

Financial Statements of
(Unaudited)

DATACOM WIRELESS CORPORATION

Three-month periods ended March 31, 2008 and 2007

CORPORATION DATACOM WIRELESS

Financial Statements
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

Financial Statements

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CORPORATION DATACOM WIRELESS

Balance Sheets
(Unaudited)

March 31, 2008 and December 31, 2007

	March 31, 2008	December 31, 2007
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,586,533	\$ 6,120,533
Accounts receivable	1,098,288	1,054,470
Research and development credits receivable	795,000	750,000
Current portion of net investment in sales-type lease	88,594	96,305
Inventories	968,534	792,888
Prepaid expenses and deposits	195,407	171,765
	7,732,356	8,985,961
Net investment in sales-type lease	115,669	50,515
Fixed assets	222,182	247,256
Intangible assets	593,600	627,200
Goodwill	603,909	603,909
	\$ 9,267,716	\$ 10,514,841

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued charges	\$ 2,173,073	\$ 2,211,676
Deferred revenue	959,785	1,060,070
Current portion of obligations under capital leases	30,101	38,639
Current portion of long-term debt (note 3)	37,935	37,935
	3,200,894	3,348,320
Obligations under capital leases	12,549	13,352
Long-term debt (note 3)	65,870	65,871
Shareholders' equity		
Share capital (note 4)	31,350,345	31,413,681
Warrants (note 5)	2,111,111	2,111,111
Contributed surplus (note 4)	127,996	58,360
Deficit	(27,601,049)	(26,495,854)
	5,988,403	7,087,298
	\$ 9,267,716	\$ 10,514,841

See accompanying notes to unaudited financial statements.

On behalf of the Board:

_____ Director

_____ Director

CORPORATION DATACOM WIRELESS

Statements of Operations and Comprehensive Loss
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

	2008	2007
Revenues	\$ 2,201,186	\$ 1,662,919
Cost of sales	1,251,647	971,912
Gross margin	949,539	691,007
Expenses:		
General and administration	867,826	493,589
Sales and marketing	647,668	318,642
Operation	238,819	156,351
Research and development	318,183	255,441
Research and development tax credits	(45,000)	(97,066)
Depreciation and amortization	35,584	28,443
Financial expenses (revenues)	(48,246)	561,000
Stock-based compensation	6,300	—
Amortization of intangible assets	33,600	—
	2,054,734	1,716,400
Net loss and comprehensive loss	<u>\$ (1,105,195)</u>	<u>\$ (1,025,393)</u>
Loss per share (note 4 (c)):		
Basic and diluted	\$ (0.04)	\$ (1.14)

See accompanying notes to unaudited financial statements.

CORPORATION DATACOM WIRELESS

Statements of Deficit
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

	2008	2007
Deficit, beginning of period	\$ 26,495,854	\$ 22,138,188
Adjustment due to new accounting policies adopted regarding financial instruments (note 2)	–	(32,218)
	26,495,854	22,105,970
Net loss	1,105,195	1,025,393
Deficit, end of period	\$ 27,601,049	\$ 23,131,363

See accompanying notes to unaudited financial statements.

CORPORATION DATACOM WIRELESS

Statement of Cash Flows (Unaudited)

Three-month periods ended March 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Net loss	\$(1,105,195)	\$(1,025,393)
Adjustments for:		
Amortization of fixed assets	35,584	28,443
Amortization of intangible assets	33,600	—
Imputed interest on redeemable preferred shares	—	480,000
Stock-based compensation	6,300	—
Net change in non-cash working capital	(484,439)	32,503
	(1,514,150)	(484,447)
Cash flows from financing activities:		
Proceeds from issuance of promissory notes	—	353,823
Repayment of long-term debt	—	(24,643)
Repayment of obligation under capital leases	(9,341)	(4,256)
	279,876	324,924
Cash flows from investing activities:		
Addition to fixed assets	(10,509)	(6,307)
Net decrease in cash and cash equivalents	(1,534,000)	(165,830)
Cash and cash equivalents, beginning of period	6,120,533	650,414
Cash and cash equivalents, end of period	\$ 4,586,533	\$ 484,584
Cash paid during the year for:		
Interest on long-term debt	\$ 1,056	\$ 60,909

See accompanying notes to unaudited financial statements.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

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 new accounting policies that have been adopted effective January 1, 2008. 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, 2007 audited financial statements and the notes thereto.

According to our industry segment, our sales are subject to seasonality fluctuations. Historically, the first and second quarters of each year are weaker compared to other quarters.

2. Changes in accounting policies:

The Canadian Institute of Chartered Accountants ("CICA") issued the following new Handbook Sections, which were effective for interim periods beginning on or after January 1, 2008:

- (a) Section 3862, "Financial Instruments - Disclosures", describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, "Financial Instruments - Presentation", replaced Section 3861, "Financial Instruments - Disclosure and Presentation".
- (b) Section 3863, "Financial Instruments - Presentation", establishes standards for presentation of financial instruments and non-financial derivatives.
- (c) Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

2. Changes in accounting policies (continued):

(d) Section 3031, "Inventories", requires to provide more details regarding the determination and recognition of inventories as well as information to disclose. The adoption of this new standard had no significant impact on the Corporation's financial statements.

