



CONSOLIDATED FINANCIAL STATEMENTS

For the Quarters Ended
October 31, 2008 and 2007

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The accompanying unaudited, interim consolidated financial statements of Webtech Wireless Inc. (the "Company"), as at and for the three months ended October 31, 2008 have not been reviewed by the Company's independent auditor.

WEBTECH WIRELESS INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in 000's)

	<i>31-Oct-08</i>	<i>31-Jul-08</i>
	<i>(Unaudited)</i>	
ASSETS		
Current		
Cash and cash equivalents	\$ 4,840	\$ 7,246
Accounts receivable, net of allowance	8,883	4,345
Inventory, net of allowance	10,030	10,070
Prepaid expenses and deposits	729	1,131
	24,481	22,792
Property and equipment <i>(Note 7)</i>	1,644	1,638
Property under development <i>(Note 7)</i>	8	86
Long term investments <i>(Note 8)</i>	3,669	3,669
	\$ 29,803	\$ 28,185
LIABILITIES		
Current		
Bank indebtedness	\$ 1,500	\$ -
Accounts payable and accrued liabilities	2,761	3,224
Current portion of deferred revenue	478	383
	4,739	3,607
Long term		
Deferred lease inducement	568	534
Deferred revenue	83	93
	651	627
	5,390	4,234
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 9)</i>	59,670	59,620
Contributed surplus <i>(Note 10)</i>	2,133	1,791
Deficit	(37,390)	(37,460)
	24,413	23,951
	\$ 29,803	\$ 28,185

Commitments *(Note 13)*

APPROVED BY THE DIRECTORS:

"Signed"

Anwar Sukkarie

"Signed"

R.H. (Dick) Pinder

The accompanying notes form an integral part of these financial statements.

WEBTECH WIRELESS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Amounts in 000's except per share amounts)
(Unaudited)

	<i>Three months ended</i>	
	<i>31-Oct-08</i>	<i>31-Oct-07</i>
Revenue	\$ 7,840	\$ 4,711
Cost of goods sold	4,007	2,513
Gross profit	3,833	2,198
Expenses		
Marketing and sales	2,333	1,448
Research and development	1,259	834
General and Administration	1,096	870
Amortization	132	130
	4,820	3,282
Loss before other items	(987)	(1,084)
Other items		
Interest income	27	186
Foreign exchange gain/(loss)	1,030	(260)
Loss in the fair value of long term investments	-	(600)
Net income/(loss) and comprehensive loss for the period	\$ 70	\$ (1,758)
Deficit, beginning of the period	(37,460)	(28,187)
Income/(loss) for the period	70	(1,758)
Deficit, end of period	\$ (37,390)	\$ (29,945)
Accumulated other comprehensive earnings		
Balance - beginning and end of year	\$ -	\$ -
Basic and fully diluted earnings (loss) per share	\$ 0.00	\$ (0.03)
Weighted average shares outstanding during the year	57,884,469	58,301,650

The accompanying notes form an integral part of these financial statements.

WEBTECH WIRELESS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in 000's)

(Unaudited)

	<i>Three months ended</i>	
	<u>31-Oct-08</u>	<u>31-Oct-07</u>
Operating Activities		
Net income (loss) for the period	\$ 70	\$ (1,758)
Add items not affecting cash:		
Amortization	132	130
Stock based compensation	357	154
Amortization of leasehold inducement	(15)	(3)
Loss in the fair value of long term investments	-	600
	<u>544</u>	<u>(877)</u>
Changes in non-cash working capital items related to operations:		
Accounts receivable	(4,538)	207
Inventory	40	180
Prepaid expense and deposits	403	321
Accounts payable and accrued liabilities	1,037	252
Deferred lease inducement	49	-
Deferred revenue	85	48
	<u>(2,381)</u>	<u>131</u>
Financing Activities		
Common shares issued, net of costs	35	87
Shares repurchased	-	-
	<u>35</u>	<u>87</u>
Investing Activities		
Purchase of capital assets	(52)	(97)
Purchase of property under development	(8)	(243)
Increase in long term investment	-	(6,000)
	<u>(60)</u>	<u>(6,340)</u>
Net increase (decrease) in cash during the period	(2,406)	(6,122)
Cash and cash equivalents, beginning of period	<u>7,246</u>	<u>22,344</u>
Cash and cash equivalents, end of period	<u>\$ 4,840</u>	<u>\$ 16,222</u>
Cash and cash equivalents consist of:		
Cash	\$ 4,840	\$ 16,222
	<u>\$ 4,840</u>	<u>\$ 16,222</u>
Supplemental cash flow information		
Interest paid	\$ 1	\$ -
Income taxes paid	-	-
Noncash Transactions		
Transfer of property under development to property and equipment	\$ 86	\$ -

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

Note 1 Nature of Operations

WebTech Wireless Inc. (the "Company" or "WebTech") is a British Columbia corporation having first been incorporated under the laws of the Yukon Territory on May 12, 1999. The Company was continued to Alberta on July 24, 2000 before its continuance to British Columbia on August 1, 2006. WebTech develops, sells and provides subscriber services for location-based and telematics hardware and software.

The Company's shares are listed for trading on the TSX under the symbol WEW.

Note 2 Unaudited interim consolidated financial statements

The unaudited balance sheet as at October 31, 2008 and the unaudited interim statements of operations, comprehensive income and deficit and cash flows for the three months ended October 31, 2008 and 2007, have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), on the same basis as the audited financial statements of the Company for the year ended July 31, 2008 except as noted below. These interim financial statements include all adjustments, which, in the opinion of management, are necessary for the fair presentation of the results of operations for the interim periods presented. Results for the three months ended October 31, 2008 are not necessarily indicative of the results to be expected for the full year. These unaudited consolidated interim financial statements do not include all the disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended July 31, 2008.

Note 3 Significant Accounting Policies**Basis of Presentation**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and are stated in Canadian dollars.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WebTech Wireless USA Ltd., which was incorporated in the United States (US), WebTech Wireless Europe Ltd., which was incorporated in the United Kingdom (UK), WebTech Wireless Brasil Processamento De Dados S.A., which was incorporated in Brazil, and WebTech Wireless International Inc., which was incorporated in Barbados and is currently inactive. All inter-company balances and transactions have been eliminated upon consolidation.

Accounting for comprehensive income

Effective August 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, "Comprehensive Income". This section establishes standards for reporting and disclosure of comprehensive income and its components. Comprehensive income includes net income and unrealized gains and losses that, under generally accepted accounting principles (GAAP), are excluded from net income. WebTech does not currently engage in any transactions that would result in the reporting of other comprehensive income. Accordingly, there has been no material impact from the adoption of this standard on the Company's consolidated financial statements.

Accounting for financial instruments

Effective August 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". This section establishes standards that require all financial assets, except those classified as held to maturity, and derivative financial instruments, to be measured at fair value. The standard also requires that all financial liabilities be measured at fair value when they are available for sale or held-for-trading; otherwise, they are measured at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

The Company has made the following classifications for its financial instruments:

- Cash and cash equivalents are classified as “Assets held for trading” and are measured at fair value at the end of each period with any resulting gains or losses recognized in operations;
- Accounts receivable are classified as “Loans and receivables” and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurement of trade receivables is at amortized cost, which usually corresponds to the amount initially recorded less any allowance for doubtful accounts;
- Long-term investments are classified as “Held-for-Trading” and are accounted for at fair value; and;
- Accounts payable, bank indebtedness and accrued liabilities are classified as “Other financial liabilities” and are measured at amortized cost.

The adoption of this new standard has had no material effect on the Company's financial statements.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet dates and non-monetary assets and liabilities are translated at historical exchange rates prevailing at the transaction dates. Foreign currency denominated revenues and expenses are translated at exchange rates that approximate exchange rates prevailing at the transaction dates. Gains or losses arising from the translations are recognized in the current period in the statement of operations. Foreign currency amounts held and reported by the Company's US, UK and Brazilian subsidiaries are translated according to the temporal method as they are integrated operations.

Use of Estimates

In conformity with Canadian generally accepted accounting principles, the preparation of these financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and callable short-term interest-bearing investments, with original maturities of three months or less.

Inventory

Inventory is comprised primarily of parts and finished goods and is valued at the lower of cost and net realizable value. Cost of sales is determined using the weighted average method. The Company purchases its inventory as finished goods from contract manufacturers and therefore generally carries no work in progress or raw materials inventory. Inventory is regularly reviewed for obsolescence and written down to realizable value when obsolescence occurs

Impairment of Long-lived Assets

The Company reviews the carrying values of its property and equipment for impairment on a regular basis or whenever events or circumstances indicate the carrying amount may not be recoverable. If the carrying value exceeds the amount recoverable, based on undiscounted estimated future cash flows, a write-down to their fair value is charged to the consolidated statement of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

Revenue Recognition and Warranty Provision

The Company derives non-recurring revenue from the sale of vehicle tracking hardware and software as well as professional services associated with customizing its product. Recurring, subscription revenue is derived from location-based and telematics hardware and software. Revenue from hardware and software sales is recognized when persuasive evidence of an arrangement exists, the fee is fixed and determinable, the hardware and software is shipped and when management has determined that the revenue is collectible. Recurring revenue from tracking services is invoiced in advance and deferred and recognized on a monthly basis as the services are provided.

A one-year warranty on hardware sales is provided by the Company. A warranty reserve equal to 1% of 12-month trailing hardware sales is provided in the accounts. The Company periodically reviews the adequacy of warranty reserves.

