CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2010
For the Three and Six Months Ended June 30, 2009

WEBTECH WIRELESS INC.
CONSOLIDATED BALANCE SHEET
(Amounts in 000's)

	30-Jun-10 (Unaudited)	31-Dec-09
ASSETS		
Current		
Cash and cash equivalents *(Note 4)*	$ 4,937	$ 7,212
Current portion of restricted cash	1,500	-
Accounts receivable, net of allowance	9,063	9,260
Inventory, net of allowance *(Note 5)*	8,610	9,362
Prepaid expenses and deposits	1,001	533
	25,111	26,367
Restricted cash	455	1,955
Property and equipment *(Note 6)*	2,062	2,331
Intangible assets *(Note 7)*	13,449	14,606
Goodwill	14,016	14,016
	$ 55,093	$ 59,275
LIABILITIES		
Current		
Bank indebtedness *(Note 4)*	$ 1,465	$ -
Accounts payable and accrued liabilities	6,749	7,384
Capital lease obligation *(Note 8)*	106	124
Current portion of deferred revenue	1,716	2,152
	10,036	9,660
Deferred lease inducement	748	808
Capital lease obligation *(Note 8)*	286	318
Deferred revenue	397	638
Other long term liability	-	1,500
Future income tax liability	1,126	1,547
	2,557	4,811
	12,593	14,471
SHAREHOLDERS' EQUITY		
Share capital *(Note 9)*	94,185	93,685
Contributed surplus *(Note 10)*	5,495	4,893
Deficit	(57,180)	(53,774)
Total Shareholders' Equity	42,500	44,804
	$ 55,093	$ 59,275

Commitments and Contingencies and Guarantees *(Note 12 and 14)*

APPROVED BY THE DIRECTORS

"Signed"
Scott Edmonds

"Signed"
Peter W. Roberts

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

WEBTECH WIRELESS INC.

CONSOLIDATED STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

(Amounts in thousands of Canadian dollars except Gross margin and per share amounts)

(Unaudited)

	Three months ended		Six months ended	
	30-Jun-10	*30-Jun-09*	*30-Jun-10*	*30-Jun-09*
Revenue	$ 9,607	$ 7,249	$ 20,069	$ 13,918
Cost of goods sold	4,719	2,733	9,548	5,671
Gross profit	4,888	4,516	10,521	8,247
Gross margin	50.88%	62.30%	52.43%	59.25%
Expenses				
Sales and marketing	2,278	2,109	4,798	4,044
Research and development	2,222	1,227	4,441	2,495
General and administrative	1,678	848	3,528	1,606
Amortization	779	156	1,561	303
	6,957	4,340	14,328	8,448
Net profit/(loss) before other items	(2,069)	176	(3,807)	(201)
Other items				
Interest and other income/(expense)	(13)	(5)	(4)	81
Foreign exchange gain/(loss) on operations	337	(341)	(16)	(143)
Gain on restructuring of long term investments	-	-	-	207
Net loss before taxes	(1,745)	(169)	(3,827)	(54)
Future income tax recovery	211	-	421	-
Net loss and comprehensive loss for the period	$ (1,534)	$ (169)	$ (3,406)	$ (54)
Deficit, beginning of the period	(55,646)	(42,934)	(53,774)	(43,049)
Loss for the period	(1,534)	(169)	(3,406)	(54)
Deficit, end of period	$ (57,180)	$ (43,103)	$ (57,180)	$ (43,103)
Accumulated other comprehensive earnings				
Balance - beginning and end of period	$ -	$ -	$ -	$ -
Basic and fully diluted loss per share	$ (0.02)	$ -	$ (0.04)	$ -
Weighted average number of shares outstanding during the period	90,424,265	58,178,161	90,009,903	58,080,133

WEBTECH WIRELESS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in 000's)
(Unaudited)

	Three months ended		*Six months ended*	
	30-Jun-10	*30-Jun-09*	*30-Jun-10*	*30-Jun-09*
Operating Activities				
Net loss for the period	$ (1,534)	$ (169)	$ (3,406)	$ (54)
Add items not affecting cash:				
Amortization	779	156	1,561	303
Stock based compensation	242	90	602	386
Amortization of leasehold inducement	(30)	(28)	(60)	(62)
Future income tax recovery	(211)	-	(421)	-
Unrealized foreign exchange gain	404	-	71	-
Foreign exchange loss on translation	(190)	-	(190)	-
	(540)	49	(1,843)	573
Changes in non-cash working capital items related to operations:				
Accounts receivable	78	(1,005)	172	(78)
Inventory	657	201	721	509
Prepaid expense and deposits	(594)	(205)	(470)	(273)
Accounts payable and accrued liabilities	(1,363)	(50)	(2,025)	195
Deferred revenue	85	(349)	(608)	(46)
Deferred lease inducement	-	-	-	244
	(1,677)	(1,359)	(4,053)	1,124
Financing Activities				
Common shares issued, net of costs	500	4	500	35
Borrowing - against long term investments	1,465	290	1,465	1,710
Repayment of capital lease obligation	(25)	-	(50)	-
Repayment of bank loan	-	(1,000)	-	(1,000)
	1,940	(706)	1,915	745
Investing Activities				
Purchase of property and equipment	(94)	(48)	(122)	(190)
Purchase of intangible assets	(20)	-	(20)	-
	(114)	(48)	(142)	(190)
Effect of exchange rate changes on cash	5	-	5	-
Net increase/(decrease) in cash during the period	154	(2,113)	(2,275)	1,679
Cash and cash equivalents, beginning of period	4,783	7,681	7,212	3,889
Cash and cash equivalents, end of period	$ 4,937	$ 5,568	$ 4,937	$ 5,568
Cash and cash equivalents consist of:				
Cash	$ 4,937	$ 5,568	$ 4,937	$ 5,568
Supplemental cash flow information				
Interest paid	$ 6	$ 8	$ 12	$ 18
Income taxes paid	-	-	67	-

Note 1 Nature of Operations

WebTech Wireless Inc. (the "Company") manufactures, sells and services telematics hardware and subscriber services as a leader in the global Telematics and Location Based Services industry. The Company 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.

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 June 30, 2010 and the unaudited interim statements of operations, comprehensive loss and deficit and cash flows for the three and six months ended June 30, 2010 and 2009, have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), on the same basis as the audited financial statements of the Company for the year ended December 31, 2009 except as noted below. These interim financial statements include 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 and six months ended June 30, 2010 are not necessarily indicative of the results to be expected for the full year. These unaudited consolidated interim financial statements do not include all of 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 December 31, 2009.

Note 3 Recent Accounting Pronouncements

Business Combinations, consolidated financial statements and non-controlling interests

CICA 1582, 1601 and 1602 provide the Canadian equivalent to IFRS 3, Business Combinations (January 2008) and IAS 27, Consolidated and Separate Financial Statements (January 2008). CICA 1582 replaces CICA 1581 and establishes a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 is effective for the Company for business combinations for which the acquisition date is on or after January 1, 2011. CICA 1601 and 1602 apply to the Company's interim and annual consolidated financial statements beginning January 1, 2011.

Multiple deliverable revenue arrangements

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to provide updated guidance on whether multiple deliverables exist, and how these should be accounted for. The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption. The Company does not expect this new Abstract to have a material effect on its consolidated financial statements.

(Expressed in thousands except number of shares, per share amounts and stock option prices)

Note 4 Cash and cash equivalents

The Company has a revolving demand credit facility with a Canadian Chartered Bank of up to $3 million which can be drawn as direct advances or letters of guarantee, subject to margin criteria, bearing interest at the lender's prime lending rate plus 1.5%. The credit facility is collateralized by a general charge on the assets of the Company. At June 30, 2010 the Company carried a $ 1,465 balance on this facility and letters of guarantee of $596.

The Company also has a lease credit facility with a Canadian Chartered bank for $500. At June 30, 2010, the Company carried a $392 balance on this facility.

Note 5 Inventory

	30-Jun-10	31-Dec-09
Parts	$ 2,955	$ 2,060
Work in progress	4,968	5,886
Finished goods in transit	-	936
Finished goods	687	480
	$ 8,610	**$ 9,362**

Note 6 Property and Equipment

	30-Jun-10			31-Dec-09		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	$ 2,193	$ 1,741	$ 452	$ 2,139	$ 1,563	$ 576
Furniture and fixtures	506	314	192	504	271	233
Leasehold improvements	1,079	283	796	1,071	215	856
Office and other equipment	928	306	622	876	210	666
	$ 4,706	**$ 2,644**	**$ 2,062**	**$ 4,590**	**$ 2,259**	**$ 2,331**

Note 7 Intangible Assets

	30-Jun-10			31-Dec-09		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer software	$ 952	$ 843	$ 109	$ 933	$ 805	$ 128
Non-compete agreements	1,500	325	1,175	1,500	90	1,410
Acquired technology	2,668	368	2,300	2,668	99	2,569
Acquired customer relationships	10,731	866	9,865	10,731	232	10,499
	$ 15,851	**$ 2,402**	**$ 13,449**	**$ 15,832**	**$ 1,226**	**$ 14,606**

(Expressed in thousands except number of shares, per share amounts and stock option prices)

Note 8 Capital Lease Obligations

The Company's capital lease obligations are secured by the Company's manufacturing equipment and security system, bear interest at rates between 4.74% and 12.15% per annum with blended monthly payments of $10, and mature between November 2013 and April 2014. Total interest paid for the three and six months ended June 30, 2010 was $6 and $12, respectively.

