



CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended
January 31, 2008 and 2007 (amended and restated)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

WEBTECH WIRELESS INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
For the quarter ended January 31, 2008
This document is dated March 10, 2008.
(Dollar amounts in 000's)

GENERAL

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

In light of the many risks and uncertainties that may cause future results to differ materially from those expected, the Company cannot give assurances that the forward-looking statements contained in this document will be realized. Forward-looking statements are not guarantees of future performance. The financial data contained in this report and in the Consolidated Financial Statements of the Company for the three and six months ended January 31, 2008 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 and six months ended January 31, 2008, (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 January 31, 2008 in accordance with Canadian Generally Accepted Accounting Principles for financial reporting. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at January 31, 2008. 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.

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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 individual drivers and 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.

The Company 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 the Companies sophisticated Internet-based tracking and reporting software, Quadrant. The Company has also begun selling training and other services to its clients and with a recent focus on enterprise level sales will enter into "white-label" software and support agreements for its Quadrant solution with very large customers.

INDUSTRY AND ECONOMIC FACTORS

Industry

The Company 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 and automobile drivers. 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 provide Location Based Services (LBS) and Telematics information to various 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 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.

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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 January 31, 2008, the Company completed two significant transactions: (i) the sale of 1,300 locators to a large Canadian communications provider; and (ii) a supply agreement for 5,000 locators with Global Tracking Communications based in California. Overall, the Company shipped more than 10,000 locators in the quarter.

On March 4, 2008, the Company announced that it had entered into a Letter of Intent and received a firm purchase order for 5,000 units from Grupo Nacional Provincial ("GNP"), a Mexican insurer as part of a pilot project to provide telematics and location based services to GNP insured base of 1.5 million vehicles in Mexico.

On January 23, 2008, the Company announced that it had received notice that a project under discussion with a significant fleet customer in the United States had received key financial approval. Contract discussions with this customer continue and the Company hopes to provide further information on this possible sale as and when it is available.

During the year ended July 31, 2007, the Company 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. These relationships continue to provide significant deal flow and revenue opportunities to the Company.

Factors driving the worldwide increase in the use and application 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;
- an increased awareness of the benefits of telematics by insurance companies, automobile manufacturers and consumers; and
- a growing acknowledgement by consumers, regulators and manufacturers of the enabling contributions which telematics can make to the evolving "carbon credit economy"

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.

All figures reported for the quarter and the six months ended and as at January 31, 2007 are amended and restated.

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Economic

The Company's reported revenue and net results are affected by fluctuations in the exchange rates of the Canadian dollar, the US dollar and UK pound amongst other factors. For the quarter ended January 31, 2008 approximately 40% (January 31, 2007 – 64%) of revenue was US dollar denominated and 19% (January 31, 2007 – 19%) of revenue was denominated in UK pounds with the balance denominated in Canadian dollars. The exchange rate for US Dollars at January 31, 2008 was 0.9978, compared with 0.9384 on July 31, 2007. The exchange rate for UK pounds at January 31, 2008 was 0.5016, compared with 0.4609 on July 31, 2007. It is important to note that although the US dollar strengthened against the Canadian dollar in the quarter most recently ended, that the inverse has been true since the beginning of the year with the exchange rate for US dollars at July 31, 2007 being 0.9384 vs. the rate reported above at January 31, 2008 of 0.9978, a weakening of 6.2% in the six months period reported.

In general, a 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. The inverse is true when the US dollar strengthens against the Canadian dollar as occurred in the most recent quarter. As a result of this recent US dollar strengthening, the Company is reporting a gain from foreign exchange for this quarter. This gain reduces the overall foreign exchange loss incurred for the six months ended January 31, 2008.

The Company has, since the beginning of the fiscal year, reduced its overall US dollar balances held and has re-denominated certain inter-company transactions into Canadian dollars as part of its ongoing efforts to reduce its exposure to foreign exchange rate fluctuations. The recent changes in the Canadian dollar – UK pound exchange rate have had no significant impact on reported results.

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 sold and shipped more than 10,000 locators in the quarter ended January 31, 2008 for a record year to date total in excess of 20,000 units. Revenues grew year over year in all geographic segments except South America, with the most significant growth occurring in Canada.

Revenue

The Company is reporting revenue of \$5,209 for the quarter ended January 31, 2008 (2007 - \$3,639), an increase of 43% over the prior comparable quarter. Revenues for the six month period of \$9,920 (2007 - \$7,546) increased 31% over the comparable period. This increase is primarily due to higher volume sales activity in North America and in Europe which continues to benefit 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 and consumer sector, the Company continues to believe its strategy of pursuing this market is sound, and sees its supply arrangement with Grupo Nacional Provincial ("GNP") in Mexico announced on March 4, 2008 as evidence of this. In addition, the Company continues to establish build upon its presence in Brazil, having appointed a Director of Operations for Brazil in November, and recently having taken control of the ability to market services to the owners of more than 46,000 locators installed in Volkswagen automobiles in that market. The Company is now actively pursuing partnership opportunities

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to take advantage of the opportunity represented by this installed base of active locators as well as the more than 1.5 million commercial trucks on the road in Brazil.