Property and Equipment

Property and equipment are recorded at cost when acquired. Amortization is charged on a straight-line basis using the following rates:

Computer equipment	25%
Computer software	50%
Furniture and fixtures	25%
Leasehold improvements	Term of lease
Office and other equipment	25%

Research and Development

Research and Development expenditures are expensed when incurred. Development costs are capitalized in the event that certain criteria are met. To date, no development costs have been capitalized.

Government Assistance

Scientific research tax credits are accrued at the time the related costs are incurred provided that their recovery is reasonably assured. Scientific research tax credits arising from capital expenditures are applied to the cost of the assets and refundable credits arising from other expenditures are applied as a reduction of such expenses.

Stock-based Compensation

The fair value of granted employee share purchase options is calculated at the grant date and expensed over the vesting period of the share purchase options with a corresponding increase to contributed surplus. The fair value of stock-based payments to non-employees is periodically re-measured until the earlier of the completion of the performance commitment or when vesting occurs and any changes therein are recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share are calculated by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflect the dilution that would occur if potentially dilutive securities were exercised or converted into common shares at the beginning of the period. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method.

Changes in accounting policies**(a) Capital Disclosures**

Effective August 1, 2008, the Company adopted the recommendations included in the Canadian Institute of Chartered Accountants ("CICA") handbook, section 1535, Capital Disclosures. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes for managing capital. The additional disclosures, required as a result of the adoption of these standards, have been included in Note 6, Capital management.

(b) Financial Instruments

On August 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments – Disclosures and section 3863, Financial Instruments - Presentation. Section 3862 requires disclosure about the significance of financial instruments for an entity's financial position, the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation.

(c) Inventories

Effective August 1, 2008, the Company adopted CICA Handbook Section 3031, Inventories, which has replaced Section 3030 with the same title. This Section aligns Canadian GAAP with International Financial Reporting Standards and establishes four basic principles: Inventory should be measured at the lower of cost and net realizable value; the cost of inventory includes costs directly attributable to its acquisition as well as an appropriate portion of fixed and variable production overheads; if the units in inventory are interchangeable, their cost should be determined using either a first-in first-out or weighted average cost formula; and write-downs of inventory to its net realizable value should be reversed if the value subsequently recovers.

Note 4 Recent Canadian GAAP Announcements

The CICA has issued the following standards, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after October 1, 2008. The Company will adopt the requirements commencing in the year ending July 31, 2009 and is considering the impact this will have on the Company's financial statements. These new standards are described below.

Sections 3064 and 1000 – Goodwill and Intangible Assets

CICA 3064 replaces CICA 3062 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard (IAS) 38, Intangible Assets. CICA 1000 is amended to clarify criteria for recognition of an asset. CICA 3450 is replaced by guidance in CICA 3064. Emerging Issues Committee (EIC) 27 is no longer applicable for entities that have adopted CICA 3064. Accounting Guideline (AcG) 11 is amended to delete references to deferred costs and to provide guidance on

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

development costs as intangible assets under CICA 3064. This section is effective for interim and annual financial statements for years beginning on or after October 1, 2008.

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian generally accepted accounting principles (Canadian "GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period which will be complete by 2011. As the International Accounting Standards Board currently does not yet have projects underway to implement the new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of these consolidated financial statements, the Company is assessing the impact of the ultimate adoption of IFRS on the Company's consolidated financial statements.

Note 5 Financial Instruments

The Company is exposed to a number of risks related to changes in foreign currency exchange rates, interest rates, collection of accounts receivable, settlement of liabilities and management of cash and cash equivalents.

The Company has established policies and procedures to manage these risks, with the objective being to minimize adverse effects that changes in these variables could have on the Company's consolidated financial statements.

a) Fair Value of Financial Instruments:

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, long-term investments, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than long-term investments and accounts receivable, approximates their carrying amount due to their short term nature. Accounts receivable are initially recorded at fair value and subsequently measured at amortized cost less an allowance for doubtful debts. The fair value of long-term investments is disclosed in note 7.

b) Foreign Currency Risk:

During the period ended October 31, 2008, 75% of the Company's revenue was in US dollars and 11% was in UK pounds (2007 - 57% and 18%). The Company periodically estimates its obligations payable in these foreign currencies and converts excess foreign funds into Canadian currency. The Company does not currently have any derivative instruments. At October 31, 2008, the Company held net current monetary assets in US dollars and in UK pounds equal to \$8,976 and \$1,886 respectively (2007: \$5,017 US dollars and \$1,885 UK pounds).

c) Credit Concentration and Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist of **Cash** and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by maintaining its cash and cash equivalents with high credit quality financial institutions in Canada, the United States and the United Kingdom. The Company's cash equivalents consist of call deposit investments with two of these institutions. The Company's Canadian banks are members of the Canadian deposit insurance corporation. The Canadian deposit insurance corporation provides insurance coverage up to a maximum of \$100,000 on cheque and savings accounts with these banks meaning, that in the unlikely event that the financial institutions with which the deposits are held cease trading, the majority of the Company's cash and cash equivalents would be at risk. The Company considers the likelihood of such a loss to be remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

The Company provides credit to its clients in the normal course of operations. Concentration of credit risk, with respect to accounts receivable is considered to be limited as the Company deals with many hundreds of customers in multiple jurisdictions and that in the very large majority of cases credit evaluations of customers are performed. From time to time however the Company does enter into agreements with very large customers that due to the size of the transaction will result in some concentration of credit, just such a situation occurred in the orido ended October 31, 2008. The Company estimates, on a continuing basis, the probable losses on its accounts and records a provision for losses based on the estimated realizable value. At October 31, 2008 due to unusually large orders, accounts receivable from four customers comprised an aggregate of 50.4% of total accounts receivable (2007 – 30.4%), of which 26.0% of the total had been collected as of the date of these financial statements. During the period ended October 31, 2008, one individual customer comprised greater than 10% of sales. Management does not believe that there is significant credit risk arising from any of the Company's customers; however, should one of the Company's main customers be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts.

d) Financial assets past due

At October 31, 2008, the Company does not consider any of its financial assets to be impaired. The following table provides information regarding the aging of financial assets that are past due but which are not impaired.

Financial assests that are past due but not impaired					
As at October 31, 2008					
	Not past due	30 - 60 days	61 - 90 days	91 days +	Carrying Value on Balance Sheet
Accounts receivable	33%	30%	8%	29%	\$ 8,223

The definition of items that are past due is determined by reference to terms agreed with individual customers. Of the 91 days+ balance at October 31, 2008, 15% has been subsequently collected. None of the amounts outstanding have been challenged by the respective customer(s) and the Company continues to conduct business with them on an ongoing basis. Accordingly, management has no reason to believe that this balance is not fully collectable in the future. The Company reviews financial assets past due on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. Once items are identified as being past due, contact is made with the respective company to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach is to ensure that it has sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk through ongoing review of accounts receivable balances; following up on amounts past due; management of cash and cash equivalents, including allocation between cash-on-hand and call deposits; and use of the credit facility to bridge timing differences between cash outflows and cash inflows. At October 31, 2008, the Company's accounts payable and accrued liabilities were \$2,761 all of which fall due for payment within twelve months of the balance sheet date. As at October 31, 2008, the Company had a credit facility of up to \$5 million, subject to margin criteria, bearing interest at the lender's prime lending rate plus 1.75%. The credit facility is secured by a general charge on the assets of the Company. At October 31, 2008, the Company carried a \$1.5 million balance on this facility (2007 – nil). Accrued interest payable at October 31, 2008 was nil (2007 - nil). Total interest expense was \$1 (2007 – nil) for the three months ended October 31, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

f) Market risk

Market risk is the risk to the Company of adverse financial impact due to changes in the fair value or future cash flows of financial instruments as a result of fluctuations in interest rates and foreign currency exchange rates. Market risk arises as a result of the Company generating revenues and incurring expenses in foreign currencies, holding cash and cash equivalents which earn interest and having operations based in the United Kingdom, the United States and Brazil in the form of its wholly owned subsidiaries.

g) Interest rate risk

The only financial instruments that expose the Company to interest rate risk are its cash and cash Equivalents, and bank indebtedness. The Company's objectives of managing its cash and cash equivalents are to ensure sufficient funds are maintained on hand at all times to meet day to day requirements, drawing on the line of credit only at times when there are timing differences between cash outflows and cash inflows and placing excess cash in short term deposits. When placing amounts of cash and cash equivalents on short-term deposit, the Company only uses high quality commercial banks and ensures that access to the amounts placed can be obtained on short-notice.

Note 6 Capital management

The Company considers its share capital and, contributed surplus, as capital, which at October 31, 2008 totalled \$61,803. The Company manages its capital structure in order to ensure sufficient resources are available to meet day to day operating requirements; to allow it to enhance existing product offerings as well as develop new ones and to have the financial ability to expand the size of its operations by taking on new customers. In managing its capital structure, the Company takes into consideration various factors, including the seasonality of the market in which it operates, the growth of its business and related infrastructure and the upfront cost of taking on new clients. The Company's Officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital to the public.

The Company is not subject to any externally imposed capital requirements.

Note 7 Property and Equipment and Property Under Development

	31-Oct-08 (unaudited)			31-Jul-08		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	\$1,769	\$1,186	\$583	\$1,751	\$1,104	\$647
Computer software	782	746	36	782	737	45
Furniture and fixtures	338	190	148	324	179	145
Leasehold improvements	868	67	801	778	43	735
Office and other equipment	224	149	75	208	142	66
Property under development	8	-	8	86.00	-	86
	\$3,990	\$2,338	\$1,652	\$3,929	\$2,205	\$1,724

Property under development consists of the costs of the design and construction of new leasehold premises. These costs are reclassified to property and equipment and subject to amortization when they become available for use.

