CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine months ended September 30, 2009 and the Three and Nine months ended October 31, 2008

WEBTECH WIRELESS INC.
CONSOLIDATED BALANCE SHEET
(Amounts in thousands of USD)
(Unaudited)

	30-Sep-09	31-Dec-08
ASSETS		
Current		
Cash and cash equivalents	$ 4,853	$ 3,176
Accounts receivable, net of allowance	6,282	6,344
Inventory, net of allowance	7,714	7,046
Prepaid expenses and deposits	601	369
	19,450	16,935
Property and equipment (Note 7)	1,335	1,326
Long term investments (Note 8)	-	2,450
Deferred Charges	197	-
	$ 20,982	$ 20,711
LIABILITIES		
Current		
Bank indebtedness	$ -	$ 817
Accounts payable and accrued liabilities	1,820	1,626
Current portion of deferred revenue	410	559
	2,230	3,002
Long term		
Deferred lease inducement	742	524
Deferred revenue	230	224
	972	748
	3,202	3,750
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	57,010	56,819
Contributed Surplus (Note 10)	3,947	3,675
Retained Deficit	(39,171)	(37,105)
Accumulated Other Comprehensive Income	(4,006)	(6,428)
Total Shareholders' Equity	17,780	16,961
	$ 20,982	$ 20,711

Commitments *(Note 12)*

APPROVED BY THE DIRECTORS:

"Signed"
Anwar Sukkarie

"Signed"
Peter W. Roberts

WEBTECH WIRELESS INC.

CONSOLIDATED STATEMENT OF OPERATIONS

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

(Unaudited)

	3 months ended		9 months ended	
	30-Sep-09	*31-Oct-08*	*30-Sep-09*	*31-Oct-08*
Revenue	$ 4,525	$ 7,133	$ 16,091	$ 17,947
Cost of goods sold	1,855	3,646	6,556	9,288
Gross profit	2,670	3,487	9,535	8,659
Gross margin	59.00%	48.89%	59.26%	48.25%
Expenses				
Sales and marketing	1,447	2,123	4,806	6,109
Research and development	1,152	1,145	3,222	3,318
General and administrative	1,037	997	2,372	3,508
Amortization	148	120	400	366
	3,784	4,385	10,800	13,301
Loss before other items	(1,114)	(898)	(1,265)	(4,642)
Other items				
Interest and other income	13	25	78	157
Foreign exchange gain/(loss) on operations	(649)	937	(782)	1,050
Loss in the fair value of long term investments (Note 8)	-	-	-	(827)
Gain on restructuring of long term investments (Note 8)	-	-	166	-
Loss on sale of long term investments (Note 8)	(263)	-	(263)	-
Net profit/(loss)	$ (2,013)	$ 64	$ (2,066)	$ (4,262)
Other comprehensive profit/(loss):				
Foreign exchange gain/(loss) due to translation into USD reporting currency	1,490	(3,702)	2,422	(4,941)
Total comprehensive profit/(loss) for the period	$ (523)	$ (3,638)	$ 356	$ (9,203)
Basic and fully diluted earnings gain/(loss) per share	$ (0.03)	$ -	$ (0.04)	$ (0.07)
Weighted average shares outstanding during the year	58,193,788	57,885,269	58,125,539	57,856,820

WEBTECH WIRELESS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in thousands of USD)
(Unaudited)

	3 months ended		*9 months ended*	
	30-Sep-09	*31-Oct-08*	*30-Sep-09*	*31-Oct-08*
Operating Activities				
Net gain/(loss) for the period	$ (2,013)	$ 64	$ (2,066)	$ (4,262)
Add items not affecting cash:				
Amortization	148	120	397	366
Stock based compensation	83	325	408	855
Amortization of leasehold inducement	(26)	(14)	(77)	(55)
FX adjustment on accounts receivable	259	(918)	194	(976)
FX adjustment on accounts payable	(17)	3	(4)	118
Loss in the fair value of long term investments	-	-	-	801
Loss on sale of long term investments	263	-	247	-
	(1,303)	(420)	(901)	(3,153)
Changes in non-cash working capital items related to operations:				
Accounts receivable	754	(3,212)	690	(2,941)
Inventory	(138)	36	306	(1,558)
Prepaid expense and deposits	74	367	(164)	131
Accounts payable and accrued liabilities	(197)	941	(29)	(138)
Deferred Revenue	(206)	77	(232)	85
Deferred lease inducement	-	45	209	503
	(1,016)	(2,166)	(121)	(7,071)
Financing Activities				
Common shares issued, net of costs	38	32	65	111
Share repurchased	-	-	-	(647)
Repayment of bank line of credit	-	-	(855)	-
Repayment of borrowing against long term investments	(1,558)	-	(1,462)	-
Borrowing - against long term investments	-	-	1,462	-
	(1,520)	32	(790)	(536)
Investing Activities				
Purchase of capital assets	(75)	(55)	(232)	(411)
Increase in long term investment	-	-	-	-
Proceeds from sale of long term investments	2,470	-	2,316	-
Deferred Charges - GIS acquisition	(192)	-	(180)	-
	2,203	(55)	1,904	(411)
Effect of changes in FX rates on cash and cash equivalents	396	(897)	684	(1,003)
Net increase (decrease) in cash during the period	63	(3,086)	1,677	(9,021)
Cash and cash equivalents, beginning of period	4,790	7,064	3,176	12,999
Cash and cash equivalents, end of period	$ 4,853	$ 3,978	$ 4,853	$ 3,978
Cash and cash equivalents consist of:				
Cash	$ 4,853	$ 3,978	$ 4,853	$ 3,978
Supplemental cash flow information				
Interest paid	$ 2	$ 1	$ 17	$ 2
Income taxes paid	-	-	-	-
Noncash Transactions				
Transfer of property under development to property and equipment	$ -	$ 78	$ -	$ -

Note 1 Nature of Operations

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

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 September 30, 2009 and the unaudited interim statements of operations, comprehensive loss and deficit and cash flows for the three and nine months ended September 30, 2009 and October 31, 2008, 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 five-month period ended December 31, 2008 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 nine months ended September 30, 2009 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 five-month period ended December 31, 2008.