The additional disclosures, required as a result of the adoption of those standards, except for inventories, have been included in note 6.

Effective at the beginning of its 2007 fiscal year, the Corporation has adopted the recommendations of 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*.

Handbook Sections 3855, 3861 and 3865 provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

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 Corporation has decreased the opening balance of deficit by \$32,218 with respect to the financial liabilities.

3. Long-term debt:

	March 31, 2008	December 31, 2007
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	\$ 103,805	\$ 103,806
Current portion of long-term debt	37,935	37,935
	<u>\$ 65,870</u>	<u>\$ 65,871</u>

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

3. Long-term debt (continued):

This amount represents the fair value of the loan at inception, using an effective interest rate of 12%. The remaining balance payable as of March 31, 2008, as per the agreement, is \$123,218.

4. Share capital:

(a) The authorized share capital of the Corporation is as follows:

Unlimited number of common shares with no par value

	March 31, 2008	December 31, 2007
27,951,221 common shares (28,230,733 as at December 31, 2007)	\$ 31,350,345	\$ 31,413,681

The variation related to the issued share capital is summarized as follows:

	Number ⁽¹⁾	Amount
Issued and outstanding as at December 31, 2007	28,230,733	\$ 31,413,681
Cancellation of the shares issued to the chief executive officer ⁽¹⁾	(279,512)	(63,335)
Issued and outstanding as at March 31, 2008	27,951,221	\$ 31,350,346

⁽¹⁾ The Corporation consented a loan, without interest, to its chief executive officer in amount of \$251,561 for the acquisition of 1% of the total amount of common shares. This loan was cancelled and the shares were remitted by the chief executive officer following his departure. The shares were subsequently cancelled and the amount of \$63,335 was recorded to contributed surplus.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

4. Share capital (continued):

(b) Stock options:

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.

Pursuant to the Stock Option Plan, the Board of Directors may allocate non-transferable options to acquire common shares to directors, officers, employees and consultants of the Corporation. Options granted pursuant to the Stock Option Plan vest over a three-year period and are for a maximum term of 10 years, subject to earlier termination in certain events. Options granted 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 on the trading day prior to the date of grant.

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 following table summarizes the stock option activity as at March 31, 2008:

	Number	Weighted average exercise price
Balance, beginning of period	1,606,592	\$ 0.8050
Options granted	—	—
Options cancelled	(347,051)	0.8921
Balance, end of year	1,259,541	\$ 0.7810

341,719 options of the chief executive officer not yet vested as at March 31, 2008 were cancelled during the quarter.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

4. Share capital (continued):

b) Stock options (continued):

The following table summarizes the stock option outstanding and exercisable as at March 31, 2008:

Number	Options currently exercisable		Number
	Options outstanding		
	Weighted average remaining years	Weighted average exercise price	
1,259,541	8.2	\$ 0.8388	1,058,526

(c) Loss per share

	Three months ended March 31,	
	2008	2007
Net loss	\$(1,105,195)	\$(1,025,393)
Weighted average number of diluted common shares outstanding	27,991,151	900,000
Basic and diluted ⁽¹⁾ loss per share	\$ (0.04)	\$ (1.14)

⁽¹⁾ The diluted loss per share is the same as the basic loss per share as the dilutive effects of stock options and warrants would result in a decrease in the loss per share.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

5. Warrants:

Common shares:

Each unit issued at the IPO was comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.10 per share at any time for 24 months following the IPO, which is before June 6, 2009.

Number issued and value:

	March 31, 2008	December 31, 2007
5,555,556 common share warrants	\$ 2,111,111	\$ 2,111,111

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

Risk-free interest rate	4.22%
Expected volatility	85%
Expected life in years	2
Expected dividend yield	0%
Exercise price per warrant	\$ 1.10
Weighted average fair value of each warrant at issuance date	\$ 0.38

Class A preferred shares:

In 2003, the Corporation 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.

After giving effect to the consolidation, the unexercised Class A preferred share purchase warrants were adjusted so that there were 822,672 warrants outstanding, each entitling the holder to acquire 0.45 of one common share at an exercise price of \$1.27, which warrants shall expire on March 26, 2008. As at March 26, 2008, no warrants were exercised.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
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Three-month periods ended March 31, 2008 and 2007

6. Financial instruments:

(a) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's accounts receivable.

The Company also has credit risk relating to cash and cash equivalents. The Company manages its risk by dealing only with major North-American financial institutions.