Note 8 Long-term Investments

Asset-Backed Commercial Paper ("ABCP")

As at October 31, 2008, the Company held \$3,669 (Face value – \$6,000) of non-bank sponsored ABCP invested in Structured Investment Trust III Series A. This financial asset is classified as held for trading and is measured at fair value. The maturity date of this ABCP was originally December 2007. At the time the Company acquired this investment, the non-bank sponsored third party ABCP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

was rated as R-1 (High) by DBRS Limited ("DBRS"), the highest credit rating for commercial paper. In mid August 2007 a number of sponsors of non-bank managed ABCP, including those with which the Company had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets.

Since that time a committee, the Pan-Canadian Investors Committee (the "Committee") consisting of a group of large ABCP investors was formed. The Committee subsequently retained Goodmans LLP and JP Morgan Chase as legal and financial advisors, respectively, to oversee a restructuring process for the Canadian ABCP market.

This Committee has successfully pursued a court sanctioned restructuring of the ABCP market under which the Company will receive certain Replacement Notes in exchange for its ABCP. The Committee has recently announced that it will not meet its previously announced target date of November 30, 2008 for issuing replacement notes and has filed a request for an extension with the Ontario Superior Court until December 19, 2008, indicating to the Company that it could expect to receive its Replacement Notes on or around that date.

Given the disruption in the third party sponsored ABCP market, quoted market values of such investments including the Replacement Notes are not available. Accordingly, the Company has determined the fair value of its investments in ABCP using available information regarding the Restructuring, market conditions and other factors as at the measurement date. Should the Restructuring be successful, the ABCP investments will be converted into Replacement Notes with maturities matching the underlying assets. The Replacement Notes will bear interest rates commensurate with the nature of the underlying assets less the cost of the margin funding facility and other administrative expenses.

Notwithstanding the belief that the Restructuring will go forward there remains uncertainty as to whether a secondary market for the resulting securities will develop after the restructuring. This impacts the Company's ability to estimate the amount and timing of cash flows associated with the Company's ABCP investment.

Pursuant to the Restructuring, the Company will receive Replacement Notes consisting of approximately \$5.35 million in new notes of various classes issued by a trust referred to as a "master asset vehicle" ("MAV2") that will include a pooling of leveraged investments as well as traditional assets and cash. The leveraged investments are subject to a potential requirement to post additional collateral based on certain triggers being met (a margin call). Traditional assets are un-levered investments and include credit card receivables, residential and commercial mortgage backed securities and cash equivalents. The pooling of the leveraged investments, the traditional assets and cash is expected to increase the stability of the new notes by using the traditional assets and available cash to meet any potential margin calls. In addition, the Company has elected to hold notes issued by the particular master asset vehicle in which investors will not be required to advance funds to meet future margin calls, should they occur. The master asset vehicle will arrange a margin funding facility to meet potential margin calls. The Company expects that approximately 94% of the new notes (Classes A1 and A2) will pay interest and will be assigned an investment grade rating. The remainder of the new notes (Classes B and C), which will not be rated, are expected to accrue interest that will be paid only after the investment grade notes are fully repaid. The Company also expects to receive \$0.65 million of notes referred to as Ineligible Asset tracking notes (Class 14) which will track the performance and repayment of the related underlying assets in certain conduits with significant exposure to the US residential mortgage market.

As this investment is classified as held-for-trading and is not supported by observable market price or rates, the Company determined the fair value of the SIT ABCP at October 31, 2008 using a probability weighted discounted cash flow approach considering the best available public information regarding market conditions and the Company's best estimates of reasonable outcomes that a market participant would consider for such investments. The approach was chosen because management has assumed the restructuring planned by the Committee would be successful and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

that the floating rate notes received in place of the SIT ABCP would perform like any other financial instrument. The following inputs were factored into the valuation technique:

Interest rate:	4.71 %
Weighted average discount rate:	10 %
Potential losses on principal:	Nil to 35 %

Interest rates and credit losses vary by each of the different long-term floating rate replacement notes that are expected to be issued as each has different credit ratings and risks. Interest rates and credit losses also vary by the different probable cash flow scenarios that have been modeled. Discount rates vary dependent upon the credit rating of the long-term floating rate replacement notes. Maturities vary by different replacement long-term floating rate notes as a result of the expected maturity of the underlying assets.

The Company has performed a sensitivity analysis on its probability weighted valuation model and determined that for every 200 bps increase in the weighted average discount rate, the valuation of the ABCP decreases by \$159 and for every 200 bps decrease in the weighted average discount rate, the valuation increases by \$81.

The probability weighted cash flows analysis performed by the Company resulted in an estimated fair value of the Company's investment in ABCP of \$3,669 at October 31, 2008. In view of the continuing uncertainties regarding the value of the assets which underlie the ABCP, the amount and timing of cash flows and the outcome of the restructuring process could give rise to a further material change in the value of the Company's investment in ABCP.

Since the fair value of the resulting securities is determined using a discounted cash flow approach and is based on the Company's assessment of market conditions at October 31, 2008, the fair values reported may change materially in subsequent periods.

No estimate of the restructuring costs, which have been stated as being immaterial by the restructuring committee, nor any interest income which may have been accrued since August 13, 2007, have been included in the fair value assessment due to a lack of verifiable information. Any interest income earned will be recognized on a cash basis.

Note 9 Share Capital

Authorized: Unlimited common shares with no par value

Unlimited preferred shares issuable in series

Issued	Total number	Dollars (000s)
Balance July 31, 2007	58,252,644	\$ 60,142
Issued for cash:		
Stock Options	442,590	235
Transfer from contributed surplus on exercise of stock options	-	91
Less: Common shares returned to treasury ¹	(820,116)	(846)
Less: Share issue costs		(2)
Balance July 31, 2008	57,875,118	\$ 59,620
Issued for cash:		
Stock Options	64,067	36
Transfer from contributed surplus on exercise of stock options	-	15
Less: Share issue costs		(2)
Balance October 31, 2008	57,939,185	\$ 59,670

(1) During the period ended July 31, 2008, the Company repurchased and cancelled a total of 820,116 Common shares under its normal course issuer bids for a total cash consideration of \$2,326. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

cash consideration exceeded the carrying value of the shares repurchased by \$1,480, which was charged to deficit with the \$846 balance booked to share capital.

Stock Option Plan

The Company has a Stock Option Plan from which it makes awards to employees, directors and consultants. Under the current Stock Option Plan, the Company is authorized to grant up to a total of 8,020,135 share purchase options, a figure which represents 13.9% of the Company's issued common shares. Share purchase options awarded under the Plan are granted on the 20th of each month at an exercise price equal to the market price of the Company's common shares on the date of the grant, normally the final trading day of any given month. The Company's standard vesting schedule calls for vesting over three years with one-third of the options vesting on each of the first, second and third anniversaries of the grant date. A summary of the activity in the Company's Stock Option Plan is presented below:

(unaudited)	Number of Shares	Weighted Average Exercise Price
Options outstanding July 31, 2007	3,071,035	\$ 1.83
Granted	1,528,100	\$ 3.17
Expired or cancelled	(449,685)	\$ 3.17
Exercised	(442,590)	\$ 0.53
Options outstanding July 31, 2008	3,706,860	\$ 2.37
Granted	241,500	\$ 1.34
Expired or cancelled	(41,802)	\$ 2.55
Exercised	(64,067)	\$ 0.56
Options outstanding October 31, 2008	3,842,491	\$ 2.34

As at October 31, 2008, the Company had 3,842,491 share purchase options outstanding entitling the holders to purchase one common share for each option held as follows:

Awards Outstanding By Range							
Exercise Price		Outstanding Awards			Exercisable Awards		
Low	High	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$ 0.47	\$ 0.71	765,834	0.66	\$ 0.58	765,834	0.66	\$ 0.58
\$ 0.76	\$ 1.14	403,140	2.32	\$ 0.95	340,305	1.80	\$ 0.92
\$ 1.20	\$ 1.80	366,002	4.15	\$ 1.35	80,666	3.18	\$ 1.38
\$ 2.55	\$ 3.83	2,034,749	4.03	\$ 3.00	619,762	3.62	\$ 2.90
\$ 5.50	\$ 6.98	272,766	3.27	\$ 5.71	91,020	3.24	\$ 5.71
\$ 0.47	\$ 6.98	3,842,491	3.13	\$ 2.34	1,897,587	2.04	\$ 1.68

The following weighted average assumptions were used in calculating the Company's stock-based compensation expense using the Black-Scholes model:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

	For the three months ended October 31	
	2008 (unaudited)	2007 (unaudited)
Risk free rate	2.33%	3.00%
Dividend yield	0%	0%
Expected volatility	80%	81%
Weighted average expected option life	3 years	3 years
Weighted average fair value of options granted	\$ 0.71	\$ 1.69
Total options outstanding	3,842,491	3,518,269

Note 10 Contributed Surplus

Balance July 31, 2007	\$ 858
Stock options	1,024
Stock options exercised	(91)
Balance July 31, 2008	\$ 1,791
Stock options	357
Stock options exercised	(15)
Balance October 31, 2008	\$ 2,133

Note 11 Segmented Information

The Company operates in a single business segment - telematics, and has sales in Canada, the United States, Europe, Mexico, the Middle East and Latin America, and in other areas of the world. Revenues can be split into two categories: non-recurring hardware and software sales and recurring service revenues. As at October 31, 2008, 98% of the Company's property and equipment are located in Canada and 2% are located in Europe and the United States, and are held by the Company's wholly owned subsidiaries, WebTech Wireless Europe Ltd and WebTech USA, respectively. (October 31, 2007– 94% and 6% respectively).