Note 3 Change in year-end

The Company changed its year end from July 31 to December 31 for the period ended December 31, 2008. Accordingly, these consolidated financial statements include three and nine months of operations activity to September 30, 2009 and have been compared to the three and nine months ended October 31, 2008.

Note 4 Change in reporting currency

The Company changed its reporting currency from Canadian dollars to US dollars in the quarter ended September 30, 2009. The change was made because an increasing percentage of sales and operations are denominated in US dollars and with the acquisition of Grey Island Systems International Inc. in the fourth quarter, this is expected to increase. (Note 14)

Note 5 New Accounting Policies

Deferred charges

Professional, consulting and regulatory fees as well as other costs that are directly attributable to a proposed business combination are deferred until such time as the combinations are completed. Costs relating to completed business combinations are included in the purchase price and allocated on closing. Costs relating to business combinations that are not completed are charged to operations.

Note 6 Recent Accounting Pronouncements

Sections 3064 and 1000 – Goodwill and Intangible Assets

CICA 3064 replaces CICA 3062 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International

(Expressed in thousands of US dollars except per share amounts and stock option prices)

Accounting Standard (IAS) 38, Intangible Assets. CICA 3450 is replaced by guidance in CICA 3064. Emerging Issues Committee (EIC) 27 is no longer applicable for entities that have adopted CICA 3064. Accounting Guideline (AcG) 11 is amended to delete references to deferred costs and to provide guidance on development costs as intangible assets under CICA 3064. CICA 1000 is amended to clarify criteria for recognition of an asset. These sections became effective for the Company's interim and annual consolidated financial statements, beginning January 1, 2009. The new standard did not have a material effect on these financial statements.

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.

Note 7 Property and Equipment

	30-Sep-09			Dec-31-08		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	$ 1,710	$ 1,406	$ 304	$ 1,445	$ 1,013	$ 432
Computer software	752	736	16	642	615	27
Furniture and fixtures	387	230	157	306	162	144
Leasehold improvements	965	169	796	732	67	665
Office and other equipment	229	167	62	183	125	58
	$ 4,043	**$ 2,708**	**$ 1,335**	**$ 3,308**	**$ 1,982**	**$ 1,326**

Note 8 Long-term Investments

During the third quarter ended September 30, 2009 the Company sold its long term asset backed notes issued by Master Asset Vehicle II ("MAV2") for $2.5 million, recognizing a loss on sale of $263 after the recognition of accrued interest. The MAV2 Notes had an original face value of $5.9 million and had been revalued to $2.5 million at December 31, 2008, using a methodology that estimated the characteristics of the MAV2 Notes using a variety of quantitative and qualitative market inputs to estimate the price a prospective investor would pay for those notes using a discounted cash flow calculation.

(Expressed in thousands of US dollars except per share amounts and stock option prices)

Note 9 Share Capital

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

	Number of Shares	(000's)
Balance July 31, 2008	**57,875,118**	**$ 56,758**
Issued for cash:		
On exercise of Stock Options	87,067	44
Transfer from contributed surplus on exercise of stock options	-	19
Less: Share issue costs	-	(2)
Balance December 31, 2008	**57,962,185**	**$ 56,819**
Issued for cash:		
On exercise of Stock Options for cash	130,830	66
On exercise of Stock Options issued on cashless exercise (1)	164,557	-
Transfer from contributed surplus on exercise of stock options	-	125
Balance September 30, 2009	**58,257,572**	**$ 57,010**

(1) During the period ended September 30, 2009, the Company issued 164,557 shares in exchange for 546,334 stock options in a cashless exercise transaction.

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 may 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 September 30, 2009 the Company was authorized to grant 5,793,918 share purchase options, of which it had issued 3,730,177 share purchase options, leaving 2,063,741 share purchase options available for issue.

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.

(Expressed in thousands of US dollars except per share amounts and stock option prices)

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 in Canadian dollars
Options outstanding July 31, 2008	**3,706,860**	**$ 2.37**
Granted	241,500	$ 1.34
Cancelled or forfeited	(2,369,424)	$ 3.30
Exercised	(87,067)	$ 0.56
Options outstanding December 31, 2008	**1,491,869**	**$ 0.86**
Granted	0	$ -
Forfeited	(1,500)	$ 1.32
Cashless exercise (1)	(546,334)	$ 0.58
Exercised	(124,500)	$ 0.56
Options outstanding September 30, 2009	**819,535**	**$ 1.09**

(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 in Canadian dollars
Options outstanding December 8, 2008	0	$ -
Granted	213,000	$ 1.06
Options outstanding December 31, 2008	**213,000**	**$ 1.06**
Granted	3,517,177	$ 0.97
Forfeited	(9,450)	$ 0.75
Exercised	(6,330)	$ 0.75
Options outstanding September 30, 2009	**3,714,397**	**$ 0.98**

(Expressed in thousands of US dollars except 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-Sep-09	31-Dec-08
Risk free rate	1.91%	1.61%
Dividend yield	0%	0%
Expected volatility	81%	80%
Weighted average expected option life	3 years	3 years
Weighted average fair value of options granted	$ 0.51	$ 0.55

During the three and nine months ended September 30, 2009, the Company recorded stock compensation expense of $82 and $398 (October 31, 2008 - $325 and $852) respectively, which is included in the operating expenses of the related department on the statement of operations.

As at September 30, 2009, the Company had 4,533,932 share purchase options outstanding entitling the holders to purchase one common share for each option held as follows:

Awards Outstanding By Range							
Exercise Price in Canadian dollars		Outstanding Awards			Exercisable Awards		
Low	High	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price in Canadian dollars	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price in Canadian dollars
$0.47	$0.71	75,000	0.31	$0.64	75,000	0.31	$0.64
$0.72	$0.75	1,972,027	4.46	$0.75	596,174	4.46	$0.75
$0.76	$1.10	479,033	2.00	$0.96	434,033	1.76	$0.96
$1.11	$1.19	120,000	4.25	$1.15	54,000	4.25	$1.15
$1.20	$1.50	1,866,872	4.66	$1.27	121,502	1.95	$1.35
$1.51	$1.65	21,000	4.73	$1.65	0	0.00	$0.00
$0.47	**$1.65**	**4,533,932**	**4.21**	**$1.00**	**1,280,709**	**3.06**	**$0.89**

Note 10 Contributed Surplus

Balance July 31, 2008	**$ 1,735**
Stock options Awarded	1,959
Stock options exercised	(19)
Balance December 31, 2008	**$ 3,675**
Stock options Awarded	397
Stock options exercised	(125)
Balance September 30, 2009	**$ 3,947**

Note 11 Segmented Information

The Company operates in a single business segment - telematics, and has sales in Canada, the United States, Europe, Mexico, the Middle East and Latin America, and in other areas of the world. Revenues can be split into two categories: non-recurring hardware and software sales and recurring service revenues. As at September 30, 2009, 98% (October 31, 2008 – 98%) of the Company's property and equipment were located in Canada and 2% (October 31, 2008 – 2%) were located in Europe and the United States where they are held by the Company's wholly owned subsidiaries.