The Company earns recurring subscriber revenue from monitoring the locators which it sells. Recurring service revenues grew by 3% for the quarter and 16% for the six month period over the comparable periods of the prior year. Recurring revenue growth has lagged behind overall revenue growth as a result of increased "hardware only" sales as a percentage of total sales, a trend which the Company believes is a short term anomaly resulting from its desire to move inventory built up as part of its previously suspended relationship with Crown Telecom.

Segmented Information

To date the Company has made sales in over 40 countries around the world, with the majority of these sales coming from North America and Europe. Due to an increase in the worldwide demand for wireless vehicle services and due to the Company's further expansion of its sales efforts internationally, the Company realized a general increase in international sales during the quarter ended January 31, 2008. Driven by increased sales in Europe and elsewhere, overall international sales grew by 16% in the quarter ended and 10% year to date. It is important to note that while overall international sales increased in all markets except South America, 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 category (CAD \$):

	For the three months ended January 31		For the six months ended January 31	
	2008	2007 (amended and restated)	2008	2007 (amended and restated)
Non-Recurring Hardware and Software Revenue	\$ 3,732	2,206	\$ 6,940	4,969
Recurring Service Revenue	1,477	1,433	2,980	2,577
	\$ 5,209	\$ 3,639	\$ 9,920	\$ 7,546

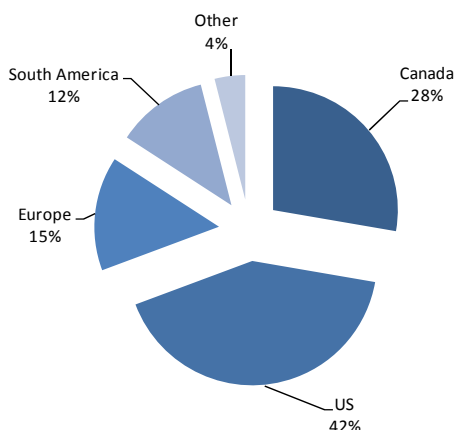
Sales by geographic segment (CAD \$)

Region	For the three months ended January 31			For the six months ended January 31		
	2008	2007 (amended and restated)	Growth	2008	2007 (amended and restated)	Growth
Canada	2,147	1,011	112%	3,323	1,571	112%
US	1,565	1,514	3%	3,661	2,865	28%
Europe	974	545	79%	1,840	1,140	61%
South America	205	439	(53%)	489	1,519	(68%)
Other	318	130	145%	607	451	35%
Total	5,209	3,639	43%	9,920	7,546	31%

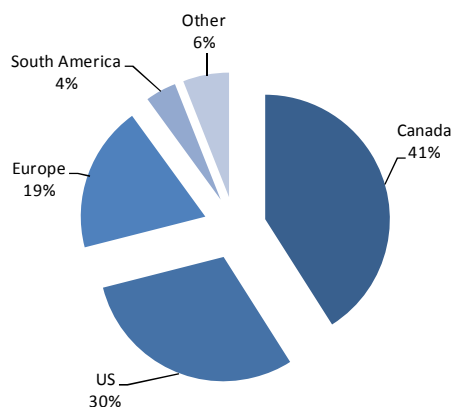
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Sales by geographic segment (% distribution)

