

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Financial Statements
Three months ended March 31, 2007
(Unaudited - Prepared by Management)

NOTICE TO INTERIM FINANCIAL STATEMENTS

The accompanying interim consolidated financial statements of the Company for three months ended March 31, 2007 have been prepared by the management of the Company. The independent auditor of the Company has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.

On behalf of the Board:

"Tony Lau"

Tony Lau

Director

FIRESWIRL TECHNOLOGIES INC.
Consolidated Financial Package
As at March 31, 2007

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FIRESWIRL TECHNOLOGIES INC.
Consolidated Balance Sheets
(Unaudited)

	March 31 2007	December 31 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,285,136	\$ 2,108,850
Accounts receivable	69,303	72,729
Deposits and prepayments	72,536	61,942
	<u>6,426,975</u>	<u>2,243,521</u>
Equipment	68,548	61,303
Other assets - Note 4	726,286	437,244
	<u>7,221,809</u>	<u>2,742,068</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	198,001	132,054
	<u>198,001</u>	<u>132,054</u>
SHAREHOLDERS' EQUITY		
Share capital - Note 3	4,384,432	1,510,800
Contributed surplus - Note 3	3,629,113	1,729,359
Deficits	(989,737)	(630,145)
	<u>7,023,808</u>	<u>2,610,014</u>
	<u>7,221,809</u>	<u>2,742,068</u>

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

On behalf of the Board:

"Tony Lau"

Tony Lau
 Director

"Andrew Mah"

Andrew Mah
 Director

FIRESWIRL TECHNOLOGIES INC.
Consolidated Statements of Deficit
(Unaudited)

	Three months ended	
	March 31 2007	March 31 2006
Balance, beginning of the period	\$ (630,145)	\$ 225,646
Net loss for the period	(359,592)	(5,609)
Balance, end of the period	(989,737)	220,037

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

FIRESWIRL TECHNOLOGIES INC.
Consolidated Statements of Operations
(Unaudited)

	Three months ended	
	March 31	March 31
	2007	2006
Revenue	\$22,000	\$210,344
Operating Expenses		
Amortization	1,475	2,990
Sales and marketing	51,341	19,008
General administration	105,655	41,132
Salaries and benefits	100,776	139,120
Stock based compensation	161,807	-
	421,054	202,250
Income (Loss) before other items	(399,054)	8,094
Other items:		
Interest incomes	34,249	-
Foreign exchange	5,213	(3,018)
Income (loss) before income taxes	(359,592)	5,076
Income tax recovery (expenses)	-	(10,685)
Net loss for the period	(359,592)	(5,609)
Basic/Diluted loss per share - <i>Note 5</i>	(0.02)	-
Weighted average number of shares outstanding	21,964,027	13,531,980

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

FIRESWIRL TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended	
	Mar 31, 07	Mar 31, 06
Operating Activities		
Net loss for the period	\$ (359,592)	\$ (5,609)
Changes to income not affecting cash:		
Amortization	4,508	2,990
Stock based compensation	161,807	-
Income taxes	-	10,685
Changes in non-cash working capital balances related to operations:		
Accounts receivable	3,426	56,658
Deposits and prepayments	(10,594)	(47,027)
Accounts payable and accrued liabilities	65,947	(5,352)
	(134,498)	12,345
Investing Activity		
Development costs	(245,456)	-
Acquisition of intellectual property (IP)	(43,586)	-
Acquisition of equipment	(11,753)	(1,712)
	(300,795)	(1,712)
Financing Activities		
Bank indebtedness	-	(544)
Shares issued for cash	4,109,839	-
Shares issued for stock options exercised	489,500	-
Shares issued for options exercised	12,240	-
	4,611,579	(544)
Increase in cash during the period	4,176,286	10,089
Cash, beginning of the period	2,108,850	112,366
Cash, end of the period	6,285,136	122,455

Supplementary cash flow information:

Cash paid for:

Interest	-	-
Income taxes	-	-

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

Note 1 Nature of Operations

The Company business is focused on creating transactional based revenue through combinations of software development, software consulting, software systems setup and software licensing.

Note 2 Significant Accounting Policies

a) Interim financial statements

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) except that certain information and note disclosures normally included in the Company's annual consolidated financial statements have not been presented. These interim consolidated financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2006.

