SMART Technologies Inc.
Form F-1/A
June 28, 2010

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As filed with the Securities and Exchange Commission on June 28, 2010

Registration No. 333-167738

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

Form F-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SMART Technologies Inc.

(Exact name of Registrant as specified in its charter)

Alberta, Canada	**3577**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

3636 Research Road N.W.

Calgary, Alberta T2L 1Y1

(403) 245-0333

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

SMART Technologies Corporation

1655 North Fort Myer Dr., Suite 1120

Arlington, VA 22209

(866) 766-6927

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Sharon R. Flanagan **Scott M. Freeman** **Sidley Austin LLP** **787 Seventh Avenue** **New York, NY 10019** **(212) 839-5300**	**David A. Spencer** **Bennett Jones LLP** **4500 Bankers Hall East** **855 2nd Street S.W.** **Calgary, Alberta** **Canada T2P 4K7** **(403) 298 3100**	**Joshua N. Korff** **Kirkland & Ellis LLP** **601 Lexington Avenue** **New York, NY 10022** **(212) 446-4800**	**Craig Wright** **Osler, Hoskin & Harcourt LLP** **100 King Street West** **1 First Canadian Place** **Suite 6100** **Toronto, Ontario** **Canada M5X 1B8** **(416) 362-2111**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

The Registration Statement contains two forms of prospectus: one to be used in connection with an offering in the United States (the U.S. Prospectus) and one to be used in a concurrent offering in Canada and elsewhere (the Canadian Prospectus). The U.S. Prospectus and Canadian Prospectus are identical except for the front cover page and certain other pages, and except that the Canadian Prospectus includes a Certificate of SMART Technologies Inc. and a Certificate of the Canadian Underwriters . The form of the U.S. Prospectus is included herein and is followed by the front cover page, such other pages and such Certificates to be used in the Canadian Prospectus. Each of the alternate pages for the Canadian Prospectus included herein is labeled Alternate Page for Canadian Prospectus .

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The information in this prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued June 28, 2010

35,300,000 Shares

SMART Technologies Inc.

CLASS A SUBORDINATE VOTING SHARES

SMART Technologies Inc. is offering 8,800,000 of its Class A Subordinate Voting Shares, and the selling shareholders are selling 26,500,000 Class A Subordinate Voting Shares. We will not receive any proceeds from the sale of shares by the selling shareholders. This is our initial public offering in the United States and Canada and no public market currently exists for our Class A Subordinate Voting Shares. We anticipate that the public offering price will be between $16.00 and $18.00 per Class A Subordinate Voting Share.

We have applied for listing of our Class A Subordinate Voting Shares on the NASDAQ Global Select Market under the symbol SMT and on the Toronto Stock Exchange under the symbol SMA .

Following this offering, we will have two classes of issued shares, Class A Subordinate Voting Shares and Class B Shares. The rights of the holders of Class A Subordinate Voting Shares and Class B Shares are substantially similar, except with respect to voting. Each Class A Subordinate Voting Share is entitled to one vote per share. Each Class B Share is entitled to 10 votes per share. Assuming an initial public offering price of $17.00 (the mid-point of the range set forth above), upon the completion of this offering our outstanding Class A Subordinate Voting Shares and our outstanding Class B Shares will carry approximately 4.9% and 95.1%, respectively, of the total voting

power of all our outstanding shares.

Investing in our Class A Subordinate Voting Shares involves risks. See "Risk Factors" beginning on page 12 of this prospectus.

PRICE $ PER SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to SMART Technologies Inc.	Proceeds to Selling Shareholders
Per Share	$	$	$	$
Total	$	$	$	$

The selling shareholders have granted the underwriters an option to purchase up to 5,295,000 additional Class A Subordinate Voting Shares to cover over-allotments exercisable at any time until 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Class A Subordinate Voting Shares to purchasers on , 2010.

Morgan Stanley *Deutsche Bank Securities* *RBC Capital Markets*

BofA Merrill Lynch *Credit Suisse*

CIBC	*Cowen and Company*	*Piper Jaffray*	*Thomas Weisel Partners*

, 2010

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You should rely only on the information contained in this prospectus or in any free-writing prospectus we may specifically authorize to be delivered or made available to you. We have not, the selling shareholders have not, and the underwriters have not, authorized any other person to provide you with additional or different information. If anyone provides you with additional or different or inconsistent information, including information or statements in media articles about us, you should not rely on it.

We are not, the selling shareholders are not, and the underwriters are not, making an offer to sell or seeking offers to buy the Class A Subordinate Voting Shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any free-writing prospectus is accurate only as of its date, regardless of its time of delivery or of any sale of Class A Subordinate Voting Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus, unless otherwise specified, all monetary amounts are in United States dollars, all references to $, US$, U.S.$, U.S. dollars , dollars and USD mean U.S. dollars and all references to C$, Canadian dollars , CAD and CDN$ mean Canadian dollars. To the extent tha monetary amounts are derived from our consolidated financial statements included elsewhere in this prospectus, they have been translated into U.S. dollars in accordance with our accounting policies as described therein. Unless otherwise indicated, other monetary amounts have been translated into United States dollars at the June 23, 2010 noon buying rate published by the Bank of Canada, being U.S.$1.00 = C$1.0434.

Through and including , 2010 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before buying our Class A Subordinate Voting Shares. You should read the entire prospectus carefully, especially the Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations sections and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our Class A Subordinate Voting Shares. Some of the statements in this prospectus constitute forward-looking statements. See Special Note Regarding Forward-Looking Statements and Industry Data. Unless the context otherwise requires, any reference to the company , SMART Technologies , we , our , us or similar terms in this prospectus refers to SMART Technologies Inc. and its subsidiaries. Because our fiscal year ends on March 31, references to a fiscal year refer to the fiscal year ended March 31 of the same calendar year. For example, when we refer to fiscal 2010, we mean our fiscal year ended March 31, 2010.

SMART TECHNOLOGIES INC.

Overview

SMART Technologies designs, develops and sells interactive technology products and solutions that enhance learning and enable people to collaborate in innovative and effective ways. We are the global leader in the interactive whiteboard product category, which is the core of our interactive technology solutions. We introduced the world s first interactive whiteboard in 1991 and since then have shipped over 1.6 million of our SMART Board interactive whiteboards worldwide.

SMART Board interactive whiteboards combine the simplicity of a whiteboard and the power of a computer. By touching the surface of a SMART Board interactive whiteboard, the user can control computer applications, access the Internet, write in digital ink and save and share work. Our award-winning interactive whiteboards are the result of more than 20 years of technological innovation focused on providing an intuitive and compelling user experience. Our interactive whiteboards are designed to serve as the focal point of a broad technology platform in classrooms and meeting rooms. We complement our interactive whiteboards with a range of modular and integrated interactive technology products and solutions, including hardware, software and content created by both our user community and professional content developers.

Since our introduction of the interactive whiteboard, interactive whiteboards and complementary solutions have been replacing and supplementing traditional learning and collaboration tools in classrooms and meeting rooms. The substantial majority of interactive whiteboard revenue historically has been within the education market. Gartner, a technology market research firm, estimates that annual worldwide spending on hardware and software in the education information technology market will grow from $16.5 billion in 2009 to $18.6 billion in 2012. Futuresource Consulting, a market research firm, expects the worldwide market for interactive whiteboards to grow from $1.1 billion in 2009 to $1.8 billion in 2012, representing a 19.5% compound annual growth rate. In addition to the interactive whiteboard product category, we believe there are significant revenue opportunities in complementary interactive hardware and software products in the education market. We further believe that additional attractive opportunities exist in the business and government markets for interactive whiteboards, as well as in the licensing of our touch-enabled technologies and sale of our touch-enabled solutions to other companies that seek to bring to market interactive touch products other than interactive whiteboards.

We have sold our products and solutions in over 100 countries and believe that our well-established distribution network provides us with a broad global presence and access to a large addressable market. In our fiscal year ended March 31, 2010, 71% of our revenue was generated in the United States and Canada, 23% in Europe, the Middle East and Africa, and 6% in the rest of the world. We have grown our revenue every

year

1

since fiscal 1992. In our fiscal years ended March 31, 2008, 2009 and 2010, our revenue was $378.6 million, $468.2 million and $648.0 million, respectively, which corresponds to year-over-year growth rates of 24% in fiscal 2009 and 38% in fiscal 2010.

Our Competitive Strengths

We believe that the following competitive strengths position us well to compete effectively:

Interactive Whiteboard Pioneer and Established Global Category Leader. We are the global leader in the interactive whiteboard product category having introduced the world s first interactive whiteboard in 1991. According to Futuresource Consulting, for the year ended December 31, 2009, our share of the interactive whiteboard product category was 61% in the United States and 48% worldwide.

Our Focus on a Compelling User Experience. While technologically sophisticated, our products are intuitive, easy to use and highly reliable and can seamlessly integrate with our complementary products and the products of many third parties. Our focus on the end-user has been integral to our organization and culture since our inception. As a result, we have an established team of product developers and usability experts whose priority throughout the innovation process is the customer experience.

Portfolio of Innovative Solutions. We have more than 20 years of innovation experience and have independently introduced five major generations of SMART Board interactive whiteboards, released five major versions of our SMART Notebook software and have developed, and acquired a company that has developed, several generations of proprietary optical touch technologies and solutions. In addition to our interactive whiteboards, we also offer a range of hardware, software and content designed to integrate seamlessly with our interactive whiteboards. Our commitment to innovation and technological advancement has resulted in 59 patents issued in the United States, 57 patents issued in other countries and approximately 456 patent applications pending worldwide.

Premier Brand. We believe our SMART brand is the most recognized brand name in the interactive whiteboard category. We have consciously built our portfolio of products and solutions around the SMART brand so that schools, businesses and government agencies can expect the same intuitive use, value and integration from all our products. We believe that word-of-mouth recommendations from customers and established online user communities are key contributors to our strong brand and will help us increase our sales.

Large and Loyal User Base. Based on our current installed base in primary and secondary education and an assumed average classroom size of 24 students, we estimate that at least 30 million students and teachers currently use SMART Board interactive whiteboards and other SMART products worldwide. We believe that our users are loyal to the SMART Board interactive whiteboard because of their familiarity and comfort with operating our products, their investment in creating materials specifically for use with our products and the overall quality of their user experience. We also believe that many students who have learned on a SMART Board interactive whiteboard will prefer to continue learning and collaborating with similar technology in higher education or the workforce and that our large and loyal customer base will be a source of demand for our products from these market sectors in the future.

Large and Growing Community of Content Developers. As a result of our category-leading position in interactive whiteboards and our broad user base, many end-users and professional content developers work with our SMART Notebook software to develop content for education, such as lessons with integrated multimedia. In many cases, this content is freely shared through content-sharing websites, and increasingly, is also being sold by content developers as supplementary materials or as part of a textbook offering.

Well-Established Global Distribution Network. We have spent almost 20 years building our global network of approximately 365 direct dealers and distributors. We believe that our strong global network of knowledgeable

resellers is a critical competitive advantage as we seek to increase our revenue generated outside of the United States, the United Kingdom and Canada. We believe that this network will also help us to further address the business and government markets since many of our resellers already sell to business and government accounts.

Our Strategy for Growth

Our mission is to change the way the world works and learns. We plan to continue to grow our business based on our position as the global leader in the interactive whiteboard product category through the following key strategies:

Acquire New Customers in the Education Market. According to Futuresource Consulting, as of December 31, 2009, only 7% of the estimated 41 million teaching spaces globally had an interactive whiteboard. We believe that our current market leadership and strong portfolio of solutions position us to increase sales as more schools introduce interactive whiteboards. We will continue to pursue and/or support schools and school districts that are investing in technology-enhanced teaching and learning products. We believe that many of our existing and future solutions will continue to be well-suited to the education market and we intend to increase our sales efforts in this area.

Further Penetrate the Education Market by Providing Additional Hardware, Software and Content Products. Our success has been driven by the adoption of our SMART Board interactive whiteboard. We intend to turn our integrated education platform, consisting of a SMART Board interactive whiteboard with integrated projector options, our SMART Notebook software and SMART Exchange, our online content-sharing platform, into the hub of a growing collection of interactive technology products in the classroom. We believe that our expanding portfolio of products, including hardware, software and content, complements our integrated education platform to provide a more compelling classroom experience. We also intend to increase the depth and quality of the digital content offered by us for use on our interactive whiteboards through a mixture of both free and premium content.

Accelerate Adoption in Business and Government Markets. We estimate that approximately 15% of our revenue in fiscal 2010 came from the business and government markets. We intend to accelerate the adoption of our products in these markets and have recently implemented senior management changes to increase our focus in these areas. Our growth strategy in these markets will focus on increasing the simplicity and ease of use of our products, while fully integrating them with critical business processes and products from other vendors of collaboration technologies.

Maintain Technology Innovation Leadership. We believe that our focus on creating easy-to-use products and an excellent user experience is central to our continued leadership in the interactive whiteboard product category and an integral part of our culture. We will seek to maintain our leadership position through continued investment in the development of new products and solutions. In addition to continued hardware and software development, we intend to increase our offering of free and premium content for the education sector through SMART Exchange, our online community and content-sharing platform. We will also continue to license our patented technologies and sell our solutions to other companies that seek to bring to market interactive touch products other than interactive whiteboards. As a result of our acquisition of Next Holdings Limited, or NextWindow, discussed below, our technologies and solutions are currently used in touch-enabled PC displays of several leading manufacturers, as well as in non-PC interactive displays. We expect to consider acquiring additional companies, technology and patents to further enhance our leadership position.

Expand Geographical Reach. We are committed to expanding our geographical reach and increasing adoption of our products worldwide. We will seek to expand in continental Europe, Asia and in other countries, where we believe average penetration rates are currently lower than in the United Kingdom, the United States,

Mexico and Canada. Our SMART Notebook software is already offered in 48 languages, our SMART Classroom Suite software is available in 22 languages and we currently have offices in 11 countries. We intend to expand our geographical reach by opening offices in additional countries, by continuing to hire additional sales personnel globally and by increasing our global distribution network.

Recent Developments

On April 21, 2010, we acquired all the share capital of NextWindow, which designs and manufactures components for optical touch screens for integration into electronic displays, including PC displays. For the fiscal years ended March 31, 2008 and 2009, NextWindow s revenue was $5.4 million and $31.8 million, respectively, as reported on NextWindow s audited financial statements, which were prepared using International Financial Reporting Standards. For the fiscal year ended March 31, 2010, NextWindow s unaudited revenue was approximately $46.4 million. NextWindow is headquartered in Auckland, New Zealand. We expect to leverage NextWindow s technologies with ours to accelerate innovation in future generations of our interactive whiteboards. We also expect that NextWindow s existing relationships with leading PC display manufacturers and other electronics equipment manufacturers will accelerate our ability to expand into the market for interactive touch products other than interactive whiteboards. We believe that NextWindow s patent portfolio, which includes seven patents and approximately 82 patents pending for optical touch technologies, will complement and strengthen our existing patent portfolio and help us maintain our leadership in technology innovation in this area. NextWindow has four facilities and 119 employees that bring additional skills and capabilities to our organization. The consideration for our acquisition of NextWindow consisted of $82.0 million in cash, which we funded from our available cash.

Risks Associated with Our Business

Investing in our Class A Subordinate Voting Shares involves risks. Our business is subject to numerous risks, as discussed more fully in the section entitled Risk Factors immediately following this prospectus summary. These risks and uncertainties include, but are not limited to, the following:

- we may not be able to manage our growth;
- we operate in a highly competitive industry;
- we may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business;
- we may infringe on or violate the intellectual property rights of others;
- if we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed;
- the emerging market for interactive learning and collaboration products may not develop as we expect;

- if there are decreases in spending or changes in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies, we could lose revenue; and

- the concentration of voting power and control with our co-founders, Intel and Apax Partners, will limit your ability to influence corporate matters, including takeovers.

Our Principal Shareholders

Our co-founders, David A. Martin and Nancy L. Knowlton, through IFF Holdings Inc., a company they wholly own (which we refer to as IFF in this prospectus), Intel Corporation (which we refer to as Intel in this

prospectus) and funds advised or managed by Apax Partners L.P. and Apax Partners Europe Managers Ltd. (which we collectively refer to as Apax Partners in this prospectus) together beneficially own all our Class B Shares. See Principal and Selling Shareholders.

Company Information

We were incorporated under the *Business Corporations Act* (Alberta), or the ABCA, on June 11, 2007. On August 28, 2007, the then shareholders of the predecessor of the company signed an agreement with Apax Partners to effect a corporate reorganization, which we refer to as the Corporate Reorganization, pursuant to which the shareholders of our predecessor company reduced their combined ownership interest to 50.1% and Apax Partners acquired a 49.9% interest in our company. See Certain Relationships and Related Party Transactions. On February 26, 2010, we changed our name from SMART Technologies (Holdings) Inc. to SMART Technologies Inc. Prior to the completion of this offering, we will complete the reorganization described under Description of Share Capital 2010 Reorganization, which we refer to in this prospectus as the 2010 Reorganization. Our principal executive offices and registered office are located at 3636 Research Road N.W., Calgary, Alberta, Canada, and our telephone number at that address is (403) 245-0333. Our website address is *http://www.smarttech.com*. Information on our website is not, and should not be considered, part of this prospectus.

SMART , SMART Board , SMART Notebook , SMART Response , Bridgit , SMART Ideas , Unifi , SMART Table , SMART Classroom Suite , SMART Exchange , SMART Podium , SMART Document Camera , SMART Slate , SMART Board Interactive Display , SMART Audio , SMART Hub , SMART Notebook Express , SMART Notebook SE , SMART Sync , SMART Notebook Math Tools , SMART Meeting Pro , SMART Meeting Pro Premium , Extraordinary Made Simple and the logos and are certain of our trademarks. Other trademarks, trade names or service marks appearing in this prospectus belong to their respective holders.

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THE OFFERING

Class A Subordinate Voting Shares offered	
By us	8,800,000 shares
By the selling shareholders	26,500,000 shares
Total	35,300,000 shares

Total shares to be outstanding immediately after this offering	
Class A Subordinate Voting Shares	42,166,580 shares
Class B Shares	81,606,211 shares
Total	123,772,791 shares

Over-allotment option	The selling shareholders have granted the underwriters an option to purchase up to 5,295,000 additional Class A Subordinate Voting Shares at the initial public offering price of $ per share, less underwriting discounts and commissions, within 30 days of the date of this prospectus to cover over-allotments, if any.
Use of proceeds	We estimate that we will receive net proceeds of approximately $135.0 million from the sale of our Class A Subordinate Voting Shares in this offering, based upon an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus). We will not receive any proceeds from the sale of the shares by the selling shareholders.

We plan to use $59 million of the estimated net proceeds of this offering to repay approximately $19 million of our term construction facility and $40 million of our unsecured term loan. We plan to use the remaining net proceeds for working capital and other general corporate purposes, which may include potential acquisitions. See Use of Proceeds.

Dividend policy	We do not anticipate paying any cash dividends on our Class A Subordinate Voting Shares or our Class B Shares in the foreseeable future. We anticipate that we will retain all our available funds for use in the operation and development of our business. See Dividend Policy.
Proposed NASDAQ Global Select Market symbol	SMT
Proposed Toronto Stock Exchange symbol	SMA
Risk Factors	Investing in our Class A Subordinate Voting Shares involves risks. See Risk Factors beginning on page 12 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A Subordinate Voting Shares.

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Unless otherwise expressly stated or the context otherwise requires, the information in this prospectus assumes:

- an initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus);
- except for our consolidated financial statements and the information in this prospectus derived from those statements, that our 2010 Reorganization described under Description of Share Capital 2010 Reorganization has occurred with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus); and
- no exercise by the underwriters of their over-allotment option.

The number of our Class A Subordinate Voting Shares and Class B Shares to be outstanding immediately after this offering excludes:

- 1,149,000 Class A Subordinate Voting Shares issuable upon the exercise of options to purchase our Class A Subordinate Voting Shares to be issued in connection with this offering at an exercise price equal to the initial public offering price; and
- 11,228,279 Class A Subordinate Voting Shares reserved for issuance under our 2010 Equity Incentive Plan, which will be effective upon completion of this offering.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data for the years ended March 31, 2008, 2009 and 2010 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results to be expected in future periods.

The summary consolidated balance sheet data as of March 31, 2010 is presented on an actual basis, on a pro forma basis giving effect to the 2010 Reorganization described under Description of Share Capital 2010 Reorganization, with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus), and on a pro forma as adjusted basis to further give effect to the sale of the Class A Subordinate Voting Shares offered at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus) and our receipt of the estimated net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the use of a portion of estimated net proceeds from this offering to repay a portion of our term construction facility and unsecured term loan. See Use of Proceeds. The summary consolidated financial data presented herein does not reflect our acquisition of NextWindow, which was completed on April 21, 2010.