The Company writes off accounts receivable to expected realized value as soon as the account is determined not to be fully collectible, with such write-off charged to net income unless the loss has been provided for in prior periods, in which case the write-off is applied to reduce the allowance for doubtful accounts. The Company takes a monthly allowance for doubtful account using a % of the sales based on historical bad debts.

Exposure to credit risk for financial assets:

	March 31, 2008	December 31, 2007
Accounts receivable	\$ 1,098,288	\$ 1,054,470
Cash and cash equivalents	4,586,533	6,120,533
Net investment in sales-type leases	204,263	146,820
	<u>\$ 5,889,084</u>	<u>\$ 7,321,823</u>

Exposure to credit risk for accounts receivable by geographic region:

	March 31, 2008	December 31, 2007
Canadian customers	\$ 877,176	\$ 862,231
US customers	221,112	192,239
	<u>\$ 1,098,288</u>	<u>\$ 1,054,470</u>

The amount of US accounts receivable is essentially due from a customer with whom the Corporation has a business relation for many years.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

6. Financial instruments (continued):

(a) Credit risk (continued):

Exposure to credit risk for accounts receivable by type of customer:

	March 31, 2008	December 31, 2007
End-user	\$ 226,724	\$ 111,953
Commercial	656,958	757,454
Other	214,606	185,063
	\$ 1,098,288	\$ 1,054,470

Aging of accounts receivable:

	March 31, 2008		December 31, 2007	
	Gross	Allowance	Gross	Allowance
Between 0-60 days	\$ 840,588	\$ –	\$ 857,626	\$ –
More than 60 days	399,700	142,000	386,844	190,000
	\$ 1,240,288	\$ 142,000	\$ 1,244,470	\$ 190,000

The Corporation also has a balance receivable from customers following sales concluded in the form of sales-type leases for which payments can spread out over a period exceeding one year. As at March 31, 2008, the Corporation has an amount of \$204,263 in its balance sheet related to this type of sales.

Movement of the allowance for doubtful accounts:

	March 31, 2008	December 31, 2007
Balance, beginning of period	\$ 190,000	\$ 240,000
Expense	76,183	244,598
Write-off against reserve	(124,183)	(294,598)
Balance, end of period	\$ 142,000	\$ 190,000

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

6. Financial instruments (continued):

(a) Credit risk (continued):

Write-off for an amount of \$124,183 were recorded during the quarter ended March 31, 2008. All these accounts were provided for as at December 31, 2007. The Corporation recorded a monthly allowance based on a percentage of sales to cover this eventual credit exposure on new sales.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers acquisitions or other major investments or divestitures.

In recent years, the Company has financed its expansion and sales growth mainly through internally generated funds and the equity offering.

The following are the contractual maturities of financial liabilities as at March 31, 2008:

	Carring amount	Contractual cash flows	0-12 months	1-2 years
Accounts payable and accrued charges	\$ 2,173,073	\$ (2,173,073)	\$ (2,173,073)	\$ -
Obligations under capital leases	42,650	(42,650)	(30,101)	(12,549)
Long-term debt	103,806	(123,218)	(37,935)	(85,283)
	<u>\$ 2,319,529</u>	<u>\$ (2,338,941)</u>	<u>\$ (2,241,109)</u>	<u>\$ (97,832)</u>

Due to its financial position, as at March 31, 2008, the Corporation is in a position to meet its financial commitments related to its liabilities.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

6. Financial instruments (continued):

(c) Carrying values and fair values:

The Corporation has categorized its financial assets and liabilities as follows:

	March 31, 2008		December 31, 2007	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalent	\$ 4,586,533	\$ 4,586,533	\$ 6,120,533	\$ 6,120,533
Loans and receivables				
Accounts receivable	1,098,288	1,098,288	1,054,470	1,054,470
Net investment in sales-types leases	204,263	204,263	146,820	146,820
Financial liabilities:				
Other financial liabilities				
Accounts payable and accrued charges	2,173,073	2,173,073	2,211,670	2,211,670
Long-term debt Obligations under capital leases	103,806	105,628	103,806	105,628
	42,650	42,650	51,991	51,991

The Company has determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying amounts as at the balance sheet date due to the short-term maturity of those instruments.

The fair value of long-term debt is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date.

CORPORATION DATACOM WIRELESS

Notes to Financial Statements, Continued
(Unaudited)

Three-month periods ended March 31, 2008 and 2007

6. Financial instruments (continued):

(c) Carrying values and fair values (continued):

The fair value of the net investment in sales-type leases and in the obligation under capital leases approximates its carrying amount because interest is based on market-related fixed rates.

(d) Capital disclosures :

The Company's objectives in managing capital is to safeguard the Company's assets and to ensure sufficient liquidity to pursue its organic growth and expansion strategy, fund its research and development projects and undertake selective acquisitions in order to maximize the return to its shareholders, while at the same time taking a conservative approach towards financial leverage and management of financial risk. The Company's capital structure consists of shareholders' equity.

The Company's primary uses of capital is to finance increase in non-cash working capital items and capital expenditures.