



CONSOLIDATED FINANCIAL STATEMENTS

For the Quarters ended October 31, 2007 and 2006

For the Quarter Ended October 31, 2007

**This document is dated December 6, 2007.
(Dollars expressed in 000's)**

GENERAL

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

In light of the many risks and uncertainties that may cause future results to differ materially from those expected, the Company cannot give assurances that the forward-looking statements contained in this document will be realized. Forward-looking statements are not guarantees of future performance. The Company assumes no obligation to update its forward-looking statements to reflect subsequent information or events.

The financial data contained in this report and in the Consolidated Financial Statements of the Company for the three months ended October 31, 2007 have been prepared in accordance with Canadian Generally Accepted Accounting Principles in Canada and are stated in Canadian Dollars.

This interim report has been prepared in accordance with the requirements for interim Management Discussion and Analysis. Certain information that has not substantially changed from information disclosed in the annual management discussion and analysis dated October 26, 2007 has not been duplicated herein. The following discussion and analysis should be read in conjunction with: (i) the consolidated financial statements of the Company for the three months ended October 31, 2007, (ii) management discussion and analysis for the year ended July 31, 2007 dated October 26, 2007 and (iii) the consolidated financial statements of the Company for the year ended July 31, 2007 and (iv) the Company's 2007 Annual Information Form ("AIF"). Each of the foregoing is available at www.sedar.com.

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the quarter ended October 31, 2007 in accordance with Canadian Generally Accepted Accounting Principles for financial reporting. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at October 31, 2007. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these disclosure controls and procedures were effective.

OVERVIEW

Founded in 1999, WebTech Wireless Inc. (or the “Company”) is the pioneering leader in GPS location-based services and Telematics solutions, and has achieved significant success in the commercial and consumer fleet market. The company’s products help service providers of any size efficiently manage their vehicles and mobile assets – in real time.

The company has grown into a global operation with sales in more than 40 countries and an extensive suite of GPS location devices and related peripheral accessories, as well as an enterprise software offering which allows customers to control, monitor and manage their vehicle and mobile assets at all time.

WebTech Wireless sells hardware and software services through a combination of direct and indirect sales channels. A typical sale includes the sale and installation of a number of WebTech Locator devices, comprised of a GPS locator and a GPRS modem, plus a subscription for a year or more to WebTech Wireless’ sophisticated Internet-based tracking and reporting software, Quadrant.

INDUSTRY AND ECONOMIC FACTORS

Industry

WebTech Wireless is a wireless service provider that develops, manufactures and sells turnkey wireless Global Positioning System (“GPS”) solutions designed to improve the productivity and profitability of mobile fleets. The Company has developed a fully integrated end-to-end system, including both Quadrant, the company’s Internet-based tracking and reporting software and the WebTech Locator Series, a family of discrete GPS tracking devices that provides a platform to offer Location Based Services (LBS) and Telematic information to various consumer automotive, transportation, service, and government vertical markets around the world. WebTech Wireless’ solutions integrate GPS, terrestrial 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 and Geofencing.
- Connectivity – dispatch, voice/cellular, data, messaging, peripherals including laptops and personal digital assistants (PDA’s) may be used providing access to corporate applications.
- Safety & Security – Transport of hazardous material, anti-theft, vehicle recovery, air-bag deployment notification, remote door lock/unlock, and remote vehicle diagnostics.
- Telemetry – ability to monitor and control vehicles remotely, including headlights, turn signals, brakes, door locks and remote engine shut-off (fuel pump).
- Trip recorder – detailed record of telemetry inputs and location information.

Beginning in 2006 the Company shifted its emphasis from its historical markets of municipal maintenance fleets, and delivery services companies to much larger opportunities like long-haul trucking companies, automotive OEMs and wireless carriers. According to a June 2006 report by consulting firm Global Industry Analysts, the market for commercial vehicle telematics in the US alone is expected to grow annually at almost 20% until 2010. According to a December 2005 report by C.J. Driscoll & Associates, a consulting firm that specializes in GPS and wireless technologies, there are more than 20 million fleet vehicles in the US, of which only 1.5 to 2.0 million have GPS tracking systems installed.

In the quarter ended October 31, 2007, WebTech Wireless completed three significant transactions: (i) the sale of 1,100 locators to a disaster evacuation initiative run by the office of the Governor of Texas; (ii) a supply agreement for up to 8,000 locators with EFU General Insurance Company, through the Company's long time distributor in Pakistan, Tracking World (Pvt) Limited; and (iii) an agreement to provide more than 35,000 locators and related monitoring services to Delta Pavesi S.A de C.V, a Mexican leasing and security firm. The arrangements in Pakistan and Mexico are both for future delivery of hardware and services, whilst the Texas contract was fully delivered in the quarter. Overall, WebTech Wireless shipped in excess of 9,500 locators in the quarter – a record for its first fiscal quarter.

During the year ended July 31, 2007, WebTech Wireless entered into an exclusive distribution agreement with Rogers Communications Inc. to distribute the Company's product under the white-label brand of "mFleet" through Roger's distributor network across Canada. In addition the Company continued to explore and develop opportunities through its global relationships with IBM and Motorola for other large scale deployments of its products and services.

Factors driving the increase in use of telematics include:

- continuing need to improve efficiencies and operation control, especially with the escalation in fuel costs;
- new wireless networks and reduced costs for hardware and airtime;
- more comprehensive and better subscriber services at similar prices;
- a trend toward safety and security of mobile workers and assets;
- homeland security concerns in the US; and
- an increased awareness of the benefits of telematics by insurance companies, automobile manufacturers and consumers.

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

Telematics Research Group estimates that worldwide sales of telematics-enabled vehicles will reach approximately 20% of all new automobiles sold in 2007 and 43% of all new automobiles sold in 2010.

The Company has focused its consumer automotive initiatives on markets outside North America, such as Brazil, where auto theft (a prime driver of the demand for telematics-enabled automobiles) are higher than in other markets. In Brazil alone, auto thefts amount to approximately \$5 billion per year (according to a report by US & Foreign Commercial Service and the US Department of State, 2004). In January 2006, the Company signed a one-year, 20,000 unit order to deliver units to Crown Telecom ("Crown"), its Value Added Reseller ("VAR") in Brazil, for deployment by an automobile manufacturer in Brazil. Subsequently the Company received a purchase order from Crown for 490,000 units to commence delivery in January 2007. The Company delivered approximately 55,400 units under this order before suspending shipments due to non-payment of amounts owing and eventually taking charges totaling \$22,179 in its 2007 fiscal year related to this relationship. The Company has recently taken control of the ability to market services to the owners of approximately 46,000 of the units shipped to Crown and factory installed by them in Volkswagen cars in Brazil. The Company took over control of the marketing of services to the owners of these units under the terms of an agreement with Crown dated October 31, 2007.