You should read the following summary consolidated financial data together with our audited consolidated financial statements, including the related notes, and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

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	Fiscal Year Ended March 31,		
	2008	2009	2010
	(in millions, except per share amounts)		
Consolidated Statement of Operations Data:			
Revenue	$ 378.6	$ 468.2	$ 648.0
Cost of sales	226.7	268.2	326.5
Gross margin	151.9	200.0	321.5
Operating expenses:			
Selling, marketing and administration	85.9	99.7	138.8
Research and development	20.6	25.0	33.6
Depreciation and amortization	3.5	5.8	15.9
Operating income	41.9	69.5	133.2
Non-operating expenses:			
Corporate Reorganization[1]	21.0		
Interest expense[2]	61.5	78.6	64.9
Foreign exchange (gain) loss	(9.3)	94.0	(91.8)
Other income, net[3]	(1.1)	(0.8)	(0.2)
Income (loss) before income taxes	(30.2)	(102.3)	160.3
Income tax expense (recovery)	(6.5)	4.3	18.3
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Net income (loss) per share basic and diluted[4]	$ (0.14)	$ (0.63)	$ 0.81
Weighted average number of shares outstanding basic and diluted[4]	170.1	170.1	176.3
Pro forma net income (loss) per share basic and diluted[6][8][9]			$ 1.48
Pro forma average number of shares outstanding basic and diluted[6][8][9]			112.6
Other Financial Data:			
Adjusted EBITDA[5]	$ 58.7	$ 90.9	$ 166.3

	As of March 31, 2010		
	Actual	Pro Forma[6]	Pro Forma As Adjusted[6][7]
	(in millions)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 230.2	$ 222.2	$ 298.0
Total assets	$ 528.1	$ 520.1	$ 596.0
Long-term debt, including current portion	$ 997.8	$ 567.9	$ 508.8
Total liabilities	$ 1,222.4	$ 791.1	$ 731.9
Total shareholders deficit	$ (694.3)	$ (271.0)	$ (135.9)

(1) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.

(2) Interest expense includes cash and non-cash interest expense, amortization of deferred financing fees and fair value of derivatives.

(3) Other income, net includes interest income and gains and losses on sales of property and equipment.

(4) Basic and diluted net income (loss) per share has been calculated on the basis that the shares issued as part of the Corporate Reorganization were outstanding at the beginning of the year and for comparative periods presented.

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(5) Adjusted EBITDA is a non-GAAP measure that is described and reconciled to net income (loss) below and is not a substitute for the GAAP equivalent. We define Adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, as well as adjusting for the following items: foreign exchange gains or losses, change in deferred revenue, Corporate Reorganization costs, acquisition costs and other income. We use Adjusted EBITDA as a key metric to assess business performance when we evaluate our results in comparison to budgets, forecasts, prior year financial results and other companies in our industry. Many of these companies use similar non-GAAP measures to supplement their GAAP disclosures but such measures may not be directly comparable. The following table sets forth the reconciliation of net income (loss) to Adjusted EBITDA. See also Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Adjusted EBITDA.

	Fiscal Year Ended March 31,		
	2008	2009	2010
		(in millions)	
Adjusted EBITDA			
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Income tax expense (recovery)	(6.5)	4.3	18.3
Depreciation in cost of sales	3.7	3.9	2.0
Depreciation and amortization	3.5	5.8	15.9
Interest expense	61.5	78.6	64.9
Corporate Reorganization costs(i)	21.0		
Acquisition costs			1.8
Other income	(1.1)	(0.8)	(0.2)
Foreign exchange loss (gain)	(9.3)	94.0	(91.8)
Change in deferred revenue(ii)	9.6	11.7	13.4
Adjusted EBITDA	$ 58.7	$ 90.9	$ 166.3

(i) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.

(ii) Change in deferred revenue is calculated as the difference between deferred revenue and deferred revenue recognized. In accordance with our revenue recognition policy described under Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition , deferred revenue represents the portion of our sales that we do not recognize in the period. Deferred revenue recognized represents the portion of our revenue deferred in a prior period that we recognized in the current period. We deferred revenue of $27.1 million, $31.1 million and $36.9 million in fiscal 2008, 2009 and 2010, respectively.

(6) Reflects the effect of the 2010 Reorganization described under Description of Share Capital 2010 Reorganization with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus).

(7) Assumes net proceeds to us from this offering of $135.0 million. A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus) would increase (decrease) pro forma as adjusted cash and cash equivalents by $8.3 million and decrease (increase) total shareholders deficit by $8.3 million, (i) assuming the number of Class A Subordinate Voting Shares offered by us, as set forth on the cover of this prospectus, remains the same and (ii) after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

(8) Presented only in respect of the fiscal year ended March 31, 2010.

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(9) Pro forma net income per share is calculated by dividing pro forma net income by pro forma weighted average number of shares outstanding. Pro forma net income for fiscal 2010 is calculated as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma net income	
Net income (loss)	$ 142.0
Related party interest expense	34.6
Tax impact of related party interest expense	(10.1)
Pro forma net income	$ 166.5

Pro forma weighted average number of shares outstanding is calculated from weighted average number of shares outstanding as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma weighted average number of shares outstanding	
Weighted average number of shares outstanding	176.3
Weighted average number of shares outstanding after 1 for 2 reverse split	88.2
Additional shares issued as a result of the 2010 Reorganization (see note 6 above)	24.4
Pro forma weighted average number of shares outstanding	112.6

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RISK FACTORS

Investing in our Class A Subordinate Voting Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all the other information contained in this prospectus, before deciding whether to purchase our Class A Subordinate Voting Shares. If any of the following risks materialize, then our business, financial condition, results of operations and future prospects would likely be materially and adversely affected. In that event, the market price of our Class A Subordinate Voting Shares would likely decline and you could lose part of or all your investment.

Risks Related to Our Business

We may not be able to manage our growth.

In recent years we have substantially expanded our headcount, facilities and infrastructure, and anticipate that further expansion will be required for our business. Our total number of employees increased from 824 as of December 31, 2005 to 1,513 as of March 31, 2010. In addition, two of our five executive officers, including our Chief Financial Officer, and three of our nine other officers joined us in the last two years. As a result, certain members of our management team lack the institutional knowledge about our company that is typically required to manage a business of our size and our stage of development. Our expansion has placed, and we expect it will continue to place, a significant strain on our management, operational and financial resources. For example, we experienced significant difficulties implementing our enterprise resource planning system; see We experienced significant difficulties implementing our enterprise resource planning system below. We cannot assure you that we will be able to better integrate any additional management systems we may require in the future.

Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We must continue to effectively hire, train and manage new employees. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing and integrating these new employees, or if we are not successful in retaining our existing employees, our business may be harmed. To manage any significant growth of our operations and personnel, we will need to improve our operational and financial systems, procedures and controls and may need to obtain additional systems.

Our current growth also creates difficulties in budgeting expenses and forecasting demand for our products, which can lead to delays in managing the production and shipment of our products and to difficulties in managing cash flows. In addition, the difficulties and risks associated with our growth could be exacerbated by our expansion into foreign markets, see We face significant challenges growing our sales in foreign markets below. If we are unable to manage our growth rate, our business could be harmed and our results of operations and financial condition could be materially adversely affected.

We operate in a highly competitive industry.

We are engaged in an industry that is highly competitive. Because our industry is evolving and characterized by technological change, it is difficult for us to predict whether, when and by whom new competing technologies may be introduced or when new competitors may enter the market. We face increased competition from companies with strong positions in certain markets we currently serve and in new markets and regions we may enter. We compete with other interactive whiteboard developers such as Promethean World Plc, currently our principal competitor, Hitachi, Ltd., Panasonic Corporation and Samsung Electronics Co. In addition, makers of personal computer technologies, television

screens, mobile phones and other technology companies such as Apple Inc., Cisco Systems, Inc., Dell Inc., Hewlett-Packard Company, LG Electronics, Inc. and Microsoft Corporation may seek to provide integrated solutions that include interactive learning and collaboration features substantially similar to those offered by our products. Many of our current and potential future competitors have significantly greater financial and other resources than we do and may spend significant amounts of resources to try to enter the market. We cannot assure you that we will be able to compete effectively against current and future competitors. In addition, increased competition or other competitive pressures may result in price

reductions, reduced margins or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations.

Some of our customers are required to purchase equipment by soliciting proposals from a number of sources and, in some cases, are required to purchase from the lowest cost bidder. While we attempt to price our products competitively based upon the relative features they offer, our competitors prices and other factors, we are not typically the lowest bidder and may lose sales to lower bidders. When we are the successful bidder, it is most often as a result of our products being perceived as providing better value to the customer. Our ability to provide better value to the customer depends on continually enhancing our current products and developing new products at competitive prices and in a timely manner. We cannot assure you that we will be able to continue to maintain our value advantage and be competitive. See also, If we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed below.

Competitors may be able to respond to new or emerging technologies and changes in customer requirements more effectively than we can, or devote greater resources to the development, promotion and sale of products than we can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of our current or prospective customers. If these competitors were to acquire significantly increased market share, it could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business.

Our commercial success depends to a significant degree upon our ability to develop new or improved technologies and products, and to obtain patents or other intellectual property rights or statutory protection for these technologies and products in Canada, the United States and other countries. We seek to patent concepts, components, processes, designs and methods, and other inventions and technologies that we consider to have commercial value or that will likely give us a technological advantage. We own rights in patents and patent applications for technologies relating to interactive whiteboards and other complementary products in Canada, the United States and other countries. Despite devoting resources to the research and development of proprietary technology, we may not be able to develop technology that is patentable or protectable. Patents may not be issued in connection with our pending patent applications and claims allowed may not be sufficient to allow us to use the inventions that we create exclusively. Furthermore, any patents issued to us could be challenged, held invalid or unenforceable or circumvented and may not provide us with sufficient protection or a competitive advantage. In addition, despite our efforts to protect and maintain our patents, competitors and other third parties may be able to design around our patents or develop products similar to our products that are not within the scope of our patents. Finally, patents provide certain statutory protection only for a limited period of time that varies depending on the jurisdiction and type of patent. The statutory protection term of certain of our material patents may expire soon and, thereafter, the underlying technology of such patents can be used by any third party including our competitors.

A number of our competitors and other third parties have been issued patents, or may have filed patent applications, or may obtain additional patents or other intellectual property rights for technologies similar to those that we have developed, used or commercialized, or may develop, use or commercialize, in the future. As certain patent applications in the United States and other countries are maintained in secrecy for a period of time after filing, and as publication or public awareness of new technologies often lags behind actual discoveries, we cannot be certain that we were the first to develop the technology covered by our pending patent applications or issued patents or that we were the first to file patent applications for the technology covered by our issued patents and patent pending applications. In addition, the disclosure in our patent applications, including in respect of the utility of our claimed inventions, may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, we cannot assure you that our patent applications will result in valid or enforceable patents or that we will be able to protect or maintain our patents.

Prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. In addition, the breadth of claims allowed in our patents, their enforceability and our ability to protect and maintain them cannot be predicted with any certainty. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States. Even if our patents are held to be valid and enforceable in a certain jurisdiction, any legal proceedings that we may initiate against third parties to enforce such patents will likely be expensive, take significant time and divert management s attention from other business matters. We cannot assure you that any of our issued patents or pending patent applications will provide any protectable, maintainable or enforceable rights or competitive advantages to us.

In addition to patents, we rely on a combination of copyrights, trademarks, trade secrets and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce our proprietary technology and intellectual property rights in the United States, Canada and other countries. However, our ability to protect our brand by registering certain trademarks may be limited. See We may not be able to protect our brand, and any failure to protect our brand would likely harm our business below. In addition, while we generally enter into confidentiality and non-disclosure agreements with our employees, consultants, contract manufacturers, distributors and dealers and with others to attempt to limit access to and distribution of our proprietary and confidential information, it is possible that:

- misappropriation of our proprietary and confidential information, including technology, will nevertheless occur;
- our confidentiality agreements will not be honored or may be rendered unenforceable;
- third parties will independently develop equivalent, superior or competitive technology or products;
- disputes will arise with our current or future strategic licensees, customers or others concerning the ownership, validity, enforceability, use, patentability or registrability of intellectual property; or
- unauthorized disclosure of our know-how, trade secrets or other proprietary or confidential information will occur.

We cannot assure you that we will be successful in protecting, maintaining or enforcing our intellectual property rights. If we are not successful in protecting, maintaining or enforcing our intellectual property rights, then our business, operating results and financial condition could be materially adversely affected.

We may infringe on or violate the intellectual property rights of others.

Our commercial success depends, in part, upon our not infringing or violating intellectual property rights owned by others. The industry in which we compete has many participants that own, or claim to own, intellectual property. We cannot determine with certainty whether any existing third-party patents, or the issuance of any new third-party patents, would require us to alter our technologies or products, obtain licenses or cease certain activities, including the sale of certain products.

We have received, and we may in the future receive, claims from third parties asserting infringement and other related claims. Litigation has been and may continue to be necessary to determine the scope, enforceability and validity of third-party intellectual property rights or to protect, maintain and enforce our intellectual property rights. Some of our competitors have, or are affiliated with companies having, substantially

greater resources than we have, and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we can. Regardless of whether claims that we are infringing or violating patents or other intellectual property rights have any merit, those claims could:

- adversely affect our relationships with current or future distributors and dealers of our products;
- adversely affect our reputation with customers;
- be time-consuming and expensive to evaluate and defend;

- cause product shipment delays or stoppages;
- divert management s attention and resources;
- subject us to significant liabilities and damages;
- require us to enter into royalty or licensing agreements; or
- require us to cease certain activities, including the sale of products.

If it is determined that we have infringed, violated or are infringing or violating a patent or other intellectual property right of any other person or if we are found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, we may be prohibited from developing, using, distributing, selling or commercializing certain of our technologies and products unless we obtain a license from the holder of the patent or other intellectual property right. We cannot assure you that we will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If we do not obtain such a license or find a cost-efficient workaround, our business, operating results and financial condition could be materially adversely affected and we could be required to cease related business operations in some markets and restructure our business to focus on our continuing operations in other markets.

If we are unable continually to enhance our current products and to develop, introduce and sell new products at competitive prices and in a timely manner, our business would be harmed.

The market for interactive learning and collaboration solutions is still emerging. It is characterized by rapid technological change and frequent new product introductions. Accordingly, our future success depends upon our ability to enhance our current products and to develop, introduce and sell new products offering enhanced performance and functionality at competitive prices. The development of new technologies and products involves time, substantial costs and risks. Our ability successfully to develop new technologies depends in large measure on our ability to maintain a technically skilled research and development staff and to adapt to technological changes and advances in the industry. The success of new product introductions depends on a number of factors including timely and successful product development, market acceptance, the effective management of purchase commitments and inventory levels in line with anticipated product demand, the availability of components in appropriate quantities and costs to meet anticipated demand, the risk that new products may have quality or other defects in the early stages of introduction and our ability to manage distribution and production issues related to new product introductions. If we are unable, for any reason, to enhance, develop, introduce and sell new products in a timely manner, or at all, in response to changing market conditions or customer requirements or otherwise, our business would be harmed.

The emerging market for interactive learning and collaboration products may not develop as we expect.

The market for interactive learning and collaboration products has begun to develop only recently, is evolving rapidly and is characterized by an increasing number of market entrants. As is typical of a new and rapidly evolving industry, the demand for and market acceptance of these products are uncertain. The adoption of these products may not become widespread. If the market for these products fails to develop or develops more slowly than we anticipate, we may fail to achieve our anticipated growth.

If there are decreases in spending or changes in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies, we could lose revenue.

Our customers include primary and secondary schools, colleges, universities, other education providers, and, to a lesser extent, government agencies, each of which depends heavily on government funding. The recent

worldwide recession has resulted in substantial declines in the tax revenues of many national, federal, state, provincial and local governments. Many of those governments could react to the decreases in revenue by cutting funding to those institutions, and if our products are not a high enough priority expenditure for those institutions, we could lose revenue.

Any general decrease, delay or change in national, federal, state, provincial or local funding for primary and secondary schools, colleges, universities, or other education providers or for government agencies that use our products could cause our current and prospective customers to reduce their purchases of our products, which could cause us to lose revenue. In addition, a specific reduction in governmental funding support for products such as ours could also cause us to lose revenue.

We believe that we have been an indirect but perhaps substantial beneficiary of the American Recovery and Reinvestment Act of 2009, or the ARRA. The ARRA was intended to provide a stimulus to the U.S. economy in the wake of the recent economic downturn. Among other things, the ARRA provided state and local governments with substantial additional funds for education. We believe that some of our sales since the enactment of the ARRA in February 2009 resulted from state and local governments obtaining funds under the ARRA for technology purchases. If state and local governments are unable to secure an alternative source of funds upon the depletion of the funds provided under the ARRA, we could experience a slowdown of revenue growth as a result of that lack of funding.

We face significant challenges growing our sales in foreign markets.

As the market for interactive learning and collaboration products and solutions in the United States and the United Kingdom becomes more saturated, the growth rate of our revenue in those countries will decrease and, as a result, our revenue growth will become more dependent on sales in other foreign markets. In order for our products to gain broad acceptance in foreign markets, we may need to develop customized solutions specifically designed for each country in which we seek to grow our sales and to sell those solutions at prices that are competitive in that country. For example, while our hardware requires only minimal modification to be usable in other countries, our software and content requires significant customization and modification to adapt to the needs of foreign customers. Specifically, our software will need to be adapted to work in a user-friendly way in several languages and alphabets, and content that fits the specific needs of foreign customers (such as, for example, classroom lessons adapted to specific foreign curricula) will need to be developed. If we are not able to develop customized products and solutions for use in a particular country, we may be unable to compete successfully in that country and our sales growth in that country will be adversely affected. We cannot assure you that we will be able to successfully develop customized solutions for each foreign country in which we seek to grow our sales or that our solutions, when developed, will be competitive in the relevant country.

Growth in many foreign countries will require us to price our products at prices that are competitive in the context of those countries. In certain developing countries, we may be required to sell our products at prices below those that we are currently charging in developed countries. Such pricing pressures could reduce our gross margins and decrease the growth rate of our revenue.

Our customers experience with our products is directly affected by the availability and quality of our customers Internet access. We are unable to control broadband penetration rates and to the extent that broadband growth in emerging markets slows, our growth in international markets could be hindered.

In addition, we face lengthy and unpredictable sales cycles in foreign markets, particularly in countries with centralized decision making. In these countries, particularly in connection with significant technology product purchases, we have experienced recurrent requests for proposals, significant delays in the decision making process and, in some cases, indefinite deferrals of purchases or cancellations of requests for proposals. If we are unable to overcome these challenges, the growth of our sales in these markets would be adversely affected.

We are subject to risks inherent in foreign operations.

Sales outside the United States and Canada represented approximately 29% of our sales for the year ended March 31, 2010. We intend to continue to pursue international market growth opportunities, which could result in those international sales accounting for a more significant portion of our revenue. We have committed, and may continue to commit, significant resources to our international operations and sales and marketing activities. In addition to our offices in the United States and Canada, we maintain offices in Brazil, China, France, Germany, Japan, New Zealand, Singapore, the United Arab Emirates and the United Kingdom. We have limited experience conducting business outside of the United States and Canada, and we may not be aware of all the factors that may affect our business in foreign jurisdictions. We are subject to a number of risks associated with international business activities that may increase costs, lengthen sales cycles and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, international import and export legislation, trading and investment policies, exchange controls, tariffs and other trade barriers, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. For example, we recently amended our distributorship agreements to bring them into compliance with certain restrictions contained in the competition laws of the European Union. We cannot assure you that risks inherent in our foreign operations will not have a material adverse effect on our business. See also, We face significant challenges growing our sales in foreign markets above.

If we are unable to implement effective procedures to ensure compliance with export control laws, our business could be harmed.

Our extensive foreign operations and sales are subject to far reaching and complex export control laws and regulations in the United States, Canada and elsewhere. Violations of those laws and regulations could have material negative consequences for us including large fines, criminal sanctions, prohibitions on participating in certain transactions and government contracts, sanctions on other companies if they continue to do business with us and adverse publicity. We have only recently begun to establish policies, procedures and controls to address export control requirements. We retained a third party consultant to assess our operations from an export compliance perspective. This assessment, which was completed in January 2010, identified a number of deficiencies in our policies, procedures and controls, and while we have begun to address those deficiencies in response to recommendations from the consultant, we have not yet finalized or implemented our response.