Revenue by geographic segment is as follows:

	For the three months ended October 31	
	2008 (unaudited)	2007 (unaudited)
United States	\$ 4,916	\$ 2,096
Canada	1,066	1,176
Europe	856	865
Mexico, Brazil & Latin America	667	284
Middle East & Asia	335	290
	\$ 7,840	\$ 4,711

Revenue by category is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended October 31, 2008 and 2007 (unaudited)

(Dollar amounts in 000's except per share amounts)

	For the three months ended October 31	
	2008 (unaudited)	2007 (unaudited)
Non-Recurring Hardware and Software Revenue	\$ 5,871	\$ 3,208
Recurring Service Revenue	1,969	1,503
	\$ 7,840	\$ 4,711

Note 13 Commitments

The Company has entered into leases until 2017 for premises with the following total minimum annual (or cumulative) payments:

(unaudited)	
2009	\$ 293
2010	350
2011	373
2012	373
2013 through 2017	1,911
Total	\$ 3,300

Note 14 Litigation

On May 11, 2007 the Company was served with notice of a lawsuit filed by Lunar Eye Inc. (Lunar Eye) in the Eastern District of Texas, alleging patent infringement by the Company. On June 10, 2008 the Company received notice from the US Patent and Trademark Office ("USPTO") that based on a Request for Re-examination filed by the Company that the patent in question had been rejected by the USPTO. Lunar Eye has appealed the decision of the USPTO and the outcome of this appeal is not yet known. In addition the Company has filed a Motion for Summary Judgment with the trial judge in the case. The Company believes the Lunar Eye lawsuit to be without merit.

The Company has filed or is in the process of filing a number of lawsuits in Brazil and other jurisdictions against its former value-added reseller ("VAR") in Brazil, Crown Telecom, the principal of Crown and certain companies related to Crown. The Company has previously reached certain partial settlement agreements with Crown under which Crown has granted the Company an irrevocable and complete release from any litigation action by Crown against the Company. Despite this release, Crown has obtained a judgment against the Company in a counter suit against the Company for business interference including a claim of R106,000,000 (CAD\$60 million). The Company does not believe the judgment is valid, and as such, the Company is appealing the decision.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

GENERAL

Certain statements in this document, including statements which may contain words such as "could", "expect", "believe", "will", and similar expressions and statements related to matters that are not historical facts, are forward-looking statements. These forward-looking statements relate to, among other things, financial results, product plans, timing, content and pricing of products, market and industry expectations, and general economic, business and political conditions. All forward-looking statements in this document are based on management's beliefs, intentions and expectations with respect to future events. Such forward-looking statements involve known and unknown risks and uncertainties, including those set out below under the heading Risk and Uncertainties, which may cause the actual results, performances, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

In light of the many risks and uncertainties that may cause future results to differ materially from those expected, the Company cannot give assurances that the forward-looking statements contained in this document will be realized. Forward-looking statements are not guarantees of future performance.

The financial data contained in this report and in the Consolidated Financial Statements of the Company for the period ended October 31, 2008 have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) in Canada and are stated in Canadian Dollars.

This interim report has been prepared in accordance with the requirements for interim Management Discussion and Analysis. Certain information that has not substantially changed from information disclosed in the annual management discussion and analysis dated October 8, 2008 has not been duplicated herein. The following discussion and analysis should be read in conjunction with: (i) the consolidated financial statements of the Company for the three months ended October 31, 2008, (ii) management discussion and analysis for the year ended July 31, 2008 dated October 8, 2008 and (iii) the consolidated financial statements of the Company for the year ended July 31, 2008 and (iv) the Company's 2008 Annual Information Form ("AIF") for the year ended July 31, 2008. Each of the foregoing is available at www.sedar.com.

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal controls over financial reporting, or caused them to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the period ended October 31, 2008 in accordance with Canadian Generally Accepted Accounting Principles for financial reporting. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the design of the Company's disclosure controls and procedures and internal controls over financial reporting in place as at October 31, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the disclosure controls and procedures are effective and that the design of the internal controls over financial reporting is appropriate.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

OVERVIEW

Founded in 1999, WebTech Wireless Inc. (the "Company") is a pioneering leader in Global Positioning System ("GPS") location-based services and telematics solutions, and has achieved significant success in the commercial and consumer fleet market. The Company's products help government, service and transportation fleets of any size, as well as personal automotive users, efficiently manage, monitor and measure the performance of their vehicles and mobile assets – in real time.

The Company has grown into a global operation with sales in more than 45 countries and an extensive suite of GPS location devices (the "WebTech Locator Series") and related peripheral accessories, as well as a feature rich software offering ("Quadrant") that allows customers to control, monitor and manage their vehicle and mobile assets at all times regardless of location.

The Company sells its hardware and software services through a combination of direct and indirect sales channels. A typical sale involves the sale and installation of a number of WebTech Locator devices, comprised of a GPS locator and a GPRS modem, plus a subscription for a year or more to the Company's robust and feature rich tracking and reporting software, Quadrant which is offered over the Internet on an application service provider ("ASP") basis. For very large customers with sophisticated in-house information technology ("IT") organizations and complex fleets the Company licenses Quadrant on a stand-alone basis through a form of enterprise license which allows the customer to run its own ASP service and which attracts a one-time licensing fee plus recurring annual maintenance fees. The Company also sells installation, software development, training and other services to its customers, including "Telematics for the Planet", an initiative that provides customers with measurement and scorecard tools which allow them to measure and report emissions and other fuel efficiency statistics in order to meet regulatory or other standards and reduce fuel usage and expense.

INDUSTRY AND ECONOMIC FACTORS

Industry

The Company develops, manufactures and sells turnkey wireless GPS solutions designed to improve the productivity, security, emissions and profitability of commercial fleets, and consumer automobiles. The Company has developed a fully integrated end-to-end system, including both Quadrant, the Company's Internet or enterprise based tracking and reporting software and the WebTech Locator Series, a family of discrete GPS tracking devices that provide Location Based Services ("LBS") and telematics information to a variety of consumer automotive, transportation, service, and government vertical markets around the world.

The Company's solutions integrate GPS, wireless communication technologies and the Internet to provide fleet operators with real-time information about the location and status of their vehicles. Products include wireless hardware and software services running on cellular and satellite networks, offering the following:

- **Location Based Services:** Real-time location data including mapping, landmark reporting, speed reporting and geofencing, which involves defining virtual electronic boundaries to monitor vehicle location and movement.
- **Telematics:** The ability to remotely monitor, report the functioning of and control vehicles and their operations remotely, including emissions, fuel efficiency, idle-time, brakes, door locks and remote engine shut-off.
- **Connectivity:** Dispatch, voice/cellular communication, data transmission, text messaging, and enabling peripherals including laptops and personal digital assistants ("PDA's") to gain access to corporate applications.
- **Safety and Security:** Vehicle recovery, transport of hazardous material, air-bag deployment notification, remote door lock/unlock, and remote vehicle diagnostics.
- **Regulatory Compliance:** Driver logs and other measures required for Hours of Service ("HOS") regulations, automated reporting in regulatory formats, driver and other alerts, trip recorder (detailed record of telemetry inputs and location information).

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

Beginning in 2006 the Company shifted its emphasis from its historical markets of municipal maintenance fleets, and delivery services companies to much larger opportunities like long-haul trucking companies, automotive original equipment manufacturer ("OEM"), insurance companies and wireless carriers.

According to 2007 reports by Frost & Sullivan, total North America telematics market revenues are expected to grow at a compound annual rate of 28% from 2006 to 2013 for commercial vehicles, and 13% for Passenger Vehicles. According to a December 2005 report by C.J. Driscoll & Associates, there were more than 20 million fleet vehicles in the US, of which only 1.5 to 2 million had GPS tracking systems installed. For Western Europe, Berg Insight estimated in 2007 that the penetration rate for car telematics applications in 2006 was at 0.7% and that by 2011 it would exceed 13% or nearly 1.2 million units. Berg Insight also projected in 2007 that the penetration rate for commercial vehicle fleet management in all of Europe would increase from 2.8% to 11.3% between 2007 and 2012. Telematics Research Group estimated that worldwide sales of telematics-enabled vehicles will reach approximately 43% of all new automobiles sold in 2010.

During the quarter ended October 31, 2008 the Company commenced shipments under the Quadrant Enterprise license and hardware supply agreement signed in the prior fiscal year with the US division of FedEx Express a unit of Federal Express, shipping over 1,700 Locator units and associated accessories. In addition the Company sold 3,000 Locator units to Global Tracking Communications based in California.

The Company also has strategic corporate relationships with IBM and Motorola and in Canada has an exclusive agreement with Rogers Communications Inc. ("Rogers") to distribute the Company's product under the white-label brand of "mFleet" through Rogers' distributor network across Canada. These relationships provide significant deal flow and revenue opportunities to the Company as evidenced by the Company's significant growth in sales in Canada generated under its mFleet arrangement with Rogers.

Factors driving the worldwide increase in the use and application of telematics include:

- Continuing need to improve efficiencies and operational control, especially with the escalation in fuel costs;
- An increased awareness of the benefits of telematics by insurance companies, automobile manufacturers and consumers including as a theft reduction tool;
- A growing acknowledgement by consumers, regulators and manufacturers of the enabling contributions which telematics can make to the emerging "carbon credit economy";
- New wireless networks and reduced costs for hardware and airtime;
- More comprehensive and better subscriber services at similar prices;
- A trend toward safety and security of mobile workers and assets and;
- Homeland security concerns in the US.

Industry factors remain unchanged from those disclosed in the Company's annual management discussion and analysis and AIF.