(Expressed in thousands of US dollars except per share amounts and stock option prices)

Revenue by geographic segment is as follows:

	For the three months ended September 30, 2009	October 31, 2008	For the nine months ended September 30, 2009	October 31, 2008
United States	1,803	4,472	7,679	7,835
Canada	1,100	970	3,141	3,410
Europe	992	779	2,430	2,919
Mexico, Brazil & Latin America	316	607	1,906	2,526
Middle East & Asia	314	305	935	1,257
	$ 4,525	$ 7,133	$ 16,091	$ 17,947

Revenue by category is as follows:

	For the three months ended September 30, 2009	October 31, 2008	For the nine months ended September 30, 2009	October 31, 2008
Non-Recurring Hardware and Software Revenue	2,315	5,342	9,983	12,867
Recurring Service Revenue	2,210	1,791	6,108	5,080
	$ 4,525	$ 7,133	$ 16,091	$ 17,947

Note 12 Commitments

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

2009	$ 141
2010	536
2011	475
2012	487
2013 through 2017	1,739
Total	**$ 3,378**

Note 13 Litigation

In May 2007 the Company was served with notice of a lawsuit filed by Lunar Eye Inc. ("Lunar Eye") in the Eastern District of Texas, alleging patent infringement by the Company and the matter is now scheduled for trial in April 2010. The Company believes the lawsuit 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 August 2009 the Company was served notice of a lawsuit filed by HTI Inc./Networkcar ("HTI") in the Eastern District of Texas, alleging patent infringement by the Company. The Company believes this suit to be without merit and is unable to estimate at this time when this matter might come to trial. 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.

Note 14 Significant Transactions

On August 7, 2009 the Company announced a definitive agreement to acquire all of the issued and outstanding common shares of Grey Island Systems International Inc ("GISI"). On October 15, 2009 the shareholders of GISI approved the plan of arrangement under which each GISI share was to be exchanged for 0.35 common shares of the Company. The transaction closed on October 26, 2009 with the Company issuing a total of 31,333,364 common shares from treasury.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2009 and October 31, 2008

This document is dated November 12, 2009.

(Dollar amounts in 000's of USD)

GENERAL

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

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

The financial data contained in this report and in the Interim Consolidated Financial Statements of the Company for the period ended September 30, 2009 have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") in Canada and are stated in Canadian Dollars.

This interim report has been prepared in accordance with the requirements for interim Management Discussion and Analysis ("MD&A"). Certain information that has not substantially changed from information disclosed in the management discussion and analysis for the five months ended December 31, 2008, dated March 9, 2009 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 nine months ended September 30, 2009,(ii) management discussion and analysis for the five month Transition Period ended December 31, 2008 dated March 9, 2009 and (iii) the Company's Annual Information Form ("AIF") for the five month Transition Period ended December 31, 2008. Each of the foregoing is available at www.sedar.com.

OVERVIEW

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

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

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

SIGNIFICANT TRANSACTIONS

On October 26, 2009, the Company completed the acquisition of Grey Island Systems International Inc. ("GIS") a Toronto based telematics and location-based services company, focusing on the government vertical. The transaction was completed through a statutory plan of arrangement whereby each Grey Island common share was exchanged for 0.35 of one of the Company's common shares and the Company issued 31,333,364 common shares. Following the close of the transaction, the Company had 89,590,936 million common shares outstanding 35% of which were issued to the former shareholders of GIS.

As the acquisition of GIS was completed after the end of the reporting period for these financial statements, no results from GIS are included in this report.

The transaction is expected to provide a number of benefits for the Company including:

- Creation of a leading global telematics and location-based services provider with strength in the key verticals of insurance, government, service fleet and transportation.
- A diversified global customer base of over 65,000 subscribers and strengthening presence in Canada, US, Mexico, Europe and the Middle East.
- Creation of a significant recurring revenue base which was $4.7 million per quarter when the reported figures for the quarter ended June 30, 2009 of each company are combined.
- Increase in scale and market presence in a multi-billion dollar industry still in an emerging growth phase.

CHANGE IN FISCAL YEAR END

On October 9, 2008 the Company announced that it had changed its financial year end from July 31 to December 31. This change aligns the Company's year-end with the seasonality of its business and will better align the Company's year-end with the majority of public companies in the Company's business sector, thereby allowing investors to better assess the Company's performance in relation to its peers. Accordingly, throughout this MD&A, the results of the quarter ended September 30, 2009 have been compared with the results of the quarter ended October 31, 2008. Management believes these comparisons provide the most meaningful basis for helping readers to compare the Company's results in the first year under the new fiscal year end to prior results. While these comparatives represent amounts reported in accordance with Generally Accepted Accounting Principles they do not provide directly comparable numbers.

CHANGE IN REPORTING CURRENCY

The Company changed its reporting currency from Canadian dollars to US dollars in the quarter ended September 30, 2009. The change was made because an increasing percentage of sales and operations are denominated in US dollars and with the acquisition of Grey Island Systems International Inc. in the fourth quarter, this is expected to increase. The Company is one of the few issuers in its peer group not reporting in US dollars and the change will assist investors and analysts in the US in making comparisons.

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.

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.

There were no changes in the Company's internal control over financial reporting during the period beginning on July 1, 2009 and ending on September 30, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

INDUSTRY AND ECONOMIC FACTORS

Industry

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

The Company's solutions integrate GPS, wireless communication technologies and the Internet to provide fleet operators with real-time information about the location and status of their vehicles.