In addition, a recent review of our operations revealed that we may have inadvertently violated the United States Export Administration Regulations, or EAR, by selling products to a distributor in Syria that were made outside the United States but may contain more than 10 percent U.S.-origin content. Upon our discovery of these potential violations, we ceased all sales to that distributor and voluntarily reported these potential violations to the U.S. Department of Commerce s Bureau of Industry and Security, or BIS. Sales of all our products, including products not subject to the EAR, to our former distributor in Syria in fiscal years 2006-2010 were less than $175,000. While we are not aware of any current BIS investigation of us, our voluntary disclosure of the potential inadvertent violation may lead to such an investigation, and we cannot assure you of the outcome of any such investigation if it were commenced.

We may not be able to protect our brand, and any failure to protect our brand would likely harm our business.

We regard our SMART brand as one of our most valuable assets. We believe that continuing to strengthen our brand will be critical to achieving widespread acceptance of our products, and will require a continued focus on active marketing efforts. We will need to continue to spend substantial amounts of money on, and devote

substantial resources to, advertising, marketing and other efforts to create and maintain brand recognition and loyalty among end-users. However, brand promotion activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses incurred in building our brand. If we fail to promote, protect and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote, protect and maintain our brand, our business would be harmed.

The unlicensed use of our trademarks by third parties could harm our reputation, impair such trademarks and adversely affect the strength and value of our brand in the marketplace and the associated goodwill. We use the term SMART in the branding of many of our products, such as the SMART Board interactive whiteboard, the SMART Response interactive response system and our SMART Notebook software. Because it is generally not possible to obtain trademark protection for a term that is descriptive, we may be unable to obtain, or may be unable to enforce, trademark rights for certain of our product brands such as smart board in certain jurisdictions. If we are unable to obtain or enforce such rights under applicable law, our ability to prevent our competitors and potential competitors from referring to their products using terms or trademarks that are confusingly similar to those of our products will be adversely affected. We are aware of situations in which our competitors have described their product generally as a smart board. While we seek to defend against such dilution of our trademarks, we cannot assure you that we will be successful in protecting our trademarks.

In addition, trademark protection is territorial and our ability to expand our business, including, for example, by offering different products or services or by selling our products in new jurisdictions, may be limited by prior use, common law rights or prior applications or registrations of certain trademarks by third parties in such jurisdiction.

Under applicable trademark law in certain jurisdictions, if a trademark becomes generic, rights in the mark may no longer be enforceable. To the extent that people refer generally to interactive whiteboards as smart boards or if the SMART name were otherwise to become a generic term, we may be unable to prevent competitors and others from using our name for their products which could adversely affect our ability to leverage our brand and could harm our reputation if third-party products of lesser quality are mistaken for our products.

Our suppliers and contract manufacturers may not be able to supply components or products to us on a timely basis or on favorable terms.

Assembly of our products depends on obtaining adequate supplies of components on a timely basis. Some of those components, as well as certain complete products that we sell, are provided to us by only one supplier or contract manufacturer. We are subject to risks that disruptions in the operations of our sole or limited suppliers or contract manufacturers may cause them to decrease or stop production of these components and products. Alternative sources are not always available. Many of our components are manufactured overseas and have long lead times. Due to our growth, we have from time to time experienced shortages of several of our products and components that we obtain from third parties. Because of the current economic climate, many suppliers and contract manufacturers have generally lowered their manufacturing capacity which increases lead times for our products or components. We have also experienced unexpected demand for certain of our products. As a result, we have had, and may have in the future, delays in delivering the number of products ordered by our customers. We cannot predict if or when our suppliers and contract manufacturers will resume production at full capacity and we cannot ensure that product or component shortages will not occur in the future. If we cannot supply products due to a lack of components, or are unable to redesign products with other components in a timely manner, our business will be significantly harmed.

We do not have written agreements with many of our suppliers. Although we are endeavoring to enter into written agreements with certain of our suppliers, we cannot assure you that our efforts will be successful. Even where we do have a written agreement for the supply of a component, there is no guarantee that we will be able to extend or renew that agreement on similar favorable terms, or at all, upon expiration or otherwise obtain favorable pricing in the future.

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We depend on component manufacturing, product assembly and logistical services provided by third parties, some of which are sole source and many of which are located outside of Canada and the United States.

Most of our components are manufactured, and certain of our complete products are assembled, in whole or in part by a few third parties. Many of these third parties are located outside of Canada and the United States. For example, we rely on one contract manufacturer based in China for the production of all our short-throw projectors used in our interactive whiteboard solution and on another contract manufacturer based in Hungary for the final production of a significant portion of our completed interactive whiteboards. We have also contracted with a third party to manage much of our transportation and logistics requirements. While these arrangements may lower costs, they also reduce our direct control over production and shipments. It is uncertain what effect such diminished control will have on the quality or quantity of our products, or on our flexibility to respond to changing conditions. Our failure to manage production and supply of our products adequately, or the failure of products to meet quality requirements, could materially adversely affect our business.

Although arrangements with our suppliers and contract manufacturers may contain provisions for warranty expense reimbursement, it may be difficult or impossible for us to recover from suppliers and contract manufacturers, and we may remain responsible to the customer for warranty service in the event of product defects. Any unanticipated product defect or warranty liability, whether pursuant to arrangements with suppliers, contract manufacturers or otherwise, could materially adversely affect our reputation and business.

Final assembly of our interactive whiteboard products is currently performed in our assembly facility in Ottawa, Canada and by a contract manufacturer in Hungary. If assembly or logistics in these locations is disrupted for any reason, including natural disasters, information technology failures, breaches of systems security, military or terrorist actions or economic, business, labor, environmental, public health, or political issues, our business, financial condition and operating results could be materially adversely affected.

Any current or future financial problems of suppliers or contract manufacturers could adversely affect us by increasing costs or exposing us to credit risks of these suppliers or contract manufacturers or as the result of a complete cessation of supply. In addition, if suppliers or contract manufacturers or other third parties experience insolvency or bankruptcy, we may lose the benefit of any warranties and indemnities. If we are unable to obtain the necessary components for our products in a timely manner, we may not be able to produce a sufficient supply of products, which could lead to reduced revenue, and our business, financial condition and results of operations could be harmed.

Our future success depends on our co-founders, the loss of either of whom could adversely impact our business.

We depend in a large part upon the continued service of key members of our senior management team. In particular, our co-founders David A. Martin and Nancy L. Knowlton are critical to the overall management of our company as well as the development of our technology, our culture and our strategic direction. We do not maintain any key-person life insurance policies. The loss of any of our management or key personnel could seriously harm our business.

We generate a substantial majority of our revenue from the sale of our interactive whiteboards, and any significant reduction in sales of that product would materially harm our business.

We generated approximately 70% of our revenue for the year ended March 31, 2010 from sales of our interactive whiteboards and integrated projectors. A decrease in demand for our interactive whiteboards would significantly reduce our revenue. If any of our competitors introduces

attractive alternatives to our interactive whiteboards, we could experience a significant decrease in sales as customers migrate to those alternative products.

We experienced significant difficulties implementing our enterprise resource planning system.

On April 1, 2008, we commenced implementing a new enterprise resource planning, or ERP, system. We experienced significant difficulties with this implementation which resulted in severe disruptions to our operations and to our financial and accounting systems for a number of months. For example, we were unable to issue invoices or ship any products for a significant period of time during the first quarter of fiscal 2009. This resulted in our inability to complete reliable quarterly financial statements for fiscal 2009. In order to temporarily resolve the issues associated with the ERP system implementation, we adopted several manual processes and workarounds to perform functions that would typically be automated in a company of our size. By the end of the second quarter of fiscal 2009, we had shipped all the products that we were unable to ship in the first quarter of fiscal 2009, and as of December 31, 2009, we had substantially resolved all material issues associated with the portions of the ERP system that we had implemented as of that date.

We have not yet completed the implementation of the new ERP system and many manual processes for functions that should be automated remain. The existence of such manual processes allows the possibility for human error that could potentially result in material mistakes in our operations as well as our financial reporting. Such mistakes, if made, could have a material adverse effect on our business. In addition, we currently do not have, and until we complete the implementation of our ERP system, we will not have, the necessary systems in place to provide us with certain data that would normally be automatically collected in an organization of our size. For example, until the first quarter of fiscal 2010, our systems were unable to generate operating expense reports for our various business cost centers. Furthermore, we have identified, and are in the process of correcting, additional weaknesses in the ERP system that could potentially have a material adverse effect on our business. Specifically, the configuration of our ERP system lacks sufficient authority controls and many users are able to make changes to the system that may affect all users. If a user makes unauthorized changes to the system, our business could be harmed. These issues did not prevent us from obtaining unqualified audit reports on our annual financial statements.

In the first quarter of fiscal 2010, we continued to experience problems of a less material nature in the implementation of the ERP system. For example, on one occasion, a particular module of the system was not properly tested, and after implementing the module, we discovered that the system prevented the shipment of certain products and the issuance of invoices for certain shipments. While in that particular instance we were able to remediate the problem in time to prevent any significant issues, we cannot assure you that similar problems will not recur or that we will be able to remediate these problems on a timely basis. If additional problems arise in the implementation of additional modules of the ERP system, we could experience further disruptions to our business and operations that could have a material adverse effect on our business and could impair our ability to report our operating results on a timely and accurate basis.

We may not be successful in our strategy to grow in the business and government markets.

To date, a substantial majority of our revenue has been derived from sales to the education market. Because we sell our products through dealers and distributors, we are unable to precisely quantify the portion of our revenue that is derived from any particular market. However, we estimate that for the year ended March 31, 2010, approximately 85% of our revenue was derived from the education market. Our business strategy contemplates expanding our sales to the business and government markets. However, there has not been widespread adoption of interactive whiteboard solutions in the business and government markets and these solutions may fail to achieve wide acceptance in these markets. We believe that the primary reason interactive whiteboards have had slower acceptance rates by business and government users is that they still may be too difficult for the average business and government user to use without training. While most educators who use our products do so on a regular and recurring basis (e.g., teachers may use SMART Board interactive whiteboards in their classrooms daily) and gain a certain proficiency with frequent use, most business and government end-users are occasional users for whom the training required to use our interactive whiteboards may be too significant of a time investment. As a result, our ability to grow our sales in the business and government markets will largely

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depend on our ability to introduce products that are easier to use intuitively with relatively minimal or no training. We may not be successful in achieving penetration in those markets for other reasons as well. For example, expanding into the business and government markets may require us to develop new distributor and dealer relationships and we may not be successful in developing those relationships. In addition, our brand is less recognized in the business and government markets than it is in the education market.

Acquisitions and joint ventures could result in operating difficulties, dilution and other harmful consequences.

We expect to evaluate and consider a wide array of potential strategic transactions, including joint ventures, business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- diversion of management time, as well as a shift of focus from operating the businesses to issues related to integration and administration;

- declining employee morale and retention issues resulting from changes in, or acceleration of, compensation, or changes in management, reporting relationships, future prospects or the direction or culture of the business;

- the need to integrate each company s accounting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented;

- the need to implement controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition had lacked such controls, procedures and policies;

- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;

- in some cases, the need to transition operations, end-users, and customers onto our existing platforms; and

- liability for activities of the acquired company before the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

Moreover, we may not realize the anticipated benefits of any or all of our acquisitions, or may not realize them in the time frame expected. For example, we recently acquired the entire share capital of NextWindow, and we intend to integrate its operations and technologies with our business. However, we cannot assure you that we will be able to integrate those operations and technologies without encountering difficulties, including, but not limited to, the loss of key employees, the disruption of our respective ongoing businesses, the inability to retain business relationships with NextWindow s customers or possible inconsistencies in standards, controls, procedures and policies. Future acquisitions or mergers may require us to issue additional equity securities, spend our cash, or incur debt, liabilities, amortization expenses related to intangible assets or write-offs of goodwill, any of which could adversely affect our results of operations.

Our ability to sell our products is dependent upon us establishing and maintaining good relationships with dealers and distributors that promote and sell our products.

Substantially all our sales are made through dealers and distributors and accordingly, we depend on our ability to establish and develop new relationships and to build on existing relationships with dealers and

distributors. Our dealers and most of our distributors are not contractually required to sell our products exclusively and may offer competing interactive whiteboard products. We cannot assure you that our dealers and distributors will act in a manner that will promote the success of our products. Factors that are largely within the control of those dealers and distributors but are important to the success of our products include:

- the degree to which our dealers and distributors actively promote our products;
- the extent to which our dealers and distributors offer and promote competitive products; and
- the quality of installation, training and other support services offered by our dealers and distributors.

In addition, if some of our competitors offer their products to dealers and distributors on more favorable terms or have more products available to meet their needs, there may be pressure on us to reduce the price of our products or those dealers and distributors may stop carrying our products or de-emphasize the sale of our products in favor of the products of these competitors. If we do not maintain and continue to build relationships with dealers and distributors, our business will be harmed.

If we are unable to ship and transport components and final products efficiently and economically across long distances and borders our business would be harmed.

We transport significant volumes of components and finished products across long-distances and international borders. Any increases in our transportation costs, as a result of increases in the price of oil or otherwise, would increase our costs and the final prices of our products to our customers. In addition, any increases in customs or tariffs, as a result of changes to existing trade agreements between countries or otherwise, could increase our costs or the final cost of our products to our customers or decrease our margins. Such increases could harm our competitive position and could have a material adverse effect on our business. The laws governing customs and tariffs in many countries are complex, subject to many interpretations and often include substantial penalties for non-compliance. We have an ongoing dispute with the U.S. Customs and Border Protection Agency with respect to the classification of certain of our products and similar disputes may arise in the future. Such similar disputes, if they arise, could subject us to material liabilities and have a material adverse effect on our business.

If we are unable to integrate our products with certain third-party operating system software and other products, the functionality of our products would be adversely affected.

The functionality of our products depends on our ability to integrate our products with the operating system software and related products of providers such as Microsoft Corporation, Apple Inc., and the main distributors of Linux, among other providers. If integration with the products of those companies becomes more difficult, our products would likely be more difficult to use. Any increase in the difficulty of using our products would likely harm our reputation and the utility and desirability of our products, and, as a result, would likely have a material adverse effect on our business. Integrating our products with those of the main software platform providers is particularly critical to increasing our sales to the business and government markets, as discussed above under We may not be successful in our strategy to grow in the business and government markets.

Our use of open source and third-party software could impose limitations on our ability to distribute or commercialize our software products.

We incorporate open source software into our software products. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by Canadian, United States and other courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to distribute or commercialize our products. In such event, we could be required to seek licenses from, or pay royalties to, third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely or efficient basis. If we are required to take any of the foregoing action, this could adversely affect our business, operating results and financial condition.

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We also incorporate certain third-party technologies and proprietary rights into our software products and may need to utilize additional third-party technologies or proprietary rights in the future. Although we are not currently reliant in any material respect on any technology license agreement from a single third party, if software suppliers or other third-party licensors terminate their relationships with us, we could face delays in product releases until equivalent technology can be identified, licensed or developed and integrated into our current software products. These delays, if they occur, could materially adversely affect our business, operating results and financial condition. If we are unable to redesign our software products to function without this third-party technology or to obtain or internally develop similar technology, we might be forced to limit the features available in our current or future software products.

Defects in our products can be difficult to detect before shipment. If defects occur, they could have a material adverse effect on our business.

Our products are highly complex and sophisticated and, from time to time, may contain design defects or software bugs or failures that are difficult to detect and correct. Errors or defects may be found in new products after commercial shipments and we may be unable successfully to correct such errors or defects in a timely manner or at all. The occurrence of errors and defects in our products could result in loss of, or delay in, market acceptance of our products, and correcting such errors and failures in our products could require significant expenditure of capital by us. We typically provide warranties on interactive whiteboards for between two and five years, and the failure of our products to operate as described could give rise to warranty claims. The consequences of such errors, failures and other defects and claims could have a material adverse effect on our business, financial condition and results of operations.

Our senior management has limited experience working together as a group.

Many of the members of our senior management, including two of our five executive officers, including our Chief Financial Officer, and three of our nine other officers, have been hired since April 1, 2008. As a result, our senior management has limited experience working together as a group. This lack of shared experience could harm our senior management s ability to quickly and effectively respond to problems and effectively manage our business, which could result in our business being harmed and our results of operations suffering.

We are exposed to fluctuations in foreign currencies that may materially adversely affect our results of operations.

We are exposed to foreign exchange risk as a result of transactions in currencies other than our functional currency of the Canadian dollar. For example, a substantial portion of our long-term debt is denominated in U.S. dollars. If the Canadian dollar depreciates relative to the U.S. dollar, the outstanding amount of that debt when translated to our Canadian dollar functional currency will increase. Although we report our results in U.S. dollars, a foreign exchange loss will result from the increase in the outstanding amount and that loss could materially adversely affect our results of operations.

In addition, we are exposed to fluctuations in foreign currencies as a result of transactions in currencies other than our reporting currency of the U.S. dollar. A large portion of our revenue and purchases of materials and components are denominated in U.S. dollars. However, a substantial portion of our revenue is denominated in other foreign currencies, primarily the Euro, British pound sterling and the Canadian dollar. If the value of any of these currencies depreciates relative to the U.S. dollar, our foreign currency revenue will decrease when translated to U.S. dollars for financial reporting purposes. In addition, a significant portion of our cost of goods sold, operating costs and capital expenditures are incurred in other currencies, primarily the Canadian dollar and the Euro. If the value of either of these currencies appreciates relative to the U.S. dollar, our expenses will increase when translated to U.S. dollars for financial reporting purposes.

We monitor our foreign exchange exposures and, in certain circumstances, maintain net monetary asset and/or liability balances in foreign currencies and engage in foreign currency hedging activities through the use of

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derivative financial instruments such as forward contracts. These activities mitigate, but do not eliminate, our exposure to exchange rate fluctuations. As a result, exchange rate fluctuations may materially adversely affect our operating results in future periods.

The level of our current and future debt could have an adverse impact on our business.

We have substantial debt outstanding and we may incur additional indebtedness in the future. As of March 31, 2010, we had $997.8 million of outstanding indebtedness, including indebtedness to our shareholders. After giving effect to the 2010 Reorganization described under Description of Share Capital 2010 Reorganization, which has the effect of converting each of our shareholder note payable and our cumulative preferred shares into Class B Shares or Class A Subordinate Voting Shares, and to the use of a portion of estimated net proceeds from this offering to repay approximately $19 million of our term construction facility and $40 million of our unsecured term loan, we would have had $508.8 million of outstanding indebtedness as of March 31, 2010.

The high level of our indebtedness, among other things, could:

- make it difficult for us to make payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If additional debt financing is not available when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition.

A substantial portion of our debt bears interest at floating rates and we are therefore exposed to fluctuations in interest rates. In order to mitigate the effects of increases in interest rates on our cash flows, from time to time we enter into derivative instruments, including interest rate swaps. These hedging activities mitigate but do not eliminate our exposure to interest rate fluctuations and, as a result, interest rate fluctuations may materially adversely affect our operating results in future periods.

Our working capital requirements and cash flows are subject to fluctuation which could have an adverse effect on our financial condition.

Our working capital requirements and cash flows have historically been, and are expected to continue to be, subject to quarterly and yearly fluctuations, depending on a number of factors. Factors which could result in cash flow fluctuations include:

- the level of sales and the related margins on those sales;
- the collection of receivables;
- the timing and size of purchases of inventory and related components; and
- the timing of payment on payables and accrued liabilities.

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If we are unable to manage fluctuations in cash flow, our business, operating results and financial condition may be materially adversely affected. For example, if we are unable to effectively manage fluctuations in our cash flows, we may be unable to make required interest payments on our indebtedness.

We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed.

We believe that our existing working capital, expected cash flow from operations and other available cash resources will enable us to meet our working capital requirements for at least the next 12 months. However, the development and marketing of new products and the expansion of distribution channels require a significant commitment of resources. From time to time, in addition to this offering, we may seek additional equity or debt financing to finance working capital requirements, continue our expansion, develop new products or make acquisitions or other investments. In addition, if our business plans change; general economic, financial or political conditions in our industry change; or other circumstances arise that have a material effect on our cash flow, the anticipated cash needs of our business, as well as our conclusions as to the adequacy of our available sources of capital, could change significantly. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities would result in dilution of the shares held by existing shareholders. If additional funds are raised through the issuance of preferred shares or debt securities, such securities may provide the holders certain rights, preferences, and privileges senior to those of the holders of our Class A Subordinate Voting Shares, and the terms of such securities could impose restrictions on our operations. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business or to develop new business at the rate desired and our results of operations may suffer.