The manufacturing equipment and security system are included in property and equipment at a cost of $544 and accumulated amortization of $156.

Future minimum lease payments under the capital lease are outlined in note 12.

Note 9 Share Capital

Authorized: Unlimited common shares with no par value
Authorized: Unlimited preferred shares issuable in series

	Number of Shares	(000's)
Balance December 31, 2008	**57,962,185**	**$ 59,689**
Issued for cash:		
On exercise of Stock Options for cash	130,830	76
On exercise of Stock Options issued on cashless exercise (1)	164,557	-
Transfer from contributed surplus on exercise of stock options	-	155
Exchanged in acquisition	31,333,364	33,766
Less: Share issue costs	-	(1)
Balance December 31, 2009	**89,590,936**	**$ 93,685**
Issued for cash:		
Private placement(2)	833,329	500
Balance June 30, 2010	**90,424,265**	**$ 94,185**

(1) During the period ended December 31, 2009, the Company issued 164,557 shares in exchange for 546,334 stock options in a cashless exercise transaction.

(2) On April 1, 2010, the Company closed a non-brokered private placement to certain members of senior management and the Company's Board of Directors (the "Private Placement"). Pursuant to the Private Placement, the Company issued 833,329 common shares at the then market price of $0.60 per common share to certain members of senior management and the Company's Board of Directors for gross proceeds of $500.

Stock Option Plan

The Company has two Stock Option Plans from which it makes awards to employees, directors and consultants: the Old Plan and the New Plan.

Under the Old Plan, the Company was authorized to grant up to a total of 8,020,135 share purchase options. With the introduction of the New Plan, no further options will be granted under the Old Plan.

Effective December 8, 2008, the Company implemented a new Stock Option Plan (New Plan) from which it makes awards to employees, directors and consultants. Under the New Plan, the Company is authorized to grant the lesser of; (i) 10% of the issued and outstanding common shares as determined from time to time, or (ii) 10 million share purchase options. Under the New Plan, at June 30, 2010 the Company was authorized to grant 8,753,469 share purchase options, of which it had issued 7,033,552 share purchase options, leaving 1,719,917 share purchase options available for issue.

(Expressed in thousands except number of shares, per share amounts and stock option prices)

Share purchase options are awarded at an exercise price in Canadian dollars equal to the market price of the Company's common shares on the effective date of the grant, which is normally the final trading day of the 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 Plans is presented below:

Old Stock Option Plan	Number of Options	Weighted Average Exercise Price	
Options outstanding December 31, 2008	**1,491,869**	**$**	**0.86**
Forfeited	(75,000)	$	1.42
Cashless exercise (1)	(546,334)	$	0.58
Exercised	(124,500)	$	0.56
Options outstanding December 31, 2009	**746,035**	**$**	**1.06**
Forfeited	(11,533)	$	1.07
Expired	(124,500)	$	0.69
Options outstanding June 30, 2010	**610,002**	**$**	**1.14**

(1) The Company issued 164,557 shares in exchange for 546,334 stock options in a cashless exercise transaction.

New Stock Option Plan	Number of Options	Weighted Average Exercise Price	
Options outstanding December 31, 2008	**213,000**	**$**	**1.06**
Granted (1)	5,691,982	$	0.98
Forfeited	(196,009)	$	0.95
Exercised	(6,330)	$	0.75
Options outstanding December 31, 2009	**5,702,643**	**$**	**0.99**
Granted	1,128,570	$	0.55
Forfeited	(38,679)	$	0.88
Options outstanding June 30, 2010	**6,792,534**	**$**	**0.92**

(1) The Company issued 841,805 options to the management and employees of Grey Island Systems International Inc. ("GIS") a company acquired on October 26, 2009, of which 205,625 options were issued in exchange for 0.35 GIS options held by GIS management.

(Expressed in thousands except number of shares, per share amounts and stock option prices)

The following weighted average assumptions were used in calculating the fair value of stock options granted during the period using the Black-Scholes model:

New Plan	30-Jun-10	31-Dec-09
Risk free rate	2.49%	2.10%
Dividend yield	0%	0%
Expected volatility	79%	83%
Weighted average expected option life	3 years	3 years
Weighted average fair value of options granted	$ 0.23	$ 0.51

During the three and six months ended June 30, 2010, the Company recorded stock compensation expense of $242 and $602 (June 30, 2009 - $90 and $386) respectively, which is included in the operating expenses of the related department on the statement of operations.

As at June 30, 2010, the Company had 7,402,536 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
$0.59	$0.71	1,128,570	4.77	$0.55	25,405	4.91	$0.48
$0.72	$0.75	1,899,289	3.71	$0.75	1,032,977	3.71	$0.75
$0.76	$1.10	2,499,805	3.89	$0.91	515,283	2.12	$0.95
$1.11	$1.19	72,000	3.50	$1.15	57,000	3.50	$1.15
$1.20	$1.50	1,785,872	4.01	$1.26	149,002	2.31	$1.31
$1.51	$1.65	17,000	3.98	$1.65	7,000	3.98	$1.65
$0.59	**$1.65**	**7,402,536**	**4.00**	**$0.90**	**1,786,667**	**3.15**	**$0.87**

Note 10 Contributed Surplus

Balance December 31, 2008	**$**	**4,131**
Stock option expense		826
Options granted on acquisition		91
Stock options exercised		(155)
Balance December 31, 2009	**$**	**4,893**
Stock option expense		602
Balance June 30, 2010	**$**	**5,495**

(Expressed in thousands except number of shares, per share amounts and stock option prices)

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, 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 June 30, 2010, 93% (December 31, 2009 – 95%) of the Company's property and equipment were located in Canada and 7% (December 31, 2009 – 5%) were located in Europe and the United States where they are held by the Company's wholly owned subsidiaries.

Revenue by geographic segment is as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
United States	4,849	3,900	10,013	7,056
Canada	3,250	1,094	6,257	2,468
Europe	1,007	1,010	2,411	1,724
Mexico, Brazil & Latin America	258	855	962	1,923
Middle East & Asia	243	390	426	747
	$ 9,607	$ 7,249	$ 20,069	$ 13,918

Revenue by category is as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Hardware	3,642	3,069	7,897	6,284
Recurring subscriptions, software and services	5,965	4,180	12,172	7,634
	$ 9,607	$ 7,249	$ 20,069	$ 13,918

Revenue by market sector is as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June, 2009 (1)	June 30, 2010	June 30, 2009 (1)
Government	4,041	n/a	8,902	n/a
Non-government	5,566	n/a	11,167	n/a
	$ 9,607	$ -	$ 20,069	$ -

(1) Revenue by market sector is a new reporting segment for the Company, effective January 1, 2010.

Note 12 Commitments

	Accounts payable and accrued liabilities	Capital lease	Rent	Total
2010	6,749	52	761	7,562
2011	-	108	939	1,047
2012	-	114	914	1,028
2013	-	114	840	954
2014 through 2018	-	4	3,324	3,328
Total	**$ 6,749**	**$ 392**	**$ 6,778**	**$ 13,919**

Note 13 Litigation

In August 2009 the Company was served notice of a lawsuit filed by HTI Inc./Networkfleet ("HTI") in the Eastern District of Texas, alleging patent infringement by the Company. The Company believes this suit to be without merit. No damages are specified in the lawsuit and the Company is unable to estimate the dollar value of any such claim which may be made by the Plaintiff in the future.

In June 2010, Innovative Global Systems LLC (IGS) dismissed without prejudice, its complaint alleging patent infringement by the Company. No settlement payments or future royalties are required under the terms of this agreement. IGS will not be proceeding with the lawsuit filed in the Eastern District of Texas on February 18, 2010.

Note 14 Contingencies and Guarantees

In the normal course of business, the Company provides surety bonds under standard contractual terms in service agreements with customers in its government vertical, for performance and materials and wages requirements. At June 30, 2010 the Company held three surety bonds totaling $1,470 in favor of two customers. One of the bonds covered materials and wages requirements of $700 and the balance of $770 covered performance under two bonds.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended June 30, 2010 and June 30, 2009

This document is dated August 4, 2010

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

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 Additional Risks and described in greater detail under Risk Factors in the Annual Information Form ("AIF") of WebTech Wireless Inc. (the "Company"), 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 unaudited Consolidated Financial Statements of the Company for the three and six months ended June 30, 2010 have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in Canada and are stated in Canadian dollars, unless otherwise noted.

This interim report has been prepared in accordance with the requirements for interim Management Discussion and Analysis ("MD&A"). Certain information that has not substantially changed from information disclosed in the management discussion and analysis for the year ended December 31, 2009, dated March 23, 2010 has not been duplicated herein. The following discussion and analysis should be read in conjunction with (i) the interim consolidated financial statements of the Company for the three and six months ended June 30, 2010, (ii) management discussion and analysis for the year ended December 31, 2009 dated March 23, 2010 and (iii) the Company's AIF for the year ended December 31, 2009 dated March 23, 2010. Each of the foregoing is available at www.sedar.com.

OVERVIEW

Founded in 1999, the Company is a leading provider of telematics and vehicle fleet location-based services ("LBS") that help organizations efficiently measure, monitor and manage the performance of their mobile assets in real-time. The Company's products and services enable customers to improve the productivity, profitability, environmental compliance and safety and security of their fleet operations.