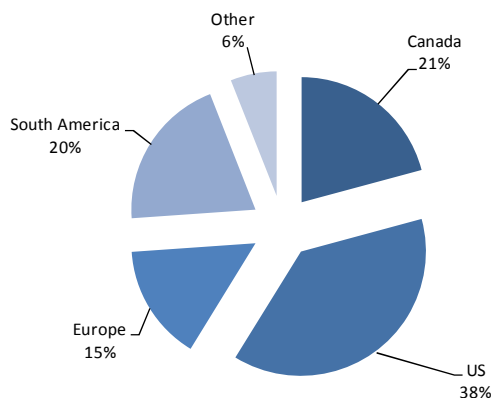
Three months ended January 31, 2007



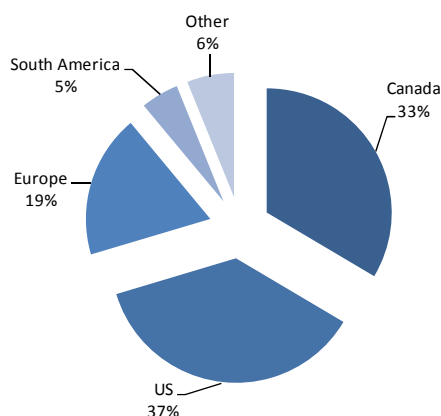
Three months ended January 31, 2008



Six months ended January 31, 2007



Six months ended January 31, 2008



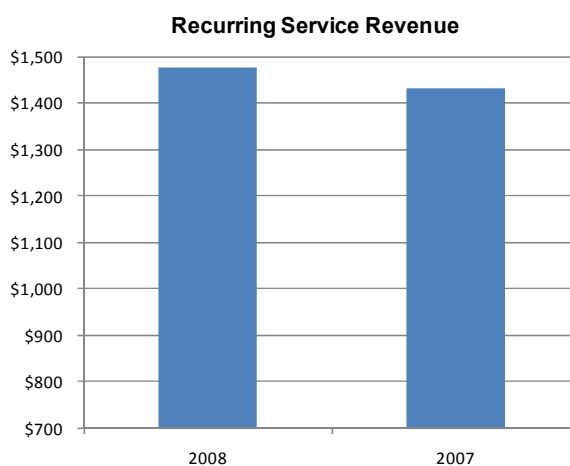
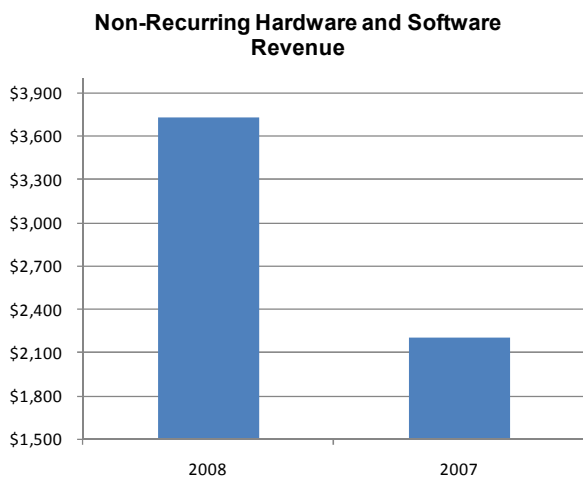
Quarterly revenue from sales in North America increased by 47% over the prior comparable period. Revenues from sales in North America for the six months increased by 57% over the prior comparable period as sales to commercial fleets increased. Sales in Europe also increased significantly quarter over quarter and year over year, primarily as a result of efficiencies achieved through a reorganization of the Company's sales force and a general acceptance of the Company's products in this market.

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 70% over the prior comparable quarter and 40% for the six months ended January 31, 2008. Subscriber (or recurring services) revenues which have increased by 3% over the prior comparable quarter, have however decreased as a percentage of total sales to approximately 28% vs. 39% for the prior comparable quarter due to an increase in hardware-only business, and is considered a short term trend. For the six month period ended January 31, 2008, subscriber revenues increased by 16% over the prior comparable period and subscriber revenue comprised 30% (2007 – 34%) of total revenues.

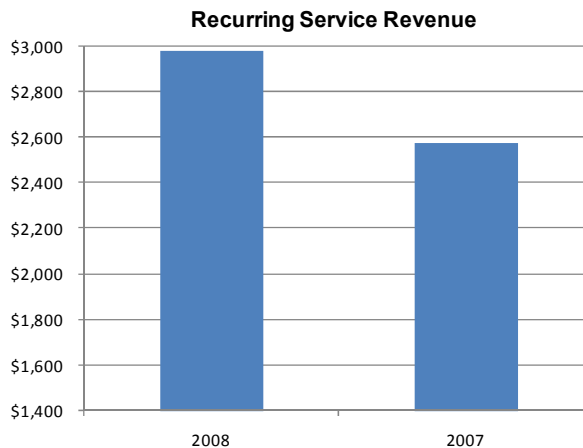
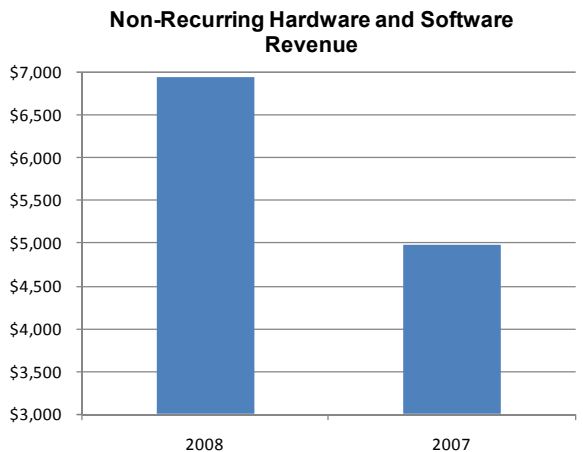
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Sales by category are as follows:

Three months ended January 31, 2008 and January 31, 2007



Six months ended January 31, 2008 and January 31, 2007



Gross Profit and Margins

Gross profit grew by 65% to \$2,795 for the quarter ended January 31, 2008 from \$1,695 in the prior comparable quarter due to the overall growth in revenue and improved operating efficiencies. Gross profit margin for the quarter was 54% (2007 – 47%) with the increase due primarily to purchasing efficiencies achieved through a scale up of operations and a change in the accounting for the foreign exchange impact on inventory held for sale.

Gross profit grew by 38% to \$4,993 for the six month period ended January 31, 2008 from \$3,609 in the comparable period. Gross profit margin for the six month period was 50% (2007 – 48%).

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Operating Expenses

The Company experienced a 28% increase in operating expenses in the second quarter compared to the prior year's second quarter as a result of increased personnel costs, facility and professional fees. For the six month period the Company realized a 43% increase in expenses year over year.