We rely on highly skilled personnel and, if we are unable to attract, retain or motivate qualified personnel, we may not be able to grow effectively.

Our success is largely dependent on our ability to attract and retain skilled employees. Competition for highly skilled management, technical, research and development and other employees is intense in the high-technology industry and we may not be able to attract or retain highly qualified personnel in the future. In making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the equity awards they would receive in connection with their employment. Although our Participant Equity Loan Plan described under Executive Compensation Participant Equity Loan Plan has provided certain employees with an opportunity to invest in us, prior to the adoption of our 2010 Equity Incentive Plan, which is described under Executive Compensation 2010 Equity Incentive Plan and which we have adopted in connection with this offering, none of our employee incentive plans provided employees with grants of equity awards.

Our worldwide operations subject us to income taxes in many jurisdictions, and we must exercise significant judgment in order to determine our worldwide financial provision for income taxes. That determination is ultimately an estimate and, accordingly, we cannot assure you that our historical income tax provisions and accruals will be adequate.

We are subject to income taxes in Canada, the United States and numerous other jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, we cannot assure you that the final determination of any tax audits and litigation will not be materially different from that which is reflected in our historical income tax provisions and accruals. Should additional taxes be assessed against us as a result of an audit or litigation, there could be a material adverse effect on our current and future results and financial condition.

Certain of our subsidiaries provide products to, and may from time to time undertake certain significant transactions with, us and our other subsidiaries in different jurisdictions. In general, cross border transactions

between related parties and, in particular, related party financing transactions, are subject to close review by tax authorities. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules that require all transactions with non-resident related parties to be priced using arm s-length pricing principles and require the existence of contemporaneous documentation to support such pricing. A tax authority in one or more jurisdictions could challenge the validity of our related party transfer pricing policies. Because such a challenge generally involves a complex area of taxation and because a significant degree of judgment by management is required to be exercised in setting related party transfer pricing policies, the resolution of such challenges often results in adjustments in favor of the taxing authority. If in the future any taxation authorities are successful in challenging our financing or transfer pricing policies, our income tax expense may be adversely affected and we could become subject to interest and penalty charges, which may harm our business, financial condition and operating results.

If our products fail to comply with consumer product or environmental laws, it could materially affect our financial performance.

Because we sell products used by children in classrooms and because our products are subject to environmental regulations in some jurisdictions in which we do business, we must comply with a variety of product safety, product testing and environmental regulations, including compliance with applicable laws and standards with respect to lead content and other child safety and environmental issues. If our products do not meet applicable safety or regulatory standards, we could experience lost sales, diverted resources and increased costs, which could have a material adverse effect on our financial condition and results of operations. Events that give rise to actual, potential or perceived product safety or environmental concerns could expose us to government enforcement action or private litigation and result in product recalls and other liabilities. In addition, negative consumer perceptions regarding the safety of our products could cause negative publicity and harm our reputation.

A successful unionization drive could have a material adverse effect on our business.

Currently, none of our employees is unionized. However, our assembly facility in Ottawa, Canada was the subject of two labor union organizing efforts in the past and any of our current or future facilities may become subject to labor union organizing efforts. Any union organizing efforts, if successful, could result in an increased risk of strikes, work stoppages and resulting product shortages or delays and higher labor costs.

We may assume or incur liabilities in connection with the 2010 Reorganization.

Prior to the completion of this offering we will complete the 2010 Reorganization. While we believe that there will be no material adverse tax consequences to us from the 2010 Reorganization, no advance tax ruling has been obtained from the Canada Revenue Agency and we cannot provide any assurances in this regard. In addition, as a result of the 2010 Reorganization, a number of companies controlled by certain of our shareholders were amalgamated with us. Consequently, we have assumed all liabilities (including tax liabilities and contingent liabilities) of such companies. We will not be indemnified for any of these assumed liabilities. Based upon our due diligence investigations related to the 2010 Reorganization, we believe that we have not assumed any material liabilities, although we cannot provide any assurances in this regard. In addition, there may be liabilities that are neither probable nor estimable at this time, which may become probable and estimable in the future. Any such assumption of liabilities as a result of such amalgamation or any adverse tax consequences as a result of the 2010 Reorganization could have a material adverse effect on our results of operations. See Description of Share Capital 2010 Reorganization.

Our costs will increase significantly as a result of operating as a public company, and our management will be required to devote substantial time to complying with public company regulations.

As a public company, we will incur legal, accounting, compliance and other expenses that we have not incurred historically. After this offering, we will become obligated to file with the SEC annual and other reports

pursuant to the U.S. Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). We will also become obligated to file with the Canadian provincial and territorial securities regulators similar reports pursuant to securities laws and regulations applicable in all the provinces and territories of Canada. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all applicable reporting requirements on a timely basis. In addition, we will become subject to other reporting and corporate governance requirements, including certain requirements of the NASDAQ Stock Market, or NASDAQ, and the Toronto Stock Exchange, or TSX, certain provisions of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, and rules and guidelines of the Canadian provincial securities regulators, which will impose significant compliance obligations upon us.

Sarbanes-Oxley, as well as rules subsequently implemented by the SEC, the NASDAQ, the TSX and the Canadian provincial securities regulators, have imposed increased regulation and disclosure and require enhanced corporate governance practices of public companies. Our efforts to comply with evolving corporate governance laws, regulations and standards are likely to result in increased administrative expenses and a diversion of management s time and attention from revenue-generating activities to compliance activities. These changes will require a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could materially adversely affect our business. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired. If we do not implement such requirements in a timely manner or with adequate compliance, we might be subject to sanctions or investigations by regulatory authorities, such as the SEC, the NASDAQ or the Canadian securities regulators. Any such action could harm our reputation and the confidence of investors, customers and other third parties with which we do business, and could materially adversely affect our business and cause the trading price of our shares to fall.

One of the directors who currently serves on our audit committee is not an independent director. Under the rules of the NASDAQ and of the Canadian provincial securities regulators, all the members of our audit committee must be independent directors by the first anniversary of the date of this offering. Any failure to comply with these requirements by this deadline would allow the NASDAQ to de-list our Class A Subordinate Voting Shares and the Canadian provincial securities regulators to issue a cease trade order respecting trading of our Class A Subordinate Voting Shares on the TSX.

If our internal controls and accounting processes are insufficient, we may not detect in a timely manner misstatements that could occur in our financial statements in amounts that could be material.

After this offering, we will need to devote substantial efforts to the reporting obligations and internal controls required of a public company in the United States and Canada, which will result in substantial costs. A failure properly to meet these obligations could cause investors to lose confidence in us and have a negative impact on the market price of our Class A Subordinate Voting Shares. We will be required to devote significant resources to the documentation and testing of our operational and financial systems for the foreseeable future. In anticipation of becoming a public company in the United States and Canada, we have taken a number of recent steps to prepare for quarterly financial reporting. Upon completion of this offering, we will have had only limited operating experience with the improvements we have made to date. We will need to make continued efforts with respect to the documentation of our internal controls in order to meet the requirements of being a public company in the United States and Canada, including the rules under Section 404 of Sarbanes-Oxley in the United States. However, the improvements we have made and the efforts with respect to our accounting processes that we will need to continue to make may not be sufficient to ensure that we maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations in the United States or Canada or result in misstatements in our financial statements in amounts that could be material. Insufficient internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares and may expose us to litigation risk.

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As a public company, we will be required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of Sarbanes-Oxley, which will require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm that addresses the effectiveness of our internal control over financial reporting. During the course of our testing, we may identify deficiencies which we may not be able to remediate in time to meet our deadline for compliance with Section 404. Testing and maintaining internal control can divert our management s attention from other matters that are important to the operation of our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal control over financial reporting. If either we are unable to conclude that we have effective internal control over financial reporting or our independent auditors are unable to provide us with an unqualified report as required by Section 404, then investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares.

Risks Related to the Offering and Our Capital Structure

The concentration of voting power and control with our co-founders, Intel and Apax Partners will limit your ability to influence corporate matters, including takeovers.

Our Class B Shares have 10 votes per share and our Class A Subordinate Voting Shares, which are the shares we are selling in this offering, have one vote per share. We anticipate that, assuming an initial public offering price of $17.00 (the mid-point of the range set forth on the cover page of this prospectus), our Class B Shares will constitute approximately 65.9% of our total share capital outstanding immediately following completion of this offering, but will carry approximately 95.1% of the total outstanding voting power of all our outstanding share capital. In particular, following this offering, our co-founders, David A. Martin and Nancy L. Knowlton, will beneficially own approximately 33.3% of our outstanding Class B Shares, representing approximately 31.7% of the voting power of all our outstanding share capital, while Intel and Apax Partners will beneficially own approximately 22.8% and 43.8% of our outstanding Class B Shares, representing approximately 21.7% and 41.7% of the voting power of all our outstanding share capital, respectively. As a result, our co-founders, Intel and Apax Partners will have significant influence over our management and affairs and over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a business combination or other sale of our company or its assets, for the foreseeable future. In addition, we and the holders of our Class B Shares will, prior to the completion of this offering enter into a securityholders agreement pursuant to which the holders of our Class B Shares agree to exercise their voting power so as to ensure that our Board of Directors will be comprised of seven members, including two directors nominated by IFF and one director nominated by each of Apax Partners and Intel. See Description of Share Capital Securityholders Agreement.

This concentrated control may provide our current shareholders with the ability to prevent and deter takeover proposals from third parties. In particular, because under Alberta law and/or our articles of incorporation most amalgamations and certain other business combination transactions, including a sale of all or substantially all our assets, would require approval by a majority of not less than two-thirds of the votes cast by the holders of the Class B Shares voting as a separate class, and because each of IFF and Apax Partners is expected, after the completion of this offering, to own more than one-third of the Class B Shares, each of IFF and Apax Partners will have the ability to prevent such transactions. See Description of Share Capital Share Capital. The concentration of voting power limits your ability to influence corporate matters and, as a result, we may take actions that you do not view as beneficial, including rejecting takeover proposals at a premium to the then prevailing market price of the Class A Subordinate Voting Shares. As a result, the market price of our Class A Subordinate Voting Shares could be adversely affected.

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Some of our directors have interests that are different than our interests.

We do business with certain companies that are related parties. For example, we have a licensing arrangement with Intel, one of our principal shareholders, that has its nominee serving as one of our directors. Pursuant to the securityholders agreement mentioned above, we expect to have one or more directors affiliated with Apax Partners, Intel and IFF for the foreseeable future following the completion of this offering. Although our directors owe fiduciary duties, including the duties of loyalty and confidentiality, to us, our directors that serve as directors, officers, partners or employees of companies that we do business with also owe fiduciary duties or other obligations to such other companies or to the investors in their funds. The duties owed to us could conflict with the duties such directors owe to these other companies or investors.

Our share price may be volatile and the market price of our shares may decline.

Prior to this offering, our Class A Subordinate Voting Shares have not been traded in the public markets. We cannot predict the extent to which a trading market for our Class A Subordinate Voting Shares will develop or how liquid that market might become. An active trading market for our Class A Subordinate Voting Shares may never develop or may not be sustained, which could adversely affect your ability to sell your Class A Subordinate Voting Shares and the market price of your shares. The initial public offering price for the Class A Subordinate Voting Shares was determined by negotiations between us, the selling shareholders and the underwriters and does not purport to be indicative of prices at which our Class A Subordinate Voting Shares will trade upon completion of this offering.

The stock market in general, and the market for equities of some high-technology companies in particular, have been highly volatile. As a result, the market price of our Class A Subordinate Voting Shares is likely to be similarly volatile, and investors in our Class A Subordinate Voting Shares may experience a decrease, which could be substantial, in the value of their shares, including decreases unrelated to our operating performance or prospects, or a complete loss of their investment. The price of our Class A Subordinate Voting Shares could be subject to wide fluctuations in response to a number of factors, including those listed elsewhere in this Risk Factors section and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results which may be the result of many factors including:
  - the timing and amount of sales of our products or the cancellation or rescheduling of significant orders;
  - the length and variability of the sales cycle for our products;
  - the timing of implementation and acceptance of new products by our customers and by our distributors and dealers;
  - the timing and success of new product introductions;
  - increases in the prices or decreases in the availability of the components we purchase;

price and product competition;

our ability to execute on our operating plan and strategy;

the timing and level of research and development expenses;

the mix of products sold;

changes in the distribution channels through which we sell our products and the loss of distributors or dealers;

our ability to maintain appropriate inventory levels and purchase commitments;

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- fluctuations in our gross margins and the factors that contribute to such fluctuations;
- the ability of our customers, distributors and dealers to obtain financing to purchase our products, especially during a period of global credit market disruption or in the event of customer, distributor, dealer, contract manufacturer or supplier financial problems;
- uncertainty regarding our ability to realize benefits anticipated from our investments in research and development, sales and assembly activities;
- delays in government requests for proposals for significant technology purchases;
- changes in foreign exchange rates or interest rates;
- changes in our financing and capital structures; and
- the uncertainties inherent in our accounting estimates and assumptions and the impact of changes in accounting principles;

changes in estimates of our revenue, income or other operating results published by securities analysts or changes in recommendations by securities analysts;

publication of research reports by securities analysts about us, our competitors or our industry;

our failure or the failure of our competitors to meet analysts projections or guidance that we or our competitors may give to the market;

additions and departures of key personnel;

strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments affecting us;

speculation in the press or investment community;

changes in accounting principles;

terrorist acts, acts of war or periods of widespread civil unrest; and

changes in general market and economic conditions as well as those specific to the industry in which we operate.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their share price. This type of litigation could result in substantial costs and divert our management s attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Because we are an Alberta corporation and the majority of our directors and officers are resident in Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States.

We are an Alberta corporation with our principal place of business in Canada. A majority of our directors and officers and the auditors named herein are residents of Canada and all or a substantial portion of our assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon us or our directors or officers or such auditors who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the U.S. Securities Act of 1933. Investors should not assume that Canadian courts: (1) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue sky laws of any state within the United States or (2) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws.

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As a foreign private issuer, we are not subject to certain U.S. securities law disclosure requirements that apply to a domestic U.S. issuer, which may limit the information publicly available to our shareholders.

As a foreign private issuer we are not required to comply with all the periodic disclosure requirements of the Exchange Act and therefore there may be less publicly available information about us than if we were a U.S. domestic issuer. For example, we are not subject to the proxy rules in the United States and disclosure with respect to our annual meetings will be governed by Canadian requirements. Section 132 of the ABCA provides that the directors of a corporation must call an annual meeting of shareholders not later than 15 months after holding the last preceding annual meeting. Prior to the proposed offering, our shareholders intend to pass written resolutions having the same effect as the holding of an annual shareholders meeting. Therefore, our first annual meeting of shareholders after completion of this offering will not be required to occur until late 2011. In addition, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Securities Exchange Act of 1934 and the rules thereunder. Therefore, our shareholders may not know on a timely basis when our officers, directors and principal shareholders purchase or sell our shares.

We do not intend to pay dividends on our Class A Subordinate Voting Shares.

We have never declared or paid any cash dividend on our Class A Subordinate Voting Shares. Our ability to pay dividends is restricted by covenants in our outstanding credit facilities and may be further restricted by covenants in any instruments and agreements that we may enter into in the future. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Investors seeking cash dividends should not purchase our Class A Subordinate Voting Shares.

We may invest or spend the proceeds of this offering in ways you may not agree with or in ways which may not yield a return.

We will have broad discretion over the use of the net proceeds from this offering. Except as set forth in the Use of Proceeds section of this prospectus, we have not reserved specific amounts for any particular purposes, and we cannot specify with certainty how we will use these funds. Accordingly, our management will have considerable discretion in the application of these funds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. These funds may be used for purposes that do not improve our operating results or the market value of our Class A Subordinate Voting Shares. Until these funds are used, they may be placed in investments that do not produce income or that lose value.

Our share price may decline because of the ability of our co-founders, Apax Partners, Intel and others to sell our shares.

Sales of substantial amounts of our Class A Subordinate Voting Shares after this offering, or the perception that those sales may occur, could adversely affect the market price of our Class A Subordinate Voting Shares and impede our ability to raise capital through the issuance of equity securities. Although we, all our directors and officers, the selling shareholders and the holders of substantially all our outstanding Class A Subordinate Voting Shares and Class B Shares entered into lock-up agreements restricting the sale of our Class A Subordinate Voting shares, without the prior written consent of each of Morgan Stanley & Co. Incorporated, Deutsche Bank Securities Inc. and RBC Dominion Securities Inc., for a period of 180 days after the date of this prospectus, those lock-up agreements are subject to exceptions and compliance with those lock-up agreements could be waived. See Underwriting General. Our co-founders, Apax Partners and Intel are party to a registration rights agreement with us (which will be amended and restated in connection with this offering) that may require us to register their shares for resale or include shares owned by such shareholders in future offerings by us. See Certain Relationships and Related Party Transactions Registration Rights for a description of those registration rights and Shares Eligible for Future Sale for a discussion of possible future sales of our shares.

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In connection with this offering, we intend to file a registration statement on Form S-8 to register Class A Subordinate Voting Shares that are or will be reserved for issuance under our 2010 Equity Incentive Plan. Significant sales of our Class A Subordinate Voting Shares pursuant to our 2010 Equity Incentive Plan could also adversely affect the prevailing market price for our Class A Subordinate Voting Shares.

Future sales or issuances of our Class A Subordinate Voting Shares could lower our share price and dilute your voting power and may reduce our earnings per share.

We may issue and sell additional Class A Subordinate Voting Shares in subsequent offerings. We may also issue additional Class A Subordinate Voting Shares to finance future acquisitions. We cannot predict the size of future issuances of our Class A Subordinate Voting Shares or the effect, if any, that future issuances and sales of our Class A Subordinate Voting Shares will have on the market price of our Class A Subordinate Voting Shares. Sales or issuances of substantial amounts of Class A Subordinate Voting Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Class A Subordinate Voting Shares. With any additional sale or issuance of Class A Subordinate Voting Shares, you will suffer dilution to your voting power and may experience dilution in our earnings per share.

If securities or industry analysts do not publish research or reports about us, if they adversely change their recommendations regarding our shares or if our operating results do not meet their expectations, our share price could decline.

The market price of our Class A Subordinate Voting Shares will be influenced by the research and reports that industry or securities analysts publish about us. If one or more of these analysts ceases coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrades our Class A Subordinate Voting Shares or if our operating results or prospects do not meet their expectations, our share price could decline.

There could be adverse tax consequence for our shareholders in the United States if we are a passive foreign investment company.

Under United States federal income tax laws, if a company is, or for any past period was, a passive foreign investment company, or PFIC, it could have adverse United States federal income tax consequences to United States shareholders even if the company is no longer a PFIC. The determination of whether we are a PFIC is a factual determination made annually based on all the facts and circumstances and thus is subject to change, and the principles and methodology used in determining whether a company is a PFIC are subject to interpretation. While we do not believe that we currently are or have been a PFIC, we cannot assure you that we will not be a PFIC in the future. United States purchasers of the Class A Subordinate Voting Shares are urged to consult their tax advisors concerning United States federal income tax consequences of holding our Class A Subordinate Voting Shares if we are considered to be a PFIC. See United States and Canadian Income Tax Considerations United States Federal Income Tax Information for United States Holders Passive Foreign Investment Company Considerations.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

Some of the statements under Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus may include forward-looking statements which reflect our current views with respect to future events and financial performance. These statements include forward-looking statements both with respect to us specifically and the technology product industry and business, demographic and other matters in general. Statements which include the words expect, intend, plan, believe, project, estimate, anticipate, may, will, continue, further, seek and similar words or statements of a future or forward-loo identify forward-looking statements for purposes of the U.S. federal securities laws or otherwise. In particular and without limitation, this prospectus contains forward-looking statements pertaining to the use of the net proceeds we realize in connection with this offering, general market conditions, our future growth strategy and prospects, including growth of the education, business and government markets for our products, our plans and objectives for future operations, our future financial performance and financial condition, the addition of new products to our portfolio and enhancements to current products, our industry, opportunities in the business and government markets and licensing opportunities, our working capital requirements, integration of our acquisition of NextWindow, our acquisition strategy, regulations, exchange rates and income tax considerations.