The Company is actively seeking a partner in Brazil to market and provide services to the owners of the vehicles in which the 46,000 units were installed as well as a partner to distribute its products and provide local services in Brazil.

The Company continues to pursue other opportunities in Brazil through both direct and indirect channels and is pursuing other consumer automotive opportunities in markets around the world.

Economic

WebTech Wireless' reported revenue and net income are affected by fluctuations in the exchange rates of the Canadian dollar, the US dollar and UK pound. For the quarter ended October 31, 2007 approximately 57% (October 31, 2006 - 70%) of revenue was US dollar denominated and 18% (October 31, 2006 - 20%) of revenue was denominated in UK pounds with the balance denominated in Canadian dollars. The exchange rate for US Dollars at October 31, 2007 was 1.0527, compared with 0.9384 on July 31, 2007. The exchange rate for UK pounds at October 31, 2007 was 0.5067, compared with 0.4609 on July 31, 2007. The strengthening of the Canadian dollar against the US dollar impacts the Company's reported revenues and accounts receivable negatively. This negative effect is partially offset by a favorable impact on expenses and accounts payable. The weakening US dollar also has a negative impact on gross margin as inventory purchased at a time when the US dollar was higher is sold at a time when the resultant revenues are converted at a lower US dollar rate.

Given the weakening of the US dollar against the Canadian dollar in the quarter, the Company is reporting a loss from foreign exchange. The size of this loss has been mitigated from that experienced in prior quarters as the Company has reduced its overall US dollar balances held and has re-denominated certain inter-company transactions into Canadian dollars.

The Company's first fiscal quarter is traditionally its weakest quarter and while the Company has lost money in the quarter recently ended, it is the Company's intention to return to its historical pattern of profitability for fiscal 2008.

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

RESULTS FROM OPERATIONS

The Company shipped more than 9,500 locators in the quarter ended October 31, 2007. Revenues grew in all geographic segments except South America, and are up more than 54% when shipments to the Company's former VAR in Brazil are excluded from prior period results.

Revenue

The Company is reporting revenue of \$4,711 (2006 - \$3,907) an increase of 21% over the prior comparable quarter or 54% excluding sales to Crown in the prior year. This increase is primarily due to higher volume sales activity in North America and in Europe which is benefitting from a reorganization of the Company's sales division announced in the fourth quarter of 2007.

Revenue in the quarter came primarily from the Company's traditional markets of commercial fleets and government, and from sales through the Company's mFleet arrangement with Rogers Communications Inc. in Canada. While no significant new agreements were signed in the commercial automotive sector, the Company continues to believe its strategy of pursuing this market is sound, and sees its recently announced supply arrangements with EFU General Insurance Company in Pakistan, and Delta Pavesi S.A de C.V in Mexico as important steps in achieving success in this sector. In addition, the Company continues to establish a presence in Brazil, having appointed a Director of Operations for Brazil in November, and recently having taken back control of the ability to market services to the owners of more than 46,000 locators previously sold to Crown and factory installed in Volkswagen automobiles in that market. The Company is now actively pursuing partnership opportunities to take advantage of the opportunity represented by this installed base of active locators.

The Company earns recurring subscriber revenue from monitoring the locators which it sells. Recurring service revenues grew by 31% over the prior comparable quarter. As locator sales increase, subscriber revenues also increase.

Segmented Information

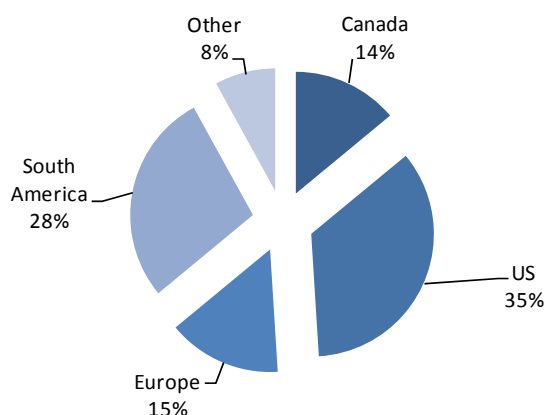
The Company has made sales in over 40 countries around the world, with the majority of sales coming from Canada, the United States and Europe. Due to an increase in the worldwide demand for wireless vehicle services and due to the Company's further expansion into these markets, the Company realized a general increase in international sales during the quarter ended October 31, 2007. Driven by increased sales in the US and Europe, overall international sales grew by 6% or 41% excluding prior year sales to the Company's former VAR in Brazil. It is important to note that while overall international sales increased in all markets except Brazil, the strength of the Company's domestic sales which have more than doubled year over year, combined with the previously discussed weakening in the US dollar, in which the majority of international sales are reported has diminished the impact of the growth in international sales.

Sales by geographic segment (CAD \$)

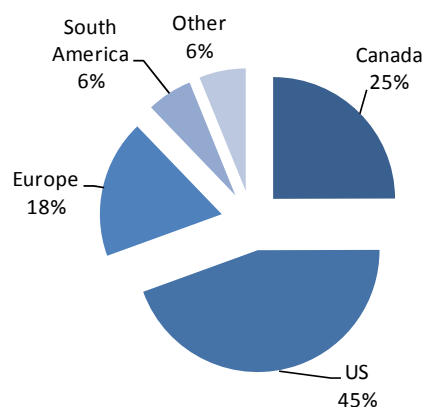
Region	Q1-FY08	Q1-FY07	Growth
Canada	1,177	560	110%
US	2,096	1,351	55%
Europe	865	595	45%
South America	284	225	26%
Brazil	-	855	(100%)
Other	289	321	(10%)
Total	4,711	3,907	21%

Sales by geographic segment (% distribution)

