

Financial Statements of
(Unaudited)

DATACOM WIRELESS CORPORATION

For the three and six-month periods ended June 30, 2007 and 2006

DATAKOM WIRELESS CORPORATION

Financial Statements

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

Financial Statements

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DATACOM WIRELESS CORPORATION

Balance Sheets

June 30, 2007, with comparative figures as at December 31, 2006

	June 30,		December 31,
	2007		2006
	(unaudited)		(audited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 8,639,767	\$	650,414
Accounts receivable	1,332,703		1,163,331
Prepaid expenses and deposits	310,255		183,171
Inventories	426,650		328,059
R&D tax credits receivable	575,000		660,000
Current portion of net investment in lease	1,950		1,512
	<u>11,286,325</u>		<u>2,986,487</u>
Fixed assets	220,247		226,343
Deferred financing costs, net of amortization	-		171,629
	<u>\$ 11,506,572</u>	\$	<u>3,384,459</u>
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued charges	\$ 1,486,291	\$	1,167,160
Deferred revenue	635,153		515,889
Accrued interest on promissory notes	-		103,350
Current portion of obligations under capital leases	19,279		18,559
Current portion of long-term debt	49,286		49,286
	<u>2,190,009</u>		<u>1,854,244</u>
Obligations under capital leases	10,186		20,094
Long-term debt (note 4)	66,357		1,684,732
Redeemable preferred shares (note 5)	-		21,963,488
Shareholders' deficiency			
Share capital (note 6)	33,169,436		89
Warrants (note 6)	333,333		-
Contributed surplus (note 6)	113,515		-
Deficit	(24,376,264)		(22,138,188)
	<u>9,240,020</u>		<u>(22,138,099)</u>
Subsequent events (note 8)			
	<u>\$ 11,506,572</u>	\$	<u>3,384,459</u>

See accompanying notes to unaudited financial statements.

DATACOM WIRELESS CORPORATION

Statements of Operations

(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

	Three-month period ended June 30,		Six-month period ended June 30,	
	2007	2006	2007	2006
Revenues	\$ 2,051,620	\$ 1,777,873	\$ 3,714,539	\$ 3,283,792
Cost of Sales	1,283,337	1,027,111	2,255,249	1,889,994
Gross margin	768,283	750,762	1,459,290	1,393,798
Expenses (Income)				
Research and development	289,415	214,082	544,856	421,894
Operation	176,925	129,681	333,276	254,598
Sales and marketing	427,905	306,804	746,547	642,128
General and administration	528,976	468,037	1,022,565	960,544
Research and development tax credits	(75,000)	(60,000)	(172,066)	(120,000)
Stock-based compensation	113,515	-	113,515	-
Depreciation and amortization	28,734	32,886	57,177	71,473
Financial expenses	522,714	388,884	1,083,714	782,932
	2,013,184	1,480,374	3,729,584	3,013,569
Net loss and comprehensive income	\$ (1,244,901)	\$ (729,612)	\$ (2,270,294)	\$ (1,619,771)

See accompanying notes to unaudited financial statements.

DATACOM WIRELESS CORPORATION

Statements of Deficit

(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Deficit, beginning of period	\$ 23,131,363	\$ 21,408,576	\$ 22,138,188	\$ 20,518,417
Adjustment due to new accounting policies adopted regarding financial instruments (note 3)	-	-	(32,218)	-
	23,131,363	21,408,576	22,105,970	20,518,417
Net loss	1,244,901	729,612	2,270,294	1,619,771
Deficit, end of period	\$ 24,376,264	\$ 22,138,188	\$ 24,376,264	\$ 22,138,188

See accompanying notes to unaudited financial statements.

DATAKOM WIRELESS CORPORATION

Statements of Cash Flows

(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Cash flows from operating activities:				
Net loss	\$ (1,244,901)	\$ (729,612)	\$ (2,270,294)	\$ (1,619,771)
Adjustments for:				
Amortization of fixed assets	28,734	32,886	57,177	71,473
Amortization of deferred financing costs / Accretion expense	-	(8,041)	171,629	11,491
Imputed interest on redeemable preferred shares	376,971	375,000	738,333	750,141
Stock-Based Compensation	113,515	-	113,515	-
Net change in non-cash working capital	45,046	(720,107)	24,558	(725,187)
	(680,635)	(1,049,874)	(1,165,082)	(1,511,853)
Cash flows from financing activities:				
Proceeds from issuance of promissory notes	-	812,985	353,823	808,866
Repayment of long-term debt	-	-	(24,643)	-
Repayment of obligation under capital leases	(4,932)	(5,223)	(9,188)	(5,293)
Proceeds from issuance of preferred shares	201,817	-	201,817	-
Proceeds from issuance of common shares	10,000,000	-	10,000,000	-
Share issuance costs	(1,316,293)	-	(1,316,293)	-
	8,880,592	807,762	9,205,516	803,573
Cash flows from investing activities:				
Addition to fixed assets	(44,774)	(15,243)	(51,081)	(46,514)
	(44,774)	(15,243)	(51,081)	(46,514)
Net increase (decrease) in cash and cash equivalents	8,155,183	(257,355)	7,989,353	(754,794)
Cash and cash equivalents, beginning of period	484,584	565,419	650,414	1,062,858
Cash and cash equivalents, end of period	\$ 8,639,767	\$ 308,064	\$ 8,639,767	\$ 308,064