Products include wireless hardware and software services running on cellular and satellite networks, offering the following:

- Location Based Services: Real-time location data including mapping, landmark reporting, speed reporting and geofencing, which involves defining virtual electronic boundaries to monitor vehicle location and movement.
- Telematics: The ability to 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.
- 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).
- Connectivity: Dispatch, voice/cellular communication, data transmission, text messaging, and enabling peripherals including laptops and personal digital assistants ("PDA's") to gain access to corporate applications.
- Safety and Security: Vehicle recovery, transport of hazardous material, air-bag deployment notification, remote door lock/unlock, and remote vehicle diagnostics.
- Carbon Emissions Management: A program to allow fleet managers to measure, monitor and manage the carbon emissions of their vehicles.

The Company focuses its sales, marketing and channel development efforts on larger opportunities like long-haul trucking companies, state and municipal governments, automotive original equipment manufacturers ("OEM"), insurance companies and wireless carriers. 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.

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 will 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. Telematics Research Group estimated that worldwide sales of telematics-enabled vehicles will reach approximately 43% of all new automobiles sold in 2010.

During the quarter ended September 30, 2009, the Company sold more than 700 WebTech locator units to the Service Fleet of the Canadian subsidiary of a Fortune 200 technology company. The Company also sold 250 model WT5000 Locators™ to one of Europe's leading property and security services companies, through its UK OEM partner, The Chameleon Group ("Chameleon"). Additionally, in the quarter ended September 30, 2009, the Company announced it had confirmed a number of orders from Alberta's oil and gas industry through its partnership with NelTrak and had shipped 500 units to the Ghana unit of Vodafone.

The Company, in partnership with its UK OEM partner Chameleon, launched a new Automatic Vehicle Location (AVL) solution based on the new Motorola® M990 Smart Rider™ in-vehicle phone, at this year's Service Management Expo held in Birmingham, UK.

The Company sells its telematics solutions around the world, in a global market which is predicted to grow approximately 20% plus 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 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 Annual Information Form.

Economic

Although reports of positive economic signs have increased, recovery is expected to be slow, with effects from the global economic downturn extending through the end of 2009 and into 2010. 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. The ongoing effects of the economic downturn could have a negative impact on the Company's planned growth strategy despite the overall growth in the global telematics industry.

Currency

The Company has operations in five countries, has made sales in over 45 countries and operates in four currencies; the US dollar ("USD"), the Canadian dollar ("CAD"), the British Pound ("GBP") and the Brazilian Reais ("BBR"). The Company's reported revenue and net results are affected by fluctuations in the exchange rates of the USD against the CAD, the GBP, and the BBR.

Although the majority of the Company's revenues are in USD, it continues to generate a large percentage of sales in CAD, thus a strengthening of the CAD against the USD adversely impacts the Company's reported revenues and accounts receivable. This adverse effect is somewhat offset by a smaller favorable impact on expenses and accounts payable. The inverse is true when the CAD weakens against the USD.

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

The Company's exposure to movements in the BBR is not material to its reported results.

Uncertainty in global financial markets and the poor outlook for the global economy in 2009 continue to drive volatility in worldwide currency markets. Increasing equity and commodity prices in the quarter ended September 30, 2009 resulted in an appreciation of the CAD against the USD while the GBP weakened 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. 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 the credit facility it had in place through September 29, 2009 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 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 industry is expected to grow, there is a possibility that decreasing investments by customers as a result of the global economic downturn 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. WebTech's key telematics competitors are: Qualcomm Incorporated, Trimble, Hughes Telematics 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. Hughes Telematics offers their products through NetworkCar, an on-board diagnostics and telematics solution, 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. These suppliers and partners may not have the financial or organizational resources to fulfill their obligations. Key suppliers may also increase their pricing. 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 $4,525 for the quarter ended September 30, 2009 (October 31, 2008 – $7,133) representing a decrease of 37% over the prior comparable quarter which included high sales driven by shipments under the Quadrant Enterprise license and hardware supply agreement with the US division of FedEx Express a unit of Federal Express and sales of 3,000 locator units to Global Tracking in California. Revenues declined as a result of a reduction in sales of hardware as several major projects were delayed in reaction to the effects of the global economic downturn.

Revenue for the nine months ended September 30, 2009 of $16,091 (October 31, 2008 - $17,947) decreased by 10% over the prior comparable period, primarily due to reduced hardware sales and the negative impact of a weakening USD on reported non-USD sales.

Segmented Information

As previously stated, the Company has made sales in over 45 countries around the world, with the majority of these sales coming from North America and Europe. While overall revenue declined in the quarter ended September 30, 2009, revenue growth was achieved in Canada, Europe, the Middle East and Asia. Revenue declined in the nine months ended September 30, 2009 in all geographic regions.

(Dollar amounts in 000's of USD)

Revenue by geography:

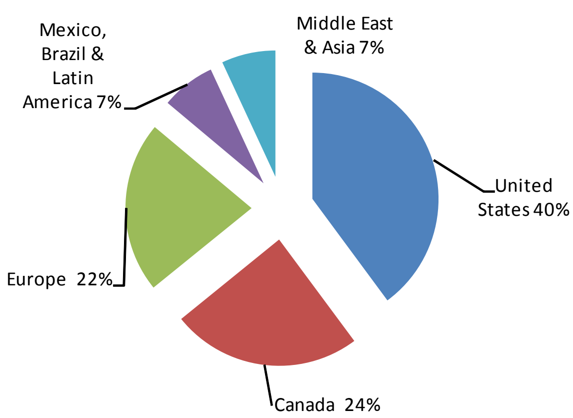
	For the three months ended (unaudited) September 30, 2009	October 31, 2008	Growth	For the nine months ended (unaudited) September 30, 2009	October 31, 2008	Growth
United States	1,803	4,472	-60%	7,679	7,835	-2%
Canada	1,100	970	13%	3,141	3,410	-8%
Europe	992	779	27%	2,430	2,919	-17%
Mexico, Brazil & Latin America	316	607	-48%	1,906	2,526	-25%
Middle East & Asia	314	305	3%	935	1,257	-26%
	$ 4,525	$ 7,133	-37%	$ 16,091	$ 17,947	-10%

Revenues from sales in the United States decreased by 60% over a historical high in the prior comparable period which was driven by shipments under the Quadrant Enterprise license and hardware supply agreement with the US division of FedEx Express. Sales in Canada increased by 13% over the prior comparable quarter primarily due to increased recurring service revenue arising from a larger subscriber base. International sales decreased by a combined 4% over the prior comparable quarter, driven primarily by a delayed project in Mexico and lower hardware sales Brazil and Latin America.