Quarter ended October 31, 2006



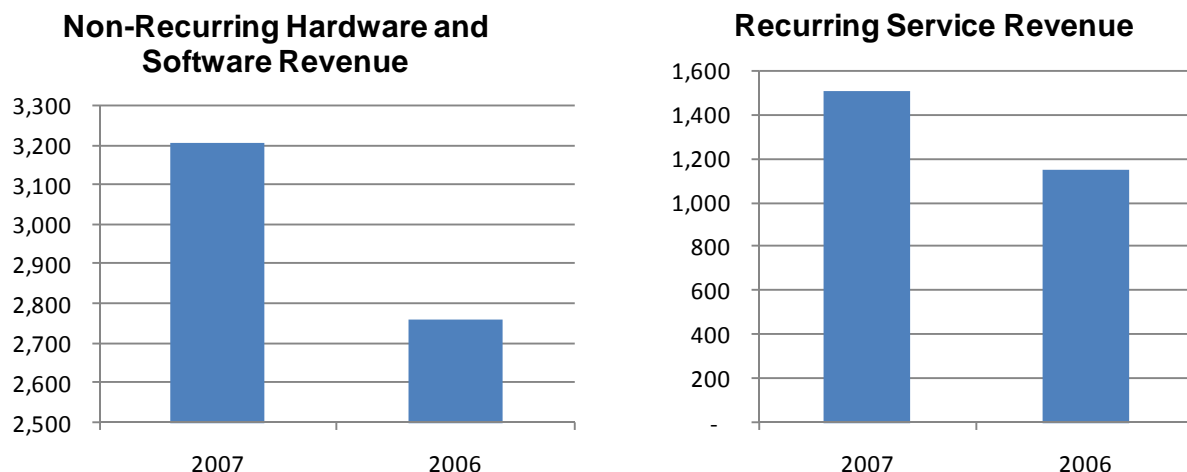
Quarter ended October 31, 2007



Revenue from sales in North America for the quarter increased by 71% over the prior comparable period as sales to government fleets and small to medium commercial fleets increased. Sales in Europe also increased significantly year over year, primarily as a result of efficiencies achieved through a reorganization of the Company's sales force.

Revenues can be split into two categories: (i) non-recurring hardware and software sales; and (ii) subscriber revenues. Hardware and software revenues have increased by 16% over the prior comparable quarter. Subscriber (or recurring services) revenues have increased by 31% over the prior comparable quarter, and have increased as a percentage of total sales to approximately 32% vs. 29% for the prior comparable quarter as the Company has experienced continuing strong subscription renewals.

Sales by category are as follows:



Gross Profit and Margins

Gross profit grew by 15% to \$2,198 for the quarter ended October 31, 2007 from \$1,914 in the prior comparable quarter due to the overall growth in revenue. Gross profit margin for the quarter was 47% (2006 – 49%) with the decrease due to the previously discussed decline in the US dollar. The Company is selling inventory with a US dollar cost of sale which is translated at a higher historical rate than the rate applied to the revenue.

Net Income

For the quarter ended October 31, 2007, WebTech Wireless realized a net (loss) income of (\$1,083) (2006: \$34). The loss was caused by increased operating costs, the previously discussed impact of the declining US dollar which impacts both gross margins and revenues, and higher expenses as the Company has grown its staff and sales force significantly over the previous 12 months. In addition, the Company's first quarter is traditionally its weakest quarter thus expenses are higher as a percentage of revenue than the Company expects to see for the balance of the fiscal year.

During the quarter ended October 31, 2007 the Company realized interest income from the investment of excess working capital of \$261 (2006: \$88).

During the quarter the Company booked a foreign currency (loss) income of (\$260) (2006: \$22). The increase in reported foreign currency losses for the quarter is a direct result of weakness in the US dollar vs. the Canadian dollar with the loss resulting from the conversion of foreign denominated assets, including cash net of such liabilities.

Operating Expenses

The Company experienced a 65% increase in operating expenses in the first quarter compared to the prior year's first quarter as a result of increased personnel costs and expansion of international operations and increased professional fees.

Marketing and Sales

Marketing and sales expense increased by 73% over the prior comparable period. Of such increase, 76% was due to increased sales staff and consulting costs, 11% was due to increased marketing, 5% was due to increased web design costs, and the balance due to the growing sales force and its related costs. Variable sales commissions relating primarily to North American hardware sales comprise 13% (2006 – 15%) of the quarters' marketing and sales expense.

Research and Development

Research and development costs for the quarter increased by 31% over the prior comparable period due to increased staffing costs and increased research and development activities to enhance WebTech Wireless' product portfolio and services offerings.

During the quarter, the Company introduced Quadrant Express a robust, proven vehicle tracking and reporting platform in a convenient hosted package, as well as launching NAVTEQ map data into the important emerging market of Mexico and a 1-wire temperature monitoring kit for refrigerated transport.

Since the quarter end, the Company has introduced an update of its Quadrant software to version 8.3 which supports the French language, driver performance management and enhanced trailer support. The Company also released a previously announced integration of Motorola's embedded G24 JAVA wireless module in WebTech Wireless' locators, allowing the large community of JAVA programmers to add custom functionality to the locator and leverage the wide set of existing JAVA applications

During the previous fiscal year the Company introduced new products aimed at transportation customers to manage both trailer and tractor assets:

- TrackBox, a rugged enclosure for WT5000 Locators that require portability and operate in environmentally harsh conditions.
- Latest release of WebTech Quadrant Transportation Fleet Management solution, compliant with Canadian 2007 Hours of Service Rules and the California 8/80 Rule.
- Enhancements to the Quadrant Enterprise product that improves the ability for large companies to manage regional fleets nation-wide.
- Multi-zone temperature sensors to meet increasing regulatory requirements for perishable and pharmaceutical transportation.
- WT1900 Satellite Modem, providing intelligent dual-mode cellular and Iridium[®] satellite asset tracking and management solution for the transportation industry.

The Company continues to make development progress on its previously announced Application Specific Integrated Circuit (ASIC), designed for installation on the large volume assembly lines of automotive manufacturers, and delivers telematics and location-based services (LBS) to passenger and commercial vehicles.

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

General and Administration

General and administration expenses have increased by 96% over the prior comparable quarter primarily due to increased operations. Of this increase, 63% was due to increased legal, audit and advisory fees, 29% was due to increased staffing costs, and the balance was due to miscellaneous support costs. Administration expense increased as a percentage of total sales from 11% in the prior comparable quarter to 18% in this first quarter of this year. General and administration expenditures are expected to continue increasing as the Company continues to build infrastructure to support its growth.