All forward-looking statements address matters that involve risks, uncertainties and assumptions. Accordingly, there are or will be important factors and assumptions that could cause our actual results and other circumstances and events to differ materially from those indicated in these statements. We believe that these factors and assumptions include, but are not limited to, those described under Risk Factors and the following:

- our ability to manage our growth;
- competition in our industry;
- our ability to successfully obtain patents or registration for other intellectual property rights or protect, maintain and enforce such rights;
- third-party claims of infringement or violation of, or other conflicts with, intellectual property rights by us;
- our ability to enhance current products and develop and introduce new products;
- the development of the market for interactive learning and collaboration products;
- reduced spending by our customers due to changes in the spending policies or budget priorities for government funding;
- our ability to grow our sales in foreign markets;
- our ability to manage risks inherent in foreign operations;
- our ability to protect our brand;

our ability to obtain components and products from suppliers on a timely basis and on favorable terms;

our ability to manage our component and product manufacturing and logistical services successfully;

the reliability of component manufacturing, product assembly and logistical services provided by third parties;

possible changes in the demand for our products;

our ability to successfully execute our strategy to grow in the business and government markets;

our ability to integrate the operations of the various businesses we acquire, including NextWindow;

our ability to establish new, and to build on our existing relationships with our dealers and distributors; and

our ability to manage cash flow, foreign exchange risk and working capital.

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If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. The foregoing list should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements included in this prospectus, including Risk Factors. Although we believe that the assumptions inherent in the forward-looking statements contained in this prospectus are reasonable, undue reliance should not be placed on these statements, which only apply as of the date hereof.

The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share is based on information from independent industry organizations, such as Futuresource Consulting Ltd., Gartner, Inc. and other third-party sources (including industry publications, surveys and forecasts), and management estimates. The Gartner Report(s) described herein (the Gartner Report(s)) represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (Gartner), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Unless otherwise indicated, management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us based on such data and our knowledge of such industry and markets, which we believe to be reasonable. Our internal research has not been verified by any independent source, and we have not independently verified any third-party information. While we believe the market position, market opportunity and market share information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors . These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

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EXCHANGE RATE INFORMATION

The following table sets forth, for each period indicated, the high and low exchange rates for U.S. dollars expressed in Canadian dollars, the average of such exchange rates on the last day of each month during such period, and the exchange rate at the end of such period. These rates are based on the noon buying rate published by the Bank of Canada.

On June 23, 2010, the noon buying rate was U.S. $1.00 = C$1.0434

Year Ended March 31,	Period End Rate	Period Average Rate	High Rate	Low Rate
2008	1.0279	1.0256	1.1584	0.9170
2009	1.2602	1.1347	1.3000	0.9844
2010	1.0156	1.0846	1.2643	1.0113
Monthly Fiscal 2010				
April	1.1940	1.2240	1.2643	1.1940
May	1.0961	1.1509	1.1872	1.0961
June	1.1625	1.1265	1.1625	1.0827
July	1.0790	1.1222	1.1655	1.0790
August	1.0967	1.0882	1.1079	1.0686
September	1.0722	1.0818	1.1065	1.0613
October	1.0774	1.0549	1.0845	1.0292
November	1.0574	1.0596	1.0743	1.0460
December	1.0466	1.0544	1.0713	1.0405
January	1.0650	1.0429	1.0657	1.0251
February	1.0526	1.0568	1.0734	1.0420
March	1.0156	1.0230	1.0421	1.0113
Monthly Fiscal 2011				
April	1.0116	1.0051	1.0201	0.9961
May	1.0462	1.0399	1.0778	1.0134

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USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $135.0 million from the sale of our Class A Subordinate Voting Shares in this offering, based upon an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus) and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the net proceeds from the sale of the shares by the selling shareholders.

We intend to use $59 million of the net proceeds we receive in this offering to repay approximately $19 million of our term construction facility and $40 million of our unsecured term loan. We intend to use the remainder to fund working capital and other general corporate purposes, which may include acquisitions.

Our term construction facility was incurred in connection with the construction of our headquarters in Calgary, which was completed in 2009. It bears interest at a variable rate of 4.4% above Canadian dollar banker s acceptance yields and matures on November 9, 2010. The three-month Canadian dollar banker s acceptance yield was 0.54% as of March 31, 2010.

Our unsecured term loan was incurred on August 28, 2007 to fund part of the consideration for the Corporate Reorganization paid to Intel and IFF. Interest on the unsecured term loan is deferred during the first four years and paid in cash thereafter. The unsecured term loan matures on August 28, 2015 and bears interest based on a formula that is substantially similar to the first lien facility term loan described under Description of Certain Indebtedness First Lien Facility except that the applicable margin is 8.50% for a Eurocurrency loan and 7.50% for base rate loans.

While we currently anticipate that we will use the net proceeds of this offering as described above, we may reallocate the net proceeds from time to time depending upon market conditions and other circumstances. We may use a portion of the net proceeds for acquisitions of businesses or assets that we believe would advance our growth strategy, such as companies or businesses that develop or market products or services that complement our product offering. However, we currently have no agreements regarding any such acquisitions. Any such acquisition may require that we obtain additional financing.

Pending the application of the net proceeds as described above, we intend to invest the net proceeds from this offering in short-term, interest-bearing securities.

A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus) would increase (decrease) the estimated net proceeds to us after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $8.3 million, assuming that the number of Class A Subordinate Voting Shares sold by us, as set forth on the cover of this prospectus, remains the same. A 100,000 share increase (decrease) in the number of shares of Class A Subordinate Voting Shares sold by us in this offering would increase (decrease) the net proceeds to us from this offering by approximately $1.6 million, assuming an initial public offering price per Class A Subordinate Voting Share equal to the mid-point of the price range set forth on the cover of this prospectus and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

We do not anticipate paying any cash dividends on our Class A Subordinate Voting Shares or our Class B Shares in the foreseeable future. We anticipate that we will retain all our available funds for use in the operation of our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend on our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that our Board of Directors considers to be relevant. Our ability to pay dividends is restricted by covenants in our outstanding credit facilities and may be further restricted by covenants in any instruments and agreements that we may enter into in the future.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2010:

on an actual basis;

on a pro forma basis to reflect the 2010 Reorganization described under Description of Share Capital 2010 Reorganization with the effective conversion of the shareholder note payable and our cumulative preferred shares together with all accrued interest and accumulated dividends thereon through May 22, 2010 into Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus); and

on a pro forma as adjusted basis to further reflect our sale of Class A Subordinate Voting Shares in this offering at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the application of those proceeds as described under Use of Proceeds.

You should read the information in the following table together with Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, the consolidated financial statements and the related accompanying notes included elsewhere in this prospectus. The pro forma and the pro forma as adjusted numbers do not reflect our acquisition of NextWindow, which we completed on April 21, 2010.

	As of March 31, 2010		
	Actual	**Pro Forma[1]**	**Pro Forma as Adjusted[2]**
	(in millions, except share data)		
Cash and cash equivalents	$ 230.2	$ 222.2	$ 298.0
Long-term debt, including current portion[3]:			
First lien facility (revolving credit facility)	$ 40.0	$ 40.0	$ 40.0
First lien facility (term loan)	297.4	297.4	297.4
Second lien facility	100.0	100.0	100.0
Unsecured term loan	79.4	79.4	39.4
Term construction facility	49.7	49.7	30.6
Construction loan	1.4	1.4	1.4
Shareholder note payable[1]	327.9		
Cumulative preferred shares[1]	102.0		
Total long-term debt, including current portion	$ 997.8	$ 567.9	$ 508.8
Shareholders equity (deficit):			
Voting Common Shares, unlimited number of shares authorized, 53,563,844 shares issued and outstanding actual, zero shares issued and outstanding pro forma, zero shares issued and outstanding pro forma as adjusted	$ 41.2	$	$
Voting Preferred Shares, unlimited number of shares authorized, 127,483,148 shares issued and outstanding actual, zero shares issued and outstanding pro forma, zero shares issued and outstanding pro forma as adjusted	0.0		
Non-Voting Common Shares, unlimited number of shares authorized, 127,489,844 shares issued and outstanding actual, zero shares issued and outstanding pro forma, zero shares issued and outstanding pro forma as adjusted	120.1		
		316.4	478.2

Class A Subordinate Voting Shares, unlimited number of shares authorized, zero shares issued and outstanding actual, 24,029,146 shares issued and outstanding pro forma, 42,166,580 shares issued and outstanding pro forma as adjusted					
Class B Shares, unlimited number of shares authorized, zero shares issued and outstanding actual, 90,943,645 shares issued and outstanding pro forma, 81,606,211 shares issued and outstanding pro forma as adjusted			260.5		233.8
Preferred Shares issuable in series, unlimited number of shares authorized, zero shares issued and outstanding actual, pro forma and pro forma as adjusted					
Accumulated other comprehensive loss	(24.4)		(13.0)		(13.0)
Deficit	(831.2)		(834.9)		(834.9)
Total shareholders deficit	$ (694.3)	$	(271.0)	$	(135.9)
Total capitalization	$ 303.5	$	296.9	$	372.9

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(1) As a result of the 2010 Reorganization described under Description of Share Capital 2010 Reorganization , the shareholder note payable, and our cumulative preferred shares will effectively be converted into Class B Shares or Class A Subordinate Voting Shares and such note and preferred shares will no longer be outstanding.

(2) Assumes net proceeds to us from this offering of $135.0 million. A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus) would increase (decrease) pro forma as adjusted cash and cash equivalents by $8.3 million and decrease (increase) total shareholders deficit by $8.3 million, (i) assuming the number of Class A Subordinate Voting Shares offered by us, as set forth on the cover of this prospectus, remains the same and (ii) after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

(3) For a description of the long-term debt, see Note 8 to our consolidated financial statements included elsewhere in this prospectus.

The table above does not include:

1,149,000 Class A Subordinate Voting Shares issuable upon the exercise of options to purchase our Class A Subordinate Voting Shares to be issued in connection with this offering at an exercise price equal to the initial public offering price; and

11,228,279 Class A Subordinate Voting Shares that will be reserved for issuance under our 2010 Equity Incentive Plan, which will be effective upon completion of this offering.

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DILUTION

If you invest in our Class A Subordinate Voting Shares, your ownership interest will be diluted to the extent of the difference between the initial public offering price per Class A Subordinate Voting Share and the pro forma net tangible book value per Class A Subordinate Voting Share upon the completion of this offering. Dilution results from the fact that the per share offering price of the Class A Subordinate Voting Shares is substantially in excess of the pro forma net book value per Class A Subordinate Voting Share attributable to existing shareholders.

Our pro forma net tangible book value as of March 31, 2010, before giving effect to the sale by us of 8,800,000 Class A Subordinate Voting Shares in this offering, was approximately $(307.8) million, or $(2.68) per share. Pro forma net tangible book value represents the amount of total tangible net assets less total liabilities, after giving effect to the 2010 Reorganization described under Description of Share Capital 2010 Reorganization , with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into Class A Subordinate Voting Shares or Class B Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus). Pro forma net tangible book value per Class A Subordinate Voting Share represents pro forma net tangible book value divided by the number of all our outstanding shares, after giving effect to the 2010 Reorganization.

After giving effect to the sale by us of 8,800,000 Class A Subordinate Voting Shares in this offering at an assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus) and after deducting the underwriting discounts and commissions, and estimated offering expenses payable by us, and the application of those proceeds as described under Use of Proceeds, our pro forma net tangible book value as of March 31, 2010 would have been approximately $(172.7) million, or $(1.40) per Class A Subordinate Voting Share. This represents an immediate increase in pro forma net tangible book value of $1.28 per Class A Subordinate Voting Share to our existing shareholders prior to this offering, and an immediate dilution in pro forma net tangible book value of $18.40 (or 108.2%) per Class A Subordinate Voting share to new investors purchasing Class A Subordinate Voting Shares in this offering. If the initial public offering price is higher or lower, the dilution to new investors will be greater or less, respectively.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per Class A Subordinate Voting Share		$ 17.00
Pro forma net tangible book value per Class A Subordinate Voting Share as of March 31, 2010	$ (2.68)	
Increase in pro forma net tangible book value per Class A Subordinate Voting Share attributable to new investors in this offering	1.28	
Pro forma net tangible book value per Class A Subordinate Voting Share after this offering		(1.40)
Dilution in pro forma net tangible book value per Class A Subordinate Voting Share to new investors		$ 18.40

A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus), would increase (decrease) our pro forma net tangible book value per Class A Subordinate Voting Share after this offering by $8.3 million, or $0.07 per share, assuming the number of Class A Subordinate Voting Shares offered by us remains the same as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes the differences between our existing shareholders and new investors with respect to the number of shares purchased, the total consideration paid, and the average price per share paid by existing shareholders and by new investors purchasing shares in this offering. The calculations with respect to shares purchased by new investors in this offering reflect an assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus):

	Shares Purchased		Total Consideration		Average Price
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
Existing shareholders	88,472,791	71.5%	$ 238,779,913	28.5%	$ 2.70
New investors	35,300,000	28.5	600,100,000	71.5	17.00
Total	123,772,791	100%	$ 838,879,913	100%	$ 6.78

A $1.00 increase or decrease in the assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the mid-point of the price range set forth on the cover of this prospectus), would increase or decrease, respectively, total consideration paid by new investors by $35.3 million assuming the number of Class A Subordinate Voting Shares offered by us, as set forth on the cover of this prospectus, remains the same, and without deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The discussion and tables above exclude:

- 1,149,000 Class A Subordinate Voting Shares issuable upon the exercise of options to purchase our Class A Subordinate Voting Shares to be issued in connection with this offering at an exercise price equal to the initial public offering price; and

- 11,228,279 Class A Subordinate Voting Shares reserved for issuance under our 2010 Equity Incentive Plan, which will be effective upon completion of this offering.

If all the options described in the first bullet above were exercised, then our existing shareholders, including the holders of these options, would own 71.7% and our new investors would own 28.3% of the total share capital outstanding upon the closing of this offering, and the pro forma net tangible book value per Class A Subordinate Voting Share after this offering would be $(1.23), causing dilution to new investors of $18.23 (or 107.2%) per Class A Subordinate Voting Share.

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SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations data reflect the consolidated operations of SMART Technologies Inc. and its subsidiaries. We derived the consolidated statements of operations data for the fiscal years ended March 31, 2008, 2009 and 2010, and the consolidated balance sheet data as of March 31, 2009 and 2010, as set forth below, from our audited consolidated financial statements included elsewhere in this prospectus. We derived the consolidated statement of operations data for the fiscal years ended September 30, 2005 and March 31, 2007 and for the six months ended March 31, 2006, and the consolidated balance sheet data as of September 30, 2005, March 31, 2006 and March 31, 2007 from our unaudited consolidated financial statements. These unaudited consolidated financial statements have been prepared on substantially the same basis as the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the consolidated financial information for the periods presented. The summary consolidated financial data presented herein does not reflect our acquisition of NextWindow, which we completed on April 21, 2010. The historical financial condition and results of operations do not necessarily indicate results expected for any future period.

You should read the following summary consolidated financial data together with our audited consolidated financial statements, including the related notes, and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Fiscal Year Ended September 30, 2005 (unaudited)	Six Months Ended March 31,[6] 2006 (unaudited)	Fiscal Year Ended March 31, 2007 (unaudited)	2008	2009	2010
	(in millions, except per share amounts)					
Consolidated Statement of Operations Data:						
Revenue	$ 150.7	$ 104.1	$ 240.0	$ 378.6	$468.2	$ 648.0
Cost of sales	86.8	61.3	130.0	226.7	268.2	326.5
Gross margin	63.9	42.8	110.0	151.9	200.0	321.5
Operating expenses:						
Selling, marketing and administration	35.7	21.6	56.8	85.9	99.7	138.8
Research and development	8.7	5.5	14.3	20.6	25.0	33.6
Depreciation and amortization	1.8	1.1	2.6	3.5	5.8	15.9
Operating income	17.7	14.6	36.3	41.9	69.5	133.2
Non-operating expenses:						
Corporate Reorganization[1]				21.0		
Interest expense[2]	0.3	0.1	0.1	61.5	78.6	64.9
Foreign exchange (gain) loss	3.1	0.2	(1.3)	(9.3)	94.0	(91.8)
Other income, net[3]				(1.1)	(0.8)	(0.2)
Income (loss) before income taxes	14.3	14.3	37.5	(30.2)	(102.3)	160.3
Income tax expense (recovery)	3.9	4.9	11.6	(6.5)	4.3	18.3
Net income (loss)	$ 10.4	$ 9.4	$ 25.9	$ (23.7)	$ (106.6)	$ 142.0
Net income (loss) per share basic and diluted[4]	$ 0.06	$ 0.06	$ 0.15	$ (0.14)	$ (0.63)	$ 0.81
Weighted average number of shares outstanding basic and diluted[4]	170.1	170.1	170.1	170.1	170.1	176.3
Pro forma net income (loss) per share basic and diluted[7][8][9]						$ 1.48
Pro forma average number of shares outstanding basic and diluted[7][8][9]						112.6

Other Financial Data:						
Adjusted EBITDA[5]	$ 32.6	$ 21.9	$ 50.2	$ 58.7	$ 90.9	$ 166.3

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	Fiscal Year Ended September 30, 2005 (unaudited)	Six Months Ended March 31,[6] 2006 (unaudited)	Fiscal Year Ended March 31, 2007 (unaudited)	2008	2009	2010
			(in millions)			
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 12.5	$ 1.8	$ 10.7	$ 48.6	$ 37.1	$ 230.2
Total assets	$ 85.1	$ 100.2	$ 145.0	$ 284.2	$ 300.5	$ 528.1
Long-term debt, including current portion	$ 6.2	$ 4.8	$ 2.0	$ 820.3	$ 823.6	$ 997.8
Total liabilities	$ 67.8	$ 72.9	$ 92.0	$ 1,009.7	$ 982.8	$ 1,222.4
Total shareholders equity (deficit)	$ 17.3	$ 27.3	$ 53.0	$ (725.5)	$ (682.3)	$ (694.3)

(1) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.
(2) Interest expense includes cash and non-cash interest expense, amortization of deferred financing fees and fair value of derivatives.
(3) Other income, net includes interest income and gains and losses on the sale of property and equipment.
(4) Basic and diluted net income (loss) per share has been calculated on the basis that the shares issued as part of the Corporate Reorganization were outstanding at the beginning of the year and for comparative periods presented.
(5) Adjusted EBITDA is a non-GAAP measure that is described and reconciled to net income (loss) below and is not a substitute for the GAAP equivalent. We define Adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, as well as adjusting for the following items: foreign exchange gains or losses, change in deferred revenue, Corporate Reorganization costs, acquisition costs and other income. We use Adjusted EBITDA as a key metric to assess business performance when we evaluate our results in comparison to budgets, forecasts, prior year financial results and other companies in our industry. Many of these companies use similar non-GAAP measures to supplement their GAAP disclosures but such measures may not be directly comparable. The following table sets forth the reconciliation of net income (loss) to Adjusted EBITDA. See also Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Adjusted EBITDA.

	Fiscal Year Ended September 30, 2005 (unaudited)	Six Months Ended March 31, 2006 (unaudited)	Fiscal Year Ended March 31, 2007 (unaudited)	2008	2009	2010
			(in millions)			
Adjusted EBITDA:						
Net income (loss)	$ 10.4	$ 9.4	$ 25.9	$ (23.7)	$ (106.6)	$ 142.0
Income tax expense (recovery)	3.9	4.9	11.6	(6.5)	4.3	18.3
Depreciation in cost of sales	1.4	0.9	1.9	3.7	3.9	2.0
Depreciation and amortization	1.8	1.1	2.6	3.5	5.8	15.9
Interest expense	0.3	0.1	0.1	61.5	78.6	64.9
Corporate Reorganization costs[i]				21.0		
Acquisition costs						1.8
Other income				(1.1)	(0.8)	(0.2)
Foreign exchange loss (gain)	3.1	0.2	(1.3)	(9.3)	94.0	(91.8)
Change in deferred revenue[ii]	11.7	5.3	9.4	9.6	11.7	13.4
Adjusted EBITDA	$ 32.6	$ 21.9	$ 50.2	$ 58.7	$ 90.9	$ 166.3

(i) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.
(ii) Change in deferred revenue is calculated as the difference between deferred revenue and deferred revenue recognized. In accordance with our revenue recognition policy described under Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition , deferred revenue represents the portion of our sales that we do not recognize in the period. Deferred revenue recognized represents the portion of our revenue deferred in a prior period that we recognized in the current period. We deferred revenue of $18.5 million in fiscal 2005, $9.9 million in the six month period ended March 31, 2006, $21.9 million, $27.1 million, $31.1 million and $36.9 million in fiscal 2007, 2008, 2009 and 2010, respectively.