Marketing and Sales

Marketing and sales expense increased by 35% over the prior comparable period and 51% year over year for the six months reported. Of the quarterly increase, 64% was due to increased staff and consulting costs, 11% was due to increased travel costs, 10% was due to increased facility costs, 10% was due to increased sales commissions, and the balance due to the growing sales force and its related costs. Variable sales commissions relating primarily to North American hardware sales comprise 15% (2007 – 22%) of the quarters' marketing and sales expense. Reasons for the increases for the six month period are consistent with those reported for the quarter.

Research and Development

Research and development costs for the quarter increased by 4% over the prior comparable period and 16% for the six month period due to increased staffing costs and increased research and development activities to enhance the Company' product portfolio and services offerings.

During the quarter, the Company released a version 8.4 of its web-based solution, Quadrant including several new features including; extended support to 1,000 geofences, a feature rich thin client solution with Geofence and Landmark update, an Hours of Service Summary report for more efficient job assignment and Vehicle Maintenance schedules based on engine hours. The Company also completed the first stage of new product development designed for mobile platforms and prepared the first version of the next generation Mobile Data Terminal with enhanced services such as Text to Speech and Voice Command Recognition.

Significant work was completed on the Company's hardware platform including the introduction of a PLC (Power Line Carrier) ID system for positive identification of tractor trailer pairing, introduced a new WT5000G low cost quad band GPRS locator and completed development, design verification, and pre-production activities related to WebTech's next generation locator

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 improve 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.

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General and Administration

General and administration expenses have increased by 43% over the prior comparable quarter primarily due to increased operations and by 62% year over year for the six months ended. The year on year quarterly increase, was due 40% to increased legal, audit and advisory fees, 35% to increased staffing costs, 11% to an increase in arm's length consulting, and the balance to increased facility costs and miscellaneous support costs. Administration expense remained constant as a percentage of total sales at 21% compared to the prior comparable quarter and the first quarter of this year. General and administration expenditures were up 28% vs. the first quarter of this year; however such expenses are not expected to grow significantly at this time.

Net Income

For the three and six months ended January 31, 2008, the Company realized a net (loss) of (\$710) (2007: (\$393)) and (\$1,793) respectively (2007 – (\$359)). The loss was caused by increased operating costs, including legal fees, the previously discussed impact of foreign exchange 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. It should also be noted that the first half of the Company's fiscal year is also its slowest half.

During the three and six month period the Company realized interest income from the investment of excess working capital of \$212 (2007: \$87) and \$473 respectively (2007: \$175).

During the quarter the Company booked a foreign currency gain (loss) of \$36 (2007: \$746) and (loss) income of (\$224) (2007: \$768) in the six month period. The small gain due to foreign exchange for the quarter is a direct result of strengthening in the US dollar vs. the Canadian dollar in the quarter, a strengthening however which has not offset weakening in the exchange rate since the beginning of the year.

Litigation

On May 11, 2007 the Company was served with notice of a lawsuit filed by Lunar Eye Inc. in the Eastern District of Texas, 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 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.

The Company has filed or is in the process of filing a number of lawsuits in Brazil and other jurisdictions against its former VAR in Brazil, Crown Telecom, the principal of Crown and certain companies related to Crown. The Company has previously announced that it 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 certain amounts owed by Crown to the Company. The agreement also called for the payment by Crown of certain further amounts owed to the Company. At this time Crown has failed to make any of the payments 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.

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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-Jan-08	31-Oct-07	31-Jul-07	30-Apr-07 (amended and restated)	31-Jan-07 (amended and restated)	31-Oct-06	31-Jul-06	30-Apr-06
Revenue	\$ 5,209	\$ 4,711	\$ 3,836	\$ 3,922	\$ 3,639	\$ 3,907	\$ 4,990	\$ 4,734
Gross Profit	\$ 2,795	\$ 2,198	\$ 2,645	\$ 2,514	\$ 1,695	\$ 1,914	\$ 2,565	\$ 2,373
Gross Margin %	54%	47%	69%	64%	47%	49%	51%	50%
Expenses	\$ 3,753	\$ 3,282	\$ 3,712	\$ 3,127	\$ 2,921	\$ 1,990	\$ 2,232	\$ 1,892
Net earnings (loss)	\$ (710)	\$ (1,083)	\$ (7,121)	\$ (18,678)	\$ (393)	\$ 34	\$ 609	\$ 492
EPS (Basic)	\$ (0.01)	\$ (0.02)	\$ (0.13)	\$ (0.35)	\$ (0.01)	Nil	\$ 0.02	\$ 0.01
EPS (Diluted)	\$ (0.01)	\$ (0.02)	\$ (0.13)	\$ (0.35)	\$ (0.01)	Nil	\$ 0.02	\$ 0.01
Total Assets	\$ 34,870	\$ 36,171	\$ 36,716	\$ 42,218	\$ 61,522	\$ 22,531	\$ 22,334	\$ 20,946
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 million 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

The Company's total current assets at January 31, 2008 totaled \$33,264 (July 31, 2007 - \$35,695).

Working capital

At January 31, 2008, the Company had positive working capital of \$28,521, 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 January 31, 2008.

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 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. 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

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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 January 31, 2008, the Company had cash and cash equivalents of \$19,168, compared with \$22,344, at July 31, 2007.