Litigation

On May 11, 2007 the Company was served with notice of a lawsuit filed in the Eastern District of Texas by Lunar Eye Inc., alleging patent infringement by the Company. The Company has filed and been granted a Request for Re-examination of the underlying patent with the US Patent and Trademark Office ("USPTO"). In granting the Request of Re-examination, the USPTO found that the Company had "raised substantial new questions of patentability" and will commence its re-examination, which could take a year or more, in due course.

The Company has reviewed the lawsuit and believing it to be without merit has taken the necessary steps to defend itself against the allegations contained therein at a trial currently scheduled for November 2008.

The Company has recently reached an agreement with Crown Telecom its former VAR in Brazil. Under the terms of the agreement, Crown has delivered to the Company, the legal right and the information required for the Company to market services to the owners of the Volkswagen automobiles into which Crown had previously factory installed the Company's locators. This inventory of approximately 46,000 locators is available for the Company to "mine" for revenue opportunities. The Company is actively pursuing a local partner to assist in this effort in Brazil. In exchange for the rights noted above, the Company agreed to reduce the amount owing by Crown. The agreement also calls for the payment by Crown of certain further amounts owed to the Company. At this time Crown has failed to make the first scheduled payment required under the agreement and the Company believes it unlikely that it will realize any recovery of the amounts owed by Crown. Accordingly, no amounts have been recorded by the Company in relation to this agreement.

SUMMARY OF QUARTERLY RESULTS

Selected Quarterly Financial Information

Unaudited (Expressed in thousands of Canadian dollars, except per share amounts)

Quarter Ended	FY 2008	FY 2007				FY 2006			
	31-Oct-07	31-Jul-07	30-Apr-07 (Restated)	31-Jan-07 (Restated)	31-Oct-06	31-Jul-06	30-Apr-06	31-Jan-06	
Revenue	\$ 4,711	\$ 3,836	\$ 3,922	\$ 3,639	\$ 3,907	\$ 4,990	\$ 4,734	\$ 4,064	
Gross Profit	\$ 2,198	\$ 2,645	\$ 2,514	\$ 1,695	\$ 1,914	\$ 2,565	\$ 2,373	\$ 2,062	
Gross Margin %	47%	69%	64%	47%	49%	51%	50%	51%	
Expenses	\$ 3,282	\$ 3,712	\$ 3,127	\$ 2,921	\$ 1,990	\$ 2,232	\$ 1,892	\$ 1,563	
Net earnings (loss)	\$ (1,083)	\$ (7,121)	\$ (18,678)	\$ (393)	\$ 34	\$ 609	\$ 492	\$ 334	
EPS (Basic)	\$ (0.02)	\$ (0.13)	\$ (0.35)	\$ (0.01)	Nil	\$ 0.02	\$ 0.01	\$ 0.01	
EPS (Diluted)	\$ (0.02)	\$ (0.13)	\$ (0.35)	\$ (0.01)	Nil	\$ 0.02	\$ 0.01	\$ 0.01	
Total Assets	\$ 36,171	\$ 36,716	\$ 42,218	\$ 61,522	\$ 22,531	\$ 22,334	\$ 20,946	\$ 11,315	
Total Long Term Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

The Company's quarterly results are affected by factors such as the seasonality of the buying patterns of customers and fluctuations in the US-Canadian dollar exchange rate. In addition, the Company's results for the four quarters ended October 31, 2006 include sales made to Crown Telecom, sales, which went largely uncollected and the accounts receivable for which were written off in the quarter ended April 30, 2007. The Company took further charges related to Crown in the quarter ended July 31, 2007. The Company has also significantly increased its staff complement in the last twelve months leading to the overall increase in expenses reported. Finally the Company has raised a total of \$50 million in cash being \$10 in the quarter ended April 30, 2006 and \$40 million in the quarter ended January 31, 2007 accounting for the reported increase in Total Assets and the dilutive effect of earning/(loss) per share.

LIQUIDITY AND CAPITAL RESOURCES

Current Assets

WebTech Wireless' total current assets at October 31, 2007 totaled \$34,940 (July 31, 2007 - \$36,716).

Working capital

At October 31, 2007, the Company had positive working capital of \$30,830, compared with \$31,792 at July 31, 2007. The Company also has available a credit facility of up to \$1 million, subject to margin criteria, with a Canadian chartered bank, the margin facility was not utilized at any time during the year.

Subject to the factors set out elsewhere in this document, including Risks and Uncertainties and in the Company's most recently completed AIF dated October 26, 2007, the Company does not currently foresee any working capital deficiencies.

Working capital is strong as a result of recent equity financings and funds received from the exercise of incentive stock options and share purchase warrants. In January 2007, the Company raised \$37,534 (\$40,250 gross proceeds net of cash issue costs) from the issuance of common shares. Also during the second quarter of 2007, the Company reduced working capital with the provision of a loan for up to US \$12 million to its VAR in Brazil. Pursuant to the loan agreement, the Company advanced US \$2 million in cash and additional amounts against accounts receivable and customer deposits. This loan has since been determined to be non-performing and the Company made a provision for the full amount of the loan during the fiscal year ended July 31, 2007.

The Company has also generated working capital from historical financings. During the first quarter of fiscal 2006, the Company raised \$3,439 from the exercise of share purchase warrants. During the fourth quarter of fiscal 2006, the Company raised \$9,302 (reported net of cash issue costs) from the private placement of special warrants

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

Cash and cash equivalents

At October 31, 2007, the Company had cash and cash equivalents of \$22,222, compared with \$22,344, at July 31, 2007.

During the first quarter the Company used cash to fund operating activities which is net income adding back non-cash items, of \$802 (2006: generated \$155) and generated cash of \$931 (2006: used \$3,045) to fund non-cash working capital items, mainly attributable to decreased inventory, prepaid expenses and deposits paid. The Company also used cash of \$339 for investments, including \$243 paid for construction of new office space. The Company has an agreement with its landlord to recover up to \$750 for this project and expects this recovery to occur at the end of the building project in its fiscal third quarter and to be sufficient to cover approximately 90% of the total cost of the project.

Accounts Receivable

Accounts receivable of \$3,996 (2006 - \$4,128) includes amounts due from three customers with large volume sales contracts, comprising 30.4% of total accounts receivable. From time to time, to take advantage of significant growth opportunities, the Company may grant credit terms in excess of its standard 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. At October 31, 2007, accounts receivable were comprised of aged amounts as follows: 12% over 120 days; and 16% over 180 days.

