

Unaudited Financial Statements of

DATACOM WIRELESS CORPORATION

Three-month periods ended March 31, 2007 with comparative figures for 2006

DATAKOM WIRELESS CORPORATION

Financial Statements

Three-month periods ended March 31, 2007 with comparative figures for 2006

Financial Statements

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DATACOM WIRELESS CORPORATION

Balance Sheets

March 31, 2007, with comparative figures as at December 31, 2006

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 484,584	\$ 650,414
Accounts receivable	1,047,971	1,163,331
Prepaid expenses and deposits	229,943	183,171
Inventories	532,096	328,059
R&D tax credits receivable	500,000	660,000
Current portion of net investment in lease	1,950	1,512
	<u>2,796,544</u>	<u>2,986,487</u>
Fixed assets	204,207	226,343
Deferred financing costs, net of amortization	-	171,629
	<u>\$ 3,000,751</u>	<u>\$ 3,384,459</u>

Liabilities and Shareholders' Deficiency

Current liabilities:		
Accounts payable and accrued charges	\$ 1,127,217	\$ 1,167,160
Deferred revenue	504,273	515,889
Accrued interest on promissory notes	163,300	103,350
Current portion of obligations under capital leases	18,915	18,559
Current portion of long-term debt	49,286	49,286
	<u>1,862,991</u>	<u>1,854,244</u>
Obligations under capital leases	15,482	20,094
Long-term debt (note 4)	1,928,702	1,684,732
Redeemable preferred shares (note 5)	22,324,850	21,963,488
Shareholders' deficiency		
Share Capital (note 6)	89	89
Deficit	<u>(23,131,363)</u>	<u>(22,138,188)</u>
	(23,131,274)	(22,138,099)
Subsequent events (note 7)		
	<u>\$ 3,000,751</u>	<u>\$ 3,384,459</u>

See accompanying notes to unaudited financial statements

DATAKOM WIRELESS CORPORATION

Statements of Operations

Three-month periods ended March 31, 2007 and 2006

	2007	2006
Revenues	\$ 1,662,919	\$ 1,505,919
Cost of Sales	971,912	862,883
Gross margin	691,007	643,036
Expenses (Income)		
Research and Development	255,441	207,812
Operations	156,351	124,917
Sales and Marketing	318,642	335,324
General and Administration	493,589	492,507
Research and development tax credits	(97,066)	(60,000)
Depreciation and amortization	28,443	38,587
Financial expenses	561,000	394,048
	1,716,400	1,533,195
Net loss	\$ (1,025,393)	\$ (890,159)

See accompanying notes to unaudited financial statements.

DATAKOM WIRELESS CORPORATION

Statements of Deficit

Three-month periods ended March 31, 2007 and 2006

	2007	2006
Deficit, beginning of period	\$ 22,138,188	\$ 21,248,029
Adjustment due to the new accounting policies adopted regarding financial instruments (note 3)	(32,218)	-
	<u>\$ 22,105,970</u>	<u>\$ 21,248,029</u>
Net loss	1,025,393	890,159
Deficit, end of period	\$ 23,131,363	\$ 22,138,188

See accompanying notes to unaudited financial statements.

DATACOM WIRELESS CORPORATION

Statements of Cash Flows

Three-month periods ended March 31, 2007 and 2006

	2007	2006
Cash Flows from operating activities:		
Net loss	\$ (1,025,393)	\$ (890,159)
Adjustments for:		
Amortization of fixed assets	28,443	38,169
Amortization of deferred financing costs	-	19,532
Imputed interest on redeemable preferred shares	480,000	375,141
Net change in non-cash working capital	32,503	(5,080)
	<u>(484,447)</u>	<u>(462,397)</u>
Cash Flows from financing activities:		
Proceeds from issuance of promissory notes	353,823	-
Repayment of long-term debt and obligation under capital lease	(28,899)	(4,189)
	<u>324,924</u>	<u>(4,189)</u>
Cash Flows from investing activities:		
Addition to fixed assets	(6,307)	(30,853)
	<u>(6,307)</u>	<u>(30,853)</u>
Net decrease in cash and cash equivalents	(165,830)	(497,439)
Cash and cash equivalents, beginning of period	650,414	1,062,858
Cash and cash equivalents, end of period	<u>\$ 484,584</u>	<u>\$ 565,419</u>

See accompanying notes to unaudited financial statements.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
(Unaudited)

Three-month periods ended March 31, 2007 and 2006

Datacom Wireless Corporation (the "Company") was incorporated under the Canada Business Corporations Act. The Company is a telematic service provider that supplies strategic-data acquisition, transmission, organization, distribution and integration services for various business sectors, especially in the sectors of transportation, industrial inventory management and public utility services.