Through a combination of organic growth, as well as acquisitions, the Company now serves customers of all sizes in the transport, government, service, transit, insurance and original equipment manufacturer ("OEM") markets, with sales in over forty countries. Specialized products include: Quadrant® fleet management software for industry, InterFleet® solutions for government, and NextBus™ real-time passenger information services ("RTPIS") for transit fleets.

The Company develops, manufactures and supports its own hardware products, as well as offering hosted and enterprise applications. A typical sale involves the installation of a WebTech Locator in-vehicle device, which functions using advanced global position system ("GPS") and general packet radio service ("GPRS") technology. An annual subscription connects the locator to the Company's internet-based Quadrant® or InterFleet® portals, which provide detailed mapping, reporting, dispatching, and operational analysis capabilities. These services are offered through an application service provider ("ASP") layer, or Software as Service ("SaS"), or on an enterprise basis for large customers with their own IT infrastructure and complex fleets. Under the enterprise basis, the Company licenses its software on a stand-alone basis through a form of enterprise license which attracts a one-time licensing fee plus recurring annual maintenance fees. The Company's NextBus solution is also offered on an ASP/SaS basis, as well as providing real-time predictions to handhelds and to signs in transit customers' bus stops or via SMS messaging technology.

The Company sells its hardware, software and services through a combination of direct and indirect sales channels. By working with qualified local partners, the Company has been able to penetrate international markets, making it one of the few truly global telematics and LBS providers in the industry.

INDUSTRY AND ECONOMIC FACTORS

Industry

The Company develops, manufactures and sells turnkey wireless telematics solutions designed to improve the productivity, security, emissions and profitability of government, commercial and transit fleets, and consumer automobiles through the application of telematics and LBS. The Company has developed a fully integrated end-to-end system, comprised of internet or enterprise based tracking and reporting software and the WebTech Locator Series, a family of discrete GPS tracking devices that provide telematics and LBS 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:

- Telematics: The ability to monitor, control and report the functioning of vehicles and their operations remotely, including: emissions, fuel efficiency, idle-time, brakes, door locks and remote engine shut-off.
- 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.

- 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).
- Safety and Security: Vehicle recovery, transport of hazardous material, air-bag deployment notification, remote door lock/unlock, and remote vehicle diagnostics.
- 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.
- Predictive Arrival: Public transit and shuttle fleet customer communication providing real-time predictive arrival information via message displays at bus stops, to handheld devices and the internet and interactive voice response systems, as well as passenger counting and stop enunciation solutions.

The Company focuses its sales, marketing and channel development efforts on major fleets of transport and service vehicles in the public and private sectors, including large urban transit authorities and other large enterprises. A focus on such larger opportunities may result in greater volatility in the Company's revenue as a delay in closing a large opportunity has a much greater impact on reported results than would a delay in a small contract. However, with customers in more than 40 countries, the Company has a diverse revenue base both across verticals and geographies, served by its offices and distributors in Canada, the United States ("US"), and the United Kingdom ("UK") and by distributors in markets without direct presence, such as Mexico, Panama, Brazil, Pakistan and the Middle East.

According to 2008 reports by Frost & Sullivan, the North American commercial vehicle telematics market generated revenues of over $1.48 billion in 2007. These market revenues are expected to grow to $6.47 billion by 2013, driven by multi-modal communication network advancements, security and safety concerns, and reduced costs. According to a 2009 report by C.J. Driscoll & Associates, approximately 3.6 million GPS/wireless devices are currently used to manage fleet vehicles, trailers, construction equipment and mobile workers in the Unites States. This market is expected to expand to more than 6.5 million devices with annual hardware and recurring service revenues exceeding $2.5 billion by 2012. Berg Insight reported that 3.5 million passenger vehicles in Europe would have onboard telematics devices by the end of 2009. Aftermarket telematics systems for stolen vehicle tracking and insurance applications continue to dominate the market, while market share for OEM systems remains small. Berg Insight believes the European fleet management market has entered a period of solid growth as awareness of the benefits of telematics has increased. Market penetration remains low, however, and the market is not expected to achieve saturation in the near future. European enterprises and public entities own approximately about 19.9 million light commercial vehicles, 6.8 million trucks and 0.7 million buses and coaches. Berg also estimates that there are about 2.5 million heavy trailers or semitrailers, 2 million construction equipment units and 3 million agriculture equipment units. Between 2007 and 2012, Berg forecasts that the penetration rate for fleet management in Europe will increase from 2.8% to 11.3% at the end of the period. According to a new 2010 research report from Berg Insight, 1.5 million fleet management systems were deployed in European commercial fleets in the last quarter of 2009, representing a year over year increase of 15.4%. Commercial fleet management system deployment is expected to grow at a rate of 16.7% in 2010. Telematics Research Group estimated that worldwide sales of telematics-enabled vehicles will reach approximately 43% of all new automobiles sold in 2010.

According to a January 2010 analysis from Frost & Sullivan, the North American and European "green" telematics market is expected to grow 36% to $700 million by 2015, fuelled by requirements for fleets to reduce their CO_2 emissions and develop greener images.

During the quarter ended June 30, 2010, the Company sold over 3,000 WT5000 Locators™ to Overview Mapping Ltd., a UK distributor with which the Company provides telematics services to Protectagroup Ltd. in the UK for an innovative insurance program targeted at young drivers. The Company also delivered over 2,000 WT5000 Locators™ to UK-based Cybit Ltd., one of Europe's leading providers of fleet telematics solutions.

Contract wins during the quarter ended June 30, 2010, which will translate into revenue in upcoming quarters, included:

I. The Alberta Department of Transportation renewed an existing five-year contract with the Company, selecting InterFleet® for its innovative automatic vehicle location-based snowplow project, after an open competition;
II. Three separate five-year contracts for its NextBus™ Real-Time Passenger Information Service with the University of Iowa, Iowa City Transit and Coralville Transit and;
III. An agreement with Cascade Sierra Solutions, an Oregon-based non-profit organization which promotes and administers federal and state-funded clean air and fuel use reduction programs, for the distribution of its Quadrant® transportation solution to their truck fleet customers.

In addition to the above, in June 2010, the Company presented its comprehensive Quadrant® telematics solution for the automotive insurance industry at the Telematics Detroit industry conference held in Detroit, Michigan.

The Company sells its telematics and LBS solutions around the world, in a global market which is predicted to grow approximately 20% per year. Factors driving the worldwide increase in the use and application of telematics include:

- Continuing need to improve efficiencies and operational control.
- Requirements to comply with regulatory reporting of driver activity.
- Increased awareness of the benefits of telematics by trucking companies, service providers, insurance companies, automobile manufacturers and consumers, including as a theft reduction tool.
- Growing acknowledgement by consumers, regulators and manufacturers of the enabling contributions which telematics can make in reducing carbon emissions and to enable the emerging "carbon credit economy".
- New wireless networks and reduced costs for hardware and airtime.
- More comprehensive and better subscriber services at similar prices.
- Trends toward safety and security of mobile workers and assets.
- Homeland security concerns in the US.

Industry factors are more fully described in the Company's most recently filed AIF which is available on SEDAR at www.sedar.com.

Economic

The pace of global economic recovery is expected to remain slow and varied across worldwide economies, as these economies move through a phase in which consumption and private investment is required to sustain growth, and they respond to the effects of the financial crisis in Europe. Reduced credit availability, higher borrowing costs to companies, weaker consumer demand and increased currency and commodity price volatility as investors move their assets in response to reports of economic improvement, continue to put significant pressure on companies' capital spending and growth plans. These ongoing effects of the economic downturn could have a negative impact on the Company's planned growth strategy despite overall growth in the global telematics industry.

Currency

The Company has operations in five countries, has made sales in over 40 countries and operates in four currencies; the US dollar ("USD"), the Canadian dollar ("CAD"), the British pound ("GBP") and the Brazilian real ("BBR"). The Company's reported revenue and net results can be materially affected by fluctuations in the exchange rates of the CAD against the USD and the GBP. The Company's exposure to movements in the BBR is not material to its reported results.

In general, a strengthening of the CAD against the USD or the GBP adversely impacts the Company's reported revenues and accounts receivable. This adverse effect is partially offset by a smaller favourable impact on expenses and accounts payable. The inverse is true when the CAD weakens against the USD and GBP.

Uncertainty in global financial markets and slow, varied recovery across world economies in 2010 continue to drive volatility in worldwide currency markets. In the second quarter of 2010, downward pressure on the CAD resulted in a weakening of the CAD against the USD.

Credit availability and cost

Developments in global credit markets have significantly reduced the ability of companies to obtain debt financing or raise capital through public markets, with the trucking and transport industry being particularly affected in 2009. The Company has relied on growth in hardware sales in previous quarters, and a growing customer base generating recurring revenue to fund operating activity and used its credit facilities to bridge any timing differences between cash outflows and inflows which might have occurred. The Company's reported assets, while stable, have grown in prior fiscal years through raising capital on the financial markets and, through the acquisition of Grey Island Systems International Inc. ("GIS"). While management believes the Company is sufficiently funded at this time, there is no guarantee that it will not need additional external funding in the future.

Customer demand

While the telematics and LBS industry is expected to grow, there is a possibility that decreasing investments by customers as a result of the continued effects of the global economic downturn and slow economic recovery could slow the adoption of new technology. Projects may be delayed and customers will require shorter payback periods on their investments. Existing vehicle fleets may also be reduced, resulting in the retirement of their associated GPS locators and cancellation of location-based services and telematics solutions. Offsetting these negative factors are the low-capital-cost and fast return-on-investment features of the Company's solution which provide the savings and operating efficiencies which customers demand during difficult economic times.

