

C **C.**
Consolidated Financial Statements
Years ended December 31, 2008 and 2007

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	December 31 2008	December 31 2007
Revenue		
Service and maintenance fees	\$ 30,441	\$ 40,382
Handset trading	293,760	-
	324,201	40,382
Cost of goods sold	285,547	
Gross profit	38,654	
Operating Expenses		
Amortization	53,509	
Sales and marketing	221,820	204,976
General administration	713,639	584,826
Salaries and benefits	988,769	604,768
Stock based compensation	173,689	312,928
Impairment - Note 7, 9	1,353,056	446,700
	3,504,483	2,178,081
Loss before other items	(3,465,829)	(2,137,699)
Other items:		
Other incomes and losses - Note 12	187,871	217,553
Foreign exchange gain (loss)	221,478	G (O)-7.0 m229)
Share of investment e 31		(30,6209)
	794,976	

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December 31	December 31
2008	2007

OPERATING ACTIVITIES

Loss for the period

Non cash items:

Amortization

Loss on sales of capital assets

Stock based compensation

Impairment loss

Loss from investment

Unrealized foreign exchange gain

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b) Capital assets

Capital assets are recorded at cost. Amortization is charged on the declining balance basis using the following annual rates:

Computer hardware	30%
Computer software	30%
Furniture and fixtures	20%
Leasehold improvements	Straight-line over the term of the lease

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e) Income taxes

The asset and liability method is used in accounting for income taxes. Under this method, future tax assets and liabilities are measured based on differences between the financial reporting and

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- The Company had no held-to maturity, available for sale or loans and receivables during the year ended December 31, 2008.

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Tysen reported a \$142,253 net loss for the period November 1, 2008 to December 31, 2008. The Company's proportionate 21% share of Tysen's losses was \$29,873 and has been recognized in income for the year and as a corresponding reduction of the cost of the investment.

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	2,277

Note 13 - Income Tax Recovery (Expense)

The following table reconciles the expected income tax payable (recovery) at the Canadian federal

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2017	1,400	-	1,400
2018	47,933	-	47,933
2026	897,677	-	897,677
2027	803,560	-	803,560
2028	1,469,860	-	1,469,860
	3,220,430	47,180	3,267,610

The combined non-capital losses from the Company's Hong Kong subsidiaries, Fireswirl Mobile Solutions Ltd. and Fireswirl Asia Ltd. available for carry forward was \$670,355 that can be carried forward indefinitely to future taxation years.

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Note 15 - Share Capital and Contributed Surplus

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conversion clause that will come into effect if the price of the underlying shares exceeds \$1.50 for a period of 30 consecutive trading days

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Exercise Price (\$)	Number	Weighted average remaining life (Years)	Number	Weighted average remaining life (Years)
1.25	2,250,000	0.2	2,250,000	0.2

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