1. Basis of presentation:

The accompanying unaudited interim financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited annual consolidated financial statements, except for recognition and measurement of financial instruments presented per Section 3855 of CICA Handbook, *Financial Instruments – Recognition and Measurement*, which required prospective applications. These unaudited interim financial statements do not include all information and note disclosures required by Canadian generally accepted accounting principles for annual financial statements, and, therefore, should be read in conjunction with the December 31, 2006 audited financial statements and the notes thereto.

By nature, our industry is subject to seasonality influence. Historically, the first quarter of each year is the weakest and sales activity is more evenly spread over the remaining quarters.

2. Significant accounting policies:

The unaudited interim financial statements have been prepared in accordance with the accounting policies described in the Company's annual audited financial statements for the year ended December 31, 2006. For further information, refer to the notes therein.

3. Changes in accounting policies:

Effective at the beginning of its 2007 fiscal year, the Company has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3251, *Equity*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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Three-month periods ended March 31, 2007 and 2006

3. Changes in accounting policies (continued):

comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which will be measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires the Company to formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Derivatives that qualify as hedging instruments must be designated as either a "cash flow hedge," when the hedged item is a future cash flow, or a "fair value hedge," when the hedged item is a recognized asset or liability. The unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. Any derivative instrument that does not qualify for hedge accounting is marked-to-market at each reporting date and the gains or losses are included in earnings.

These new standards have to be applied without restatement of prior period amounts. Upon initial application, all adjustments to the carrying amount of financial assets and liabilities shall be recognized as an adjustment to the opening balance of deficit or accumulated other comprehensive income, depending on the classification of existing assets or liabilities. As at January 1, 2007, the Company has decrease the opening balance of deficit by \$32,218 with respect to the financial assets and liabilities.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
(Unaudited)

Three-month periods ended March 31, 2007 and 2006

3. Changes in accounting policies (continued):

As a result of applying these new standards, deferred financing costs were reduced by \$171,629 and long-term debt and redeemable preferred shares were reduced by \$203,847.

As at January 1, 2007, the adoption of these standards did not have a significant impact on the balance sheet.

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as a reduction of the underlying financial instruments.

4. Long-term debt:

	March 31, 2007	December 31, 2006
Promissory notes due to shareholders, secured by the universality of the assets, issued in April 2006 (\$812,985), August 2006 (\$748,529) and January 2007 (\$353,823), bearing interest at the rate of 12% compounded monthly, payable at each lender's option in Class C preferred shares at the rate of 1 Class C preferred share per \$0.2796 of interest or in cash. These promissory notes are repayable no later than April 2009, August 2009 and January 2010, respectively.	\$ 1,862,345 ⁽¹⁾	\$ 1,561,514
Term loan from Canada Economic Development, bearing no interest, payable in semi-annual payments of \$24,643 starting in October 2006, maturing in April 2010	115,643 ⁽²⁾	172,504
	1,977,988	1,734,018
Current portion of long-term debt	49,286	49,286
	\$ 1,928,702	\$ 1,684,732

(1): Represent the net amount of the aggregate amount of promissory notes issued which amounts to \$ 1,915,337 less the related financing costs of \$52,992.

(2): This amount represents the fair value of the loan, using an effective interest rate of 12%. The amount payable as per the agreement is \$147,861 as per the agreement.

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Three-month periods ended March 31, 2007 and 2006

5. Redeemable preferred shares:

Class A preferred shares are voting and participating, entitled to a dividend, rateably with the Class C preferred shares and the common shareholders on any dividends declared up to a maximum per share amount equal to a Class B preferred share dividend.

Class B preferred shares are voting and participating, priority to Class A shares, entitled to a cumulative and preferential dividend of 8%, compounded quarterly.

Class C preferred shares are voting and participating, priority to Class B and Class A preferred shares entitled to a dividend, rateably with the Class A preferred shares and the common shareholders on any dividends declared up to a maximum per share amount equal to a Class B preferred share dividend.

Class A, Class B and Class C preferred shares are redeemable in the event of a Distribution of Assets, as defined in the articles of the Company, at the specified price of \$1.27 per share, \$1.6118 per share and \$0.5592 per share, respectively. If the net consideration or proceeds resulting from the Distribution of Assets to the shareholders are in excess of \$30 million, the specified price of the Class B and Class C preferred shares will be reduced to \$0.8050 per share and \$0.2796 per share, respectively.

Class A, Class B and Class C shares are convertible into common shares at the option of the holder or automatically convertible into common shares upon either of the following:

- a) Immediately prior to or contemporaneously with the closing of any public offering;
- b) With the written consent of a Special Majority, as defined in the article of incorporation of the Company;
- c) Five days after the holder of Class C preferred shares receives notice from the Company that such holder has failed to promptly comply with its obligations to subscribe for additional Class C preferred shares in accordance with Article 3 of the Subscription Agreement.