The Company's management has reviewed its accounts receivable balances as at October 31, 2007, and believes that adequate provision has been made for doubtful accounts

Inventory

Inventory has decreased from \$7,640 at July 31, 2007 to \$7,200 at October 31, 2007 as the Company sells down the large inventory built up in FY 2007 as part of its now suspended arrangement with Crown Telecom.

The Company currently has commitments to manufacturers to produce \$2,236 of inventory originally contracted for in anticipation of sale to Crown Telecom. The Company believes that the fair market value of the inventory under contract is below its cost and has therefore made a provision of \$1,677 to provide for this impairment in value. The liability for this impairment has been recognized as an account payable. This liability will be reduced upon delivery of the related goods.

Whilst the Company has used its best efforts to estimate the realizable value of this inventory, it is not certain that all of the inventory on hand or under contract for manufacture will be sold on a timely basis

and for a reasonable return, and while unlikely, it is still possible that the Company will require a further charge for the remaining inventory on hand.

Prepaid expenses and deposits

Prepaid expenses and deposits primarily relate to amounts paid to manufacturers in advance of receiving inventory. Prepaid expenses and deposits decreased from \$1,583 at July 31, 2007 to \$1,262 at October 31, 2007, which reflects an increase in deposits to manufacturers.

COMMITMENTS

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

FY2008	\$	230
FY2009		322
FY2010		350
FY2011		373
FY2012 through FY2017		2,284
Total	\$	3,559

The Company has entered into commitments to purchase inventory from suppliers with a total estimated value of \$2,236 of which \$1,677 has been recorded as a liability.

RELATED PARTY TRANSACTIONS

The Company was charged the following amounts by directors and officers or companies with directors in common.

	For the three months ended October 31	
	2007	2006
Administration		
Consulting fees	\$ 100	\$ 352
Professional fees	-	16
Share Issue Costs	-	64
Research and development	100	322
Total	\$ 200	\$ 754

At October 31, 2007, accounts payable and accrued liabilities included \$12 (July 31, 2007 - \$22) due to directors and officers of the Company.

During the quarter ended October 31, 2007, directors of the company exercised nil (October 31, 2006 – 300,000) incentive stock options at a weighted average price of nil (October 31, 2006 - \$0.25) per common share.

CRITICAL ACCOUNTING ESTIMATES

CHANGES IN ACCOUNTING POLICIES

During the year ended July 31, 2007 the Company changed its policy for depreciating Property and Equipment from the declining balance to the straight-line method which in management's opinion, better reflects the useful and realizable value of the assets throughout their life. At the same time, the Company reviewed and revised the estimated useful life of certain categories of assets. The following table provides a summary of the new depreciation rate based on the estimated useful life of each asset class compared to the old rate.

	New Rate	Old Rate
Computer equipment	25%	20% - 30%
Computer software	50%	100%
Furniture and fixtures	25%	20
Leasehold improvements	Term of lease	Term of lease
Office and other equipment	25%	20%

NEW ACCOUNTING PRONOUNCEMENTS

Accounting Changes – CICA 1506

This section establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors, replacing former CICA 1506. Implementation guidance has been added to CICA 1506 in March 2007.

This pronouncement is effective for interim and annual financial statements relating to years beginning on or after January 1, 2007. The Company has determined that there will not likely be any material impact on their financial statements resulting from this pronouncement.

New Requirements for financial instruments, hedging and comprehensive income – CICA 1530, 3855 & 3865

This section introduces new requirements for recognition and measurement of financial instruments (CICA 3855), hedge accounting (CICA 3865) and comprehensive income (CICA 1530). CICA 3865 has been amended in March 2007 to clarify the transitional provisions.

As this pronouncement is effective for public companies interim and annual financial statements for years beginning on or after October 1, 2006, the Company has adopted this new standard effective August 1, 2007. The Company has determined that there is no material impact on its financial statements for the three-month period ending October 31, 2007.

USE OF ESTIMATES

A precise determination of many assets and liabilities is dependent upon future events; therefore, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may differ from these estimates.

RISKS AND UNCERTAINTIES

WebTech Wireless faces a number of risks and uncertainties that could affect the achievement of its goals. Risks and Uncertainties facing the company are more fully described in the Company's AIF dated October 26, 2007 and include the following:

Credit Concentration and Credit Risk

The Company provides credit to its clients in the normal course of operations. The Company estimates, on a continuing basis, the probable losses, and records a provision for losses based on the estimated realizable value. There is no assurance that this provision will be adequate. Approximately 6.7% of accounts receivable is due from the Company's distributor in Pakistan and approximately 19.3% is owed by two resellers in the UK. The Company is confident that it will collect these amounts however there is no assurance that the Company will be successful in doing so.

Foreign Exchange

Fluctuations in the exchange rate between the Canadian and US dollars and between Canadian dollars and UK pounds affect WebTech Wireless by impacting revenue, expenses and the balance sheet. Although the Company reports in Canadian dollars, for the quarter ended October 31, 2007, 57% (October 31, 2006 - 70%) of revenues were US dollar denominated and 18% (October 31, 2006 - 20%) were denominated in UK pounds. A weakening US dollar reduces revenues when reported in Canadian dollars. A strengthening US dollar would have the opposite effect. There is a somewhat mitigating effect in that a portion of the Company's inventory costs are denominated in US dollars. There is a negative impact on the balance sheet as the value of US denominated receivables decrease as the US dollar weakens against the Canadian dollar. There is some offset as US denominated payables will also decrease at the same time. In summary, the offsets between US dollar revenues and expenses and US dollar receivables and payables provide natural hedges for a portion of the Company's foreign exchange exposure. The exchange rate for US Dollars at October 31, 2007 was 1.0527, compared with 0.9384 on July 31, 2007. To date, the Company has not engaged in exchange rate hedging contracts. As noted above the Company also sells to customers in UK pounds and incurs operating costs (primarily from its UK subsidiary) in UK pounds, however the Company's costs of sales are primarily denominated in US dollars. If the UK pound weakens relative to the Canadian dollar, the Company may record losses on translation of its subsidiary's accounts.