(6) Reflects a change in year-end from September 30 to March 31 that occurred in 2006.
(7) Reflects the effect of the 2010 Reorganization described under Description of Share Capital 2010 Reorganization with the effective conversion of each of our shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon through May 22, 2010, into

Class B Shares or Class A Subordinate Voting Shares at an assumed initial public offering price of $17.00 per share (the mid-point of the price range set forth on the cover of this prospectus).

(8) Presented only in respect of the fiscal year ended March 31, 2010.

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(9) Pro forma net income per share is calculated by dividing pro forma net income by pro forma weighted average number of shares outstanding. Pro forma net income for fiscal 2010 is calculated as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma net income	
Net income (loss)	$ 142.0
Related party interest expense	34.6
Tax impact of related party interest expense	(10.1)
Pro forma net income	$ 166.5

Pro forma weighted average number of shares outstanding is calculated from weighted average number of shares outstanding as follows:

	Fiscal Year Ended March 31, 2010 (in millions)
Pro forma weighted average number of shares outstanding	
Weighted average number of shares outstanding	176.3
Weighted average number of shares outstanding after 1 for 2 reverse split	88.2
Additional shares issued as a result of the 2010 Reorganization (see note 7 above)	24.4
Pro forma weighted average number of shares outstanding	112.6

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MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Selected Consolidated Financial Data, and our audited consolidated financial statements, including the related notes, included elsewhere in this prospectus. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. See Special Note Regarding Forward-Looking Statements and Industry Data for a discussion of the uncertainties, risks and assumptions associated with those statements. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those described in Risk Factors and elsewhere in this prospectus. Unless otherwise indicated, all references to $ and dollars in this discussion and analysis mean U.S. dollars.

Overview

We design, develop and sell interactive technology products and solutions that enhance learning and enable people to collaborate in innovative and effective ways. We are the global leader in the interactive whiteboard product category, which is the core of our interactive technology solutions. We introduced the world s first interactive whiteboard in 1991 and since then have shipped over 1.6 million of our SMART Board interactive whiteboards worldwide.

We estimate that we sell approximately 85% of our products to customers in the education market and the other 15% to customers in the business and government markets, although we do not manage those aspects of our business separately, nor do we prepare and evaluate separate financial information about those markets in allocating resources.

We reported a net loss of $23.7 million in fiscal 2008, a net loss of $106.6 million in fiscal 2009 and net income of $142.0 million in fiscal 2010. The significant factors driving our financial results have been the strong growth in sales of our products, the impact of the Corporate Reorganization that was undertaken in 2007 resulting in a significant increase in our debt levels with a corresponding increase in interest expense and the foreign exchange gains and losses on the U.S. dollar denominated debt that resulted from the Corporate Reorganization.

We use Adjusted EBITDA as a key measure to assess the core operating performance of the business removing the effects of our highly leveraged capital structure and the volatility associated with the foreign exchange on the U.S. dollar denominated debt, noted above. Adjusted EBITDA was $58.7 million in fiscal 2008, $90.9 million in fiscal 2009 and $166.3 million in fiscal 2010. Strong revenue growth resulted in a significant increase in this key measure from fiscal 2008 to fiscal 2009, and this trend has continued for fiscal 2010. Adjusted EBITDA is a non-GAAP measure. For a reconciliation of Adjusted EBITDA to net income (loss), see Results of Operations Adjusted EBITDA below.

We generate our revenue from the sale of interactive technology products and solutions, including hardware, software and services. Our revenue has grown from $378.6 million in fiscal 2008 to $468.2 million in fiscal 2009 and was $648.0 million in fiscal 2010. The majority of this growth was driven by increased demand for our products, in particular in North America. We believe that demand for our products has been increasing as a result of a general expansion of the market for interactive whiteboards and other complementary products. In addition, the education market has been aided by various government economic stimulus programs in fiscal 2010 as governments undertook spending initiatives to improve public infrastructure and to help alleviate the effects of the global recession. We believe these programs have supported the growth in technology spending in education and the adoption of our technology in several markets.

In 2007, the shareholders of our predecessor company signed an agreement with Apax Partners providing for the Corporate Reorganization, resulting in those shareholders reducing their ownership interest to 50.1% and Apax Partners acquiring a 49.9% interest. Because the Corporate Reorganization did not result in a change of control from the previous shareholder group, the transaction was accounted for using the continuity of interest

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method. The Corporate Reorganization substantially increased our indebtedness through the issuance of $465.0 million of term bank debt and C$338.9 million (equivalent to $319.2 million when issued) of related party debt, consisting of the shareholder note payable and cumulative preferred shares. The majority of these proceeds were used to fund a distribution to the existing shareholders at the time of the transaction and, as a result, our interest expense increased significantly and was one of the principal reasons for our net losses in fiscal 2008 and 2009. We expect that following this offering and the 2010 Reorganization our interest expense will decline significantly as we reduce our outstanding indebtedness.

We have a significant amount of foreign exchange exposure, primarily between the Canadian dollar and the U.S. dollar, the Euro and the British pound sterling. This exposure relates to our U.S. dollar denominated debt and the sale of our products to customers in these currencies globally. Foreign exchange gains and losses on our U.S. dollar denominated debt have been a principal reason for the significant volatility in net income (loss) between periods. These amounts are non-cash in nature prior to maturity or redemption. We had a foreign exchange gain of $9.3 million in fiscal 2008, a foreign exchange loss of $94.0 million in fiscal 2009 and a foreign exchange gain of $91.8 million in fiscal 2010. We expect to continue to have significant foreign exchange gains and losses which may cause our results to have material volatility while the U.S. dollar denominated debt remains outstanding.

On April 21, 2010, we acquired all the share capital of NextWindow, which designs and manufactures components for optical touch screens for integration into electronic displays, including PC displays. For the fiscal years ended March 31, 2008 and 2009, NextWindow s revenue was $5.4 million and $31.8 million, respectively, as reported on NextWindow s audited financial statements which were prepared using International Financial Reporting Standards. For the fiscal year ended March 31, 2010, NextWindow s unaudited revenue was approximately $46.4 million. NextWindow is headquartered in Auckland, New Zealand. We expect to leverage NextWindow s technologies with ours to accelerate innovation in future generations of our interactive whiteboards. We also expect that NextWindow s existing relationships with leading PC display manufacturers will accelerate our ability to expand into the market for interactive touch products other than interactive whiteboards. The acquisition consideration for NextWindow consisted of $82.0 million in cash which was funded from our available cash.

Recent Trends

We believe that interactive whiteboards are in the early stages of adoption and significant opportunities exist beyond the traditional education market. Solutions to meet the needs of business and consumer markets may provide additional sources of revenue for the industry, including the company. Growth will be dependent on a number of factors including competition, our ability to keep pace with rapidly changing technologies, our ability to retain and attract customers, our ability to establish new, and to build on our existing relationships with, our dealers and distributors and general economic conditions. Competition may also increase as additional companies enter the market and use their existing distribution channels and product development organizations to bring new products to market. Increased competition may require an acceleration of new product development and technologies and may result in margin reductions as we strive to maintain market share.

Key Performance Indicators

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include: revenue, gross margin, operating expenses, net income (loss) and Adjusted EBITDA. We evaluate our performance on these metrics by comparing our actual results to management budgets, forecasts and prior period performance.

Adjusted EBITDA is a non-GAAP measure that we use to assess the operating performance of the business. See Results of Operations Adjusted EBITDA below.

We report our financial results in U.S. dollars allowing us to assess our business performance in comparison to the financial results of other companies in the technology industry. Our Canadian operations and marketing

support subsidiaries around the world have the Canadian dollar as their functional currency and our distribution subsidiaries in the United States, Germany and Japan have their local currency as their functional currency. The financial results of these three distribution subsidiaries are converted to Canadian dollars for consolidation purposes and then the Canadian consolidated financial results are converted from Canadian dollars to U.S. dollars for reporting purposes.

Sources of Revenue and Expenses

Revenue

We generate our revenue from the sale of interactive technology products and solutions, including hardware, software and services. Our distribution or sales channel includes dealers in North America and distributors in Europe, the Middle East and Africa, Latin America and the Asia Pacific region. We complement and support our sales channel with sales and support staff who work either directly with prospective customers or in coordination with our sales channel to promote and provide products and solutions that address the needs of the end-user. Sales to our sales channel do not provide for price protection rights. Revenue is recognized at the time we transfer the risk of loss to our sales channel according to contractual terms. Our practice with end-users usually involves multiple elements including post-contract technical support, software upgrades and updates, although we are not contractually required to do so. Revenue from product sales are allocated to each element based on relative fair values with any discount allocated proportionately. Revenue attributable to undelivered elements is deferred and recognized ratably over the estimated term of provision of these elements.

Revenue information relating to the geographic locations in which we sell products is set forth below:

	Fiscal Year Ended March 31,		
	2008	2009	2010
		(in millions)	
Revenue			
United States and Canada	$ 235.4	$ 314.3	$ 457.3
Europe, Middle East and Africa	121.1	131.5	149.9
Rest of World	22.1	22.4	40.8
	$ 378.6	$ 468.2	$ 648.0

For additional data with respect to penetration rates in the education market in some of the geographic locations in which we sell our products, see Business Industry Background The Education Market Has Been the Most Active in Adopting Interactive Whiteboards . For a discussion of our strategy to expand our geographical reach, see Business Our Strategy for Growth , and for a discussion of the risks associated with that strategy, see the risks set forth under Risk Factors , including under Risk Factors Risks Related to Our Business We face significant challenges growing our sales in foreign markets and We are subject to risks inherent in foreign operations.

Cost of Sales

Our cost of sales is primarily comprised of the cost of materials and components purchased from our suppliers, manufacturing labor and overhead costs, inventory provisions and write offs, warranty costs, product transportation costs and other supply chain management costs. Our standard warranty period on interactive whiteboards extends up to five years and on other hardware products from one to three years. At the time product revenue is recognized, an accrual for estimated warranty costs is recorded as a component of cost of sales based on prior claims experience. Depreciation of assembly equipment is included in cost of sales. To the extent that our sales increase, we expect our cost of sales to also increase in absolute dollars.

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Selling, Marketing and Administration Expenses

Our selling and marketing expenses consist primarily of costs relating to our sales and marketing activities, including salaries and related expenses, customer order management activities, customer support, advertising, trade shows and other promotional activities. We offer various cooperative marketing incentive programs to assist our sales channel to market and sell our products which are included as part of marketing expenses. Our administration expenses consist of costs relating to people services, information systems, legal and finance functions, professional fees, insurance and other corporate expenses. We expect our selling, marketing and administration expenses to increase in absolute dollars as we continue to hire additional personnel and expand internationally, and as our administration expenses significantly increase in connection with becoming a public company. We do not expect these expenses to change materially from prior years as a percentage of revenue.

Research and Development Expenses

Research and development expenses consist primarily of salaries and related expenses for software and hardware engineering and technical personnel as well as materials and consumables used in product development. We incur most of our research and development expenses in Canada and are eligible to receive Scientific Research and Experimental Development investment tax credits for certain eligible expenditures. Investment tax credits are netted against our provision for income taxes for financial statement presentation purposes. We expect research and development expenses to continue to grow in absolute dollars as we focus on enhancing and expanding our product offerings, although we do not expect these expenses to change materially from prior years as a percentage of revenue.

Interest Expense

The Corporate Reorganization, which was effected in August 2007, substantially increased our indebtedness and our annual interest expense. As part of the Corporate Reorganization, we issued $465.0 million of term bank debt and C$338.9 million (equivalent to $319.2 million when issued) of related party debt, consisting of the shareholder note payable and cumulative preferred shares. The majority of these proceeds were used to fund a distribution to the existing shareholders at the time of the transaction. The remaining proceeds were used for general corporate purposes and to fund the legal and advisory costs associated with the transaction. Our interest expense was one of the principal reasons for our net losses in fiscal 2008 and 2009. We expect that following this offering and the 2010 Reorganization our interest expense will decline significantly as we reduce our outstanding indebtedness.

Foreign Exchange Gains & Losses

We have a significant amount of foreign exchange exposure, primarily between the Canadian dollar and the U.S. dollar, the Euro and the British pound sterling. This exposure relates to both our U.S. dollar denominated debt and our foreign subsidiary operations. Gains and losses on our U.S. dollar denominated debt prior to its maturity or redemption are non-cash in nature. In fiscal 2008 we had a foreign exchange gain of $9.3 million, in fiscal 2009 we had a foreign exchange loss of $94.0 million and in fiscal 2010 we had a foreign exchange gain of $91.8 million. We expect to continue to have significant foreign exchange gains and losses which may be material. See Risk Factors Risks Related to Our Business We are exposed to fluctuations in foreign currencies that may materially adversely affect our results of operations .

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Results of Operations

The following table sets forth certain consolidated statement of operations data, for the periods indicated in millions of dollars, except for percentages.

	Fiscal Year Ended March 31,		
	2008	2009	2010
Consolidated Statement of Operations:			
Revenue	$ 378.6	$ 468.2	$ 648.0
Cost of sales	226.7	268.2	326.5
Gross margin	151.9	200.0	321.5
Operating expenses:			
Selling, marketing and administration	85.9	99.7	138.8
Research and development	20.6	25.0	33.6
Depreciation and amortization	3.5	5.8	15.9
Operating income	41.9	69.5	133.2
Non-operating expenses:			
Corporate Reorganization	21.0		
Interest expense	61.5	78.6	64.9
Foreign exchange (gain) loss	(9.3)	94.0	(91.8)
Other income, net	(1.1)	(0.8)	(0.2)
Income (loss) before income taxes	(30.2)	(102.3)	160.3
Income tax expense (recovery)	(6.5)	4.3	18.3
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Selected Financial Data:			
Revenue growth(1)	58%	24%	38%
As a percent of revenue:			
Gross margin	40%	43%	50%
Selling, marketing and administration expenses	23%	21%	21%
Research and development expenses	5%	5%	5%
Other Financial Data:			
Adjusted EBITDA(2)	$ 58.7	$ 90.9	$ 166.3
Adjusted EBITDA as a percentage of revenue(2)(3)	15%	19%	25%
Adjusted EBITDA growth(2)(4)	17%	55%	83%

(1) Revenue growth is calculated as a percentage by comparing the increase in revenue in the period to revenue during the same period in the immediately preceding fiscal year.

(2) Adjusted EBITDA is a non-GAAP measure that is described and reconciled to net income (loss), in the next section and is not a substitute for the GAAP equivalent.

(3) Adjusted EBITDA as a percentage of revenue is calculated by dividing Adjusted EBITDA by revenue after adding back the net impact of deferred revenue.

(4) Adjusted EBITDA growth is calculated as a percentage by comparing the increase in Adjusted EBITDA in the period to Adjusted EBITDA during the same period in the immediately preceding fiscal year.

Adjusted EBITDA

We define Adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, as well as adjusting for the following items: foreign exchange gains or losses, change in deferred revenue, Corporate Reorganization costs, acquisition costs and other income. We use Adjusted EBITDA as

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a key metric to assess business performance when we evaluate our results in comparison to budgets, forecasts, prior year financial results and other companies in our industry. Many of these companies use similar non-GAAP measures to supplement their GAAP disclosures but such measures may not be directly comparable. In addition to its use by management in the assessment of business performance, Adjusted EBITDA is used by our Board of Directors and by our lenders in assessing management s performance and is a key metric in the determination of incentive plan payments.

Adjusted EBITDA is not a measure calculated in accordance with GAAP. Adjusted EBITDA should not be considered as an alternative to net income, income from operations or any other measure of financial performance calculated and presented in accordance with GAAP. We encourage you to evaluate the adjustments we make to arrive at Adjusted EBITDA and the reasons we consider them appropriate, as well as the material limitations of non-GAAP measures and the manner in which we compensate for those limitations as described below.

We believe Adjusted EBITDA may also be useful to investors in evaluating our operating performance because securities analysts use metrics similar to Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies, and we currently anticipate that our investor and analyst presentations after we become a public company will include Adjusted EBITDA. However, we also caution you that other companies in our industry may calculate Adjusted EBITDA or similarly titled measures differently than we do, which limits the usefulness of Adjusted EBITDA as a comparative measure.

Although metrics similar to Adjusted EBITDA are frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA and similar non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for an analysis of our results of operations as reported under GAAP.

Some of the limitations of Adjusted EBITDA are that it does not reflect:

- interest expense;
- income taxes;
- foreign exchange gains or losses;
- changes in deferred revenue which, in accordance with our revenue recognition policy described under Critical Accounting Policies and Estimates Revenue Recognition below, represents the portion of our sales that we do not recognize in the period less amounts recognized from prior periods;
- Corporate Reorganization costs;
- acquisition costs;
- cash requirements for the replacement of assets that have been depreciated or impaired; and

other income, including interest income and gains or losses related to the sale of property and equipment.

We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of such limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss).

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The following table sets forth the reconciliation of net income (loss) to Adjusted EBITDA.

	Fiscal Year Ended March 31,		
	2008	2009	2010
		(in millions)	
Adjusted EBITDA			
Net income (loss)	$ (23.7)	$ (106.6)	$ 142.0
Income tax expense (recovery)	(6.5)	4.3	18.3
Depreciation in cost of sales	3.7	3.9	2.0
Depreciation and amortization	3.5	5.8	15.9
Interest expense	61.5	78.6	64.9
Corporate Reorganization costs[1]	21.0		
Acquisition costs			1.8
Other income	(1.1)	(0.8)	(0.2)
Foreign exchange (gain) loss	(9.3)	94.0	(91.8)
Change in deferred revenue[2]	9.6	11.7	13.4
Adjusted EBITDA	$ 58.7	$ 90.9	$ 166.3

(1) See Note 3 to our consolidated financial statements included elsewhere in this prospectus.

(2) Change in deferred revenue is calculated as the difference between deferred revenue and deferred revenue recognized. In accordance with our revenue recognition policy described under Critical Accounting Policies and Estimates Revenue Recognition below, deferred revenue represents the portion of our sales that we do not recognize in the period. Deferred revenue recognized represents the portion of our revenue deferred in a prior period that we recognized in the current period. We deferred revenue of $27.1 million, $31.1 million and $36.9 million in fiscal 2008, 2009 and 2010, respectively.

Results of Operations Fiscal 2010 Compared to Fiscal 2009

Revenue

Revenue for fiscal 2010 increased by $179.8 million, or 38%, from $468.2 million in fiscal 2009 to $648.0 million in fiscal 2010 due primarily to higher product sales volumes in North America driven by the continued adoption of interactive whiteboard technology and related products in the U.S. education market. The increase in revenue year-over-year was partially offset by a negative foreign exchange impact of approximately $3.0 million related to the weakening of the Euro and the British pound sterling relative to the U.S. dollar. Demand for our core products has been increasing as a result of a general expansion of the market for interactive whiteboards and other complementary products. In addition, the education market, which represents an estimated 85% of our revenue base, has been aided by various government economic stimulus programs in fiscal 2010 as governments undertook spending initiatives to improve public infrastructure and to help alleviate the effects of the global recession. We believe these programs have supported the growth in technology spending in education and the adoption of our technology in several markets. If technology spending in education decreases, it may adversely impact our revenue.

Gross Margin

Gross margin for fiscal 2010 increased by $121.5 million, from $200.0 million, or 43% of revenue, in fiscal 2009, to $321.5 million, or 50% of revenue, in fiscal 2010. The improvement in gross margin as a percentage of revenue reflects the redesign and lower manufacturing cost of certain key components in our product offering, including interactive whiteboards and integrated projectors, and a general focus on cost reduction in other areas, including logistics and transportation. The increase in gross margin was partially offset by a negative foreign exchange impact of approximately $5.0 million as a result of the year-over-year weakening of the Euro and the British pound sterling relative to the U.S. dollar, which impacted our revenue, and the strengthening of the Canadian dollar relative to the U.S. dollar, which impacted our cost of sales.

In fiscal 2010, there was no significant seasonality in revenue between quarters, with each quarter s revenue falling within 24% to 28% of the full year s revenue with the latter percentage recorded for the second quarter. In fiscal 2010, gross margins in each quarter as a percentage of revenue ranged from 47% to 51%, as compared with the full year fiscal 2010 gross margin of 50%.

Operating Expenses

Selling, Marketing and Administration Expenses. Selling, marketing and administration expenses increased by $39.1 million, or 39%, from $99.7 million in fiscal 2009 to $138.8 million in fiscal 2010. Approximately $12.1 million of the increase related to our expansion into Europe as part of our overall globalization strategy. Growth in North American employee levels accounted for approximately $4.5 million of the increase. Approximately $5.8 million related to sales and marketing expenses to support additional product offerings and our growing revenue profile and the remaining expenses related to remediation efforts for our ERP system and increased expenses for administrative support in finance, information systems and legal required to support the growth of our business. The strengthening in the average value of the Canadian dollar relative to the U.S. dollar accounted for approximately $2.3 million of the increase.