The interim consolidated financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements except as noted below.

b) Adoption of new accounting standards

In April 2005, the Canadian Institute of Chartered Accountants issued Section 3855 "Financial Instruments - Recognition and Measurement", Section 1530 "Comprehensive Income", Section 3865 "Hedges", Section 3861 "Financial Instruments - Disclosure and Presentation", and Section 3251 "Equity". These standards introduce new requirements for recognition, measurement and disclosure of financial instruments, when and how hedge accounting may apply, establishes the concept of comprehensive income and rules for reporting it, and rules for the presentation of equity and changes in equity. There were no adjustments required as a result of the adoption of these new standards. Prior period financial statements are not revised for the adoption of the new standards.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include providing for amortization of equipment, product development costs and intangible assets, the valuation of stock based compensation and warrants issued, and the net recoverable value of product development costs. Actual results could differ from those estimates.

d) Software Development

Note 2 Significant Accounting Policies (Continued)

Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under Canadian generally accepted accounting principles. Under The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3450, Research and Development Costs, the Company capitalizes certain computer software development costs incurred

subsequent to establishing technological feasibility; and will be amortizing the capitalized software development costs using the straight-line method over the estimated useful life of the software once the software is available for general release.

e) Prior period comparative amounts

Certain prior period comparative amounts have been reclassified to conform with the presentation adopted in the current reporting.

Note 3 Share Capital and Contributed Surplus

	Number of Shares	Stated Amount	Contributed surplus
Authorized:			
Unlimited common shares, without par value			
Unlimited preferred shares, issuable in series			
Common shares issued:			
Balance - Dec 31, 2006	20,067,000	\$1,510,800	\$1,729,359
Private placement - note (a):			
- gross proceeds	4,500,000	4,500,000	
- share issue costs		(390,161)	
- fair value of 2,250,000 stock option warrants		(2,002,500)	2,002,500
Stock option warrants 2006 exercised	445,000	747,600	(258,100)
Other stock options exercised	15,300	18,693	(6,453)
Fair value of Consultant options granted			51,923
Fair value of Employees options 2007(1) granted			52,623
Additional provisions for options granted			57,261
	----- 25,027,300 =====	----- \$4,384,432 =====	----- \$3,629,113 =====

Note 3 Share Capital and Contributed Surplus (Continued)

(a) Private placement of 4.5 million financing

On February 22, 2007 the Company closed a non brokered private placement financing of 4.5 million units at \$1.00 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each full warrant will entitle the holder to purchase one common share for \$1.25 for a period of 2 years from the date of closing. The warrants also include a forced 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. Unless permitted under securities legislation, the holders of the warrants cannot trade their warrants (or the underlying common shares) before June 23, 2007.

(b) Shares held in escrow or subject to statutory resale restrictions

(i) 1,120,000 common shares issued during the period ended August 31, 2005 are held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on the completion of the Corporation's qualifying transaction and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

(ii) 12,800,000 shares issued by the Corporation on May 1, 2006 pursuant to the Acquisition, including the Finder's Fee Shares, are held in escrow and released as to 10% thereof on the completion of the Corporation's qualifying transaction and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

Note 4 Other Assets

Other assets consist of development costs which comprise of labor costs of personnel directly engaged in research and development activities, purchased intellectual property (IP), and a reasonable allocation of overhead. As the development projects are still in progress, no amortization of the costs was charged to expenses during the period.

Note 5 Earning (Loss) per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to redeem common shares at the prevailing market value.

Note 6 Share Purchase Options/Warrants

(a) Share Purchase Options

The Company has adopted a stock option plan whereby the aggregate number of Shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

	Options Granted	Vested	Exercised	Balance at Mar 31,07	Option prices	Expiry
Directors options - 2005	150,000	150,000	(100,000)	50,000	\$0.25	Dec 12, 2010
Agents warrants - 2005	100,000	100,000	(42,500)	57,500	\$0.25	May 18, 2008
Agents warrants - 2006 - note (i)	400,000	400,000	(4,800)	395,200	\$0.80	May 17, 2008
Agents warrants - 2006W - note (i)	200,000	2,400		2,400	\$1.10	May 17, 2008
Employees options - 2006(1) - note (ii)	361,500	180,750	(15,000)	165,750	\$0.80	May 24, 2011
Employees options - 2006(2) - note (iii)	438,000	219,000		219,000	\$0.80	Aug 25, 2011
IR agent options - 2006 (iv)	300,000	150,000		150,000	\$0.80	Dec 23, 2007
Consultant options - 2007 - note (v)	100,000	50,000		50,000	\$1.10	Feb 12, 2012
Employees options - 2007 (1) - note (vi)	98,500	49,250		49,250	\$1.35	Mar 21, 2012
	2,148,000	1,301,400	(162,300)	1,139,100		

(i) The Company issued compensation warrants on May 18, 2006 allowing the agents and members of the selling group so formed in connection with the private placement, to purchase up to 400,000 Units at an exercise price of \$0.80 per Unit for a period of twenty-four (24) months following completion of the Offering. If the warrants are exercised, the agents will have the right to further exercise, on a two for one basis, to purchase common shares at option price of \$1.10 within the same 24 months period.

(ii) The Company granted options to employees on May 24, 2006 to acquire 361,500 shares at an exercise price of \$0.80 per share under its stock option plan (Employee options - 2006(1)). 50% of the options became vested on the grant date, while the vesting date of the remainder is set to May 24, 2007. The options expire on May 24, 2011.