During the second quarter the Company used cash to repurchase a total of 602,016 of its common shares at an average cost of \$2.74 per share for a total of \$1.65 million under the terms of a Normal Course Issuer Bid. The Company also used cash to fund operating activities which is net income adding back non-cash items, of \$481 (2007: generated \$217) and used cash of \$717 (2007: used \$8,457) to fund non-cash working capital items, mainly attributable to increased accounts receivable, and inventory. The Company also used cash of \$519 for investments, including \$478 paid for the purchase of new capital assets required for an expansion of its headquarters 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 \$4,819 (2007 - \$4,128) includes amounts due from three customers with large volume sales contracts, comprising 31.4% of total accounts receivable. While no such situations have occurred in the period reported the Company may from time to time, to take advantage of significant growth opportunities, grant credit terms in excess of its standard 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 January 31, 2008, accounts receivable were comprised of aged amounts greater than 120 days as follows: 6% over 120 days; and 13% over 180 days. Of these amounts \$519 has been collected.

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

Inventory

Inventory has increased from \$7,640 at July 31, 2007 to \$8,413 at January 31, 2008 as the Company took delivery of inventory previously ordered.

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

Prepaid expenses and deposits

Prepaid expenses and deposits primarily relate to amounts paid to manufacturers in advance of receiving inventory. Prepaid expenses and deposits decreased from \$1,583 at July 31, 2007 to \$864 at January 31, 2008, which reflects the delivery of goods previously recorded as deposits.

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COMMITMENTS

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

FY2008	\$ 205
FY2009	322
FY2010	350
FY2011	373
FY2012 through FY2017	2,284
Total	\$ 3,534

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, there are no amounts owing from related parties.

	For the three months ended January 31		For the six months ended January 31	
	2008	2007 (amended and restated)	2008	2007 (amended and restated)
Administration				
Consulting fees	\$ 30	\$ 149	\$ 60	\$ 145
Professional fees	-	-	-	10
Research and development	30	107	60	166
Total	\$ 60	\$ 256	\$ 120	\$ 321

The Consulting fees and Research and Development costs consist of compensation paid to the CEO and CTO respectively, both of whom are significant shareholders as well as board members.

During the six months ended January 31, 2008, directors of the company exercised 100,000 (January 31, 2007 (restated) – 400,000) incentive stock options at a weighted average price of \$0.25 (January 31, 2007– \$0.35) per common share.

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 rates based on the estimated useful life of each asset class compared to the old rate.

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	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

The CICA has issued two new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The company will adopt the requirements commencing in the interim period ended April 30, 2008 and is considering the impact this will have on the company's financial statements. These new standards are described below.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3031 - Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862 – Financial Instruments – Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

Accounting for comprehensive income

Effective August 1, 2007, the Company adopted CICA Handbook Section 1530, "Comprehensive Income". This section establishes standards for reporting and disclosure of comprehensive income and its components. Comprehensive income includes net income and other comprehensive income which refers

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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. Accordingly, there has been no impact on the adoption of this standard on the Company's consolidated financial statements.

Accounting for financial instruments

Effective August 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", 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.

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

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

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

FOREIGN EXCHANGE

Fluctuations in the exchange rate between the Canadian and US dollar and between the Canadian dollars and the UK pound affect the Company by impacting revenue, expenses and the balance sheet. Although the Company reports in Canadian dollars, for the quarter ended January 31, 2008, 40% (January 31, 2007 – 64%) of revenues were US dollar denominated and 15% (January 31, 2007 – 19%) were denominated in UK pounds. A strengthening US dollar increases revenues when reported in Canadian dollars. A weakening US dollar has the opposite effect. As a portion of the Company's inventory costs are denominated in US dollars the impact of foreign exchange fluctuations on gross margin and net income is somewhat mitigated. There is a positive impact on the balance sheet as the value of US denominated receivables increase as the US dollar strengthens against the Canadian dollar. There is some offset as US denominated payables will also decrease at the same time, with the opposite being true when the US dollar weakens against the Canadian dollar. In summary, the offsets between US dollar revenues and expenses and US dollar receivables and payables provide natural hedges for a portion of the Company's foreign exchange exposure. The exchange rate for US Dollars at January 31, 2008 was 0.9978, 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. Historically, fluctuations between the Canadian dollar and UK pound have not had a significant impact on the Company's results.

As at January 31, 2008, the Company held net current monetary balances in US dollars and in UK pounds equal to \$1,744 and \$2,475 respectively.

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(Dollar amounts in 000's)

ADDITIONAL RISKS

In addition, the Company is subject to the following risks and uncertainties which are described in greater detail in the Company's most recent AIF dated October 26, 2007:

- 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 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.
- The Company provides its customers with a limited warranty on its products. Despite quality control procedures, there is no assurance that the Company's provision for this warranty is adequate.
- The Company's success depends on its ability to attract and retain highly skilled engineering, managerial, marketing and sales personnel. Competition for qualified personnel in the wireless and wireless data industries is intense. The Company believes that there are only a limited number of persons with the requisite skills to serve in many key positions and the Company may not be able to hire and retain these persons.
- Fluctuations in the exchange rate between the Canadian and US dollars and between Canadian dollars and UK pounds affect the Company by impacting revenue, expenses and the balance sheet.
- The Company's stock price may experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a law suit against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors, among others, may cause decreases in the value of the Common Shares.