Research and Development Expenses. Our research and development expenses increased by $8.6 million, or 34%, from $25.0 million in fiscal 2009 to $33.6 million in fiscal 2010. The increase reflects our continued focus on investing in product development for the education and business markets, including an increase in the number of engineers and technicians required to support this development. The strengthening in the average value of the Canadian dollar relative to the U.S. dollar accounted for approximately $0.5 million of the increase.

Depreciation and Amortization. Depreciation and amortization expense increased by $10.1 million, or 174%, from $5.8 million in fiscal 2009 to $15.9 million in fiscal 2010. The increase relates to the first full year of depreciation recorded on our new headquarters building which was substantially completed on January 1, 2009, amortization for the information technology infrastructure which was put into place in the new building and amortization of the implemented components of our new ERP system. Because the building was under construction in fiscal 2009, depreciation was recorded only for the fourth quarter of fiscal 2009.

Non-Operating Expenses

Interest Expense. Interest expense declined by $13.7 million, or 17%, from $78.6 million in fiscal 2009 to $64.9 million in fiscal 2010. The decrease corresponds with the year-over-year decrease in the U.S. LIBOR rate, which is the rate on which our floating rate term bank debt is based. For example, three-month LIBOR declined from an average of 2.4% in fiscal 2009 to an average of 0.4% in fiscal 2010.

Foreign Exchange Loss (Gain). Foreign exchange loss (gain) for fiscal 2010 changed by $185.8 million, from a loss of $94.0 million in fiscal 2009 to a gain of $91.8 million in fiscal 2010. Foreign exchange gains and losses primarily result from the conversion of our U.S. dollar denominated long-term debt into our functional currency of Canadian dollars. From the end of fiscal 2009 to the end of fiscal 2010, the U.S. dollar weakened by approximately 19% against the Canadian dollar from C$1.26 to C$1.02, resulting in an unrealized foreign exchange gain on our U.S. dollar denominated debt of $105.7 million. This gain reversed the loss reported in fiscal 2009 when the U.S. dollar strengthened by approximately 23% compared to the Canadian dollar.

Provision for Income Taxes

Income tax expense increased by $14.0 million from $4.3 million in fiscal 2009 to $18.3 million in fiscal 2010 due to an increase in taxable income. Our tax provision is weighted towards Canadian income tax rates as our Canadian subsidiary is our primary operating entity selling product to distributors globally resulting in

substantially all our taxable income being Canadian-based. In calculating the tax provision we add back the unrealized foreign exchange loss (gain) from the revaluation of the U.S. dollar denominated debt to net income (loss) before income taxes. This is treated as a capital item for income tax purposes. The tax provision also includes investment tax credits for fiscal 2010 and fiscal 2009 of $4.6 million and $3.5 million, respectively.

Net Income (Loss)

Net income for fiscal 2010 increased by $248.6 million to $142.0 million compared to a net loss of $106.6 million in fiscal 2009. The primary factors driving the change in net income (loss) were the impact of the volatility of the U.S. dollar relative to the Canadian dollar on our U.S. dollar denominated debt, which resulted in an unrealized foreign exchange gain of $91.8 million in fiscal 2010 compared to a loss of $94.0 million in fiscal 2009 accounting for $185.8 million of the increase and continued growth in our Adjusted EBITDA accounting for the remainder.

Adjusted EBITDA

Adjusted EBITDA increased by $75.4 million, or 83%, from $90.9 million in fiscal 2009 to $166.3 million in fiscal 2010 due to continued growth in the adoption of SMART Board interactive whiteboards and related complementary products and the improvement in gross margin. This was offset by approximately $8.0 million related to the weakening of the Euro and the British pound sterling and strengthening of the Canadian dollar year-over-year relative to the U.S. dollar.

Results of Operations Fiscal 2009 Compared to Fiscal 2008

Revenue

Revenue for fiscal 2009 increased by $89.6 million, or 24%, from $378.6 million in fiscal 2008 to $468.2 million in fiscal 2009 due primarily to higher product sales volumes in North America driven by the continued adoption of interactive whiteboard technology and related products in the U.S. education market. In addition, we experienced significant growth in our sales of products with integrated projector systems, first launched in fiscal 2008. The overall increase was partially offset by a negative foreign exchange impact of approximately $9.0 million due to the year-over-year weakening in the average value of the British pound sterling and Canadian dollar compared to the U.S. dollar.

Gross Margin

Gross margin for fiscal 2009 increased by $48.1 million, from $151.9 million, or 40% of revenue, for fiscal 2008, to $200.0 million, or 43% of revenue, for fiscal 2009 reflecting continued growth in the adoption of SMART Board interactive whiteboard technology and related products. The improvement in gross margin as a percent of revenue reflects the redesign and lower manufacturing cost of certain key components in our product offering and a continued focus on cost reduction. The increase in gross margin was partially offset by a negative foreign exchange impact of approximately $3.0 million due to the year-over-year weakening of the British pound sterling and Canadian dollar compared to the

U.S. dollar.

Operating Expenses

Selling, Marketing and Administration Expenses. Selling, marketing and administration expenses increased by $13.8 million, or 16%, from $85.9 million in fiscal 2008 to $99.7 million in fiscal 2009 reflecting continued growth in our North American employee levels, which accounted for approximately $11.0 million, sales and marketing expenses, which accounted for approximately $3.7 million required to support the revenue growth in our business, and consulting costs primarily related to the remediation work on our ERP system, which accounted for approximately $4.0 million. Salaries and benefits comprise approximately 50% of our total selling,

marketing and administration expenses. The overall increase was partially offset by a positive foreign exchange impact of approximately $6.5 million due to the year-over-year weakening of the Canadian dollar compared to the U.S. dollar.

Research and Development Expenses. Research and development expenses increased by $4.4 million, or 21%, from $20.6 million in fiscal 2008 to $25.0 million in fiscal 2009. This increase was attributable to an increase in the number of new product development and existing product enhancement initiatives undertaken during fiscal 2009, including an increase in the number of engineers and technicians required to support these initiatives. This increase was partially offset by a positive foreign exchange impact of approximately $1.5 million due to the year-over-year weakening of the Canadian dollar compared to the U.S. dollar.

Depreciation and Amortization. Depreciation and amortization expense increased by $2.3 million, or 66%, from $3.5 million in fiscal 2008 to $5.8 million in fiscal 2009 due to amortization of our ERP system, which was implemented at the beginning of fiscal 2009, and accelerated depreciation on leasehold improvements at office facilities which were being vacated as a result of the move to our new headquarters building in fiscal 2009. Depreciation for our headquarters building began on January 1, 2009, when it was substantially complete.

Non-Operating Expenses

Interest Expense. Interest expense increased by $17.1 million, or 28%, from $61.5 million in fiscal 2008 to $78.6 million in fiscal 2009. In August of 2007, we incurred $465.0 million of term bank debt and C$338.9 million (equivalent to $319.2 million when issued) of related party debt, consisting of the shareholder note payable and cumulative preferred shares, as a result of the Corporate Reorganization. The increase in interest expense in 2009 compared to 2008 reflects the first full year of interest expense on this debt. Included in the interest expense in 2008 is a $13.1 million fair value loss on an interest rate swap that was put in place to fix a portion of the interest cost on the variable rate debt.

Foreign Exchange Loss (Gain). Foreign exchange loss (gain) changed by $103.3 million, from a gain of $9.3 million in fiscal 2008 to a loss of $94.0 million in fiscal 2009. Foreign exchange gains and losses primarily result from the conversion of our U.S. dollar denominated long-term debt into our functional currency of Canadian dollars. From the end of fiscal 2008 to the end of fiscal 2009, the U.S. dollar strengthened approximately 23% against the Canadian dollar from C$1.03 to C$1.26, resulting in a unrealized foreign exchange loss on our U.S. dollar denominated debt of $99.4 million. From the date the debt was issued in August 2007 to the end of fiscal 2008 the U.S. dollar weakened in value against the Canadian dollar from C$1.06 to C$1.03, resulting in a foreign exchange gain of $10.7 million on the debt in that period.

Provision for Income Taxes

Income tax expense increased by $10.8 million from a tax recovery of $6.5 million for fiscal 2008 to an income tax expense of $4.3 million for fiscal 2009, due to an increase in taxable income. Our tax provision is weighted towards Canadian income tax rates as substantially all our taxable income is Canadian-based. In calculating the tax provision we adjust net income (loss) before income taxes by the unrealized foreign exchange loss (gain) from the revaluation of the U.S. dollar denominated debt. This is treated as a capital item for tax purposes and we take a valuation allowance against the loss due to the uncertainty that we will be able to utilize the capital loss in the future. In fiscal 2009, the tax provision was negatively impacted by a reduction in Canadian enacted tax rates in future periods that were applied to opening deferred tax temporary differences. Included in the tax provision are investment tax credits for fiscal 2009 and fiscal 2008 of $3.5 million and $4.0 million, respectively.

Net Income (Loss)

The net loss for fiscal 2009 increased by $82.9 million to $106.6 million compared to a net loss of $23.7 million for fiscal 2008. The increase in net loss was primarily attributed to the $17.1 million increase in interest expense associated with a full year of interest on the long term debt and a decline in the Canadian dollar relative to the U.S. dollar with the related impact of the significant unrealized foreign exchange loss resulting from the translation of the U.S. dollar denominated debt. These two factors more than offset the 32% increase in gross margin and improvement in Adjusted EBITDA in fiscal 2009 as compared to fiscal 2008.

Adjusted EBITDA

Adjusted EBITDA increased by $32.2 million, or 55%, from $58.7 million for fiscal 2008 to $90.9 million for fiscal 2009 as a result of the continued growth in the adoption of SMART Board interactive whiteboards and related complementary products, and the improvement in gross margin.

Liquidity and Capital Resources

As of March 31, 2010, we held cash and cash equivalents of $230.2 million. Currently, our primary source of cash flow is generated from sales of interactive whiteboards and complementary products. We believe that ongoing operations and associated cash flow in addition to our cash resources and revolving credit facility provide sufficient liquidity to support our business operations for at least the next 12 months.

Prior to the Corporate Reorganization in August 2007, our primary source of funds was cash flow from operations and we had minimal debt levels as cash flow generated from ongoing operations was sufficient to meet our operating needs. As part of the Corporate Reorganization, on August 28, 2007 we issued $465.0 million of term bank debt and C$338.9 million (equivalent to $319.2 million when issued) of related party debt, consisting of the shareholder note payable, which is due to School 3 ULC (an affiliate of Apax Partners and Intel), and cumulative preferred shares, which are held by IFF. Gross proceeds from the issuance of the term bank debt, which was funded on August 28, 2007, consisted of $305.0 million from a seven-year first lien term loan which bears interest at LIBOR plus 2.75%, $100.0 million from an eight-year second lien term loan which bears interest at LIBOR plus 7.0%, and $60.0 million from an eight-year unsecured term loan which bears interest at LIBOR plus 8.5%. The shareholder note payable in exchange for which we received gross proceeds on August 28, 2007 of C$254.0 million bears interest at a fixed rate of 12.0% and was issued for 10 years with two possible five-year extensions at our option. The cumulative preferred shares, in exchange for which we received gross proceeds on August 28, 2007 of C$84.9 million are entitled to a cumulative annual dividend of 8.5% and must be redeemed on a pro-rata basis with the shareholder note payable. The majority of these proceeds were used to fund a distribution to Intel and IFF at the time of the transaction. The remaining proceeds were used for general corporate purposes and to fund the legal and advisory costs associated with the transaction.

On May 9, 2008, we put into place a term construction facility to fund a portion of the construction costs associated with our new headquarters building in Calgary, Canada. The facility, which bears interest at the Canadian dollar banker s acceptance rate plus 4.4% and matures on November 9, 2010, was fully drawn as of March 31, 2010. On December 17, 2008, we received a construction loan from IFF to cover additional costs associated with the construction of the building; see Certain Relationships and Related Party Transactions . The construction loan bears interest at the Canadian prime rate plus 2.0% and matures on November 9, 2010.

Deutsche Bank AG, Canada Branch is the administrative agent for the first lien facility, second lien facility and the unsecured term loan. These loans were arranged and syndicated by Deutsche Bank, Lloyds Bank and the Royal Bank of Canada. The term construction facility has been provided by the Royal Bank of Canada.

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As of March 31, 2010, our outstanding debt balances were as follows:

- first lien facility (revolving credit facility) $40.0 million;
- first lien facility (term loan) $297.4 million;
- second lien facility $100.0 million;
- unsecured term loan $79.4 million, including accrued interest;
- term construction facility $49.7 million;
- construction loan $1.4 million, including accrued interest;
- shareholder note payable $327.9 million, including accrued interest; and
- cumulative preferred shares $102.0 million, including accumulated dividends.

On May 13, 2010, the Company s board of directors approved a reorganization of the capital of the Company. Through a series of transactions including a payment of C$8.3 million on the shareholder note payable, the reorganization resulted in the shareholder note payable and cumulative preferred shares, together with all accrued interest and accumulated dividends thereon, being effectively converted to newly created Class A preferred shares. This series of transactions, which forms a part of our 2010 Reorganization, was completed on June 8, 2010; see Description of Share Capital 2010 Reorganization.

Below is a summary of our cash flows provided by (used in) operating activities, financing activities and investing activities for the periods indicated.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities increased by $165.8 million to $159.5 million for fiscal 2010 compared to a net use of cash in operating activities of $6.3 million for fiscal 2009. Approximately $60.3 million of this increase came from operations and business growth and the remainder from improvements in non-cash working capital. Our working capital management improved significantly in fiscal 2010. During fiscal 2009 we were impacted by the implementation on April 1, 2008 of our new ERP system, which adversely affected our ability to manage our working capital levels during that period. See Risk Factors Risk Related to Our Business We experienced significant difficulties implementing our enterprise resource planning system.

In fiscal 2009, net cash provided by operating activities changed by $73.7 million from $67.4 million in fiscal 2008 to cash used in operating activities of $6.3 million in fiscal 2009 as operating cash flow from the growth of the business was offset by challenges arising from the ERP system implementation and its impact on managing working capital, higher non-cash working capital balances reflecting increased activity levels compared to fiscal 2008 and interest expense related to the term bank debt incurred as part of the Corporate Reorganization. See Risk Factors Risk Related to Our Business The level of our current and future debt could have an adverse impact on our business and Our working capital requirements and cash flows are subject to fluctuation which could have an adverse effect on our financial condition .

Net Cash Used in Investing Activities

Net cash used in investing activities in fiscal 2008, 2009 and 2010 consisted primarily of capital expenditures associated with the construction of our new headquarters building. The capital expenditures for the building were $14.1 million, $41.7 million and $6.1 million for fiscal 2008, 2009 and 2010, respectively. The remaining expenditures relate to purchases of assembly equipment, leasehold improvements, furniture and fixtures, tradeshow equipment, data network infrastructure for our new headquarters and certain capitalized information systems expenditures.

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Net Cash Provided by Financing Activities

For fiscal 2010, net cash provided by financing activities consisted of $7.9 million of debt issued to complete the construction of our new headquarters building, as well as a $40.0 million draw on our revolving credit facility near the end of fiscal 2010 to fund anticipated short-term working capital requirements.

Net cash provided by financing activities totaled $35.9 million in fiscal 2009. This primarily consisted of $38.7 million of proceeds from the issuance of debt to fund the construction of our new headquarters building, offset by $3.1 million of scheduled debt repayments under our first lien facility. The building was substantially completed in January 2009.

Net cash provided by financing activities totaled $28.0 million in fiscal 2008. This represented the net proceeds remaining after the issuance of debt, payment of fees and distribution to shareholders in conjunction with the Corporate Reorganization in August 2007.

Contractual Obligations, Commitments, Guarantees and Contingencies

Contractual Obligations and Commitments

We have certain fixed contractual obligations and commitments that include future estimated payments for general operating purposes. Changes in our business needs, contractual cancellation provisions, fluctuating foreign exchange and interest rates, and other factors may result in actual payments differing from estimates. The following table summarizes our outstanding contractual obligations in millions of dollars as of March 31, 2010.

	Fiscal Year Ending March 31,						
	2011	2012	2013	2014	2015	2016 and thereafter	Total
Operating leases	$ 5.6	$ 4.3	$ 4.0	$ 3.7	$ 3.7	$ 20.1	$ 41.4
Derivative contracts	5.8						5.8
Long-term debt repayments:							
Long-term debt	92.8	3.1	3.1	3.1	285.2	179.2	566.5
Related party long-term debt	1.4					429.9	431.3
Future interest obligations on long-term debt	18.1	21.2	24.3	24.3	19.1	17.1	124.1
Future interest obligations on related party long-term debt						275.2	275.2
Purchase commitments	90.0						90.0
Total	$ 213.7	$ 28.6	$ 31.4	$ 31.1	$ 308.0	$ 921.5	$ 1,534.3

The operating lease obligations relate primarily to office, warehouse and assembly facilities and represent the minimum commitments under these agreements.

The derivative contracts represent minimum commitments under interest rate contracts based on the forward strip for each instrument through the contract term.

Long-term debt obligations represent the minimum principal repayments required under our long-term debt facilities and include accrued interest to March 31, 2010 on certain debt where interest is deferred and added to the principal in accordance with the terms of the related loan agreements.

Purchase commitments represent our short-term commitments for raw materials used in the assembly of the SMART Board interactive whiteboards and commitments for finished goods from contract manufacturers.

Commitments have been calculated using foreign exchange rates and interest rates in effect at March 31, 2010. Fluctuations in these rates may result in actual payments differing from those reported in the above table.

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Guarantees and Contingencies

In the normal course of business, we enter into guarantees that provide indemnifications and guarantees to counterparties to secure sales agreements or purchase commitments. Should we be required to act under such agreements, we expect that we would not incur any material loss.

We are subject to claims and contingencies related to lawsuits and other matters arising in the normal course of operations; see Business Intellectual Property. We believe that the ultimate liability, if any, arising from such claims and contingencies is not likely to have a material effect on our consolidated results of operations or financial condition.

Off-Balance Sheet Arrangements

As of March 31, 2010, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

Quantitative and Qualitative Disclosures about Market and Other Financial Risks

In the normal course of our business, we engage in operating and financing activities that generate risks in the following primary areas:

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in foreign exchange rates could impact our results from operations. We are exposed to a significant amount of foreign exchange risk, primarily between the Canadian dollar and the U.S. dollar, the Euro and the British pound sterling. This exposure relates to our U.S. dollar denominated debt, the sale of our products to customers globally and purchases of goods and services in foreign currencies. We continually monitor foreign exchange rates and periodically enter into forward contracts to convert a portion of our forecasted foreign currency denominated cash flows into Canadian dollars for the purpose of paying our Canadian dollar denominated operating costs. We target to cover between 25% and 75% of our expected Canadian dollar cash needs for the next 12 months through the use of forward contracts, with the actual percentage determined by management based on the changing exchange rate environment. We do not use derivative financial instruments for speculative purposes.

These programs reduce, but do not entirely eliminate, the impact of currency exchange movements. Our current practice is to use currency derivatives without hedge accounting designation. The maturity of these instruments generally occurs within 12 months. Gains or losses resulting from the fair valuing of these hedges are reported in foreign exchange (gain) loss on the consolidated statements of operations and comprehensive (loss) income.

For fiscal 2010, our net income (loss) would have decreased with a 10% depreciation in the average value of the Canadian dollar the Euro and the British pound sterling compared to the U.S. dollar, by approximately $28.0 million, $4.9 million and $2.5 million, respectively, as a result of the aggregate impact of both our functional currency and our reporting currency exposures. Based on our outstanding U.S. dollar denominated debt balance of $516.8 million as of March 31, 2010, a 10% depreciation in the value of the Canadian dollar compared to the U.S. dollar would result in a decrease in our net income (loss) of $47.7 million solely as a result of that exchange rate fluctuation s effect on such debt.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Our financing includes long-term debt and a revolving credit facility that bear interest based on floating market rates. Changes in these rates result in fluctuations in the required cash flows to service this debt. The risk associated with interest rate fluctuation is partially mitigated by the fixed rate portion of long-term debt relating to our shareholder note payable and cumulative preferred shares. We also periodically enter into interest rate swap agreements to fix the

interest rate on certain long-term variable debt. For fiscal 2010, our annual interest expense would have increased by approximately $2.0 million for every 100 basis point increase in interest rates. Our current practice is to use interest rate derivatives without hedge accounting designation. Changes in the fair value of these interest rate derivatives are included in interest expense in our consolidated statement of operations and comprehensive (loss) income. Based on our outstanding fixed rate debt balance of $429.9 million as of March 31, 2010, a 10% increase in market interest rates would result in a decrease of $22.4 million in the fair value of such debt.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument fails to meet its contractual obligations, resulting in a financial loss to us.