Competitors

The Company operates in a highly competitive environment. The Company's key telematics competitors are: Qualcomm, Trimble, HTI/Networkfleet and PeopleNet. Qualcomm Enterprise Services develops telematics systems such as OmniVision and OmniTRACS. Trimble offers web-based vehicle tracking services including @Road GeoManager and @Road Pathway. HTI/Networkfleet offers their on-board diagnostics and telematics solutions, and PeopleNet provides a web-based system called the PeopleNet Fleet Manager.

Counterparties

The Company has several key supplier and strategic partnership relationships which may be impacted by weakened demand arising from the weaker economy. The Company has established partnerships with large, established organizations and does not foresee significant counterparty risk.

RESULTS FROM OPERATIONS

Revenue

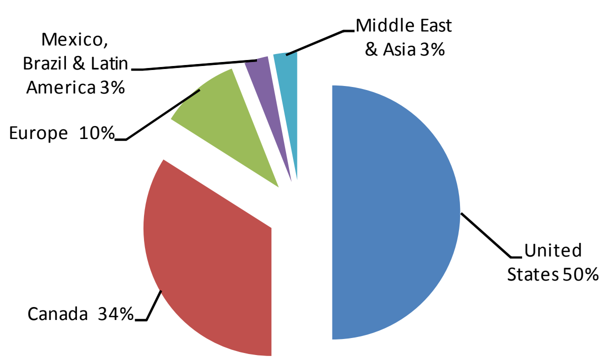
The Company is reporting revenue of $9,607 for the quarter ended June 30, 2010 (June 30, 2009 – $7,249) representing 33% growth over the prior comparable quarter and revenue for the six months ended June 30, 2010 of $20,069 (June 30, 2009 - $13,918) which increased by 44% over the prior comparable period. Revenue for the quarter and six months ended June 30, 2010 included sales driven primarily by recurring subscriptions, software and services sales arising from the Company's NextBus and InterFleet brands acquired in 2009, as well as several large shipments of Quadrant locators to customers in Europe. GIS revenues include sales of Quadrant locators as a result of the consolidation of the Company's sales forces and product lines from the two former entities. Excluding revenues from GIS, revenues would have declined by 33% and 24% over the comparable quarter and six months respectively, as a result of a decline in OEM hardware sales, and completion of a major project, which comprised a very large percentage of prior period non-recurring revenue.

Segmented Information

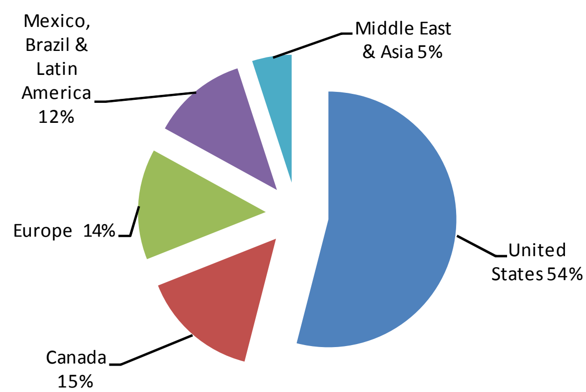
The Company has made sales in over 40 countries around the world, with the majority of these sales coming from North America and Europe.

Revenue distribution by geographic segment (%)

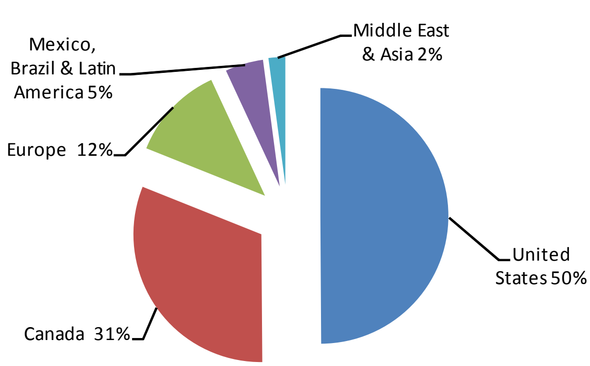
Three months ended June 30, 2010



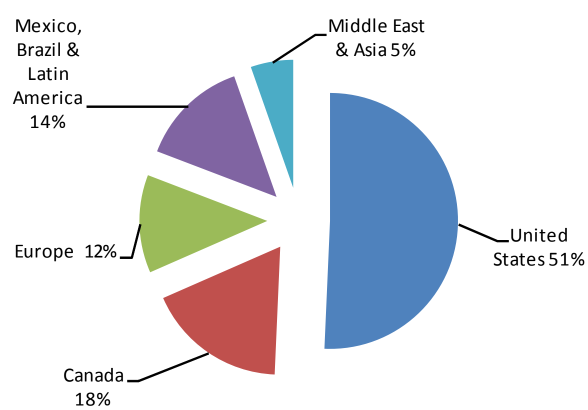
Three months ended June 30, 2009



Six months ended June 30, 2010



Six months ended June 30, 2009



In the quarter ended June 30, 2010 revenue growth was primarily attributable to:

- Growth in the US from subscription revenues, and additional sales contributed by GIS from sales of services associated with the InterFleet and NextBus solutions and;
- Growth in Canada from additional recurring subscription revenues arising from sales of Quadrant

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

locators in previous quarters, and additional recurring subscriptions, software and services of $2 million contributed by GIS.

Revenue growth in the six months ended June 30, 2010 was attributable to:
- Growth in the US from services and subscription revenues, and several large shipments of locators and;
- Growth in Canada from additional sales contributed by GIS from sales of services associated with the InterFleet and NextBus solutions, and subscription revenues;
- Large shipments of locators to two customers in Europe.

The combined 52% and 66% revenue growth in North America and Europe for the three and six months ended June 30, 2010 respectively, was offset by declining revenue in Mexico, Brazil, Latin America, and the Middle East and Asia, where the Company tends to make intermittent but large volume sales.

Revenue increase/decrease by geography:

	For the three months ended (unaudited)							For the six months ended (unaudited)						
	June 30, 2010			June 30, 2009			Increase/ Decrease	June 30, 2010			June 30, 2009			Increase/ Decrease
		$	%		$	%			$	%		$	%	
United States		4,849	50%		3,900	54%	24%		10,013	50%		7,056	51%	42%
Canada		3,250	34%		1,094	15%	197%		6,257	31%		2,468	18%	154%
Europe		1,007	10%		1,010	14%	0%		2,411	12%		1,724	12%	40%
Mexico, Brazil & Latin America		258	3%		855	12%	-70%		962	5%		1,923	14%	-50%
Middle East & Asia		243	3%		390	5%	-38%		426	2%		747	5%	-43%
	$	9,607	100%	$	7,249	100%	33%	$	20,069	100%	$	13,918	100%	44%

Revenues from sales in the US increased by 24% over the prior comparable quarter, driven by recurring subscriptions, software and services sales associated with government organizations in the US. Sales in Canada increased 197% over the prior comparable quarter, primarily as a result of sales of GIS products and services. Sales in Europe were in line with the prior comparable quarter while sales in Mexico, Brazil and Latin America, and the Middle East and Asia declined by a combined 60% as a result of the general effects of the global economic downturn and a diminished focus on Brazil, the Middle East and Asia by the Company due to collections and operational issues in the past.

In the six months ended June 30, 2010 revenues from sales in the US increased 42% over the prior comparable period as a result of shipments of locators under a distribution agreement with AT&T, as well as shipments of hardware and services provided under contracts with various government organizations in the US under the InterFleet and NextBus brands. Sales in Canada increased 154% over the prior comparable period, driven by sales of all three brands. Sales in Europe increased by 40% over the comparable period due to several large sales of WT5000 Locators™ to the Company's distributors, Cybit and VeriLocation. Sales in Mexico, Brazil and Latin America, and the Middle East and Asia declined by a combined 48% as a result of a diminished focus on these markets due to historical operational and collections concerns, and as the prior comparable period contained a number of large one-time orders.

The Company expects continued revenue growth in 2010, with the strongest growth expected in the US and Canada.

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

Revenue by category:

	For the three months ended (unaudited)							For the six months ended (unaudited)						
	June 30, 2010			June 30, 2009			Growth	June 30, 2010			June 30, 2009			Growth
		$	%		$	%			$	%		$	%	
Hardware		3,642	38%		3,069	42%	19%		7,897	39%		6,284	45%	26%
Recurring subscriptions, software and services		5,965	62%		4,180	58%	43%		12,172	61%		7,634	55%	59%
	$	9,607	100%	$	7,249	100%	33%	$	20,069	100%	$	13,918	100%	44%

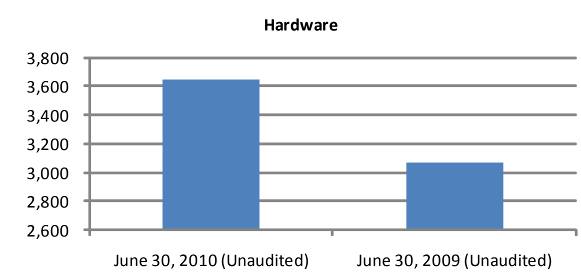
Non-hardware revenue for the quarter and six months ended June 30, 2010 was 62% and 61% respectively, of overall revenue continuing a trend first seen in the quarter ended March 31, 2010. This shift away from hardware to a majority of revenue subscription, software and services reflects management's focus on developing the SaS model, and is expected to continue.