WEBTECH WIRELESS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

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- 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.
- The Company's portal system is subject to failure due to loss of power, connectivity or human error. In the event that the Company's systems become inoperative for a period of time, the Company could be adversely affected by a reduction in customer satisfaction, loss of business and litigation.
- The Company depends on signals from GPS satellites built and maintained by the US Department of Defense. Availability of these satellites is dependent on the US Department of Defense continuing to maintain the satellites and could be affected by future government regulation.
- The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares.
- The Company depends on a small number of customers for a significant portion of its revenue.
- The 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 March 10, 2008, the Company had 57,962,419 common shares outstanding. The Company has 3,596,493 share purchase options outstanding entitling the holders to purchase one common share for each option held at prices from \$0.47 to \$6.98 per share expiring on various dates up to January 31, 2013.

SEDAR

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

WEBTECH WIRELESS INC.
CONSOLIDATED BALANCE SHEET

(Amounts in 000's)

	<i>31-Jan-08</i> <i>(Unaudited)</i>	<i>31-Jul-07</i> <i>(Audited)</i>
ASSETS		
Current		
Cash and cash equivalents	\$ 19,168	\$ 22,344
Accounts receivable, net of allowance	4,819	4,128
Inventory, net of allowance	8,413	7,640
Prepaid expenses and deposits	864	1,583
	33,264	35,695
Property and equipment <i>(Note 7)</i>	1,565	1,021
Property under development <i>(Note 7)</i>	41	-
	\$ 34,870	\$ 36,716
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,281	\$ 3,533
Deferred lease inducement	103	110
Current portion of deferred revenue	359	260
	4,743	3,903
Long term		
Deferred revenue	114	-
	4,857	3,903
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 8)</i>	59,730	60,142
Contributed surplus <i>(Note 9)</i>	1,296	858
Deficit	(31,013)	(28,187)
	30,013	32,813
	\$ 34,870	\$ 36,716

Commitments *(Note 13)*

APPROVED BY THE DIRECTORS:

"Signed"

Anwar Sukkarie

"Signed"

R.H. (Dick) Pinder

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

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<u>31-Jan-08</u>	<u>31-Jan-07</u> <i>(amended and restated)</i>	<u>31-Jan-08</u>	<u>31-Jan-07</u> <i>(amended and restated)</i>
Revenue	\$ 5,209	\$ 3,639	\$ 9,920	\$ 7,546
Cost of goods sold	<u>2,414</u>	<u>1,944</u>	<u>4,927</u>	<u>3,937</u>
Gross profit	<u>2,795</u>	<u>1,695</u>	<u>4,993</u>	<u>3,609</u>
Expenses				
Marketing and sales	1,580	1,175	3,028	2,011
Research and development	912	875	1,746	1,510
General and Administration	1,116	782	1,986	1,225
Amortization	<u>145</u>	<u>89</u>	<u>275</u>	<u>165</u>
	3,753	2,921	7,035	4,911
Loss before other items	<u>(958)</u>	<u>(1,226)</u>	<u>(2,042)</u>	<u>(1,302)</u>
Other items				
Interest income	212	87	473	175
Foreign exchange gain (loss)	36	746	(224)	768
Net loss for the period	<u>\$ (710)</u>	<u>\$ (393)</u>	<u>\$ (1,793)</u>	<u>\$ (359)</u>
Deficit, beginning of the period	(29,270)	(1,803)	(28,187)	(1,837)
Loss and Comprehensive Loss for the period	(710)	(393)	(1,793)	(359)
Shares repurchased - excess of purchase price over carrying value	(1,034)	-	(1,034)	-
Deficit, end of period	<u>\$ (31,014)</u>	<u>\$ (2,196)</u>	<u>\$ (31,014)</u>	<u>\$ (2,196)</u>
Accumulated other comprehensive earnings				
Balance - beginning and end of period	\$ -	\$ -	\$ -	\$ -
Basic and fully diluted (loss) earnings per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)
Weighted average shares outstanding during the year	58,251,293	49,261,516	58,264,656	45,589,543