We sell to a diverse customer base over a global geographic area. We evaluate collectability of specific customer receivables based on a variety of factors including currency risk, geopolitical risk, payment history, customer stability and other economic factors. Collectability of receivables is reviewed on an ongoing basis by management and the allowance for doubtful receivables is adjusted as required. Account balances are charged against the allowance for doubtful receivables when we determine that it is probable that the receivable will not be recovered. We believe that the geographic diversity of the customer base, combined with our established credit approval practices and ongoing monitoring of customer balances, mitigates this counterparty risk.

We may also be exposed to certain losses in the event that counterparties to the derivative financial instruments are unable to meet the terms of the contracts. Our credit exposure is limited to those counterparties holding derivative contracts with positive fair values at the reporting date. We manage this counterparty credit risk by entering into contracts with large established counterparties.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. We continually monitor our actual and projected cash flows and believe that our internally generated cash flows, combined with our revolving credit facility, will provide us with sufficient funding to meet all working capital and financing needs for at least the next 12 months.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. Note 2, Significant Accounting Policies , to our consolidated financial statements describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. We base our estimates on historical experience and various other assumptions we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates and such differences may be material.

We believe our critical accounting policies and estimates are those related to revenue recognition, allowance for doubtful receivables, inventory valuation and inventory purchase commitments, warranty costs, income taxes, legal and other contingencies and the Participant Equity Loan Plan. We consider these policies critical because they are both important to the portrayal of our financial condition and operating results, and they require us to make judgments and estimates about inherently uncertain matters. We have reviewed these critical accounting policies and related disclosures with the Board of Directors.

Revenue Recognition

Revenue consists primarily of the sale of hardware and software. We recognize revenue when persuasive evidence of an arrangement exists, shipping has occurred, the sales price is fixed or determinable and collection is reasonably assured. Product is considered shipped to the customer once it has left our shipping facilities and title and risk of loss have been transferred. For most of our product sales, these criteria are met at the time the

product is shipped. In the case of integrated hardware and software products, we recognize revenue from the sale of (i) hardware products (e.g., SMART Board interactive whiteboards and complementary products), (ii) software bundled with hardware that is essential to the functionality of the hardware and (iii) post-contract customer support which includes technical support for the life of the product and when-and-if-available upgrades. We recognize revenue in accordance with industry specific software accounting guidance for the following types of sales transactions: (i) stand-alone sales of software products and post-contract customer support and (ii) sales of software bundled with hardware not essential to the functionality of the hardware.

For multi-element arrangements that include tangible products containing software essential to the tangible product s functionality and undelivered software elements relating to the tangible product s essential software, we allocate revenue to all deliverables based on their relative selling prices. In such circumstances, accounting principles establish a hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows: (i) vendor-specific objective evidence of fair value, or VSOE, (ii) third-party evidence of selling price, or TPE, and (iii) estimate of the selling price, or ESP.

For the SMART Board interactive whiteboard and the SMART Notebook software which is essential to its operation we may from time to time provide future unspecified software upgrades and features free of charge to customers. We have identified three deliverables generally contained in arrangements involving the sale of the SMART Board interactive whiteboard. The first deliverable is the hardware. The second deliverable is the software license essential to the functionality of the hardware device delivered at the time of sale. The third deliverable is post-contract customer support, which includes the customer of the SMART Board interactive whiteboard receiving, on a when-and-if available basis, future unspecified software upgrades and features relating to the product s essential software and unlimited customer support for both the hardware and software. Because we have neither VSOE nor TPE for the three deliverables, the allocation of revenue has been based on ESP. Amounts allocated to the delivered hardware and the related essential software are recognized at the time of sale, provided the other conditions for revenue recognition have been met. Amounts allocated to the unspecified software upgrades and hardware and software support are deferred and recognized on a straight-line basis over the seven-year estimated life of the related hardware. All product cost of sales, including estimated warranty costs, are generally recognized at the time of sale. Costs for product development and sales and marketing are expensed as incurred. If the estimated life of the hardware product should change, the future rate of amortization of the deferred revenue allocated to post-customer support will also change.

Our process for determining the ESP for deliverables without VSOE or TPE involves management s judgment. Our process considers multiple factors that may vary depending upon the unique facts and circumstances related to each deliverable. This view is primarily based on the fact that we are not obligated to provide upgrades at a particular time or at all, and do not specify to customers which upgrades or features will be delivered in the future. Therefore, we have concluded that if we were to sell upgrades on a stand-alone basis, such as those included with the SMART Notebook software, the selling price would be relatively low. Key factors considered in developing the ESP for SMART Notebook software include our historical pricing practices, the nature of the upgrades (i.e., unspecified and when-and-if available), and the relative ESP of the upgrades as compared to the total selling price of the product. If the facts and circumstances underlying the factors considered change or should future facts and circumstances lead us to consider additional factors, our ESP for software upgrades, updates and customer support related to future SMART Board interactive whiteboard sales could change in future periods.

We record reductions to revenue for estimated commitments related to dealer and distributor incentive programs, including sales programs and volume-based incentives. For dealer and distributor incentive programs, the estimated cost of these programs is recognized at the date the product is sold. Additionally, certain dealer and distributor incentive programs are based on annual sales targets and require management to estimate the expected sales levels based on market conditions. Our estimates are based on historical experience and the specific terms and conditions of particular incentive programs. If a dealer or distributor misses its sales target significantly in relation to our estimate we would be required to record a change to the estimate, which would impact our revenue and results of operations.

Allowance for Doubtful Receivables

We distribute our products through third-party dealers and distributors. We generally do not require collateral from our dealers and distributors. We evaluate collectability of specific dealer or distributor receivables based on a variety of factors including currency risk, geopolitical risk, payment history, customer stability and other economic factors. Depending on our initial financial assessment we may charge new dealers and distributors and existing dealers and distributors who have not maintained an acceptable credit history with us a risk receivable charge based on a percentage of total sales until the customer has a proven payment history. This factor is applied to the dealer or distributor s account at the time of sale and is recorded to allowance for doubtful receivables.

The allowance for doubtful receivables is based on our assessment of the ability to collect specific dealer or distributor accounts and includes consideration of the credit worthiness and financial condition of those specific dealers or distributors. We record an allowance to reduce the specific receivables to the amount that we reasonably believe to be collectible. We also record an allowance for all other trade receivables based on multiple factors, including historical experience with bad debts, the general economic environment, our assessment of the financial condition of our distribution channels and the aging of our receivables. If there is a deterioration of a major dealer or distributor s financial condition, if we become aware of additional information related to the credit worthiness of a major dealer or distributor, or if future actual default rates on trade receivables in general differ from those currently anticipated, we may have to adjust our allowance for doubtful receivables, which would affect our results of operations in the period adjustments are made.

Inventory Valuation and Inventory Purchase Commitments

We must order components for our products and build inventory in advance of product shipments. We record a write-down for inventories of components and products which have become obsolete or are in excess of anticipated demand or net realizable value. We perform detailed reviews of inventory that consider multiple factors including demand forecasts, product life cycle status, product development plans, current sales levels and component cost trends. If the future demand or market conditions for our products are less favorable than forecasted or if unforeseen technological changes negatively impact the utility of component inventory, we may be required to record additional write-downs, which would negatively affect our results of operations in the period when the write-downs are recorded.

Consistent with industry practice, we acquire components through a combination of purchase orders, supplier contracts and open orders based on projected demand information. These commitments typically cover our requirements for periods ranging from 30 to 150 days. If there were an abrupt and substantial decline in demand for one or more of our products, or an unanticipated change in technological requirements for any of our products, we may be required to record additional accruals for cancellation fees that would negatively affect the results of operations in the period when the cancellation fees are identified and recorded.

Warranty Costs

We provide for the estimated cost of hardware warranties at the time the related revenue is recognized based on historical and projected warranty claim rates, historical and projected cost-per-claim and knowledge of specific product failures that are outside of our typical experience. Each quarter, we evaluate our estimates to assess the adequacy of our recorded warranty liabilities considering the size of the installed base of products subject to warranty protection and adjust the amounts if necessary. If actual product failure rates or repair costs differ from our estimates, revisions to the estimated warranty liability would be required and could negatively affect our results of operations.

Income Taxes

We record a tax provision for the anticipated tax effect of the reported results of operations. In accordance with GAAP, the provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax effect of temporary differences between the financial

reporting and tax bases of assets and liabilities, and for operating losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

We recognize and measure uncertain tax positions in accordance with GAAP, whereby we only recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

We use the flow-through method to account for investment tax credits earned on eligible scientific research and experimental development expenditures. We apply judgment in determining which expenditures are eligible to be claimed. Under this method, investment tax credits are recognized as a reduction to income tax expense.

We enter into transactions and arrangements in the ordinary course of business in which the tax treatment is not entirely certain. In particular, certain countries in which we operate could seek to tax a greater share of income than has been provided for. The final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining our consolidated tax provision and accruals for interest and penalties associated with the resolution of these audits. These may have a material effect on the consolidated income tax provision and the net income for the period in which such determinations are made.

We believe it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with the tax effects of the deferred tax liabilities, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of GAAP and complex tax laws in multiple jurisdictions. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our financial condition and operating results.

Legal and Other Contingencies

We are subject to various legal proceedings and claims that arise in the ordinary course of business. In accordance with GAAP, we record a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. There is significant judgment required in both the probability determination and as to whether an exposure can be reasonably estimated. We believe we have no potential liability related to any current legal proceedings and claims that would individually or in the aggregate materially adversely affect our financial condition or operating results. However, the outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. Should we fail to prevail in any of these legal matters or should several legal matters be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

Participant Equity Loan Plan

In 2009, we implemented a Participant Equity Loan Plan under which we loaned funds to certain employees for the purpose of allowing these employees to purchase our shares at fair market value. For each issuance under the Participant Equity Loan Plan we have had an independent third-party valuation completed to assist our Board of Directors in determining the fair market value of the shares prior to their purchase by the employees. Fair market value is defined in the Participant Equity Loan Plan as the most probable price that would be obtained for all our shares in an arm s length sale in the open market, on a going-concern basis, assuming a willing purchaser and a willing seller, without any discount for minority interest or any voting rights or agreement among shareholders or any premium for a special purchaser of control, the buyer and seller each acting prudently,

knowledgeably and willingly. The loans are secured by the shares owned by the participating employee under a pledge agreement with full recourse to the participant. The shares granted under the Participant Equity Loan Plan are reported as share capital in shareholders equity at their fair value on the date of issue. In addition, the outstanding related loans plus accrued interest are reported as a reduction of shareholders equity.

The issuance of shares under the Participant Equity Loan Plan is in the scope of Financial Accounting Standards Board Accounting Standards Codification Topic 718, or ASC 718, however, we concluded that the fair value, in accordance with the guidance in ASC 718, of such shares does not exceed the fair value of consideration paid by employees. Accordingly, no compensation expense related to shares issued under the Participant Equity Loan Plan has been recorded in the consolidated financial statements. For purposes of this discussion, we refer to fair value derived in accordance with ASC 718 as Fair Value.

There have been two issuances of shares under the Participant Equity Loan Plan. In August 2009 the company issued 10,412,500 shares at C$1.06 per share. We refer to this issuance as the August Issuance. In February 2010 an additional 544,691 shares were issued at C$3.53 per share. We refer to this issuance as the February Issuance.

The August Issuance

Because there has been no public market for our common shares, we considered a number of objective and subjective factors in reaching our conclusion that the Fair Value of the shares issued in the August Issuance did not exceed the issuance price. We first considered the results of the estimate of the fair market value (as defined in the Participant Equity Loan Plan) of our common shares performed by an independent third-party as of March 31, 2009. We then considered the following factors that we determined had led to an increase in the fair market value (as defined in the Participant Equity Loan Plan) of our common shares between the valuation date and the issuance date:

- improvements in the company s operating and financial performance;
- changes in the level of competition for our existing and planned products;
- the hiring of key personnel;
- changes in industry information such as market growth and volume;
- the performance of similarly-situated companies in our industry; and
- the general economic outlook.

We also considered that fair market value (as defined in the Participant Equity Loan Plan) is in excess of Fair Value under ASC 718 since it does not take into account the impact of the following discounts:

- an illiquidity discount on the fair value of our common shares; and

- market conditions relating to release from restrictions of a significant percentage of our common shares issued under the Participant Equity Loan Plan, including prospects of a liquidity event and the timing of this event.

At the time of issuance, we concluded on balance that, despite the factors that may have increased the fair market value (as defined in the Participant Equity Loan Plan) of our common shares since the valuation date, the impact of the above discounts in arriving at Fair Value would likely reduce the Fair Value of common shares to an amount no greater than the issuance price.

To further substantiate the conclusion that Fair Value of our common shares did not exceed the issuance price of shares issued under the Participant Equity Loan Plan, we performed a retrospective analysis of the Fair Value of our common shares as of August 29, 2009. In performing this analysis we were assisted by the independent valuation firm that performed the March valuation. The retrospective analysis was performed using the same methodologies that were used to complete the March valuation. However, our valuation approach was

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expanded to quantify the impact of illiquidity discounts and market conditions relating to the release from restrictions of 60% of the common shares issued under the Participant Equity Loan Plan. Our retrospective valuation included the following elements.

Estimating the company s enterprise value

The primary approach used to estimate the enterprise value of the company was the income approach. Under the income approach, the fair value of a business is estimated based on the cash flows that the business can be expected to generate over its remaining life. In applying the income approach, the estimated cash flows for the current year and the two succeeding years were converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows was then added to the present value equivalent of the residual value of the business at the end of the projection period to arrive at an estimate of the fair market value of the business.

We used a market approach to test the reasonableness of the value conclusions determined under the income approach. In the market approach, we compared the implied total enterprise value to earnings before interest, taxes, depreciation and amortization, or EBITDA, valuation multiples (EV/EBITDA) of the company to the trading multiples of public companies operating in the educational software and videoconferencing equipment industry, which are considered somewhat comparable to the company. In comparing the multiples, consideration was given to differences between the company and similar companies for such factors as company size and growth prospects.

Allocating the company s enterprise value to common shares

Once the enterprise value was estimated pursuant to the foregoing analyses, the value was allocated among the company s debt, mandatorily redeemable preferred shares and common shares based on the characteristics of each class of financial instruments and their claim on the company s assets.

Adjustment for discounts

We adjusted the value of the common shares determined above for an illiquidity discount to reflect the absence of a liquid market for these shares while taking into consideration the prospects of successfully completing an initial public offering or other event or transaction (e.g., a merger or acquisition) that would create liquidity for the shareholders. In August 2009 we did not expect a liquidity event within one year. However, we believed that a two-year time horizon for a liquidity event was a reasonable expectation. To estimate the illiquidity discount, we used a protective put option model assuming an 18 month to two-year time period to a liquidity event and concluded that it was reasonable to use a discount for illiquidity of 25%.

We did not adjust the value of the common shares for a minority discount, since the primary approach that was used to estimate enterprise value was the income approach and a minority discount is not generally considered relevant to the income approach.

Adjustment for market conditions

We then adjusted our estimate for the impact of market conditions. Of the restricted common shares issued under the Participant Equity Loan Plan, 60% is released from the restrictions only upon a qualifying liquidity event (defined in the Participant Equity Loan Plan to include an initial public offering or merger or acquisition). Further, the number of shares to be released from restrictions depends upon the common share price realized in the qualifying liquidity event. These shares are referred to as performance-based shares.

In estimating the Fair Value of the performance-based shares, we assigned probabilities first to the likelihood of a qualifying liquidity event in the near term and then to each of the possible outcomes in a liquidity event.

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In August 2009 we were not contemplating a qualifying liquidity event in the near term. At the time, we had been experiencing a number of challenges that made the timing of a liquidity event uncertain. Upon analysis of the facts known at the time, we concluded that we would assign a probability of 50% to the likelihood of a qualifying liquidity event.

Once a qualifying liquidity event has occurred, the number of performance-based shares to be released is a function of the return on invested capital by the initial shareholders (IFF, Intel and Apax Partners). Under the Participant Equity Loan Plan, if the liquidity event were to result in a return to the initial shareholders of less than three times invested capital, no performance-based shares are released. Returns of between three and five times invested capital would result in the partial release of performance based shares. A return multiple of five or more times invested capital would result in a release of all the performance-based shares.

In reaching our estimate of the Fair Value of the performance-based shares, we assigned probabilities to the various liquidity event outcomes. The probability of these outcomes and the number of shares to be released in each scenario were combined to estimate a probability-weighted Fair Value for the performance-based shares that was then combined with the estimated Fair Value of the remaining shares to determine the Fair Value of all shares issued in the August Issuance. The adjustment for market conditions (the impact of probability weighting the various scenarios) reduced the Fair Value of the performance-based shares by 75%.

Fair Value conclusion

Our retrospective estimate of the Fair Value of the shares issued in August 2009 confirmed our earlier conclusion that the Fair Value of the shares issued did not exceed the fair value of consideration paid by our employees to purchase the shares. Therefore, the August Issuance did not result in a compensation expense under ASC 718.

The February Issuance

In evaluating the Fair Value of shares issued in the February Issuance, we first considered an estimate of the fair market value (as defined in the Participant Equity Loan Plan) of our common shares that was prepared by an independent third-party as of October 31, 2009. Following the same approach that we used in August, we then considered both the factors that would have increased the fair market value (as defined in the Participant Equity Loan Plan) of our common shares from October 2009 to February 2010 and the discounts that should be applied in order to estimate Fair Value under ASC 718.

Factors contributing to changes in fair value

The most significant factors which would have resulted in an increase in the fair market value (as defined in the Participant Equity Loan Plan) of our common shares from August 2009 to February 2010 were:

- successful progress of the company in implementing its business plan and achieving its financial forecast;

the hiring of senior management to lead our strategic expansion into business, government and international markets;

utilization of American Recovery and Reinvestment Act (ARRA) funding by U.S. education districts to invest in technology for education during the fall of 2009 (the new academic year for education districts);

an increase in the share of enterprise value attributable to common equity due to the impact of the change in the foreign currency exchange rate on the company s outstanding U.S. dollar denominated debt;

the passage of time reducing the effect of discounting in the valuation models; and

significant financial leverage that increased the impact of change in the enterprise value on the valuation of common shares by several times.

Impact of discounts and market conditions

In considering the impact of illiquidity discounts on all shares issued in the Participant Equity Loan Plan and market conditions related to the performance-based shares, we followed the same methodology that we used in evaluating the August Issuance. Further, we adjusted the illiquidity discount and the probabilities assigned to the various scenarios related to the performance-based shares to reflect the proximity and increased probability of a liquidity event and our then-best estimate of the likelihood of various liquidity event outcomes. In this analysis, we reduced the illiquidity discount to 20%. After updating the probability weightings for the various potential outcomes, the performance-based shares were discounted by 63%.

Fair Value conclusion

On balance, and considering the number of shares issued in the February Issuance, we have concluded that the Fair Value of the shares issued did not differ materially from the fair value of the consideration paid by our employees. Therefore, the February Issuance did not result in a compensation expense under ASC 718.

Factors contributing to the subsequent increase in the value of our shares

The most significant factor that contributed to the increase in the value of our common shares from the February Issuance to $8.50, the value per common share implied by an assumed initial public offering price of $17.00 per Class A Subordinate Voting Share (the midpoint of the range set forth on the cover page of this prospectus) was the increased probability of a liquidity event, in this case the public offering of our shares, and the decreased time to a liquidity event, which resulted in a corresponding decrease to the illiquidity discount and the discount for market conditions. The effect of the illiquidity discount and market condition discount upon the value of our common shares at February 2010 was approximately 20% and 63%, respectively, but such discounts are not reflected in the value of our common shares implied by the assumed initial public offering price of our Class A Subordinate Voting Shares because such discounts would not apply upon completion of our initial public offering. The absence of these discounts in our assumed initial public offering price accounts for more than 75% of the increase in the value of our common shares since the February Issuance.

Other factors contributing to the increase are:

- our acquisition of NextWindow on April 21, 2010, which resulted in a positive adjustment to our financial forecast and an increase in the enterprise value of the combined company;

- an improvement in the general economic outlook, progress in the implementation of our fiscal 2011 business plan and our expectation of continued growth in future years resulting from an acceleration of our strategic focus in business, government and international markets;