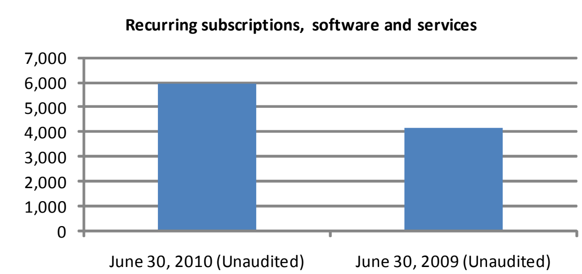
Recurring subscriptions, software and services revenue increased by 43% over the prior comparable quarter, and 59% over the prior comparable six months, from sales of services associated with increases in subscription revenue earned from monitoring the locators which the Company sells and from sales of NextBus solutions, which often do not include hardware deployments. Revenue from sales of services is expected to increase throughout the year as the Company delivers services according to existing and developing contracts. Subscription revenue earned from monitoring the locators which the Company sells, grew by 106% over the prior comparable quarter and 112% over the prior comparable six months, as a result of a growing subscriber base in all geographic segments generated from hardware sales in prior periods, and by the addition of subscription revenue from the GIS acquisition. At June 30, 2010, the subscriber base of over 80,000 subscribers includes more than 72,000 Quadrant and InterFleet subscribers and over 8,000 data pump subscribers. The subscriber base is expected to continue to grow as the Company activates subscription services ordered under existing and developing contracts.

The Company's hardware revenue for the quarter ended June 30, 2010 was $3,642 (June 30, 2009 - $3,069), increasing 19% over the prior comparable quarter, primarily due to large shipments of locators to customers in Europe. Hardware revenue increased 26% over the prior comparable six months as a result of large shipments of locators to customers in Europe and the US, as well as the largest deployment in Canada to date of the Company's NextBus electronic display bus stop signs. The Company expects hardware revenue to increase throughout the year, as it delivers according to existing and developing sales contracts.

Revenues by category:

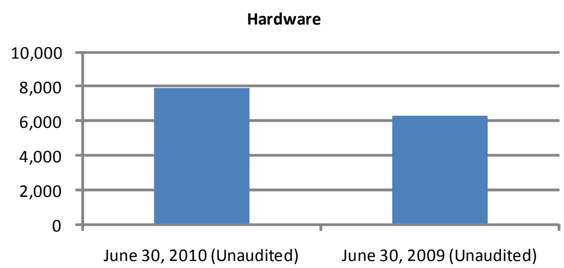
Three months ended June 30, 2010 and three months ended June 30, 2009

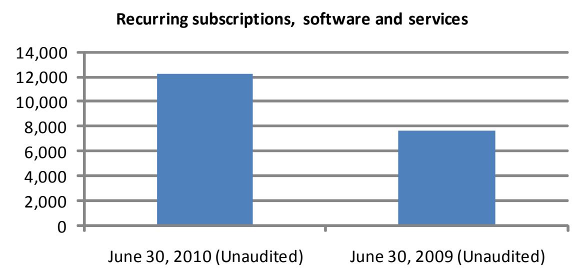




(Dollar amounts in 000's, except per share amounts)

Six months ended June 30, 2010 and six months ended June 30, 2009





Revenue by market sector:

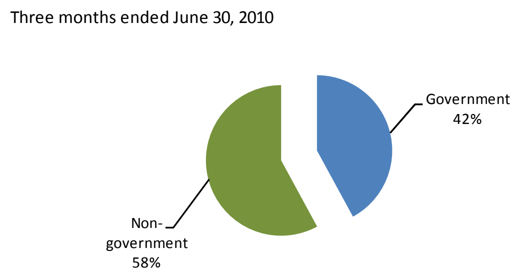
	For the three months ended (unaudited)				For the six months ended (unaudited)			
	June 30, 2010		June 30, 2009 (1)		June 30, 2010		June 30, 2009 (1)	
	$	%	$	%	$	%	$	%
Government	4,041	42%	n/a	n/a	8,902	44%	n/a	n/a
Non-government	5,566	58%	n/a	n/a	11,167	56%	n/a	n/a
	$ 9,607	100%	$ -	0%	$ 20,069	100%	$ -	0%

(1) Revenue by sector is a new reporting segment for the Company, effective January 1, 2010.

In the second quarter ended June 30, 2010, the Company derived $5,566 of its revenue from the non-government sector in its OEM, insurance and fleet services verticals primarily through subscription revenues and shipments of locators to customers in Europe. Sales to customers in the government sector, totalling $4,041, were driven by subscription revenues, and sales of services associated with the Company's NextBus predictive arrival and InterFleet solutions.

In the six months ended June 30, 2010 the Company derived $11,167 of its revenue from the non-government sector in its OEM, insurance and fleet services verticals primarily through subscription revenues and shipments of locators to customers in Europe and the US. Sales to customers in the government sector, totalling $8,902, were driven by subscription revenues and sales of services associated with the Company's NextBus predictive arrival and InterFleet solutions.

The Company expects to see continued growth in the government sector in the coming years as a portion of its sales force is dedicated to this market segment and is building an awareness of the InterFleet brand as a solution for public sector service function and fleet managers. The Interfleet brand encompasses function specific solutions for operators of snow plows, salt spreaders, waste management vehicles, emergency medical services ("EMS"), police vehicles and other government functions. The Company intends to continue to develop and add to these solutions and expand its customer base through both direct and indirect sales efforts.



Gross Profit and Gross Profit Margins

Gross profit increased 8% to $4,888 for the quarter ended June 30, 2010, from $4,516 in the quarter ended June 30, 2009. Gross profit margin for the quarter was 51% compared with 62% for the comparable quarter, which included a very large one-time sale of a high margin software license and thus was not a direct comparable. Lower gross margins are also impacted by lower margin contributions from GIS. In the six months ended June 30, 2010, gross profit increased 28% to $10,521 from $8,247 in the six months ended June 30, 2009. Gross profit margin for the six months ended June 30, 2010 was 52%, a decrease of seven percentage points from 59% in the six months ended June 30, 2009, impacted by the very large one-time sale of a high margin software license, as well as lower margin contributions from GIS. The Company expects gross margins to be lower in 2010 compared with 2009, as a result of the impact of the 2009 software license sale and lower margin contributions from GIS.

Operating Expenses

Operating expenses increased by 60% and 70% over the prior comparable three and six months ended June 30, 2009 respectively, primarily as a result of expenses at GIS, additional amortization attributable to the intangible assets acquired through the acquisition of GIS and increased spending on research and development efforts as the Company consolidates its three internet portals. Excluding the impact of GIS, operating expenses increased by 6% and 11% over the prior comparable three and six months ended June 30, 2009 respectively, as a result of increased spending on research and development efforts.

Marketing and Sales

Marketing and sales expenses increased by 8% over the prior comparable quarter, primarily as a result of GIS marketing and sales expense. Excluding GIS, marketing and sales expenses decreased by 17% over the prior comparable quarter as a result of reduced spending on travel, less spending on consultants and lower commissions on sales arising from lower sales of hardware than the prior comparable quarter.

In the six months ended June 30, 2010, marketing and sales expenses increased 19% over the prior comparable period, primarily as a result of GIS marketing and sales expense. Excluding the impact of GIS, marketing and sales expenses decreased by 6% over the prior comparable period as a result of reduced spending on travel, less spending on consultants and lower commissions on sales arising from lower sales of hardware than the prior comparable period. The Company expects to continue spending on marketing and sales activities at the levels achieved in the second quarter.

Research and Development

The Company continues to invest in research and development activities to maintain technical leadership in automotive and transportation markets. Research and development costs increased 81% over the prior comparable quarter and 78% over the prior comparable six months. Excluding the impact of GIS, the increase in spending on research and development was 7% over the prior comparable three and six months, as a result of increased staffing to support the enhancement of the Company's product portfolio and service offerings and integration of its three product lines.

The Company expects research and development spending to remain consistent at this level throughout 2010 and continue to fall as a percentage of revenue.

During the six months ended June 30, 2010 the Company released new, custom and next generation products including:

- Enabling the interoperability of Quadrant locators as part of the InterFleet® solution;
- Several major Quadrant® enhancements including:
  - A full job management system from initial state to completion, via job definition and driver/vehicle assignment capabilities;
  - Routing enhancements which find the best route between sites and vehicles to minimize travel time and fuel costs;.
  - Upgrades to the graphic user interface to facilitate ease of use through drag and drop capabilities, and group and driver administration;
  - A posted speed limit report to assist fleet managers and drivers achieve fleet safety requirements;
  - Enhanced universal performance reports to facilitate mixed fleet operational efficiencies;.
  - Additional long term trending reports for the "Telematics for the Planet™" initiative to facilitate more efficient fleet operations;
  - Extended Google services including geo-coding;
- Several InterFleet software releases including:
  - Route service report enhancements to allow for colour gradient representation to define different routes, and shading of route layers for better visual analysis. Additionally, a legend can be placed on the map to assist with spatial data analysis;
  - Modification of the live material monitoring tool to allow clients to define up to five live status scenarios combining rate and/or input data in conjunction with GPS data behaviour;
- NextBus software enhancements including:
  - A user friendly interface that allows the client to self-administer the configuration of the prediction page for LCD screens;
  - The ability to show headway in real-time on the agency map and to colour vehicles by their adherence to scheduled headway. Additionally, the agency map shows passenger load for vehicles that have automatic passenger counters installed, allowing for speedier dispatch of additional vehicles as required;
  - Schedule for route reports that work for complicated routes with many trip patterns;
  - Creation of an additional public XML Feed that allows, with specific agency permission, data to be used by third-party developers to build applications;
  - The addition of extent routes to the XML Feed to make it easier to create mapping applications, and a new "Messages for Route" command so that the user can determine current messages and all of their essential details such as start time, end time, originator and ID;
- Upgrades to the InterFleet Dickey John spreader controller firmware to record various types of liquid material;
- The introduction of speed zones and attributes for geofences on the locator to enhance flexibility;
- Delivery of a unified parameter allowing sophisticated analysis and processing of diagnostics on the locator;
- Delivery of advanced Garmin support to expand platform functionality and driver login features on Garmin devices;
- Successful integration of simultaneous J1939 engine data collection with the Dickey John, ACE, Compuspread 230 and Compuspread 440 spreader controllers and,
- Full French translation of the InterFleet application, including the reports module and the adminframe tool.