See accompanying notes to unaudited financial statements.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

Datacom Wireless Corporation (the "Corporation") was incorporated under the Canada Business Corporations Act. The Corporation is a growing developer and provider of mission-critical vehicle fleet management and theft prevention solutions using wireless communications and satellite-based tracking technologies for both commercial and consumer markets. It provides real-time solutions, in such areas as vehicle and asset management and stolen vehicle recovery. All of its solutions incorporate its user-friendly feature-rich Web-based graphical and tabular data management software.

1. Basis of presentation:

The accompanying unaudited interim financial statements of the Corporation have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") 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 as per Section 3855 of the CICA Handbook, *Financial Instruments – Recognition and Measurement*, which required prospective applications. These unaudited interim financial statements do not include all the information and note disclosures required by Canadian GAAP 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 Corporation'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 Corporation 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*.

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

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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Three and six-month periods ended June 30, 2007 with comparative figures for 2006

3. Changes in accounting policies (continued):

the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which will be measured at amortized cost. Subsequent measurements 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 the 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 Corporation 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 items 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 Corporation has decreased the opening balance of deficit by \$32,218 with respect to the financial liabilities.

DATAKOM WIRELESS CORPORATION

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Three and six-month periods ended June 30, 2007 with comparative figures for 2006

4. Long-term debt:

	June 30, 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⁾	\$ 1,561,514
Term loan from Canada Economic Development, bearing no interest, payable in semi-annual payments of \$24,643 starting in October 2006 and maturing in April 2010	115,643 ⁽²⁾	172,504
	115,643	1,734,018
Current portion of long-term debt	49,286	49,286
	\$ 66,357	\$ 1,684,732

(1): All amounts related to promissory notes issued during 2006 and January 2007, including all interest accrued and unpaid for an aggregate amount of \$2,117,514 (capital of \$1,915,337 and interest of \$202,177), were offset against the exercise price of the warrants.

(2): This amount represents the fair value of the loan, using an effective interest rate of 12%. The remaining balance payable as of June 30, 2007, as per the agreement, is \$147,861.

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Notes to Financial Statements
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Three and six-month periods ended June 30, 2007 with comparative figures for 2006

5. Redeemable preferred shares:

All Class A, Class B and Class C preferred shares have been automatically converted into common shares immediately prior to the closing of the initial public offering ("IPO") as described in the effective corporate status at that date, with the following conversion rates:

- 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.

The unpaid and cumulative dividend on the Class B preferred shares, which amounted to \$2,885,684 at the conversion date, has also been converted into 4,833,642 common shares.

	June 30, 2007	December 31, 2006
Issued:		
6,698,000 Class A preferred shares (including \$1,866,969 in 2006)	\$ -	\$ 7,264,887
10,050,872 Class B preferred shares (including \$2,523,124 in 2006)	-	10,623,123
12,804,014 Class C preferred shares (including \$495,474 in 2006)	-	4,075,478
	-	21,963,488
	\$ -	\$ 21,963,488

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

6. Share capital:

(a) Issued and paid share capital:

Unlimited number of common shares with no par value.

In June 2007, the Corporation filed articles of amendment in order to cancel all authorized classes of shares other than common shares and consolidate all issued and outstanding common shares whereby three outstanding common shares were exchanged for one new common share.