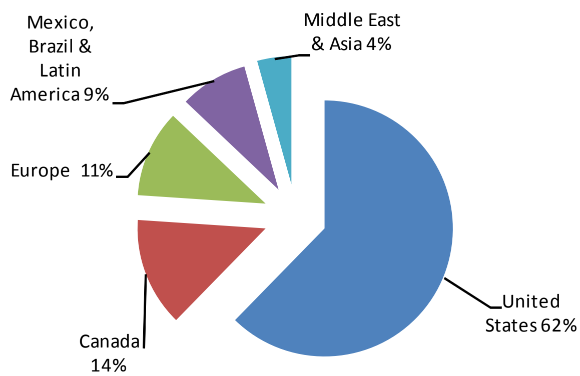
In the nine months ended September 30, 2009 revenues declined in all geographic regions as a result of the delay of certain projects and the general effects of the global economic downturn.

Revenue by geographic segment (% distribution)

Three months ended September 30, 2009

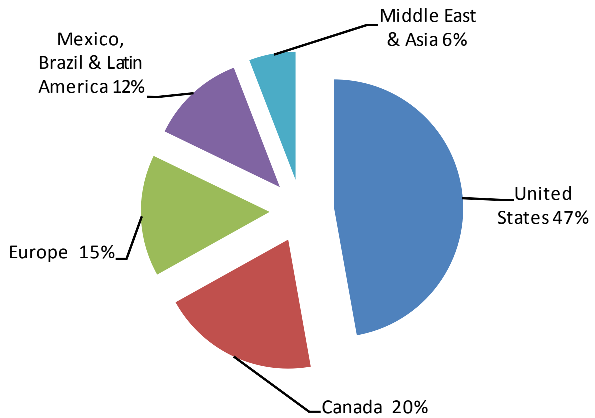


Three months ended October 31, 2008

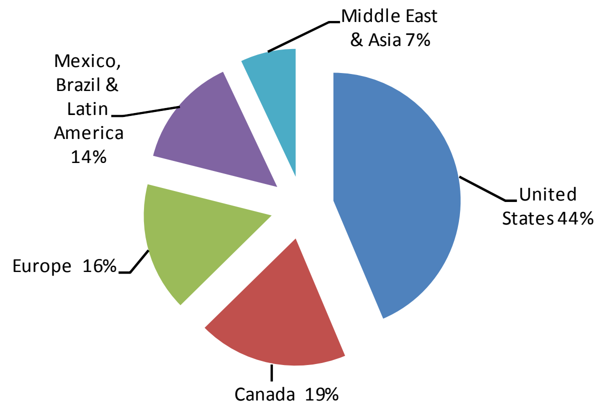


(Dollar amounts in 000's of USD)

Nine months ended September 30, 2009



Nine months ended October 31, 2008



Revenue by category:

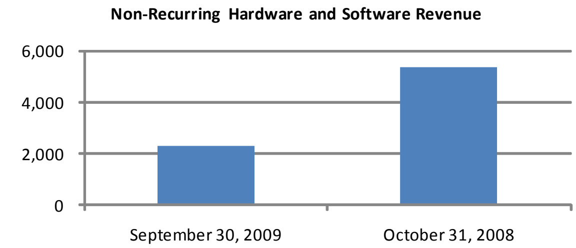
	For the three months ended (unaudited)			For the nine months ended (unaudited)		
	September 30, 2009	**October 31, 2008**	**Growth**	**September 30, 2009**	**October 31, 2008**	**Growth**
Non-Recurring Hardware and Software Revenue	2,315	5,342	-57%	9,983	12,867	-22%
Recurring Service Revenue	2,210	1,791	23%	6,108	5,080	20%
	$ 4,525	$ 7,133	-37%	$ 16,091	$ 17,947	-10%

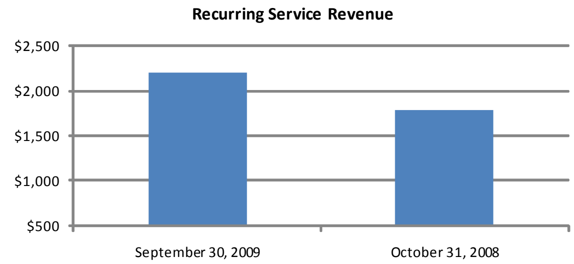
The Company's Hardware and Software License revenue was $2,315 (October 31, 2008 - $5,342), decreasing 57% over the prior comparable quarter from a high figure in the comparable period which was driven by shipments under the Quadrant Enterprise license and hardware supply agreement with the Company's large US courier customer. For the nine month period ending September 30, 2009, the Company's Hardware and Software License revenue was $9,983 (October 31, 2008 - $12,867) decreasing 22% over the prior comparable period. The Company expects hardware revenue to increase in the last quarter of the year, as it delivers according to existing and developing sales contracts.

Subscription revenue earned from monitoring the locators which the Company sells grew by 23% over the comparable quarter and 20% over the comparable nine month period ended September 30, 2009, as a result of a growing subscriber base in all geographic segments generated from increased hardware sales in past quarters. The subscriber base is expected to continue to grow as the Company activates subscription services ordered under existing and developing contracts.