(iii) On August 25, 2006 the Company granted options to employees to acquire 438,000 shares at an exercise price of \$0.80 per share under its stock option plan (Employee options - 2006(2)). 50% of the options became vested on the grant date, while the vesting date of the remainder is set to August 25, 2007. The options expire on August 25, 2011.

(iv) The Company contracted with a professional firm to provide investor relation services on November 24, 2006. As part of the compensation package, the company granted 300,000 options exercisable at \$0.80 per share. Of the options granted, 25% became vested upon signing the contract, and the remainders 25% thereof on each of the 3, 6 and 9 month anniversaries. These options will expire 30 days after the termination date.

Note 6 Share Purchase Options/Warrants (Continued)

(v) The Company, on February 14, 2007, completed the acquisition of certain intellectual property (IP) from a company. The purchase price consideration included granting options to the sole shareholder of that company to purchase 100,000 common shares at an exercise price of \$1.10 per share. Of the options granted, 50% became vested on the grant date, the remainder on Feb 12, 2008. The options will expire on Feb 12, 2012.

(vi) On March 21, 2007 the Company granted options to employees to acquire 98,500 shares at an exercise price of \$1.35 per share under its stock option plan (Employee options - 2007(1)). 50% of the options became vested on the grant date, while the vesting date of the remainder is set to March 21, 2008. The options expire on March 21, 2012.

(b) Share Purchase Warrants

	Issued	Exercised	Balance at Mar 31, 2007	Option prices	Option Expiry
Share purchase warrants 2006 - note (i)	2,000,000	(445,000)	1,555,000	\$1.10	May 17, 2008
Share purchase warrants 2007 - note (ii)	2,250,000	-	2,250,000	\$1.25	Feb 21, 2009
	4,250,000	(445,000)	3,805,000		

(i) The Company issued 2,000,000 share purchase warrants during its private placement on May 18, 2006. Each warrant entitles the holders to acquire one common share of the Company at an exercise price of \$1.10. The warrants expire on May 17, 2008.

(ii) Pursuant to the term of non brokered private placement on February 22, 2007, the Company issued 2,250,000 share purchase warrants with an exercise price of \$1.25 for a period of 2 years from the date of closing. The warrants also include a forced 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.

(c) The fair value of the options have been estimated by using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.98 - 3.85%
Dividend yield	-
Volatility	104 - 125%
Expected life	1 years to 5 years

The weighted average grant date fair value of options was \$0.65

Note 7 Related Party Transactions

The Company had the following transactions with directors and shareholders of the Company:

	Three months ended	
	March 31 2007	March 31 2006
Expenses:		
Salaries and benefits	\$ 54,415	\$ 38,000
General administration	15,350	22,956
	<u>\$ 69,765</u>	<u>\$ 60,956</u>
Other item:		
Research and development costs	\$ 59,816	\$ -

Related party transactions are in the normal course of operations and occur on terms and conditions that are similar to those of transactions with unrelated parties. The salaries and benefits and consulting fees are measured at the exchange amount agreed between the various parties. Office expenses were paid to a company related by virtue of a director who is also an officer of that company for office facilities and administrative services rendered.

Note 8 Segmented Information

The Company's sales revenues are allocated to geographic segments as follows:

	Three months ended	
	March 31 2007	March 31 2006
British Virgin Islands	\$ -	\$ 104,120
Hong Kong	-	37,950
United Kingdom	22,000	3,000
Panama	-	24,774
Barbados	-	40,500
	<u>22,000</u>	<u>\$ 210,344</u>

Note 9 Financial Instruments

Credit risk

The Company grants credit to its customers in the normal course of business. Credit evaluation are performed on regular basis and the financial statements take into account an allowance for bad debts. The business also depends on new customers using the product and there is additional risk when credit is granted to new and unproven customers. Credit evaluation are also performed on new customers.

Currency risk

The majority of the Company's operations are carried out in Canada. The Company bills its revenue primarily in local currencies of the customers and pays its expenditures in Canadian dollars. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the profitability of the Company.

The following balances include amounts denominated in foreign currencies:

	March 31	December 31
	2007	2006
US dollars:		
- Cash and cash equivalents	426,485	94,307
- Accounts receivable	-	45,500
- Accounts payable and accrued liabilities	25,000	-
GPB:		
- Accounts receivable	11,000	1,500

Note 10 Commitments and Contingencies

a) The Company has leased its premises under an arrangement which expires on June 30, 2011. The future annual minimum payments under operating lease is \$61,848.

b) The Company has contracted with a professional firm to provide investor relations services. The contract will expire on November 23, 2007. Compensation package thereon includes:

Fees payable in cash	\$ 53,833
Fair value of Stock options	<u>56,748</u>
	<u>\$ 110,581</u>

c) The Company completed the acquisition of certain intellectual property (IP) from a company on February 14, 2007. The purchase price consideration includes a contingent payments of 50% of the first US\$8 million of net income generated by one of the Company's subsidiary from the IP and 15% of net income thereafter. The Company believes that these contingent payments may not materialize at least in the near future and no provision has been made accordingly.