our activities. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available as a result of future events or for any other reason unless required to do so by applicable securities regulations.

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