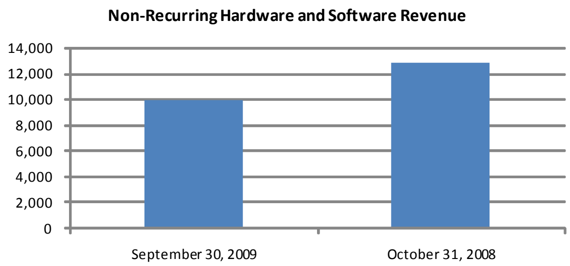
Revenues by category:

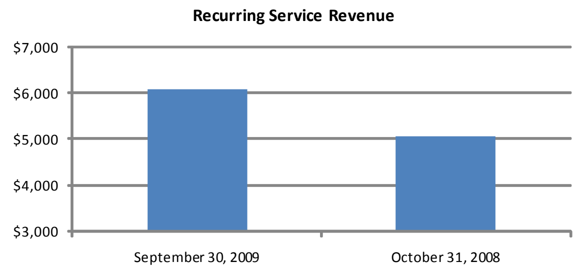
Three months ended September 30, 2009 and October 31, 2008





Nine months ended September 30, 2009 and October 31, 2008





Gross Profit and Gross Profit Margins

Gross profit margin for the period was an unusually high 59% compared with 49% for the comparable quarter, an increase of ten percentage points, driven by a higher proportion of high margin recurring service revenue from a larger recurring service subscription base. Gross profit declined 24% to $2,670 for the quarter from $3,487 in the comparable quarter.

In the nine months ended September 30, 2009 the 10% increase in gross profit to $9,535 from $8,659 in the prior comparable period is attributable to a one-time recognition of very high margin software license revenue in the second quarter, plus a stronger mix of service sales and a larger recurring service subscription base.

Operating Expenses

The Company achieved an overall 14% reduction in operating expenses for the quarter ended September 30, 2009 compared with the quarter ended October 31, 2008 and a 19% reduction for the nine months ended September 30, 2009 compared with the nine months ended October 31, 2009. The reduction in spending is attributable to a reduction in sales and marketing costs, arising from savings generated through attrition and other cost savings measures including reduced spending on consultants and reduced travel.

Marketing and Sales

Marketing and sales expenses decreased by 32% over the prior comparable quarter and by 21% over the comparable nine month period, as a result of reduced spending on travel, less spending on consultants and lower commissions arising from lower sales of hardware than in prior comparable periods. Despite the overall reductions in sales and marketing spending, the Company expects to continue spending on its new strategic marketing initiative through the end of 2009.

Research and Development

Research and development costs for the quarter were in line with those of the prior comparable quarter, and decreased 3% over the prior comparable nine months.

During the quarter and nine months ended September 30, 2009 the Company released new, custom and next generation products including:

- The successful delivery of Quadrant™ Enterprise to a major transportation customer.
- The addition of the MDT2000CE-X mobile data terminal to the MDT2000 series, including enhanced features and functionality to increase productivity and comply with regulatory HOS reporting of driver activity.
- Commencement of volume production of the new WT7000 (version 6.2) locators which include integration of Motorola's new g.24 low cost GSM/GPRS module.
- New software for WT5000, WT6000 and WT7000 locators to support Garmin personal navigation devices including simple messaging functionality. New firmware for the locator product line to provide additional support for in-vehicle diagnostics and enhanced accelerometer functionality to detect aggressive driving. Additional support for all light vehicles with gasoline engines and CAN based diagnostics.
- New peripheral for WT7000 locators expanding digital I/O support.
- Enhanced Voice Command Recognition and Text to Speech for hands free operation in mobile applications, for increased efficiency and return on investment.
- The next version of the Personal Locator, with work shifts, digital forms, additional profiles and enhanced battery management.
- Several major Quadrant™ enhancements including:
    - HOS violation summary reports which summarize HOS violations for selected drivers or driver groups.
    - Installer Test suite enhancements to enable faster and more efficient third party installations.
    - GeoFence Alert reports, showing early return and late departure events based on work shift for fleet management purposes.
    - Vehicle performance reports with CO2 emissions for newer J1979 and J1939 enabled light and heavyweight vehicles.
    - Enhanced driver grouping for more efficient fleet management.
    - California BAR SMOG monitoring and reports, which enable customers to participate in this leading "Green" initiative.
    - Idling report enhancements to improve monitoring of a fleet's idle time and idle time as a percentage of total operating time, and to distinguish between productive and unproductive idling

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

General and Administration

General and administration expenses were 4% higher than the prior comparable quarter as a result of increased spending on litigation fees. General and administration expenses were 32% lower than the prior comparable nine months, as the result of focused cost saving efforts and recoveries of previously provided for aged accounts receivable.

MAV2 notes

During the third quarter ended September 30, 2009 the Company sold its long term asset backed notes issued by Master Asset Vehicle II ("MAV2") for $2.5 million, recognizing a loss on sale of $263. The MAV2 notes had an original face value of $5.9 million and had been revalued to $2.5 million.

Net Operating Loss, Net Loss and Comprehensive Loss/Income

The Company is reporting a net operating loss of $1,114 and a net loss of $2,013 for the quarter ended September 30, 2009 compared with an operating loss of $898, and net income of $64 for the prior comparable quarter, as a result of decreased revenues and gross margins, reduced expenses, foreign exchange losses and a loss on sale of the MAV2 notes.

The Company is reporting a net loss of $2,066 for the nine months ended September 30, 2009 compared with a net loss of $4,262 in the prior comparable nine months ended October 31, 2008 as a result of higher gross margins, reduced expenses, foreign exchange losses and a loss on sale of the MAV2 notes.

As a result of adopting the USD as its reporting currency in the quarter, the Company has recorded a large one-time foreign exchange gain amounting to $1,490, which is reported as part of Comprehensive loss/income. Comprehensive loss for the three months ended September 30, 2009 was $523 and comprehensive income for the nine months ended September 30, 2009 was $356.

Loss per share for the quarter is $0.03, compared with nil in the prior comparable quarter. The Company is reporting a loss per share of $0.04 for the nine months ended September 30, 2009 compared with $0.07 for the prior comparable nine months.

Litigation

In May 2007 the Company was served with notice of a lawsuit filed by Lunar Eye Inc. ("Lunar Eye") in the Eastern District of Texas, alleging patent infringement by the Company and the matter is now scheduled for trial in April 2010. The Company believes the lawsuit 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 August 2009 the Company was served notice of a lawsuit filed by HTI Inc./Networkcar ("HTI") in the Eastern District of Texas, alleging patent infringement by the Company. The Company believes this suit to be without merit and is unable to estimate at this time when this matter might come to trial. 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.