Economic

The Company has operations in five countries and has made sales in over 45 countries. As a result it operates in three currencies; the Canadian dollar ("CAD"), the US dollar ("USD") and British Pounds ("GBP") and the Company's reported revenue and net results are affected by fluctuations in the exchange rates of the CAD, the USD and the GBP amongst other factors.

In general, a strengthening of the USD against the CAD impacts the Company's reported revenues and accounts receivable positively. This positive effect is partially offset by an unfavorable impact on expenses and accounts payable. The strengthening USD may also have a positive impact on gross margin if inventory purchased at a time when the USD is weaker is sold at a time when the resulting revenues are converted at a higher USD rate. The inverse is true when the USD weakens against the CAD. During the

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

quarter ended October 31, 2008, there was a general strengthening of the USD against the CAD, providing an overall beneficial effect to the Company.

As with the USD, a strengthening of GBP against CAD has a positive effect on the Company's reported revenues and accounts receivable which is partially offset by an unfavourable impact on expenses and accounts payable.

The recent overall slowdown in economic growth is predicted to continue through 2009 and economies dependent on exports to the United States such as Canada and Mexico are likely to be more significantly affected by the slowdown in the US.

The Company's reported assets have grown each fiscal year primarily through raising capital on the financial markets, and while the Company is sufficiently funded at this time, there is no guarantee that it will not need additional external funding in the future.

RESULTS FROM OPERATIONS

The Company sold and shipped more than 12,000 locators in the period ended October 31, 2008 representing a record number of shipments. Revenues grew year over year in most geographic segments, including the United States, Latin America and the Middle East and Asia, with the most significant growth occurring in the United States.

Revenue

The Company is reporting record revenue of \$7,840 for the quarter ended October 31, 2008 (2007 - \$4,711), an increase of 66% over the prior comparable quarter. This increase occurred primarily due to shipments under the Quadrant Enterprise license and hardware supply agreement with the US division of FedEx Express a unit of Federal Express, and sales of 3,000 locator units to Global Tracking in California. Revenues grew by 62% over the previous quarter ended July 31, 2008.

Hardware and software revenues have increased by 83% over the prior comparable quarter and recurring service revenues grew by 31% for the quarter over the prior comparable quarter. Subscriber revenue has however decreased as a percentage of total sales to approximately 25% compared with 32% for the prior comparable quarter due to the overall increase in hardware sales which have not yet commenced to earn subscription revenues. Historically, subscriber revenues reflect a lagging trend in comparison with hardware revenues due to time lags between hardware sales, installation and training prior to the activation of subscriptions. Compared to the previous quarter ended July 31, 2008, hardware and software revenues grew by 85% and subscriber revenues by 18%.

Segmented Information

To date the Company has made sales in over 45 countries around the world, with the majority of these sales coming from North America and Europe. Due to an increase in the worldwide demand for wireless vehicle services and due to the Company's further expansion of its sales efforts internationally, the Company realized a general increase in international sales during the period ended October 31, 2008. Driven by sales in the United States and Mexico and Brazil, overall international sales grew by 92% year over year, assisted in part by the strengthening USD in which such sales are denominated. Revenues in Canada were down somewhat year on year as the Company focused its efforts on its overseas markets.

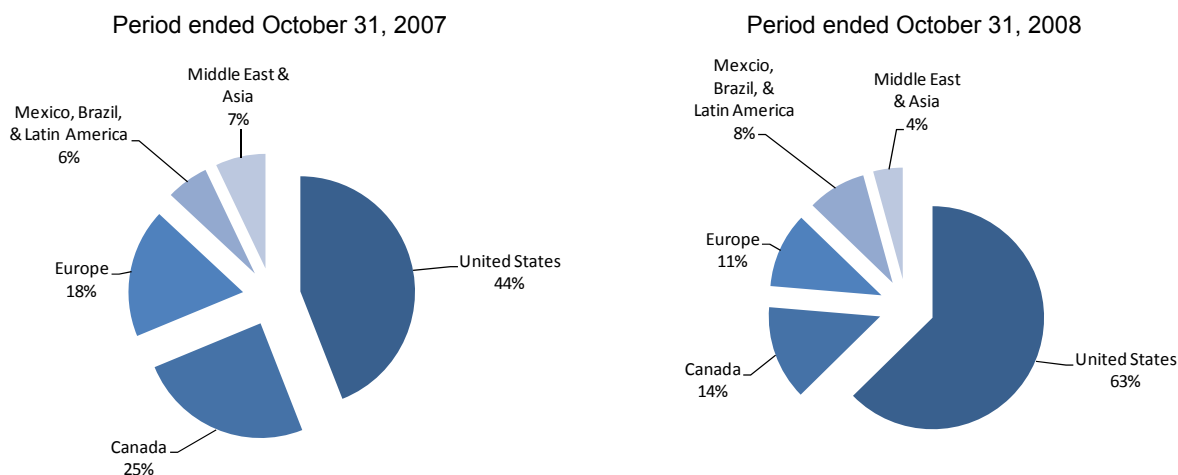
WEBTECH WIRELESS INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
For the quarter ended October 31, 2008 (unaudited)
This document is dated December 11, 2008.
(Dollar amounts in 000's)

Revenue by geography:

	For the three months ended October 31		
	2008 (unaudited)	2007 (unaudited)	Growth %
United States	\$ 4,916	\$ 2,096	135%
Canada	1,066	1,176	-9%
Europe	856	865	-1%
Mexico, Brazil & Latin America	667	284	135%
Middle East & Asia	335	290	16%
	\$ 7,840	\$ 4,711	

Revenues from sales in the United States and Canada increased by a combined 83% over the prior comparable period, driven by sales in the United States. Sales in Mexico, Brazil and Latin America increased primarily from sales to one of the world's leading international communications companies operating a full service telecommunications company in Panama. Sales in Europe decreased 1% year over year.

Revenue by geographic segment (% distribution)



WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

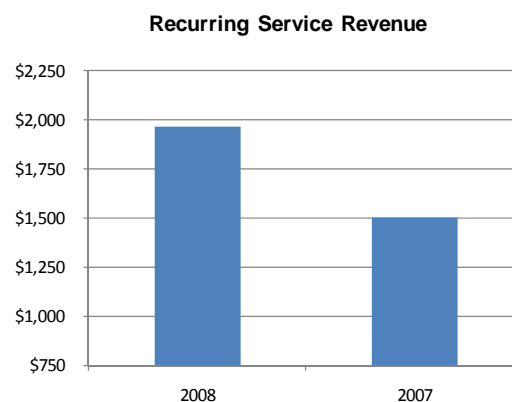
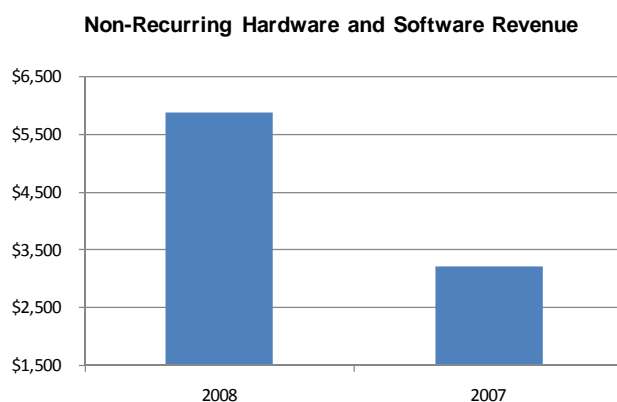
Revenue by category:

	For the three months ended October 31		
	2008 (unaudited)	2007 (unaudited)	Growth %
Non-Recurring Hardware and Software Revenue	\$ 5,871	\$ 3,208	83%
Recurring Service Revenue	1,969	1,503	31%
	\$ 7,840	\$ 4,711	

The Company earns revenue from two sources: (i) non-recurring hardware and software sales; and (ii) recurring subscriber revenues. The Company's non-recurring hardware and software sales grew to \$5,871 for the period ended October 31, 2008 representing growth of 83% over the prior period. The recurring subscriber revenue earned from monitoring the locators which the Company sells grew by 31% over the prior period and comprised 25% (October 31, 2007-32%) of total revenue. Recurring revenue growth lags in overall revenue growth as a result of increased "hardware only" sales as a percentage of total sales and due to time lags necessitated by hardware sales and installation preceding the activation of recurring services under significant contracts such as is occurring on the FedEx account. This lag in growth of subscriber revenue is consistent with historical experience.

Revenues by category:

Periods ended October 31, 2008 and October 31, 2007



Gross Profit and Gross Profit Margins

Gross profit grew by 74% to \$3,833 for the period ended October 31, 2008 from \$2,198 in the prior comparable period, due to overall growth in revenue and lower cost of sales realized on the sale of units purchased in USD at a time when the USD was weaker than when the related revenue was generated. Gross profit margin for the period was 49% compared with 47% for the prior period, an increase of two percentage points, six percentage points higher than the previous quarter.

Operating Expenses

The Company continues to expand its operations to meet the increased demand for its products and to increase its ability to provide billable services to its clients. As a result, the Company experienced a 47% increase in operating expenses year over year. Compared to the previous quarter expenses grew less than 3% marking a stabilization point in the Company's growth in operating costs. In addition to the expansion of

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

operations which has increased personnel costs and facility and professional fees, the Company has incurred significant new market establishment costs.

Marketing and Sales

Marketing and sales expenses increased by 61% over the prior comparable period and 22% over the previous quarter. These increases were entirely due to supporting the growing sales force. Variable sales commissions relating to hardware sales comprise 16% (2007 – 17%) of the quarterly marketing and sales expense.