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>Six months ended</i>	
	<u>31-Jan-08</u>	<u>31-Jan-07</u> <i>(amended and restated)</i>	<u>31-Jan-08</u>	<u>31-Jan-07</u> <i>(amended and restated)</i>
Operating Activities				
Net loss for the period	\$ (710)	\$ (393)	\$ (1,793)	\$ (359)
Add items not affecting cash:				
Amortization	145	89	275	165
Stock based compensation	340	128	494	171
Amortization of leasehold inducement	(4)	-	(7)	-
	<u>(229)</u>	<u>(176)</u>	<u>(1,031)</u>	<u>(23)</u>
Changes in non-cash working capital items related to operations:				
Accounts receivable	(823)	(788)	(691)	(1,058)
Inventory	(953)	(1,847)	(773)	(3,757)
Prepaid expense and deposits	398	(3,528)	719	(4,246)
Inventory shipped (unrecognized revenue)	-	(3,557)	-	(3,557)
Accounts payable and accrued liabilities	496	764	748	531
Deferred Revenue	165	499	213	585
	<u>(946)</u>	<u>(8,633)</u>	<u>(815)</u>	<u>(11,525)</u>
Financing Activities				
Common shares issued, net of costs	66	37,994	153	38,260
Shares repurchased (Note 8)	(1,655)	-	(1,655)	-
Loan receivable	-	(2,387)	-	(2,387)
	<u>(1,589)</u>	<u>35,607</u>	<u>(1,502)</u>	<u>35,873</u>
Investing Activities				
Purchase of intangible assets	-	(19)	-	(54)
Purchase of capital assets	(478)	(352)	(575)	(422)
Purchase of property under development	(41)	-	(284)	-
	<u>(519)</u>	<u>(371)</u>	<u>(859)</u>	<u>(476)</u>
Net increase (decrease) in cash during the period	(3,054)	26,603	(3,176)	23,872
Cash, beginning of period	<u>22,222</u>	<u>7,909</u>	<u>22,344</u>	<u>10,640</u>
Cash, end of period	<u>\$ 19,168</u>	<u>\$ 34,511</u>	<u>\$ 19,168</u>	<u>\$ 34,511</u>
Cash and cash equivalents consist of:				
Cash	\$ 19,168	\$ 31,511	\$ 19,168	\$ 31,511
Term deposits	-	3,000	-	3,000
	<u>\$ 19,168</u>	<u>\$ 34,511</u>	<u>\$ 19,168</u>	<u>\$ 34,511</u>
Supplemental cash flow information				
Interest paid	\$ 1	\$ -	\$ 1	\$ -
Income taxes paid	-	-	-	-
Non-cash Transactions				
Purchase of capital assets	\$ 243	\$ -	\$ 243	\$ -
Purchase of property under development	(243)	-	(243)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)
(Dollar amounts in 000's except per share amounts)

Note 1 Nature of Operations

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

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

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

Note 2 Unaudited interim consolidated financial statements

The unaudited balance sheet as at January 31, 2008 and the unaudited interim statements of operations, comprehensive loss and deficit and cash flows for the three and six months ended January 31, 2008 and 2007 (amended and restated), 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 and six months ended January 31, 2008 are not necessarily indicative of the results to be expected for the full year. These unaudited consolidated interim financial statements do not include all the disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended July 31, 2007, and the summary of significant accounting policies included therein.

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

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

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

Accounting for comprehensive income

Effective August 1, 2007, the Company adopted CICA Handbook Section 1530, "Comprehensive Income". This section establishes standards for reporting and disclosure of comprehensive income and its components. Comprehensive income includes net income and 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. Accordingly, there has been no impact on the adoption of this standard on the Company's consolidated financial statements.

Accounting for financial instruments

Effective August 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", 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 amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)
(Dollar amounts in 000's except per share amounts)

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

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

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

Foreign Currency Translation

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

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 expenses during the reported periods. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

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

Inventory

Inventory is comprised primarily of parts and finished goods and is valued at the lower of cost and net realizable value. Cost of sales is determined using the 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 location-based and telematics hardware and software. Revenue from hardware and software sales is recognized when persuasive evidence of an arrangement exists, the fee is fixed and determinable, the hardware and software is shipped and when management has determined that the revenue is collectible. Recurring revenue from tracking services is invoiced in advance and deferred and recognized on a monthly basis as the services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)

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

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

Property and Equipment

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

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

Research and Development

Research expenditures are expensed when incurred. Development costs are capitalized provided that certain criteria are met. To date, no amounts have been capitalized.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)
(Dollar amounts in 000's except per share amounts)

Note 4 Recent Canadian GAAP Announcements

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

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3031 - Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862 – Financial Instruments – Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

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 a commission equal to 6% of gross sales from customer and resellers of Globetrac, for a period not to exceed 11 years from August 1, 2005. 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, specifically Q4 2007. Commissions paid under the acquisition agreement are treated as expenses as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 January 31, 2008, the Company carried a nil balance on this facility (2007 - nil).

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

	31-Jan-08			31-Jul-07		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	\$1,752	\$953	\$799	\$1,640	\$780	\$860
Computer software	743	693	50	710	663	47
Furniture and fixtures	295	167	128	160	154	6
Leasehold improvements	508	8	500	124	57	67
Office and other equipment	218	131	87	161	120	41
	\$3,517	\$1,952	\$1,565	\$2,795	\$1,774	\$1,021

Property Under Development

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

Note 8 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	-	284,000,000
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	307,459	154
Transfer from contributed surplus on exercise of stock options	-	56
Less: Common shares returned to treasury	(602,016)	(620)
Less: Share issue costs		(1)
Balance January 31, 2008	57,958,087	\$ 59,731

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)

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On August 23, 2007, the Company announced a normal course issuer bid through the facilities of the Toronto Stock Exchange to repurchase for cancellation up to 1.2 million Common Shares (2.06%). The bid commenced on August 27, 2007 and expires on August 26, 2008.