SUMMARY OF QUARTERLY RESULTS

Selected Quarterly Financial Information (unaudited)

(in thousands except share amounts)	Three months ended Jan 31 2008	Three months ended Apr 30 2008	Three months ended Jul 31 2008	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 Sept 30 2009**
Revenue	$ 5,241	$ 6,026	$ 4,788	$ 7,133	**$ 2,904**	**$ 5,355**	**$ 6,211**	**$ 4,525**
Gross Profit	$ 2,812	$ 3,099	$ 2,072	$ 3,487	**$ 874**	**$ 2,996**	**$ 3,869**	**$ 2,670**
Gross Margin %	54%	51%	43%	49%	**30%**	**56%**	**62%**	**59%**
Expenses	$ 3,776	$ 4,252	$ 4,662	$ 4,385	**$ 3,165**	**$ 3,299**	**$ 3,719**	**$ 3,783**
Other Items	$ 722	$ 785	$ (203)	$ (962)	**$ 2,323**	**$ (395)**	**$ 296**	**$ 900**
Net earnings (loss)	$ (1,686)	$ (1,938)	$ (2,387)	$ 64	**$ (4,614)**	**$ 92**	**$ (146)**	**$ (2,013)**
EPS (Basic)	$ (0.03)	$ (0.03)	$ (0.04)	$ -	**$ (0.08)**	**$ -**	**$ -**	**$ (0.03)**
EPS (Diluted)	$ (0.03)	$ (0.03)	$ (0.04)	$ -	**$ (0.08)**	**$ -**	**$ -**	**$ (0.03)**
Total Assets	$ 33,156	$ 33,157	$ 27,478	$ 24,498	**$ 20,711**	**$ 22,204**	**$ 23,028**	**$ 20,982**
Total Long Term Liabilities	$ 114	$ 217	$ 611	$ 535	**$ 748**	**$ 2,016**	**$ 2,402**	**$ 972**

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 selling product to large potential customers for use on a trial basis. Some of these trials may last for over one year. Consequently, results may vary from quarter to quarter as sales cycles or trials may close in a particular quarter or slip into a later quarter. Quarterly results are also affected by factors such as the seasonality of the buying patterns of customers and fluctuations in the US-Canadian dollar exchange rate.

During the quarter ended September 30, 2009 the Company experienced a decline in sales revenues as a result of reduced locator and accessory sales and delayed projects as potential customers responded to the adverse effects of the global economic downturn. However, throughout the preceding financial quarters, the Company continued to achieve growth organically through increased direct sales to small and medium sized customers as well as larger government and commercial clients. To further extend its reach, the Company has also signed agreements with wireless carriers such as AT&T in the US, to distribute 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.

LIQUIDITY AND CAPITAL RESOURCES

Working capital

At September 30, 2009, the Company had working capital of $17,220 (December 31, 2008 - $13,933). Working capital increased primarily due to higher cash on hand generated from the sale of the Company's MAV2 notes.

In the quarter ended September 30, 2009, the Company generated $2,470 from the sale of its MAV2 notes, of which $1,558 was used to repay the credit facility secured by the MAV2 notes. In the nine months ended September 30, 2009, the Company's cash resources increased by $1,677 primarily from the sale of the MAV2 notes after repayment of the advance against the facility secured by the MAV2 notes.

The Company believes it has the ability to continue to generate cash from operations in both the short and long term. The Company has historically grown organically and does not have any significant commitments nor does it anticipate any large capital or other cash outlays in the near term which would require it to seek financing. It is the Company's expectation that inventory on hand will continue to be reduced and that as these goods are delivered to customers and the resulting accounts receivable collected, the Company's overall cash position will continue to improve.

Subject to the factors set out elsewhere in this document, including under the header "Risks and Uncertainties" and 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.

Current assets

The Company's total current assets at September 30, 2009 totaled $19,450 (December 31, 2008 - $16,935).

Cash and cash equivalents

At September 30, 2009, the Company had cash and cash equivalents of $4,853, compared with $3,176 at December 31, 2008. During the quarter ended September 30, 2009 the Company used cash to fund its operating activities and generated cash from the sale of MAV2 notes as mentioned previously, resulting in net cash generated of $63 (October 31, 2008 - used $3,086).

Similarly, in the nine months ended September 30, 2009 the Company used cash to fund its operating activities and generated cash from the sale of MAV2 notes as mentioned previously. The Company also repaid advances drawn against the line of credit it had in place during the nine months ended September 30, 2009.

Accounts receivable

Net accounts receivable of $6,282 (December 31, 2008 - $6,344) includes amounts due from four customers with large volume sales contracts, comprising 39% of total accounts receivable. As at September 30, 2009, $4,103 of the Company's trade accounts receivable balance of $6,282 was past due. Of these past due amounts $884 or 20% has been collected as of November 12, 2009.

(Dollar amounts in 000's of USD)

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 increased from $7,046 at December 31, 2008 to $7,714 at September 30, 2009 as the Company purchased higher value parts and finished goods. The Company continues to purchase inventory to meet certain specific short term customer needs and expects its overall inventory levels to drop in the coming quarters.

Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities at September 30, 2009 totaled $1,820 (December 31, 2008 - $1,626), a 12% increase over the prior year end, primarily related to the timing of inventory purchases and their associated payment.

COMMITMENTS

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

2009	$ 141
2010	$ 536
2011	$ 475
2012	$ 487
2013 through 2017	$ 1,739
Total	**$ 3,378**

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

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, 2009. The Company will adopt the requirements commencing in the financial year ending December 31, 2009. These new standards are described below.

Sections 3064 and 1000 – Goodwill and Intangible Assets

CICA 3064 replaces CICA 3062 and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard ("IAS") 38, Intangible Assets. CICA 3450 is replaced by guidance in CICA 3064. Emerging Issues Committee ("EIC") 27 is no longer applicable for entities that have adopted CICA 3064. Accounting Guideline ("AcG") 11 is amended to delete references to deferred costs and to provide guidance on development costs as intangible assets under CICA 3064. CICA 1000 is amended to clarify criteria for recognition of an asset. These sections are effective for the Company's interim and annual financial statements beginning January 1, 2009. The adoption of these new standards did not have a material effect on these financial statements.