Research and Development

Research and development costs for the period increased by 51% over the prior year due to increased staffing and facility costs to support enhancement of the Company' product portfolio and service offerings. Growth over the previous quarter was 12%

During the period the Company released new, custom and next generation products including:

- WebTech Personal Locator, the handheld GPS tracking application for complete mobile resource management which allows fleet managers to track individual operators, with Rogers mFleet. This also included self provisioning and activation facilities for consumers. Enterprise Quadrant 8.5 for FedEx Express, along with a set of tools to automate installation and streamline configuration in IT environments. Fleet management reports and tools in support of the "Telematics for the Planet" initiative such as idle monitoring reports and vehicle performance reports with CO2 emission data.
- Options for an accelerometer and internal antennae on the WT7000 product line

The Company continues to invest in research and development activities to maintain technical leadership in consumer automotive and transportation markets.

General and Administration

General and administration expenses have increased by 26% over the prior comparable period primarily due to investment in the Company's employee base and operating infrastructure to meet increased demand for its products and develop new strategic channels. A decrease of expenses over the previous quarter was 27%.

Asset Backed Commercial Paper

As at October 31, 2008, the Company held \$3,669 (Face value – \$6,000) of non-bank sponsored ABCP invested in Structured Investment Trust III Series A. This financial asset is classified as held for trading and is measured at fair value. The maturity date of this ABCP was originally December 2007. At the time the Company acquired this investment, the non-bank sponsored third party ABCP was rated as R-1 (High) by DBRS Limited ("DBRS"), the highest credit rating for commercial paper. In mid August 2007 a number of sponsors of non-bank managed ABCP, including those with which the Company had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets.

Since that time a committee, the Pan-Canadian Investors Committee (the "Committee") consisting of a group of large ABCP investors was formed. The Committee subsequently retained Goodmans LLP and JP Morgan Chase as legal and financial advisors, respectively, to oversee a restructuring process for the Canadian ABCP market.

This Committee has successfully pursued a court sanctioned restructuring of the ABCP market under which the Company will receive certain Replacement Notes in exchange for its ABCP. The Committee has recently announced that it will not meet its previously announced target date of November 30, 2008 for issuing replacement notes and has filed a request for an extension with the Ontario Superior Court until December 19, 2008, indicating to the Company that it could expect to receive its Replacement Notes on or around that date.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

Given the disruption in the third party sponsored ABCP market, quoted market values of such investments including the Replacement Notes are not available. Accordingly, the Company has determined the fair value of its investments in ABCP using available information regarding the Restructuring, market conditions and other factors as at the measurement date. Should the Restructuring be successful, the ABCP investments will be converted into Replacement Notes with maturities matching the underlying assets. The Replacement Notes will bear interest rates commensurate with the nature of the underlying assets less the cost of the margin funding facility and other administrative expenses.

Notwithstanding the belief that the Restructuring will go forward there remains uncertainty as to whether a secondary market for the resulting securities will develop after the restructuring. This impacts the Company's ability to estimate the amount and timing of cash flows associated with the Company's ABCP investment.

Pursuant to the Restructuring, the Company will receive Replacement Notes consisting of approximately \$5.35 million in new notes of various classes issued by a trust referred to as a "master asset vehicle" ("MAV2") that will include a pooling of leveraged investments as well as traditional assets and cash. The leveraged investments are subject to a potential requirement to post additional collateral based on certain triggers being met (a margin call). Traditional assets are un-levered investments and include credit card receivables, residential and commercial mortgage backed securities and cash equivalents. The pooling of the leveraged investments, the traditional assets and cash is expected to increase the stability of the new notes by using the traditional assets and available cash to meet any potential margin calls. In addition, the Company has elected to hold notes issued by the particular master asset vehicle in which investors will not be required to advance funds to meet future margin calls, should they occur. The master asset vehicle will arrange a margin funding facility to meet potential margin calls. The Company expects that approximately 94% of the new notes (Classes A1 and A2) will pay interest and will be assigned an investment grade rating. The remainder of the new notes (Classes B and C), which will not be rated, are expected to accrue interest that will be paid only after the investment grade notes are fully repaid. The Company also expects to receive \$0.65 million of notes referred to as Ineligible Asset tracking notes (Class 14) which will track the performance and repayment of the related underlying assets in certain conduits with significant exposure to the US residential mortgage market.

As this investment is classified as held-for-trading and is not supported by observable market price or rates, the Company determined the fair value of the SIT ABCP at October 31, 2008 using a probability weighted discounted cash flow approach considering the best available public information regarding market conditions and the Company's best estimates of reasonable outcomes that a market participant would consider for such investments. The approach was chosen because management has assumed the restructuring planned by the Committee would be successful and that the floating rate notes received in place of the SIT ABCP would perform like any other financial instrument. The following inputs were factored into the valuation technique:

Interest rate:	4.71 %
Weighted average discount rate:	10 %
Potential losses on principal:	Nil to 35 %

Interest rates and credit losses vary by each of the different long-term floating rate replacement notes that are expected to be issued as each has different credit ratings and risks. Interest rates and credit losses also vary by the different probable cash flow scenarios that have been modeled. Discount rates vary dependent upon the credit rating of the long-term floating rate replacement notes. Maturities vary by different replacement long-term floating rate notes as a result of the expected maturity of the underlying assets.

The Company has performed a sensitivity analysis on its probability weighted valuation model and determined that for every 200 bps increase in the weighted average discount rate, the valuation of the ABCP decreases by \$159 and for every 200 bps decrease in the weighted average discount rate, the valuation increases by \$81.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

The probability weighted cash flows analysis performed by the Company resulted in an estimated fair value of the Company's investment in ABCP of \$3,669 at October 31, 2008. In view of the continuing uncertainties regarding the value of the assets which underlie the ABCP, the amount and timing of cash flows and the outcome of the restructuring process could give rise to a further material change in the value of the Company's investment in ABCP.

Since the fair value of the resulting securities is determined using a discounted cash flow approach and is based on the Company's assessment of market conditions at October 31, 2008, the fair values reported may change materially in subsequent periods.

No estimate of the restructuring costs, which have been stated as being immaterial by the restructuring committee, nor any interest income which may have been accrued since August 13, 2007, have been included in the fair value assessment due to a lack of verifiable information. Any interest income earned will be recognized on a cash basis.

Net Operating Loss and Net Income

The Company is reporting an operating loss of \$987 (2007 - \$1,084) for the period ended October 31, 2008 as it continues to invest in expanding its employee base and operating infrastructure to meet increased demands for its products and to develop new strategic channels.

During the quarter ended October 31, 2008 the Company realized net income of \$70 (2007 – Net Loss \$1,758). The net income realized by the Company was attributable to a foreign exchange gain of \$1,030 arising from a weakening Canadian Dollar throughout the quarter. This contrasts with the net loss realized by the Company in the quarter ended October 31, 2007 which was attributable to increased operating costs and expenses associated with growing the workforce in anticipation of future revenues (which have now been realized) and foreign exchange losses incurred as a result of the strong Canadian dollar at the time.

Income per share increased to \$0.00 per share for the period ended October 31, 2008 from a loss per share of \$0.03 for the period ended October 31, 2007.

Litigation

On May 11, 2007 the Company was served with notice of a lawsuit filed by Lunar Eye Inc. (Lunar Eye) in the Eastern District of Texas, alleging patent infringement by the Company. On June 10, 2008 the Company received notice from the US Patent and Trademark Office ("USPTO") that based on a Request for Re-examination filed by the Company that the patent in question had been rejected by the USPTO. Lunar Eye has appealed the decision of the USPTO and the outcome of this appeal is not yet known. In addition the Company has filed a Motion for Summary Judgment with the trial judge in the case. The Company believes the Lunar Eye lawsuit to be without merit.

The Company has filed or is in the process of filing a number of lawsuits in Brazil and other jurisdictions against its former value-added reseller ("VAR") in Brazil, Crown Telecom, the principal of Crown and certain companies related to Crown. The Company has previously reached certain partial settlement agreements with Crown under which Crown has granted the Company an irrevocable and complete release from any litigation action by Crown against the Company. Despite this release, Crown has obtained a judgment against the Company in a counter suit against the Company for business interference including a claim of R106,000,000 (CAD\$60 million). The Company does not believe the judgment is valid, and as such, the Company is appealing the decision and has made no provision for the claim.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

SUMMARY OF QUARTERLY RESULTS

Selected Quarterly Financial Information (unaudited)

(in thousands except share amounts)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Revenue	\$ 3,639	\$ 3,922	\$ 3,836	\$ 4,711	\$ 5,209	\$ 6,056	\$ 4,834	\$ 7,840
Gross Profit	\$ 1,695	\$ 2,514	\$ 2,645	\$ 2,198	\$ 2,795	\$ 3,115	\$ 2,092	\$ 3,833
Gross Margin %	47%	64%	69%	47%	54%	51%	43%	49%
Expenses	\$ 2,921	\$ 3,127	\$ 3,712	\$ 3,282	\$ 3,753	\$ 4,275	\$ 4,708	\$ 4,820
Net earnings (loss)	\$ (393)	\$ (18,678)	\$ (7,121)	\$ (1,758)	\$ (1,675)	\$ (1,949)	\$ (2,410)	\$ (987)
EPS (Basic)	\$ (0.01)	\$ (0.35)	\$ (0.13)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.04)	\$ -
EPS (Diluted)	\$ (0.01)	\$ (0.35)	\$ (0.13)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.04)	\$ -
Total Assets	\$ 61,522	\$ 42,218	\$ 36,716	\$ 35,406	\$ 33,229	\$ 29,023	\$ 28,185	\$ 29,803
Total Long Term Liabilities	Nil	Nil	Nil	\$ 90	\$ 114	\$ 661	\$ 627	\$ 651

The Company has continued to achieve growth organically through increased direct sales to small and medium sized customers as well as larger government and commercial clients. To further extend its reach, the Company has also signed agreements with Roger's Communication a wireless carrier in Canada to distribute its products through the carrier's network of distributors, and has also signed a network of distributors around the world resulting in additional sales. The sales cycle to customers, depending on complexity of the product and services provided, can vary from a few weeks to many months. In addition, the Company continues to seed the market by selling product to large potential customers for use on a trial basis. Some of these trials may last for over one year. Consequently results may vary from quarter to quarter as sales cycles or trials may close in a particular quarter or slip into a later quarter. Quarterly results are also affected by factors such as the seasonality of the buying patterns of customers and fluctuations in the US-Canadian dollar exchange rate.