The conversion price for Class A and Class B preferred shares is \$0.5970 while the conversion price for Class C preferred shares is \$0.2796.

Class A, Class B and Class C preferred shares contain a put option in the Shareholders' Agreement allowing the holders the right to sell to the Company all or any portion of the preferred shares at the greater of the fair market value or a price equal to \$0.8059 per Class A and B preferred share and \$0.2796 per Class C preferred share increased by a yearly return of 8% compounded quarterly at the following conditions:

- i) After February 14, 2010 if:
 - The Company has not completed an initial public offering or;
 - No Liquidity Event has occurred, as defined in the Shareholders' Agreement or.
- ii) Upon a Default by the Company, as defined in the Shareholders' Agreement.

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5. Redeemable preferred shares (continued):

	March 31, 2007	December 31, 2006
Issued:		
6,698,000 Class A preferred shares (including \$2,025,739 of imputed interest; \$1,866,969 in 2006)	\$ 7,423,657	\$ 7,264,887
10,050,872 Class B preferred shares (including \$2,755,287 of imputed interest; \$2,523,124 in 2006)	10,855,286	10,623,123
12,804,014 Class C preferred shares (including \$584,541 of imputed interest; \$495,474 in 2006)	4,164,545	4,075,478
	22,443,488	21,963,488
Less:		
Deferred financing costs (note 3)	(118,638)	—
	\$ 22,324,850	\$ 21,963,488

Warrants:

In 2003, the Company converted all prior issued warrants into 822,672 new warrants to acquire 822,672 Class A preferred shares at an exercise price of \$1.27 per share no later than March 26, 2008. As at March 31, 2007, 822,672 warrants are outstanding.

In 2006, the Company issued in favor of the holder of promissory notes a total of 11,169,625 warrants to acquire 11,169,625 Class C preferred shares at an exercise price of \$0.2796 per share no later than August 2011. As at March 31, 2007, these 11,169,625 warrants are outstanding.

6. Share capital:

(a) Issued and paid share capital:

	March 31, 2007	December 31, 2006
2,700,000 common shares (2,700,000 at December 31, 2006)	\$ 89	\$ 89

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6. Share capital (continued):

(b) Stock option plan:

The Corporation has established a stock option plan to provide long-term incentives to attract, motivate and retain its employees, directors, officers and consultants. The stock option plan was put in place in 2005 to replace prior plan and has been amended and restated in April 2007 to conform to applicable securities rules and practices for public companies.

The exercise price of options granted shall be determined at the date of the grant by the Board of Directors and shall not be less than the market price. The stock option plan is administered by the Board of Directors. Under the terms of the Plan, the Corporation may grant options of up to a maximum of 10% of the Corporation's issued common shares. The Board of Directors may determine, in accordance with the terms of the stock option plan, the terms relating to each option, including the number of shares subject to each option, exercise price and expiration date of each option and the extent to which each option is exercisable during the term of the option. The term of an option granted after April 2007 cannot exceed 10 years and will usually be vested over three years. All of the options granted pursuant to the stock option plan before the April 2007 amendment have vested upon closing of the initial public offering of the Company.

(b) Stock option plan (continued):

The following table summarizes the stock options outstanding as at March 31, 2007:

	Number	Weighted average exercise price
Balance, beginning of the period	2,526,949	\$ 0.2796
Granted	504,000	0.2796
Cancelled	(64,000)	0.2796
Balance, end of the period	2,966,949	\$ 0.2796

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6. Share capital (continued):

The following table summarizes the stock options outstanding and exercisable as at March 31, 2007:

Options outstanding			Options currently exercisable
Number	Weighted average remaining (years)	Weighted average exercise price	Number
2,966,949	6.09	\$ 0.2796	1,823,062

The weighted average fair value of each option granted was estimated using the Black-Scholes pricing model with the following assumptions:

Risk-free interest rate	3.99%
Expected volatility	—
Expected life in years	5
Expected dividend yield	0%
Weighted average fair value of each Option at grant date	\$ —

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6. Share capital (continued):

(c) Loss per share:

	2007	2006
Net loss	\$(1,025,393)	\$ (890,159)
Weighted average number of common shares outstanding	2,700,000	2,700,000
Dilutive effects ⁽¹⁾ :		
Employees stock options	—	—
Conversion of preferred shares and warrants	—	—
Weighted average number of diluted common shares outstanding	2,700,000	2,700,000
Basic and diluted loss per share	\$ 0.38	\$ 0.33

⁽¹⁾ The diluted loss per share is the same as the basic loss per share as the dilutive factors result in a decrease in the loss per share.