The Company also made several new patent applications with the US Patent and Trademark Office to increase the value of its intellectual property portfolio.

General and Administration

General and administration spending increased by 98% over the prior comparable quarter, as a result of the addition of GIS related general and administration expenses. Excluding the impact of GIS, general and administration expenses decreased by 1% over the prior comparable quarter, as the Company's focused collections effort resulted in reduced aged outstanding receivables and related doubtful debts provisions.

In the six months ended June 30, 2010, general and administration expenses increased by 120% over the prior comparable six months, as a result of the addition of GIS related general and administration spending. Excluding the impact of GIS, general and administration expenses would have been consistent with the prior comparable six-month period.

Amortization

Amortization increased by $623 or 399% over the prior comparable quarter and by $1,258 or 415% over the prior comparable six months, primarily as a result of amortization of non-compete agreements, technology and customer relationships acquired through the acquisition of GIS.

Net Loss and Comprehensive Loss

The Company is reporting a net loss and comprehensive loss of $1,534 for the quarter ended June 30, 2010 compared with a net loss and comprehensive loss of $169 for the prior comparable quarter and a net , loss and comprehensive loss of $3,406 for the six months ended June 30, 2010, compared with a net loss and comprehensive loss of $54 for the prior comparable period, which included a very large one-time sale of a high margin software license and thus was not a direct comparable, lower gross margins contributed by GIS, additional expenses at GIS, additional amortization attributable to the intangible assets acquired through the acquisition of GIS, and increased spending on research and development efforts.

Loss per share for the three and six months ended June 30, 2010 is $0.02 and $0.04 respectively, compared with nil earnings per share in the prior comparable three and six-month period ended June 30, 2009.

Litigation

In August 2009 the Company was served notice of a lawsuit filed by HTI Inc./Networkfleet ("HTI") in the Eastern District of Texas, alleging patent infringement by the Company. The Company believes this suit to be without merit. No damages are specified in the lawsuit and the Company is unable to estimate the dollar value of any such claim which may be made by the plaintiff in the future.

In June 2010, the Company reached an agreement with Innovative Global Systems LLC ("IGS") under which IGS dismissed without prejudice its complaint alleging patent infringement by the Company. No payments were made to IGS as part of this settlement nor are any future royalties required under the terms of this agreement. As a result, IGS will not be proceeding with the lawsuit filed in the Eastern District of Texas on February 18, 2010.

SUMMARY OF QUARTERLY RESULTS

Selected Quarterly Financial Information (unaudited)

(in thousands except share amounts)	Three months ended Oct 31 2008	Two months ended Dec 31 2008	Three months ended Mar 31 2009	Three months ended Jun 30 2009	**Three months ended Sep 30 2009**	**Three months ended Dec 31 2009**	**Three months ended Mar 31 2010**	**Three months ended Jun 30 2010**
Revenue	$ 7,840	$ 3,561	$ 6,669	$ 7,249	**$ 4,965**	**$ 8,334**	**$ 10,592**	**$ 9,607**
Gross Profit	$ 3,833	$ 1,072	$ 3,731	$ 4,516	**$ 2,929**	**$ 2,984**	**$ 5,326**	**$ 4,888**
Gross Margin %	49%	30%	56%	62%	**59%**	**36%**	**50%**	**51%**
Expenses	$ 4,820	$ 3,882	$ 4,108	$ 4,340	**$ 4,153**	**$ 9,718**	**$ 7,257**	**$ 6,957**
Other Items	$ (1,057)	$ 2,849	$ (492)	$ 345	**$ 987**	**$ 1,886**	**$ 133**	**$ (535)**
Net earnings (loss)	$ 70	$ (5,659)	$ 115	$ (169)	**$ (2,211)**	**$ (8,618)**	**$ (2,064)**	**$ (1,534)**
EPS (Basic)	$ -	$ (0.10)	$ -	$ -	**$ (0.04)**	**$ (0.13)**	**$ (0.02)**	**$ (0.02)**
EPS (Diluted)	$ -	$ (0.10)	$ -	$ -	**$ (0.04)**	**$ (0.13)**	**$ (0.02)**	**$ (0.02)**
Total Assets	$ 29,803	$ 25,363	$ 27,982	$ 26,772	**$ 22,495**	**$ 57,570**	**$ 55,900**	**$ 55,093**
Total Long Term Liabilities	$ 651	$ 808	$ 2,541	$ 2,792	**$ 1,043**	**$ 3,264**	**$ 2,783**	**$ 2,557**

The Company's sales cycle to customers depends upon the complexity of the product and services provided and can vary from a few weeks to many months. In addition, the Company continues to seed the market by providing 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 and GBP-Canadian dollar exchange rates. To mitigate the impact of these long lead time sales efforts, the Company has developed relationships with large distributors who generate both small and medium sized leads as well as the larger sales leads. The Company has also recently renewed efforts to developing an inside sales and sales support group to assist in developing and closing small and medium sized opportunities. It is hoped that these efforts will accelerate revenue growth and smooth out some of the Company's hardware sales revenues quarter over quarter and year over year.

During the quarter ended June 30, 2010 the Company experienced a decline in sales revenues over the previous quarter as a result of large one-time sales made in the prior quarter as well as reduced locator and accessory sales and delayed projects. However, in previous quarters the Company had achieved a recovery in its organic growth 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 wireless carriers such as AT&T in the US, Rogers in Canada and Cable & Wireless in Panama, to distribute and sell its products through the carriers' networks of distributors and has also signed a network of distributors around the world, which contribute a significant portion of the Company's sales. Additionally, through the acquisition of GIS in 2009, the Company established a base for compounded growth in 2010.

LIQUIDITY AND CAPITAL RESOURCES

Working capital

At June 30, 2010, the Company had net working capital of $15,075 (December 31, 2009 - $16,707). Net working capital decreased as cash resources were used to fund operating activity and the $1.5 million due to GIS founders became a current liability.

The Company believes it has the ability to generate cash from operations in both the short and long term. The Company has historically grown organically and more recently through the acquisition of GIS. At June 30, 2010 the Company had accounts payable and accruals totalling $6,749, $1,741 of which had been paid as of August 3, 2010. The Company does not anticipate any large capital or other cash outlays in the near term which would require it to seek financing.

Subject to the factors set out elsewhere in this document, including under the header "Risks and Uncertainties" and under the heading "Risk Factors" in the Company's AIF, the Company does not currently foresee any working capital deficiencies. Notwithstanding the Company's positive working capital position, the Company may require future financing in order to satisfy future growth activities. The Company may also need additional capital to fund specific growth projects or acquisitions in the future, and while no such projects are planned at this time, a change in circumstances could result in the need for additional capital.

Current assets
The Company's total current assets at June 30, 2010 totalled $25,111 (December 31, 2009 - $26,367). The decrease in current assets was primarily driven by the use of cash to pay for costs associated with the management restructuring planned in 2009 and executed in 2010 and one-time costs related to a consolidation of the Company's sales force and certain other positions, and to fund operating activities.

Cash and cash equivalents
At June 30, 2010, the Company had cash and cash equivalents of $4,937 compared with $7,212 at December 31, 2009.

The Company generated net cash of $154 in the quarter ended June 30, 2010 (June 30, 2009 - used $2,113). Cash movements in the quarter were attributable to the following: the Company used cash of $540 to fund its operating activities. Additionally, net $1,138 of cash was used as accounts payable and accrued liabilities were paid and deposits were paid for inventory parts, deferred revenue decreased , inventory on hand was sold and accounts receivable were collected. The Company also used cash of $25 to repay capital lease obligations and $114 to purchase capital and intangible assets, while it generated cash of $1,465 by drawing down against its line of credit and generated cash of $500 from a non-brokered private placement of shares to certain members of senior management and the Company's Board of Directors.

In the six months ended June 30, 2010, the Company used cash of $1,843 to fund its operating activities. Additionally, net cash of $2,211 was used as deferred revenues increased; deposits were paid for inventory parts; $662 was used to pay for costs associated with the management restructuring planned in 2009 and executed in 2010 and accounts payable and accrued liabilities were paid, while inventory was sold and outstanding accounts receivable were collected. The Company also used cash of $50 to repay capital lease obligations and $142 to purchase capital and intangible assets, while it generated cash of $1,465 by drawing down against its line of credit and generated cash of $500 from a non-brokered private placement of shares to certain members of senior management and the Company's Board of Directors. As a result, the Company used cash of $2,275 in the six months ended June 30, 2010 (June 30, 2009 - generated $1,679).