During the quarter ended January 31, 2008, the Company repurchased and cancelled a total of 602,016 Common shares under its normal course issuer bids for a total cash consideration of \$1.65 million. The cash consideration exceeded the carrying value of the shares repurchased by \$1.03 million, which was charged to deficit with the \$0.62 million balance booked to share capital.

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 13.8% of the Company's issued common shares. Share purchase options awarded under the Plan are granted on the 20th of each month at an exercise price equal to the market price of the Company's common shares on the date of the grant, normally the final trading day of any given month.

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

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

	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	1,197,600	\$ 3.13
Expired or cancelled	(122,467)	\$ 3.76
Exercised	(312,459)	\$ 0.50
Options outstanding January 31, 2008	3,833,709	\$ 2.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)
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As at January 31, 2008, the Company had 3,833,709 share purchase options outstanding entitling the holders to purchase one common share for each option held as follows:

Awards Outstanding By Range							
Exercise Price		Outstanding Awards			Exercisable Awards		
Low	High	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Quantity	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$ 0.47	\$ 0.71	914,834	1.21	\$ 0.56	914,834	1.21	\$ 0.56
\$ 0.76	\$ 1.14	456,674	3.06	\$ 0.94	207,167	3.02	\$ 0.93
\$ 1.20	\$ 1.80	136,501	3.32	\$ 1.38	38,664	3.37	\$ 1.37
\$ 2.55	\$ 3.83	2,023,100	4.66	\$ 2.83	172,998	4.56	\$ 2.66
\$ 5.50	\$ 6.98	302,600	4.01	\$ 5.77	76,424	3.98	\$ 5.50
\$ 0.25	\$ 6.98	3,833,709	3.55	\$ 2.28	1,410,087	2.10	\$ 1.16

During the six months ended January 31, 2008 stock based compensation expense was \$494 (January 31, 2007 (amended and restated) - \$173) 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:

	For the six months ended January 31	
	2008	2007
Risk free rate	3.00%	3.00%
Dividend yield	0%	0%
Expected volatility	89%	63%
Weighted average expected option life	3 years	3 years
Weighted average fair value of options granted	\$ 1.57	\$ 1.35
Total options outstanding	3,833,709	3,534,657

Note 9 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	494
Stock options exercised	(56)
Balance January 31, 2008	\$ 1,296

¹ Share purchase warrants were granted in connection with private placement of Special Warrants on April 11, 2006. As at January 31, 2008 there are no warrants outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)

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

Note 10 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, there are no amounts owing from related parties.

	For the three months ended January 31		For the six months ended January 31	
	2008	2007 (amended and restated)	2008	2007 (amended and restated)
Administration				
Consulting fees	\$ 30	\$ 149	\$ 60	\$ 145
Professional fees	-	-	-	10
Research and development	30	107	60	166
Total	\$ 60	\$ 256	\$ 120	\$ 321

During the six months ended January 31, 2008, directors of the company exercised 100,000 (January 31, 2007 (amended and restated) – 400,000) incentive stock options at a weighted average price of \$0.25 (January 31, 2007 (amended and restated) – \$0.35) per common share.

Note 11 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 January 31, 2008, 92% of the Company's property and equipment are located in Canada and 8% are located in Europe and are held by the Company's wholly owned subsidiary, WebTech Wireless Europe Ltd. (January 31, 2007 (amended and restated) – 96.4% and 3.7% respectively).

Revenue by geographic segment is as follows:

	For the three months ended January 31		For the six months ended January 31	
	2008	2007 (amended and restated)	2008	2007 (amended and restated)
Canada	\$ 2,147	\$ 1,011	\$ 3,323	\$ 1,571
United States of America	1,565	1,514	3,661	2,865
Europe	974	545	1,840	1,140
South America	205	439	489	1,519
Other	318	130	607	451
	\$ 5,209	\$ 3,639	\$ 9,921	\$ 7,546

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For the quarter ended January 31, 2008 (unaudited) and 2007 (amended and restated)
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Revenue by category is as follows:

	For the three months ended January 31		For the six months ended January 31	
	2008	2007 (amended and restated)	2008	2007 (amended and restated)
Non-Recurring Hardware and Software Revenue	\$ 3,732	2,206	\$ 6,940	4,969
Recurring Service Revenue	1,477	1,433	2,980	2,577
	\$ 5,209	\$ 3,639	\$ 9,920	\$ 7,546

Note 12 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 six months ended January 31, 2008, 48% of the Company's revenue was in US dollars and 19% was in UK pounds (2007 (amended and restated) - 64% and 15%). 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 January 31, 2008, the Company held net current monetary assets in US dollars and in UK pounds equal to \$1,744 and \$2,475 respectively (2007 (amended and restated): \$6,887 US dollars and \$1,774 UK pounds)

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 January 31, 2008, accounts receivable from four customers comprised an aggregate of 39.1% of total accounts receivable (2007 (amended and restated) - 38.2%).

No individual customer comprised greater than 10% of sales.

Note 13 Commitments

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

FY2008	\$ 205
FY2009	322
FY2010	350
FY2011	373
FY2012 through FY2017	2,284
Total	\$ 3,534

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Note 14 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.