Convergence with International Financial Reporting Standards

On February 13, 2008, the CICA Accounting Standard Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Company's reported financial position and results of operations.

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 audit committee and external expert consultants, 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 an external expert advisor, the Company has completed the awareness-raising phase and has completed a high level diagnostic review. 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.

The Company is currently involved in the design phase of its transition plan, which involves establishing issue-specific work teams to focus on generating options and making recommendations in identified areas and is developing draft systems controls, processes and methods to allow it to meet its implementation targets and has commenced any necessary staff training programs required.

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

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 business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011.

OTHER DISCLOSURES

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:

Other than accounts receivable, 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 counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Developments in global financial markets continue to impact the global economic environment. 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 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, long term investments, bank indebtedness and accounts receivable.

The Company limits its exposure to credit loss by maintaining its cash and cash equivalents with high credit quality financial institutions in Canada, the United States and the United Kingdom. The Company's cash equivalents consist of call deposit investments with two of these institutions. The Company's Canadian banks are members of the Canadian Deposit Insurance Corporation. The Canadian Deposit Insurance Corporation provides insurance coverage up to a maximum of CAD$100 on chequing and savings accounts with these banks. Of the amounts held with financial institutions on deposit, CAD$100 is covered by the Canadian Deposit Insurance Corporation, meaning that in the event that the financial institutions with which the deposits are held cease trading, $4,760 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. At September 30, 2009, accounts receivable from four (October 31, 2008 – four) customers comprised an aggregate of 39% (October 31, 2008 – 50.4%) of total accounts receivable, of which 22% of the total had been collected as of November 12, 2009. During the period ended September 30, 2009, due to large sales volume contracts two customers comprised greater than 10% of the outstanding receivables of the Company. Management does not believe that there is significant credit risk arising from any of the Company's customers; however, should one of the Company's main customers become 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.

(Dollar amounts in 000's of USD)

c) Financial assets past due:

The following table provides information regarding the aging of financial assets that are neither past due nor impaired:

Financial assets
As at September 30, 2009

	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	2,026	405	391	3,307	6,129
Other Accounts Receivable	153	N/A	N/A	N/A	153
Total	**2,179**	**405**	**391**	**3,307**	**6,282**

As at September 30, 2009, $4,103 of the Company's trade accounts receivable balance of $6,282 was past due. The definition of items that are past due is determined by reference to terms agreed with individual customers. The Company has estimated probable losses on these accounts and recorded a provision for doubtful accounts of $272. None of the remaining amounts outstanding have been challenged by customers and the Company continues to provide services and products to them. Of the overdue balances at September 30, 2009, $884 or 22% of the amount overdue had been collected as of November 12, 2009. Based on its knowledge of customer operations and its review of the customer accounts involved, management has no reason to believe that the remaining outstanding balance is not fully collectible in the future.

The Company reviews financial assets past due on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. 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.

At September 30, 2009, the Company's accounts payable and accrued liabilities were $1,820, 88% of which become due for payment within the normal terms of trade, generally between 30 and 60 days. While there are signs of recovery in the global economy the negative effects of the downturn could impact the achievement of management's plans as a result of customer vehicle fleet reduction, and project delays with larger customers.

Historically, the Company has relied on growth in hardware sales and a growing customer base generating recurring revenue to fund operating activity, its credit facility which has since expired and was not renewed, 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 through these channels, should circumstances change, the Company's ability to access such capital may be impaired.

(Dollar amounts in 000's of USD)

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. Global currency exchange and interest rates are expected to remain volatile for the remainder of 2009.

f) Interest rate risk

The Company is exposed to interest rate risk by virtue of holding cash and cash equivalents.

The Company's objective in managing its cash and cash equivalents is to ensure that sufficient funds are maintained on hand at all times to meet day-to-day requirements and excess cash is placed in short-term deposits. When placing cash and cash equivalents on short-term deposit, the Company deals only with high quality commercial banks and ensures that access to the funds can be obtained on short-notice.

g) Foreign Currency Risk

The Company's financial results are reported in US dollars, while the functional currency is Canadian dollars. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the CAD relative to the USD, as a majority of the Company's revenues are earned in USD. During the quarter ended September 30, 2009, 54% of the Company's revenue was in USD and 22% was in GBP (October 31, 2008 - 75% and 11%). In the nine months ended September 30, 2009 66% of the Company's revenue was in USD and 15% was in GBP (October 31, 2008 – 65% and 16%). The Company periodically estimates its obligations payable in these foreign currencies and converts excess foreign funds into CAD to mitigate the risks associated with changes in foreign currency rates. The Company does not currently have any derivative instruments. At September 30, 2009, the Company held net current monetary assets in USD and in GBP equal to $4,600 and $1,315, (December 31, 2008 - $7,392 and $1,331 respectively). Since the quarter ended the Company has established a process to manage its exposure to changes in foreign exchange rates including the engagement of a foreign currency consultant, the establishment of a hedging line with its bank and the adoption of a hedging policy and strategy approved by its board of directors.

h) Sensitivity analysis

A summary of 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 September 30, 2009			
Effect of a +/- 10% change in the foreign currency exchange rate	**CAD**	**GBP**	**BBR$**	**Total**
Revenue +/-	314	243	0	557
Net monetary assets +/-	390	123	32	545

The financial position of the Company would likely be different from its current position 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 totaled $60,957 at September 30, 2009 (December 31, 2008 - $60,494).

The Company manages its capital structure with the objective of providing sufficient resources to meet day-to-day operating requirements, to allow it to enhance existing product offerings as well as to 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 regular meetings and 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 and through the prudent use of credit facilities when needed.

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

ADDITIONAL RISKS

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

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

- 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 three foreign subsidiaries, one is incorporated and operating in the United Kingdom, one is incorporated and operating in Brazil and one is 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 operations and results could be adversely affected by the H1N1 virus pandemic, potentially resulting in government notifications to the public to work from home and avoid assembly with groups of people.
- 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 November 12, 2009, the Company had 89,590,936 common shares outstanding. The Company has 4,533,932 share purchase options outstanding entitling the holders to purchase one common share for each option held at prices from $0.47 to $1.65 per share expiring on various dates up to September 30, 2014.

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