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

In addition, 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.
- WebTech Wireless 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 as occurred in this quarter.
- Insurance to cover the risks to which the Company's activities will be subject may not be available at economically feasible premiums or at all. There is no assurance that in the event of claim or loss that the Company will have adequate insurance coverage.
- WebTech Wireless provides its customers with a limited warranty on its products. Despite quality control procedures, there is no assurance that the Company's provision for this warranty is adequate.
- The Company's success depends on its ability to attract and retain highly skilled engineering, managerial, marketing and sales personnel. Competition for qualified personnel in the wireless and wireless data industries is intense. The Company believes that there are only a limited number of persons with the requisite skills to serve in many key positions and the Company may not be able to hire and retain these persons.
- Fluctuations in the exchange rate between the Canadian and US dollars and between Canadian dollars and UK pounds affect WebTech Wireless 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 two foreign subsidiaries, one is incorporated and operating in the United Kingdom and the second is incorporated in Barbados. Such subsidiaries are subject to the laws of their jurisdiction of incorporation and any changes to such laws.
- WebTech Wireless' portal system is subject to failure due to loss of power, connectivity or human error. In the event that the Company's systems become inoperative for a period of time, the Company could be adversely affected by a reduction in customer satisfaction, loss of business and litigation.
- The Company depends on signals from GPS satellites built and maintained by the US Department of Defense. Availability of these satellites is dependent on the US Department of Defense continuing to maintain the satellites and could be affected by future government regulation.
- The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares.
- The Company depends on a small number of customers for a significant portion of its revenue.
- The 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.
- 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.

OUTSTANDING SHARE DATA

As at December 6, 2007, the Company had 58,429,836 common shares outstanding. The Company has 3,482,959 share purchase options outstanding entitling the holders to purchase one common share for each option held at prices from \$0.25 to \$6.98 per share expiring on various dates up to October 31, 2012.

ADDITIONAL INFORMATION

SEDAR

Additional information relating to WebTech Wireless, including WebTech Wireless' AIF, is available on SEDAR at www.sedar.com.

WEBTECH WIRELESS INC.
CONSOLIDATED BALANCE SHEET

(Amounts in 000's)

	<i>31-Oct-07</i>	<i>31-Jul-07</i>
	(Unaudited)	(Audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 22,222	\$ 22,344
Accounts receivable, net of allowance	3,996	4,128
Inventory, net of allowance	7,460	7,640
Prepaid expenses and deposits	1,262	1,583
	34,940	35,695
Property and equipment (<i>Note 7</i>)	988	1,021
Property under development (<i>Note 7</i>)	243	-
	\$ 36,171	\$ 36,716
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,785	\$ 3,533
Deferred lease inducement	107	110
Current portion of deferred revenue	218	260
	4,110	3,903
Long term		
Deferred revenue	90	-
	4,200	3,903
SHAREHOLDERS' EQUITY		
Share capital (<i>Note 8</i>)	60,268	60,142
Contributed surplus (<i>Note 9</i>)	973	858
Deficit	(29,270)	(28,187)
	31,971	32,813
	\$ 36,171	\$ 36,716

Commitments (*Note 12*)

APPROVED BY THE DIRECTORS:

"Signed"

Anwar Sukkarie

"Signed"

R.H. (Dick) Pinder

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

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

	<i>Three months ended</i>	
	<u>31-Oct-07</u>	<u>31-Oct-06</u>
Revenue	\$ 4,711	\$ 3,907
Cost of goods sold	<u>2,513</u>	<u>1,993</u>
Gross profit	<u>2,198</u>	<u>1,914</u>
Expenses		
Marketing and sales	1,448	836
Research and development	834	635
General and Administration	870	443
Amortization	<u>130</u>	<u>76</u>
	3,282	1,990
Loss before other items	<u>(1,084)</u>	<u>(76)</u>
Other items		
Interest income	261	88
Foreign exchange (loss) gain	<u>(260)</u>	<u>22</u>
Net (loss) income for the period	\$ (1,083)	\$ 34
Deficit, beginning of the period	(28,187)	(1,837)
Deficit, end of period	<u><u>\$ (29,270)</u></u>	<u><u>\$ (1,803)</u></u>
Basic and fully diluted (loss) earnings per share	\$ (0.02)	\$ -
Weighted average shares outstanding during the year	58,301,650	42,290,339

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

WEBTECH WIRELESS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in 000's)
(Unaudited)

	<i>Three months ended</i>	
	<i>31-Oct-07</i>	<i>31-Oct-06</i>
Operating Activities		
Net (loss) income for the period	\$ (1,083)	\$ 34
Add items not affecting cash:		
Amortization	130	76
Stock based compensation	154	45
Amortization of lease inducement	(3)	-
	(802)	155
Changes in non-cash working capital items related to operations:		
Accounts receivable	132	(270)
Inventory	180	(1,910)
Prepaid expense and deposits	321	(718)
Accounts payable and accrued liabilities	252	(234)
Deferred Revenue	48	86
	131	(2,890)
Financing Activities		
Common shares issued, net of costs	87	265
	87	265
Investing Activities		
Purchase of intangible assets	-	(36)
Purchase of capital assets	(97)	(70)
Purchase of property under development	(243)	-
	(340)	(106)
Net increase (decrease) in cash during the period	(122)	(2,731)
Cash, beginning of period	22,344	10,640
Cash, end of period	\$ 22,222	\$ 7,909
Cash and cash equivalents consist of:		
Cash	\$ 22,222	\$ 1,409
Term deposits	-	6,500
	\$ 22,222	\$ 7,909
Supplemental cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

Note 1 Nature of Operations

WebTech Wireless Inc. (the "Company" or "WebTech") is a British Columbia corporation having first been incorporated under the laws of the Yukon Territory on May 12, 1999. The Company was continued to Alberta on July 24, 2000 before its continuance to British Columbia on August 1, 2006.

WebTech develops, sells and provides subscriber services for location-based and telematics hardware and software.

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

Note 2 Unaudited interim consolidated financial statements

The unaudited balance sheet at October 31, 2007 and the unaudited interim statements of operations, comprehensive loss and deficit and cash flows for the three months ended October 31, 2007 and 2006, have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), on the same basis as the audited financial statements of the Company for the year ended July 31, 2007. These interim financial statements include all adjustments, which, in the opinion of management, are necessary for the fair presentation of the results of operations for the interim periods presented. Results for the three months ended October 31, 2007 are not necessarily indicative of the results to be expected for the full year. These unaudited consolidated interim financial statements do not include all the disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended July 31, 2007, and the summary of significant accounting policies included therein.

Note 3 Change in Accounting Policy and Accounting Estimates

During the year ended July 31, 2007 the Company changed its policy for amortizing Property and Equipment from the declining balance to the straight-line method which in management's opinion better reflects the useful and realizable value of the assets throughout their life. In addition, the Company reviewed and revised the estimated useful life of certain categories of assets.