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7. Subsequent events:

On April 18, 2007, the Corporation adopted a revised stock option plan (the "Stock Option Plan") which was ratified and approved by a special majority of the Corporation's shareholders on April 25, 2007. Pursuant to the Stock Option Plan, the Board of Directors may allocate nontransferable options to acquire Common Shares to directors, officers, employees and consultants of the Corporation. Options granted pursuant to the Stock Option Plan are for a maximum term of 10 years, subject to earlier termination in certain events. Option price pursuant to the Stock Option Plan after the closing of the Offering will not be lower than the closing price of the Common Shares on the TSX Venture Exchange (the "TSXV") on the trading day prior to the date of grant. Pursuant to the Stock Option Plan, the number of options granted may not exceed 10% of the total number of issued and outstanding Common Shares at the date of grant. No grantee under the Stock Option Plan may receive options entitling the grantee to purchase more than 5% (2% for consultants) of the aggregate outstanding Common Shares for a period of 12 months. In the event the holder of options granted under the Stock Option Plan ceases to be a director, officer, employee or consultant, then the options granted must be exercised within 90 days following the cessation of the holder's position with the Corporation, provided that if the cessation of directorship, office, employment or consulting arrangement was by reason of death, then the options may be exercised within a maximum period of one year from the date of such death, subject to the expiry date of the said options.

On April 18, 2007, the Board of directors granted to Mr. Collins an additional amount of options necessary for him to acquire 1% of the total number of Common Shares upon Closing. The exercise price per share shall be the offering issue price for a Common Share. The Board of Directors approved a loan which will be granted on an interest-free basis and become due on the date that is five years from the date of disbursement. The loan will be secured by a pledge on the Common Shares purchased and, in the event of default, the recourse will be limited to the Common Shares so pledged.

The board of directors also approved the grant to Mr. Collins of an option to purchase 212,661 common shares which represents the number of common shares of the Corporation required in order for the total number of options held by Mr. Collins, as of the Granting Date, is equivalent to 3% of the total of i) the number of issued shares of the Corporation on an as converted basis plus ii) the total number of Class C Warrants that need to be exercised to offset any and all amounts owed under the Promissory Notes. The exercise price per share shall be \$0.2796 and the option shall vest 2/3 on the Granting date and 1/3 on February 14, 2008.

On May 29, 2007, the Corporation entered into an underwriting agreement for the issuance and sale of 11,111,112 units at an offering price of \$0.90 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. The proceeds of the offering to the Corporation will be \$8,706,255, net of estimated expenses of \$1,293,746.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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Three-month periods ended March 31, 2007 and 2006

7. Subsequent events (continued):

In addition, the Corporation granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part for a period of 60 days from Closing, to purchase up to an additional 1,666,666 units at a price of \$.90 per unit to cover over-allotments, if any, and for market stabilization purposes.

On May 29, 2007, the Corporation filed a prospectus in British Columbia, Alberta, Manitoba, Ontario and Quebec, for a qualified Initial Public Offering of its shares and units.

The Prospectus contemplates that prior to closing of the offering, the Corporation will file articles of amendment to:

- (i) remove the restrictions on transfers of the shares, the prohibition relating to the distributions of the shares to the public and the limit on the number of shareholders;
- (ii) cancel all authorized classes of shares other than common shares; and
- (iii) consolidate all issued and outstanding common shares whereby every three outstanding common shares will be exchanged for one new common share.

Prior to closing, the following transactions also expect to occur:

- (i) 7,573,368 warrants to acquire 7,573,368 Class C preferred shares will be exercised at a price of \$0.2796 per share for a total consideration of \$2,117,514. At the same date, the unexercised balance of warrants to acquire 6,127,179 Class C preferred shares will be cancelled;
- (ii) All amounts due on the Promissory Notes issued to shareholders, during fiscal year 2006 and in January 2007 and secured by the universality of the assets, including all the accrued and unpaid interest for a total of \$2,117,514 (\$1,915,337 in capital and \$202,177 in interest), will be offset against the exercise price of the warrants; and
- (iii) The shareholders agreement will be automatically terminated and all the outstanding Class C, B and A Preferred Shares will be converted into Common Shares at a conversion rate of:
 - 1.0000 Class C Preferred Shares for 1 Common Share;
 - 1.3499 Class B Preferred Shares for 1 Common Share; and
 - 1.3499 Class A Preferred Shares for 1 Common Share.

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7. Subsequent events (continued):

Our articles also provide for a cumulative and preferential dividend on Class B preferred shares. Upon the automatic conversion of Class B preferred shares into common shares, the unpaid cumulative and preferential dividend on Class B preferred shares, which will amount to \$2,885,684, will also convert into 4,833,642 common shares, as provided for in our articles.

After capital reorganization and consolidation, but prior the IPO, the number of the issued and outstanding common shares will total 16,840,109 (50,520,327 before the consolidation).