LIQUIDITY AND CAPITAL RESOURCES

Current assets

The Company's total current assets at October 31, 2008 totaled \$24,481 (July 31, 2008 - \$22,792).

Long-term investments

The Company's long-term investments at October 31, 2008 totaled \$3,669 (July 31, 2008 - \$3,669) and were entirely composed of an investment in SIT III, being ABCP currently frozen until the restructuring of the ABCP, as proposed by the Committee is completed.

Working capital

At October 31, 2008, the Company had positive working capital of \$19,742, compared with \$19,185 at July 31, 2008. Working capital has increased as a result of record sales and their associated accounts receivable achieved in the quarter. The Company also had available a credit facility of up to \$5,000, subject to margin criteria, of which \$1,500 was in use at October 31, 2008.

The Company has been a net user of cash in the past several quarters as it has built up inventories and purchased long lead time parts in order to meet expected demand and grown its operating expenses to meet increased demand for its products. The Company does not expect this use of cash to continue in the long term and believes it has the ability to generate cash from operations in both the short and long term. The Company has historically grown organically and does not have any significant commitments nor does it anticipate any large capital or other cash outlays in the near term which would require it to seek financing. It is the Company's expectation that inventory on hand will be reduced and that as these goods are delivered to customers and the resulting accounts receivable collected the Company's overall cash position will improve. The Company also anticipates being able to convert certain of its long term investments to cash either through leveraging or selling the Replacement Notes it expects to receive under the terms of the

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

ABCP settlement process described elsewhere in this document (See "Asset Backed Commercial Paper"). The Company also has large Accounts Receivable balances built up in the quarter ended October 31, 2008, which will be converted to cash in the coming months, further strengthening the Company's liquidity position.

Subject to the factors set out elsewhere in this document, including Risks and Uncertainties and in the Company's AIF, the Company does not currently foresee any working capital deficiencies.

Working capital balances are the result of equity financings and funds received from the exercise of incentive stock options and share purchase warrants. In January 2007, the Company raised \$37,534 (\$40,250 gross proceeds net of cash issue costs) from the issuance of common shares.

Notwithstanding the Company's strong working capital position, the Company may be dependent on future financing in order to satisfy future growth activities.

Cash and cash equivalents

At October 31, 2008, the Company had cash and cash equivalents of \$4,840, compared with \$7,246, at July 31, 2008. During the period the Company generated cash to fund operating activities which is net income adding back non-cash items, of \$544 (2007 – used \$877) and used cash of \$2,381 (2007-generated cash \$131) to fund non-cash working capital items, mainly attributable to an increase in accounts receivable. The Company also used cash of \$60 for the purchase of new capital assets required for an expansion of its headquarters office space funds which it expects to recover from its landlord under the terms of the Company's lease.

Accounts receivable

Accounts receivable of \$8,883 (2007 - \$4,345) includes amounts due from four customers with large volume sales contracts, comprising 50.4% of total accounts receivable. At October 31, 2008, accounts receivable comprised aged amounts greater than 120 days as follows: 3% over 120 days; and 16% over 180 days. Of these amounts \$208 or 12% has been collected as of the date of this report.

From time to time, the Company may avail itself of growth opportunities by granting extended credit terms to its resellers and distributors with large volume orders, reducing accounts receivable turnover and contributing to larger accounts receivable balances and increased credit risk. No such situations have occurred in the period reported.

The Company's management has reviewed its accounts receivable balances as at October 31, 2008, and believes that an adequate provision has been made for doubtful accounts.

Inventory

Inventory has decreased from \$10,070 at July 31, 2008 to \$10,030 at October 31, 2008 as the Company delivered inventory previously in stock. The Company continues to purchase inventory to meet certain specific short term customer needs and expects its overall inventory levels to drop in the coming quarters.

Whilst the Company has used reasonable efforts to estimate the realizable value of this inventory, it is not certain that all of the inventory on hand or under contract for manufacture will be sold on a timely basis and for a reasonable return, and while unlikely, it is still possible that the Company will require a further charge for the remaining inventory on hand.

Prepaid expenses and deposits

Prepaid expenses and deposits primarily relate to amounts paid to manufacturers in advance of receiving inventory. Prepaid expenses and deposits decreased from \$1,131 at July 31, 2008 to \$729 at October 31, 2008, which reflects the delivery of goods previously recorded as deposits.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

COMMITMENTS

The Company has entered into leases for premises with the following total minimum payments

2009	\$ 293
2010	350
2011	373
2012	373
2013 through 2017	1,911
Total	\$ 3,300

The Company has no commitments outside the normal course other than the lease commitments described above.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") requires the Company to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company evaluates its estimates on an on-going basis, including: bad debts, investments, inventories, prepaid expenses, intangible assets, future income taxes, litigation, and other contingencies. These estimates are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

The accounting policies that have had, or will have, a significant impact on the Company's reported earnings are discussed below:

The Company recognizes revenue when there is persuasive evidence of an arrangement with a customer; the fee is fixed and determinable, the hardware and software is shipped and when management has determined that the revenue is collectible. Recurring subscriptions revenue from tracking services is invoiced in advance and deferred and recognized on a monthly basis as the services are provided. Payments received in advance from customers are recorded as deferred revenue.

For management and financial statement purposes, the Company evaluates the carrying value of inventory to determine if provisions are necessary to reduce such carrying amounts to net realizable value as set out in its accounting policies. Customer market conditions and external values of inventory items are evaluated in the determination of net realizable value. If customer market conditions become less favorable than expected, additional inventory provisions may be required. Actual net realizable value could differ materially from estimates made by management for inventory valuation purposes.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate resulting in an impairment of their ability to make payments, additional allowances may be required.

Other significant judgments and estimates used in the preparation of the Company's financial statements are noted elsewhere in this document and in the Company's financial statements.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

GOING CONCERN

To date, the Company has financed its operations and growth primarily through equity financing and cash generated from operations. The Company's consolidated financial statements have been prepared in accordance with GAAP on a going concern basis, which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern, which presumes the continuity of operations and realization of assets and discharge of liabilities in the normal course of business for the foreseeable future is dependent on a number of factors including the ability of the Company to realize profits and obtain the necessary financing to fund growth. The Company's financial statements do not contain any adjustments related to the carrying value and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

NEW ACCOUNTING POLICIES

Capital Disclosures

Effective August 1, 2008, the Company adopted the recommendations included in the Canadian Institute of Chartered Accountants ("CICA") handbook, section 1535, Capital Disclosures. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes for managing capital. The additional disclosures, required as a result of the adoption of these standards, have been included in Note 6, Capital management.

Financial Instruments

On August 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments – Disclosures and section 3863, Financial Instruments - Presentation. Section 3862 requires disclosure about the significance of financial instruments for an entity's financial position, the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation.

Inventories

Effective August 1, 2008, the Company adopted CICA Handbook Section 3031, Inventories, which has replaced Section 3030 with the same title. This Section aligns Canadian GAAP with International Financial Reporting Standards and establishes four basic principles: Inventory should be measured at the lower of cost and net realizable value; the cost of inventory includes costs directly attributable to its acquisition as well as an appropriate portion of fixed and variable production overheads; if the units in inventory are interchangeable, their cost should be determined using either a first-in first-out or weighted average cost formula; and write-downs of inventory to its net realizable value should be reversed if the value subsequently recovers.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

NEW ACCOUNTING PRONOUNCEMENTS

The CICA has issued the following standards, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after October 1, 2008. The Company will adopt the requirements commencing in the year ending December 31, 2008 and is considering the impact this will have on the Company's financial statements. These new standards are described below.

Sections 3064 and 1000 – Goodwill and Intangible Assets

CICA 3064 replaces CICA 3062 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard (IAS) 38, Intangible Assets. CICA 1000 is amended to clarify criteria for recognition of an asset. CICA 3450 is replaced by guidance in CICA 3064. Emerging Issues Committee (EIC) 27 is no longer applicable for entities that have adopted CICA 3064. Accounting Guideline (AcG) 11 is amended to delete references to deferred costs and to provide guidance on development costs as intangible assets under CICA 3064. This section is effective for interim and annual financial statements for years beginning on or after October 1, 2008.

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian generally accepted accounting principles (Canadian "GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period which will be complete by 2011. As the International Accounting Standards Board currently does not yet have projects underway to implement the new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of these consolidated financial statements, the Company is assessing the impact of the ultimate adoption of IFRS on the Company's consolidated financial statements.

OTHER DISCLOSURES

Financial Instruments and Other Instruments

The company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides descriptions and measurement of the significant risks as at October 31, 2008:

Currency risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. Fluctuations in the exchange rate between the Canadian and US dollar and between the Canadian dollar and the UK pound affect the Company by impacting revenue, expenses and the balance sheet. Although the Company reports in Canadian dollars, for the period ended October 31, 2008, 75% (October 31, 2007 – 57%) of revenues were US dollar denominated and 11% (October 31, 2007 – 18%) were denominated in UK pounds.