The following table provides a summary of the new amortization rate based on the estimated useful life of each asset class compared to the old rate.

	New Rate	Old Rate
Computer equipment	25%	20% - 30%
Computer software	50%	100%
Furniture and fixtures	25%	20%
Leasehold improvements	Term of lease	Term of lease
Office and other equipment	25%	20%

Note 4 Significant Accounting Policies**Basis of Presentation**

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

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WebTech Wireless Europe Ltd., which was incorporated in the United Kingdom (UK), and WebTech Wireless International Inc., which was

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

incorporated in Barbados. All inter-company balances and transactions have been eliminated upon consolidation.

Accounting for comprehensive income

In January 2005, the CICA released a new Handbook Section 1530, "Comprehensive Income", effective for annual and interim periods beginning on or after October 31, 2006. This section establishes standards for reporting and disclosure of comprehensive income and its components. Comprehensive income includes net income and other comprehensive income which refers to unrealized gains and losses that under generally accepted accounting principles are excluded from net income. WebTech does not currently engage in any transactions that would result in the reporting of other comprehensive income and unrealized gains and losses on the Company's foreign currency contracts are included in net income. Accordingly, there has been no impact on the adoption of this standard on the Company's consolidated financial statements. The Company adopted CICA Handbook Section 1530 effective August 1, 2007.

Accounting for financial instruments

Effective August 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", effective for annual and interim periods beginning on or after January 1, 2007. This section establishes standards that require all financial assets, except those classified as held to maturity, and derivative financial instruments, to be measured at fair value. The standard also requires that all financial liabilities be measured at fair value when they are available for sale or held for trading; otherwise, they are measured at cost. There has been no impact on the adoption of this standard on the Company's consolidated financial statements.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet dates and non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction dates. Foreign currency denominated revenues and expenses are translated at exchange rates that approximate exchange rates prevailing at the transaction dates. Gains or losses arising from the translations are recognized in the current year. Foreign currency amounts held and reported by the Company's UK subsidiary, WebTech Wireless Europe Ltd, are translated according to the temporal method.

Use of Estimates

The preparation of these unaudited interim financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

Inventory

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

Revenue Recognition and Warranty Provision

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

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

Property and Equipment

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

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

Historically the Company followed a declining-balance method for calculating amortization which was changed during the year ended July 31, 2007 in favour of the straight-line method.

Research and Development

Research expenditures are expensed when incurred. Development costs are capitalized provided that certain criteria are met. For the quarters ended October 31, 2007 and 2006, research and development costs were fully expensed in the periods they were incurred.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

Stock-based Compensation

The fair value of granted share purchase options is calculated at the grant date and expensed over the vesting period of the share purchase options with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

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

Basic and Diluted Earnings (Loss) Per Share

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

Note 5 Intangible Assets

On November 1, 2004 the Company entered into an agreement with Global Axxess Corporation Limited ("Axxess") under which it acquired all of the business of Globetrac Limited ("Globetrac"), a former reseller of the Company's products and services in Europe. Consideration for the acquisition consisted of: the forgiveness of accounts receivable due from Globetrac; the assumption of certain accounts payable of Globetrac; a commission equal to 6% of gross sales generated from customers and resellers of Globetrac at and after the transaction date subject to certain restrictions. Axxess shall be entitled to the commission for a period not to exceed 11 years from August 1, 2005. As the commission is payable on a contingent basis and calculated on future sales, it could not be reasonably determined at the acquisition date. The contingent consideration is therefore recorded when the amounts can be determined and is amortized on a straight line basis over the remainder of the estimated useful life (originally 11 years). For the year ended July 31, 2007, additional contingent consideration of \$129 was allocated 100% to customer lists (2006 - \$156).

Based on the Company's sales and operating experience in servicing the Globetrac accounts the Company has determined that the value of the acquired customer list has become impaired. The Company recorded a charge of \$371 to reflect this impairment in the year ended July 31, 2007.

Note 6 Credit Facility

The Company has a credit facility of up to \$1 million, subject to margin criteria, with a Canadian chartered bank. This facility bears interest at the bank's Canadian prime lending rate plus 1%. The credit facility is secured by a general charge on the assets of the Company. At October 31, 2007, the Company carried a nil balance on this facility (2006 - nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

Note 7 Property and Equipment and Property Under Development**Property and Equipment**

	31-Oct-07			31-Jul-07		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	\$1,729	\$869	\$860	\$1,640	\$780	\$860
Computer software	740	679	61	710	663	47
Furniture and fixtures	160	152	8	160	154	6
Leasehold improvements	89	84	5	124	57	67
Office and other equipment	176	122	54	161	120	41
	\$2,894	\$1,906	\$988	\$2,795	\$1,774	\$1,021

Property Under Development

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

Note 8 Share Capital

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

Issued	Total number	Dollars (000s)
Balance July 31, 2006	48,171,445	\$ 21,105
Issued for cash:		
Stock Options	1,824,303	843
Share purchase warrants ¹	206,896	300
Common Shares ²	8,050,000	40,250
Transfer from contributed surplus on exercise of stock options	-	284
Transfer from contributed surplus on exercise of warrants	-	84
Less: Share issue costs		(2,724)
Balance July 31, 2007	58,252,644	\$ 60,142
Issued for cash:		
Stock Options	151,632	87
Transfer from contributed surplus on exercise of stock options	-	39
Less: Share issue costs		-
Balance October 31, 2007	58,404,276	\$ 60,268

1 The Company granted 206,986 special broker warrants to the underwriters of an April 11, 2006 private placement. The warrants were exercised and for no additional consideration were exchanged on June 6, 2006 into one share purchase warrant exercisable at \$1.45 per common share. As at July 31, 2007, all of these share purchase warrants had been exercised.

2 On January 16, 2007, 8,050,000 common shares were issued at a price of \$5.00 per common share for gross proceeds of \$40,250. Issue costs related to the financing were \$2,724.

Stock Option Plan

The Company has a Stock Option Plan from which it makes incentive awards to employees, directors and consultants. Under the current Stock Option Plan, the Company is authorized to grant up to a total of 8,020,135 share purchase options a figure which represents 13.7% of the Company's issued common shares. Share purchase options awarded under the Plan are granted

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

on the 20th of each month at an exercise price equal to the market price of the Company's common shares on the date of the grant, normally the final trading day of any given month.