Accounts receivable
At June 30, 2010 the Company had accounts receivable of $9,063 (December 31, 2009 - $9,260). Of which $4,483 was past due. Of these past due amounts $3,178 or 29%, has been collected as of August 3, 2010.

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.

Inventory
Inventory decreased from $9,362 at December 31, 2009 to $8,610 at June 30, 2010 as the Company delivered inventory previously in stock. The Company continues to purchase inventory to meet certain specific short term customer needs, has made deposits for inventory parts of $607 and as a result of supplier lead times expects to maintain inventory equivalent to six months of hardware sales.

Accounts payable and accrued liabilities
The Company's accounts payable and accrued liabilities at June 30, 2010 totalled $6,749 (December 31, 2009 - $7,384) decreasing 9% from December 31, 2009.

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

COMMITMENTS

	Accounts payable and accrued liabilities	Capital lease	Rent	Total
2010	6,749	52	761	7,562
2011	-	108	939	1,047
2012	-	114	914	1,028
2013	-	114	840	954
2014 through 2018	-	4	3,324	3,328
Total	**$ 6,749**	**$ 392**	**$ 6,778**	**$ 13,919**

The Company has no commitments outside the normal course not described above.

TRANSACTIONS WITH RELATED PARTIES

On April 1, 2010, the Company closed a non-brokered private placement to certain members of senior management and the Company's Board of Directors (the "Private Placement"). Pursuant to the Private Placement, the Company issued 833,329 common shares at the then market price of $0.60 per common share to certain members of senior management and the Company's Board of Directors for gross proceeds of $500. The purpose of this Private Placement was to allow the new management and Board of Directors to express their confidence in the Company to investors, and to provide a mechanism for the new CEO and certain directors to achieve share ownership that meets the Company's newly adopted compliance policies regarding ownership positions held by directors and officers. For additional information regarding the Private Placement, please see the Material Change Report dated April 1, 2010 available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are defined as estimates and assumptions required to be made by management, 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. The underlying assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances, and are subject to change as new events occur, as more industry experience is acquired, as additional information is obtained and as the Company's operating environment changes. Critical accounting estimates are reviewed annually by the Audit Committee of the Board of Directors. Significant areas where management's judgment is applied are: purchase price allocations in business combinations, valuation of intangible assets, assessment of asset impairment, allowances for doubtful accounts, net realizable value of inventory, useful economic life of property and equipment, stock based compensation, contingencies and future income tax valuation reserves.

Purchase price allocation and valuation of intangible assets

Business acquisitions are accounted for by the purchase method of accounting. Under this method, the purchase price is allocated to the assets acquired and the liabilities assumed based on the fair value at the time of the acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired is goodwill. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of technology and customer relationships acquired, generally require the most judgment and include estimates related to remaining useful life, speed of innovation, competitive pressures and evolving new technologies. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Future net earnings can be affected as a result of changes in future depreciation and amortization, asset impairment or goodwill impairment.

Asset impairment

Property, equipment and intangible assets are assessed for potential impairment as economic events dictate. Impairment is assessed by comparing the estimated net undiscounted future cash flows with the carrying value of the asset. The cash flows used in the impairment assessment require management to make assumptions and estimates about the saleability of assets, commodity and component prices, foreign exchange fluctuations and operating costs. Changes in any of the assumptions, such as a downward revision of sales estimates or an increase in operating costs, could result in an impairment of an asset's carrying value.

Contingencies

The company is involved in litigation and is required to provide surety bonds for performance and materials in the normal course of operations. The determination of contingent liabilities relating to litigation and claims is a complex process that involves judgments as to the outcomes and interpretation of laws and regulations. Changes in the judgments or interpretations may result in an increase or decrease in the Company's contingent liabilities in the future.

Income taxes

The Company follows the liability method of accounting for income taxes, whereby future income taxes are recognized based on the differences between the carrying amounts of assets and liabilities reported in the financial statements and their respective tax bases. The determination of the income tax provision is an inherently complex process, requiring management to interpret continually changing regulations and to make certain judgments. While income tax filings are subject to audits and reassessments, management believes adequate provision has been made for all income tax obligations. However, changes in the interpretations or judgments may result in an increase or decrease in the company's income tax provision in the future.

Actual results could differ materially from these estimates.

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 January 1, 2010. The Company will adopt the requirements commencing in the financial year ending December 31, 2010. These new standards are described below.

Business Combinations, consolidated financial statements and non-controlling interests

CICA 1582, 1601 and 1602 provide the Canadian equivalent to IFRS 3, Business Combinations (January 2008) and IAS 27, Consolidated and Separate Financial Statements (January 2008). CICA 1582 replaces CICA 1581 and establishes a new section for accounting for a non-controlling interest in a subsidiary. CICA

1582 is effective for the Company for business combinations for which the acquisition date is on or after January 1, 2011. CICA 1601 and 1602 apply to the Company's interim and annual consolidated financial statements beginning January 1, 2011.

Multiple deliverable revenue arrangements

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to provide updated guidance on whether multiple deliverables exist, and how these should be accounted for. The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption. The Company does not expect this new Abstract to have a material effect on its consolidated financial statements.

OTHER DISCLOSURES

Convergence with International Financial Reporting Standards

In January 2006, Canada's Accounting Standards Board ("AcSB") ratified a strategic plan calling for the evolution and convergence of Canadian GAAP with IFRS, after a specified transition period, by publically accountable enterprises in Canada. In February 2008, the AcSB confirmed January 1, 2011 as the date IFRS will replace current Canadian GAAP standards and interpretations for entities like the Company. As a result, the Company will be required to prepare its consolidated financial statements in accordance with IFRS for interim and annual financial statements beginning January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended December 31, 2010.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences related to recognition, measurement and disclosures. The Company commenced its IFRS conversion project in early 2008. This process has involved the establishment of a working group within the finance function to manage the IFRS transition process, the allocation of internal resources, the engagement of the audit committee and the Company's auditors, assessing the impact of the conversion on the consolidated financial statements and disclosure, considering the impact of conversion on the Company's information technology systems and internal controls over financial information and has involved the Company's staff, Board of Directors and auditors. The project has consisted of four phases: awareness raising; assessment; design; and implementation. With the assistance of the Company's auditors, the Company has completed the awareness-raising phase, and high level diagnostic and disclosure reviews including those necessary to incorporate GIS. The Company has identified the most significant differences between Canadian GAAP and IFRS which are applicable to its situation as being: stock based payments, property and equipment, reporting currency and certain additional disclosure requirements under IFRS. Additional differences might be identified in the future as changes to IFRS standards are released and new business activities necessitate new accounting policies during the transition period. The Company has also completed the assessment, design and implementation of processes, procedures and systems as these relate to reporting currency and property and equipment.

The Company continues to be involved in the design phase of its transition plan for the identified differences between Canadian GAAP and IFRS which have not yet been completed. This phase involves issue-specific work teams generating options and making recommendations in identified areas and developing draft systems controls, processes and methods to allow the Company to meet its implementation targets. The Company continues to ensure key staff members attend IFRS update and training sessions as required.

The Company believes that it will be prepared to adopt IFRS and to meet the requisite disclosure requirements in a timely manner.

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 of minimizing the adverse effects that changes in these variables could have on the Company's consolidated financial statements.

a) Fair Value of Financial Instruments:

The fair value of the Company's financial instruments approximates their carrying amount due to their short term nature.

b) Credit risk:

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Although the global economic recovery has entered a more mature phase, recent events in Europe have impacted the global economic environment and recovery continues to progress at slower, varying rates within different economies. These events are not directly related to the Company or the industry in which it operates, however, there may be an impact on the Company over the course of time. It is possible that reduced or variable economic activity may adversely affect the Company's operating results and financial condition through increased credit risk associated with the Company's financial instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, capital lease obligations 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 Canadian banks are members of the Canadian Deposit Insurance Corporation. The Canadian Deposit Insurance Corporation provides insurance coverage up to a maximum of $100 on chequing and savings accounts with these banks. The Company's US banks are covered by the United States Federal Deposit Insurance Corporation, which provides insurance coverage up to a maximum of $250 for each depositor with these banks. Of the amounts held on deposit with financial institutions, $200 is covered by the Canadian Deposit Insurance Corporation and $530 is covered by the United States Federal Deposit Insurance Corporation, meaning that in the event that the financial institutions with which the deposits are held cease trading, $6,162 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. The Company minimizes its credit risk associated with its accounts receivable by performing credit evaluations on customers, maintaining regular and ongoing contact with customers, routinely reviewing the status of individual accounts receivable balances and following up on overdue amounts. 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. 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 risk. 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 of the accounts. During the period ended June 30, 2010, no 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

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

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.

c) Financial assets past due:

The following table provides information regarding the aging of financial assets that are past due but which are not impaired:

Financial assets
As at June 30, 2010
Net of provision for doubtful debts

	Neither past due nor impaired	Past due 31 - 60 days	Past due 61 - 90 days	Past due 91 days +	Carrying Value on the balance sheet
Trade Accounts Receivable	4,137	1,155	1,009	2,320	8,621
Other Accounts Receivable	442	N/A	N/A	N/A	442
Total	**4,579**	**1,155**	**1,009**	**2,320**	**9,063**

Doubtful debts provision continuity

	Jun 2010	Dec 2009
Opening doubtful debts provision	2,674	636
Bad debts written off	(512)	69
Increase/(decrease) in provision	(862)	1,969
Closing balance	**1,300**	**2,674**

As at June 30, 2010, $4,483, net of a provision for doubtful accounts of $1,300, of the Company's accounts receivable balance of $9,063 was past due. The definition of items that are past due is determined by reference to terms agreed with individual customers, net of any provisions for losses. Amounts past due in excess of 90 days are attributable to government contracts subject to payment delays inherent in government payment review processes. None of the amounts outstanding, net of provisions for doubtful accounts, have been challenged by customers and the Company continues to provide services and products to them. Of the overdue balances at June 30, 2010, $3,178 or 29% of the net amount overdue had been collected as of August 3, 2010. Consequently, management has no reason to believe that the remaining outstanding balance is not fully collectible.