A strengthening US dollar increases revenues when reported in Canadian dollars. A weakening US dollar has the opposite effect. As a portion of the Company's inventory costs are denominated in US dollars the impact of foreign exchange fluctuations on gross margin and net income is somewhat mitigated. There is a positive impact on the balance sheet as the value of US denominated receivables increase as the US dollar strengthens against the Canadian dollar. There is some offset as US denominated payables will also decrease at the same time, with the opposite being true when the US dollar weakens against the Canadian dollar. In summary, the offsets between US dollar revenues and expenses and US dollar receivables and payables provide natural hedges for a portion of the Company's foreign exchange exposure.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

The exchange rate for US Dollars at October 31, 2008 was 0.8220, compared with 1.0527 on October 31, 2007. To date, the Company has not engaged in exchange rate hedging contracts. As noted above the Company also sells to customers in UK pounds and incurs operating costs (primarily from its UK subsidiary) in UK pounds, however the Company's costs of sales are primarily denominated in US dollars. If the UK pound weakens relative to the Canadian dollar, the Company may record losses on translation of its subsidiary's accounts. Historically, fluctuations between the Canadian dollar and UK pound have not had a significant impact on the Company's results.

As at October 31, 2008, the Company held net current monetary balances in US dollars and in UK pounds equal to \$8,976 and \$1,886 respectively (October 31, 2007 US dollars equal to \$5,017 and UK pounds equal to \$1,885).

The Company periodically estimates its obligations payable in these foreign currencies and converts excess foreign funds into Canadian currency. The Company does not currently have any derivative instruments.

Credit risk exposure

Financial instruments that potentially subject the Company to concentrations of credit risk consist of Cash and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by maintaining its cash and cash equivalents with high credit quality financial institutions in Canada, the United States and the United Kingdom. The Company's cash equivalents consist of call deposit investments with two of these institutions. The Company's Canadian banks are members of the Canadian deposit insurance corporation. The Canadian deposit insurance corporation provides insurance coverage up to a maximum of \$100,000 on cheque and savings accounts with these banks meaning, that in the unlikely event that the financial institutions with which the deposits are held cease trading the majority of the Company's cash and cash equivalents would be at risk. The Company considers the likelihood of such a loss to be remote.

The Company provides credit to its clients in the normal course of operations. Concentration of credit risk, with respect to accounts receivable is considered to be limited as the Company deals with many hundreds of customers in multiple jurisdictions and that in the very large majority of cases credit evaluations of customers are performed. From time to time however the Company does enter into agreements with very large customers that due to the size of the transaction will result in some concentration of credit, just such a situation occurred in the period ended October 31, 2008. The Company estimates, on a continuing basis, the probable losses on its accounts and records a provision for losses based on the estimated realizable value. At October 31, 2008 due to unusually large orders, accounts receivable from four customers comprised an aggregate of 50.4% of total accounts receivable (2007 – 30.4%) During the period ended October 31, 2008, one individual customer comprised greater than 10% of sales. Management does not believe that there is significant credit risk arising from any of the Company's customers; however, should one of the Company's main customers be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only financial instruments that expose the Company to interest rate risk are its cash and cash equivalents, for which the interest rates earned fluctuate based on the bank prime rate. The Company's objectives of managing its cash and cash equivalents are to ensure sufficient funds are maintained on hand at all times to meet day to day requirements, drawing on the line of credit only at times when there are timing differences between cash outflows and cash inflows and placing excess cash in short term deposits. When placing amounts of cash and cash equivalents on short-term deposit, the Company only uses high quality commercial banks and ensures that access to the amounts placed can be obtained on short-notice.

Capital management

The Company considers its share capital and, contributed surplus, as capital. The Company manages its capital structure in order to ensure sufficient resources are available to meet day to day operating

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

requirements; to allow it to enhance existing product offerings as well as develop new ones and to have the financial ability to expand the size of its operations by taking on new customers. In managing its capital structure, the Company takes into consideration various factors, including the seasonality of the market in which it operates, the growth of its business and related infrastructure and the upfront cost of taking on new clients. The Company's Officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital to the public.

The Company is not subject to any externally imposed capital requirements.

UPDATE ON PRIOR ANNOUNCEMENTS

On June 20, 2008, the Company announced the appointment of a new distributor in Brazil, SB Tec S.A., and an initial delivery of 20,000 WebTech Locator units to be made in the fiscal year ended July 31, 2008. Due to unforeseen circumstances SB Tec has been unable to fulfill all of its obligations under this initial order and as such the Company is in the process of terminating its distribution relationship with SB Tec and recovering certain assets held by them as partial settlement of amounts owed which have previously been written off by the Company.

ADDITIONAL RISKS

In addition to those risks and uncertainties described elsewhere in this document, the Company is subject to the following risks and uncertainties which are described in greater detail in the Company's AIF:

- The Company has grown quickly and expects to continue growing. If the Company is unable to effectively manage this growth its ability to operate effectively would be impaired.
- The Company may not be able to sustain profitability from operations for the current fiscal year and beyond.
- The Company operates in a rapidly evolving technology market. Its continued success depends on its ability to keep pace with these technology changes.
- The Company may not be able to continue to protect its intellectual property from unauthorized exploitation by others and to protect itself from claims of infringement by others.
- The Company may require further financing to fund its growth and such financing may not be available on acceptable terms, or at all.
- The Company's industry is very competitive and includes several competitors with greater resources than the Company.
- The Company depends on several suppliers and service providers to provide critical components for its products and services.
- The Company relies on distributors to sell its products in various countries around the world. There is a risk that certain of these distributors may terminate their relationship with the Company. If such relationships are terminated, alternate distributors may not be available in those regions.
- The Company may be subject to product liability claims arising from the use of its products and services which could, if successful, adversely impact the Company's business.
- The Company provides credit to its customers in the normal course of operations. The Company estimates, on a continuing basis, the probable losses, and records a provision for such losses based on the estimated realizable value. There is no assurance that this provision will be adequate.
- The Company may have significant inventory volumes that could be subject to write down due to obsolescence.
- Insurance to cover the risks to which the Company's activities will be subject may not be available at economically feasible premiums or at all. There is no assurance that in the event of claim or loss that the Company will have adequate insurance coverage.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

- The Company provides its customers with a limited warranty on its products. Despite quality control procedures, there is no assurance that the Company's provision for this warranty is adequate.
- The Company's success depends on its ability to attract and retain highly skilled engineering, managerial, marketing and sales personnel. Competition for qualified personnel in the wireless and wireless data industries is intense. The Company believes that there are only a limited number of persons with the requisite skills to serve in many key positions and the Company may not be able to hire and retain these persons.
- Fluctuations in the exchange rate between the Canadian and US dollars and between Canadian dollars and UK pounds affect the Company by impacting revenue, expenses and the balance sheet.
- The Company's stock price may experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a law suit against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors, among others, may cause decreases in the value of the Common Shares.
- The Company operates in a global marketplace with sales in numerous countries and is exposed to numerous regulatory regimes.
- The Company's operations are dependent upon its ability to protect its network infrastructure, portal system and customers' equipment against damage from human error, fire, earthquakes, floods, power loss, telecommunications failures, power failure, sabotage, intentional acts of vandalism and similar events.
- The Company's success is dependent on its ability to market its products and services.
- The Company's results could be adversely affected by changing economic conditions in the countries in which it operates.
- The Company has four foreign subsidiaries, one is incorporated and operating in the United Kingdom, one is incorporated and operating in Brazil, one is incorporated and operating in the US and the fourth is incorporated in Barbados. Such subsidiaries are subject to the laws of their jurisdiction of incorporation and any changes to such laws.
- The Company's portal system is subject to failure due to loss of power, connectivity or human error. In the event that the Company's systems become inoperative for a period of time, the Company could be adversely affected by a reduction in customer satisfaction, loss of business and litigation.
- The Company depends on signals from GPS satellites built and maintained by the US Department of Defense. Availability of these satellites is dependent on the US Department of Defense continuing to maintain the satellites and could be affected by future government regulation.
- The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares.
- The Company depends on a small number of customers for a significant portion of its revenue. The Company sells primarily to fleet managers and other high volume users of fuel, who are exposed to changes in the price of oil and related distillates. As such, its customers may be adversely affected by the volatility and increases in such prices, and thus reducing their capacity to purchase the Company's products.
- .
- Future growth of the Company depends in part on the successful deployment of next generation wireless data and voice networks by third parties for which the Company is developing products. If these network operators cease to offer effective and reliable service, or fail to market their services effectively, sales of the Company's products will decline and revenues will decrease.
- As part of the business strategy of the Company, the Company may acquire additional assets and businesses principally relating to or complementary to the Company's current operations. Any acquisitions and/or mergers will be accompanied by the risks commonly encountered in acquisitions of companies.
- The Company holds \$6 million in investments in Structured Investment Trust III, which the Company has valued as a Long Term Investment with a market value at \$3.669 million as at October 31, 2008. This valuation is based upon certain assumptions which could prove to be unreliable or incorrect. Were this to be the case, the Company may realize the full amount of its

WEBTECH WIRELESS INC.**MANAGEMENT'S DISCUSSION & ANALYSIS**

For the quarter ended October 31, 2008 (unaudited)

This document is dated December 11, 2008.

(Dollar amounts in 000's)

current valuation of this investment and further losses on this investment may have to be recognized.

OUTSTANDING SHARE DATA

As at December 11, 2008, the Company had 57,939,185 common shares outstanding. The Company has 1,528,976 share purchase options outstanding entitling the holders to purchase one common share for each option held at prices from \$0.47 to \$1.50 per share expiring on various dates up to October 31, 2013.

SEDAR

Additional information relating to the Company, including the Company's AIF, is available on SEDAR at www.sedar.com.