The Company's standard vesting schedule calls for vesting over three years with one-third of the options vesting on each of the first, second and third anniversaries of the grant date.

A summary of the activity in the Company's Stock Option Plan is presented below:

	Number of Shares	Weighted Average Exercise Price
Options outstanding July 31, 2006	3,534,657	\$ 0.56
Granted	1,900,900	\$ 3.03
Expired or cancelled	(540,219)	\$ 2.36
Exercised	(1,824,303)	\$ 0.46
Options outstanding July 31, 2007	3,071,035	\$ 1.83
Granted	696,500	\$ 3.03
Expired or cancelled	(97,634)	\$ 2.36
Exercised	(151,632)	\$ 0.57
Options outstanding October 31, 2007	3,518,269	\$ 2.09

As at October 31, 2007, the Company had 3,518,269 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
\$ 0.25	\$ 0.38	100,000	0.92	\$ 0.25	100,000	0.92	\$ 0.25
\$ 0.47	\$ 0.71	941,834	1.47	\$ 0.56	940,334	1.47	\$ 0.56
\$ 0.76	\$ 1.14	485,834	3.31	\$ 0.94	205,993	3.31	\$ 0.91
\$ 1.20	\$ 1.80	141,501	3.57	\$ 1.38	34,830	3.57	\$ 1.41
\$ 2.55	\$ 3.83	1,539,500	4.82	\$ 2.83	133,165	4.82	\$ 2.63
\$ 5.50	\$ 6.98	309,600	4.26	\$ 5.77	-	-	\$ -
\$ 0.25	\$ 6.98	3,518,269	3.50	\$ 2.09	1,414,322	2.04	\$ 0.81

During the quarter ended October 31, 2007 stock based compensation expense was \$154 (October 31, 2007 - \$43) and is included in operating expenses of the related department on the statement of operations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

	For the three months ended October 31	
	2007	2006
Risk free rate	3.00%	2.00%
Dividend yield	0%	0%
Expected volatility	81%	58%
Weighted average expected option life	3 years	3 years
Weighted average fair value of options granted	\$ 1.69	\$ 0.53
Total options outstanding	3,518,269	3,534,657

Note 8 Contributed Surplus

Balance July 31, 2006	\$ 574
Stock options	652
Stock options exercised	(284)
Share purchase warrants exercised ¹	(84)
Balance July 31, 2007	\$ 858
Stock options	154
Stock options exercised	(39)
Balance October 31, 2007	\$ 973

1 Share purchase warrants were granted in connection with private placement of Special Warrants on April 11, 2006. As at October 31, 2007 there are no warrants outstanding

Note 9 Related Party Transactions

The Company was charged the following amounts by directors and officers who are related by virtue of their ownership positions in the Company or by companies with directors in common.

	For the three months ended October 31	
	2007	2006
Administration		
Consulting fees	\$ 100	\$ 352
Professional fees	-	16
Share Issue Costs	-	64
Research and development	100	322
Total	\$ 200	\$ 754

At October 31, 2007, accounts payable and accrued liabilities included \$12 (July 31, 2007 - \$22) due to directors and officers of the Company.

During the quarter ended October 31, 2007, directors of the company exercised nil (October 31, 2006 – 300,000) incentive stock options at a weighted average price of nil (October 31, 2006 – \$0.25) per common share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

Note 10 Segmented Information

The Company operates in a single business segment - telematics, and has sales in Canada, the United States, Europe, South America and in other areas of the world. Revenues can be split into two categories: non-recurring hardware and software sales and recurring service revenues. As at October 31, 2007, 94% of the Company's property and equipment are located in Canada and 6% are located in Europe and are held by the Company's wholly owned subsidiary, WebTech Wireless Europe Ltd. (October 31, 2006 – 88.4% and 11.6% respectively).

Revenue by geographic segment is as follows:

	For the three months ended October 31	
	2007	2006
Canada	\$ 1,176	\$ 560
United States of America	2,096	1,351
Europe	865	595
South America	284	1,080
Other	290	321
	\$ 4,711	\$ 3,907

Revenue by category is as follows:

	For the three months ended October 31	
	2007	2006
Non-Recurring Hardware and Software Revenue	3,208	2,762
Recurring Revenue	1,503	1,145
Total Revenue	\$ 4,711	\$ 3,907

Note 11 Financial Instruments**a) Fair Value of Financial Instruments:**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying amount due to their short term nature.

b) Foreign Currency Risk:

During the quarter ended October 31, 2007, 57% of the Company's revenue was in US dollars and 18% was in UK pounds (2006 - 70% and 20%). The Company periodically estimates its obligations payable in these foreign currencies and converts excess foreign funds into Canadian currency. The Company does not currently use derivative instruments. At October 31, 2007, the Company held net current monetary assets in US dollars and in UK pounds equal to \$5,017 and \$1,885 respectively (2006: \$6,542 US dollars and \$2,019 UK pounds)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended October 31, 2007 and 2006

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

c) Credit Concentration and Risk:

The Company provides credit to its clients in the normal course of operations. The Company estimates, on a continuing basis, the probable losses and records a provision for losses based on the estimated realizable value. At October 31, 2007, accounts receivable from three customers comprised an aggregate of 30.4% of total accounts receivable (2006 – 57.6%).

No individual customer comprised greater than 10% of sales.

Note 12 Commitments

The Company has entered into a commitment to purchase inventory from a supplier with a total estimated value of \$2,236. An amount of \$1,677 has been recorded as an accrued liability being the difference between the cost of the inventory under contract and its fair market value as estimated by management. This liability will be reduced when the related inventory is delivered by the supplier.

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

FY2008	\$ 230
FY2009	322
FY2010	350
FY2011	373
FY2012 through FY2017	2,284
Total	\$ 3,559

Note 13 Litigation

On May 11, 2007 the Company was served with notice of a lawsuit filed in the Eastern District of Texas by Lunar Eye Inc., alleging patent infringement by the Company. This lawsuit has since been scheduled for trial in November 2008.

The Company has filed for and been granted a Request for Re-examination of the underlying patent with the US Patent and Trademark Office ("USPTO").

The Company has reviewed the lawsuit and believes it to be without merit, and has taken the necessary steps to defend itself against the allegations contained therein at a trial currently scheduled for November 2008.

Note 14 Subsequent Event

Subsequent to October 31, 2007, the Company issued 25,560 common shares pursuant to the exercise of incentive stock options at a weighted average price of \$0.94 per common share.