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. Ongoing contact is made with customers and once items are identified as being past due, further contact is made with the respective debtor to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall 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 credit facilities to bridge timing differences between cash outflows and cash inflows.

The Company has a revolving demand credit facility with a Canadian Chartered Bank of up to $3 million which can be drawn as direct advances or letters of guarantee, subject to margin criteria, bearing interest at the lender's prime lending rate plus 1.50%. The credit facility is collateralized by a general charge on the assets of the Company. At June 30, 2010 the Company carried a $ 1,465 balance on this facility and letters of guarantee of $596.

The Company also has a lease credit facility with a Canadian Chartered bank for $500. At June 30, 2010, the Company carried a $392 balance on this facility.

At June 30, 2010, the Company's trade accounts payable and accrued liabilities were $6,749, 6% of which will become due for payment within the normal terms of trade, generally between 30 and 60 days.

Historically, the Company has relied on growth in hardware sales and a growing customer base generating recurring revenue to fund operating activity, its credit facilities to bridge the timing differences between cash outflows and inflows and several rounds of financing through public equity markets to fund specific growth initiatives. Recent developments in global credit markets have significantly reduced the ability of companies to obtain debt financing or raise capital through public markets and while management does not plan on raising any additional funds externally, should circumstances change, the Company's ability to access such capital may be impaired. The Company does not at this time anticipate the need to raise external sources of capital.

e) 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.

f) Interest rate risk

The Company is exposed to interest rate risk by virtue of holding cash and cash equivalents, bank indebtedness and capital lease obligations.

The Company's objective in managing its cash and cash equivalents is to provide sufficient funds to meet day-to-day requirements, drawing on its lines 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 cash and cash equivalents on short-term deposit, the Company's policy is to deal only with high quality commercial banks and ensures that access to the funds can be obtained on short-notice.

Accrued interest payable on the credit facilities at June 30, 2010 was nil (June 30, 2009 – $5). Total interest expense for the six months ended June 30, 2010 was $12 (June 30, 2009 - $15).

The Company's estimates of the impact of a 2% change in interest rates on its debt affected by variable interest rates, is +/- $15.

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

g) Foreign currency risk

The Company's financial results are reported in Canadian dollars. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to the USD, as a majority of the Company's revenues are earned in USD. During the quarter ended June 30, 2010, 56% of the Company's revenue was in USD and 10% was in GBP (June 30, 2009 - 73% and 13%). In the six months ended June 30, 2010, 57% of the Company's revenues was in USD and 12% was in GBP (June 30, 2009 – 70% and 12%). The Company periodically estimates its obligations payable in these foreign currencies and converts excess foreign funds into Canadian currency to mitigate the risks associated with changes in foreign currency rates. The Company does not currently have any derivative instruments. At June 30, 2010, the Company held net current monetary assets in USD and GBP equal to $6,137 and $1,229, respectively (December 31, 2009 - $5,630 USD and $909 GBP).

The Company's estimates of the impact of a 10% change in exchange rates on its revenues and net current monetary assets, is presented below:

	Sensitivity analysis As at June 30, 2010			
Effect of a +/- 10% change in the foreign currency exchange rate	**USD**	**GBP**	**BBR**	**Total**
Net monetary assets +/-	$614	$123	($4)	$733

The financial position of the Company may vary at the time that a change in exchange rates occurs, causing the impact of the Company's results to differ from those shown above.

Capital management

The Company considers its share capital and contributed surplus as capital, the total book value of which was $99,680 at June 30, 2010.

The Company manages its capital structure in order to provide sufficient resources 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 growth of its business and related infrastructure and the upfront cost of taking on new clients.

The Company's officers and senior management are responsible 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.

The Company manages its capital through the issuance of new share capital to the public.

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures

The Company's management is responsible for designing disclosure controls and procedures to provide reasonable assurance that: (a) material information relating to the Company is made known to management so as to allow for timely decisions to be made regarding disclosure, and (b) information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. The scope of management's design of disclosure controls and procedures has been limited to exclude the design of controls, policies and procedures in place at Grey Island Systems International ("GIS"), which were in place prior to the acquisition of GIS by the Company. It was not reasonably practicable for management to fully design all such controls, policies and procedures for implementation at GIS prior to June 30, 2010. This scope limitation is in accordance with section 3.1 (b) of NI 52-109, which allows an issuer to limit its design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of its most recent financial period. See "Summary financial information for GIS" for additional information regarding GIS.

The Chief Executive Officer ("CEO") and Vice President, Finance ("VP Finance") of the Company have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures as at June 30, 2010, with the exception of the disclosure controls and procedures in place at GIS. Based on this evaluation, the CEO, (formerly the Company's Chief Financial Officer), and VP Finance of the Company have concluded that the Company's disclosure controls and procedures in place as at June 30, 2010, with the exception of disclosure controls and procedures in place at GIS, are effective to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and that such information is accumulated and communicated to the Company's management, including the CEO and VP Finance, as appropriate to allow for timely decisions regarding required disclosure. As of June 30, 2010, it was not reasonably practical to complete a full assessment of the disclosure controls in place at the Company's newly acquired subsidiary, GIS, before the financial statements were required to be issued, nor was management able to fully assess the effectiveness of disclosure controls at GIS, as such controls, policies and procedures had not been fully designed by management of the Company.

Management has committed to take the steps necessary to design and assess the disclosure controls and procedures of GIS within 365 days of October 26, 2009, being the date of acquisition of GIS, in accordance with regulatory requirements.

Internal control over financial reporting

Management is responsible for designing, establishing and maintaining an adequate system of internal control over financial reporting. The Company's internal control system was designed based on the Risk Management and Governance: Guidance on Control (COCO Framework), published by the Canadian Institute of Chartered Accountants, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. The scope of management's design of internal control over financial reporting has been limited to exclude the design of controls, policies and procedures in place at GIS, which were in place prior to the acquisition of GIS by the Company. It was not reasonably practicable for management to fully design such controls, policies and procedures for implementation at GIS prior to June 30, 2010. This scope limitation is in accordance with section 3.1 (b) of NI 52-109, which allows an issuer to limit its design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of its most recent financial period. See "Summary financial information for GIS" for additional information regarding GIS.

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

The CEO and VP Finance of the Company have also evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as at June 30, 2010, with the exception of internal controls over financial reporting in place at GIS, based on a framework recommended by the CICA. Based on this evaluation, the CEO and VP Finance have concluded that as at June 30, 2010, with the exception of internal controls in place in GIS, the Company's internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. As of June 30, 2010, it was not reasonably practical to complete a full assessment of the internal controls over financial reporting in place at the Company's newly acquired subsidiary, GIS, before the financial statements were required to be issued, nor was management able to assess the effectiveness of internal controls over financial reporting at GIS, as such controls, policies and procedures had not been designed by management of the Company.

Management has committed to take the steps necessary to design and assess the system of internal controls over financial reporting of GIS within 365 days of the acquisition of GIS, in accordance with regulatory requirements.

There were no changes in the Company's internal control over financial reporting during the period ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Summary financial information for GIS

As we have limited the scope of design of our internal controls over financial reporting and disclosure controls and procedures to exclude GIS, which was acquired on October 26, 2009, we have set out certain financial information with respect to GIS to indicate the impact of the acquisition of GIS on the consolidated financial statements of the Company.

Summary financial information regarding GIS for the quarter and six months ended June 30, 2010, is outlined in the table below:

	For the three months ended	For the six months ended
Statement of operations	**June 30, 2010**	**June 30, 2010**
Revenue	4,787	9,613
Gross profit	2,377	4,645
Gross margin %	49.66%	48.32%
Expenses	2,640	4,951
Other items	4	(123)
Net loss	(259)	(429)

Financial position	**at June 30, 2010**
Current assets	8,136
Total assets	16,932
Current liabilities	5,711
Long term liabilities	539

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 achieve 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.
- 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, Canadian dollars and UK pounds and between Canadian dollars and Brazilian reais 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 five foreign subsidiaries, one is incorporated and operating in the United Kingdom, one is incorporated and operating in Brazil and three are incorporated and operating in the US. 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.
- 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’s recently completed acquisition of Grey Island Systems International Inc. brings with it risks related to the successful amalgamation of the two companies, including systems risk, sales channel conflict, customer risk and the risk that hoped for operational efficiencies and manufacturing savings may not materialize.

OUTSTANDING SHARE DATA

As at August 4, 2010, the Company had 90,424,265 common shares outstanding. The Company has 7,397,768 share purchase options outstanding entitling the holders to purchase one common share for each option held at prices from $0.59 to $1.65 per share expiring on various dates up to June 23, 2015.

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