	June 30, 2007	December 31, 2006
28,230,733 common shares (900,000 as at December 31, 2006)	\$ 33,169,436	\$ 89

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

	Number ⁽¹⁾	Amount
Issued and outstanding as at December 31, 2006	900,000	89 \$
Conversion of Class A, B and C preferred shares, of the imputed interest, accrued and unpaid dividend on preferred shares	15,940,109	24,818,975
Share Issuance of IPO	11,111,112	10,000,000
Common shares warrants	Nil	(333,333)
Issuance of shares to the Chief Executive Officer ⁽²⁾	279,512	-
Share issuance costs	Nil	(1,316,295)
Issued and outstanding as at June 30, 2007	28,230,733	33,169,436 \$

(1): Taking into account the 3 for 1 consolidation

(2): Corporation granted a interest free loan to its Chief Executive Officer of \$251,561, enabling him to purchase 1% of the total number of common shares on Closing of the IPO.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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Three and six-month periods ended June 30, 2007 with comparative figures for 2006

6. Share capital (continued):

(b) Stock option plan:

The Corporation has established a stock option plan (the "Plan") to provide long-term incentives to attract, motivate and retain its employees, directors, officers and consultants. The stock option plan set in 2005 was 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. The term of an option granted after April 2007 cannot exceed 10 years and will usually be vested over three years.

The exercise price of the options granted after the IPO will be the closing trading price of the Toronto Stock Exchange Venture ("TSX-V") the day prior to the grant date. 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 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 options outstanding as at June 30, 2007:

	Number	Weighted average exercise price
Balance at the beginning of the year	842,316	\$ 0.8388
Granted	313,554	0.8388
Cancelled	(21,332)	0.8388
Balance at the end of the period	1,134,538	\$ 0.8388

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6. Share capital (continued):

The following table summarizes the stock options outstanding and exercisable as at June 30, 2007:

Number	Options outstanding		Options currently exercisable
	Weighted average remaining (years)	Weighted average exercise price	Number
1,134,538	8.77	\$ 0.8336	1,026,019

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	4.50 %
Expected volatility	20 %
Expected life in years	7
Expected dividend yield	0.00 %
Weighted average fair value of each Option at grant date	\$ 0.33

During the three-month period ended June 30, 2007, the Corporation recorded a stock-based compensation in the amount of \$113,515 (Nil in 2006). This amount is recorded in the contributed surplus.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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6. Share capital (continued):

(c) Loss per share:

	Three-month period ended		Six-month period ended	
	June 30		June 30	
	2007	2006	2007	2006
Net loss	\$ (1,244,901)	\$ (729,612)	\$ (2,270,294)	\$ (1,619,771)
Weighted average number of common shares outstanding	8,108,105	900,000	4,523,965	900,000
Dilutive effects ⁽¹⁾ :				
Employees stock options	-	-	-	-
Warrants	-	-	-	-
Weighted average number of diluted common shares outstanding	8,108,105	900,000	4,523,965	900,000
Basic and diluted loss per share ⁽¹⁾	\$ 0.15	\$ 0.81	\$ 0.50	\$ 1.80

⁽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.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
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7. 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

	June 30 2007	December 31 2006
5 555 556 common shares warrants (Nil as of December 31, 2006)	\$ 333,333	\$ -

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

Risk-free interest rate	4.50%
Expected volatility	20%
Expected life in years	2
Expected dividend yield	0%
Weighted average fair value of each Warrants at issuance date	\$ 0.06

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 are 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 June 30, 2007, 822,672 warrants were still outstanding.

DATAKOM WIRELESS CORPORATION

Notes to Financial Statements
(Unaudited)

Three and six-month periods ended June 30, 2007 with comparative figures for 2006

7. Warrants (continued):

Class C preferred shares

In 2006, the Corporation issued to the promissory note holders a total of 11,169,625 Class C preferred share warrants granting them the right to purchase, no later than during August 2011, 11,169,625 of these shares at a strike price of \$0.2796 per share.

Immediately prior to the IPO closing, 7,573,368 share warrants to acquire 7,573,368 Class C preferred shares were exercised at a price of \$0.2796 per share for a total of \$2,117,514.

As at that date, the non-exercised balance of the share warrants to acquire 6,127,179 Class C preferred shares was cancelled. All the amounts due on the promissory notes, issued to the shareholders during 2006 and January 2007 and backed by assets, including all the non-paid accrued interest of \$2,117,514 (\$1,915,337 of capital and \$202,177 of interest), were applied against the exercise price of the warrants.

As per their terms and conditions, all the redeemable preferred Class C share warrants not exercised at the time of the IPO, became null and void. As a result, as at June 30, 2007, none of the warrants were outstanding.

8. Subsequent events:

On July 27, 2007, the Corporation concluded an agreement to acquire virtually all assets and commercial activities of Vigil Locating Systems Corporation (TSX VENTURE:VIG) in exchange for a total consideration of one million Canadian dollars (CAD\$1,000,000). The Corporation is to pay out two hundred seventy-five thousand dollars (\$275,000) in cash and assume seven hundred twenty-five thousand dollars (\$725,000) of liabilities. Finalization of this acquisition is subject to meeting all closing conditions, including approval by Vigil shareholders and the regulatory authorities. The transaction is anticipated to close on or before August 31, 2007.