

GUESTLOGIX INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2009

The following is a discussion and analysis of the consolidated financial position, results of operations and cash flows of GuestLogix Inc. for the three-month period ended February 28, 2009 and should be read in conjunction with the consolidated financial statements and accompanying notes for such period. The effective date of management's discussion and analysis ('MD&A') is April 15, 2009. The Company reports its financial results in Canadian dollars and under Canadian generally accepted accounting principles. References herein to 'GuestLogix', 'the Company', 'we' and 'our' mean GuestLogix Inc.

FORWARD-LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning GuestLogix's future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of GuestLogix are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section of the filing statement the Company filed with regulatory authorities on July 24, 2007. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond GuestLogix's control. Although GuestLogix believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. GuestLogix has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

Overview

Annual Highlights and Summary

- Revenue was \$4,001,259 for the three-months ended February 28, 2009, compared to \$1,403,857 for the three-months ended February 29, 2008;
- EBITDA¹ was \$828,998 for the three-months ended February 28, 2009, compared to \$8,774 for the three-months ended February 29, 2008;
- EBITDA before stock based compensation expense was \$921,800 for the three –months ended February 28, 2009 compared to \$61,460 for the same period in 2008.
- Net loss was \$251,712 for the three-months ended February 28, 2009, compared to a net loss of \$540,904 for the three-months ended February 29, 2008;
- The Company would have posted a net profit of \$15,739 for the three-month period ended February 28, 2009, excluding the one-time litigation costs of \$267,451.
- GuestLogix's cash and cash equivalents totaled \$1,540,840 as at February 28, 2009, compared to \$3,777,945 at February 29, 2008.
- GuestLogix's cash and cash equivalents including restricted cash totaled \$4,280,311 as at February 28, 2009, compared to \$4,685,977 as at February 29, 2008.

(1) Earnings before interest, taxes, depreciation, amortization and foreign exchange ('EBITDA') is a financial metric used by many investors to evaluate companies in this industry on the basis of operating results and the ability to incur and service debt. EBITDA does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The disclosure of EBITDA is not intended to replace, but only augment, the discussion of financial results from operations or cash flows.

GuestLogix's Business

GuestLogix is the leading provider of on-board retail technology and solutions to the passenger travel industry. Its mission is to deliver innovative, end-to-end solutions that create new revenue streams and growth while enhancing customer service. GuestLogix's Mobile Virtual Store™ platform is the de facto standard in the airline sector, representing agreements to serve over 700 million passenger trips annually. The world's leading airline brands such as American, Delta, United, US Airways, Southwest, Ryanair, Brussels Airlines, AirAsia X and Germanwings rely on GuestLogix to serve their customers. GuestLogix held a 30% market share of the global airline industry passenger traffic at February 28, 2009.

Growth Strategy and Future Outlook

GuestLogix's strategy is to penetrate the global passenger travel industry as quickly as possible with the objective of becoming the premier provider of on-board retail merchandising solutions.

This growth strategy has been supported to date by the ability of the Company to continue to obtain lease and loan financing facilities during very difficult credit markets, allowing for the purchase of the point-of-sale hand-held device that supports the software platform solution. We continued to expand our global footprint in the first quarter of 2009 with the signing of new clients in North America and expect to sign new clients in both Europe and Asia Pacific which would position us as the solution for on-board retail merchandizing globally. We continue to expand our underlying infrastructure, including merchandizing solutions, technology, business processes, skilled labour and organizational structure, to support the continued growth of our footprint. However, we expect that these additional costs will have a lessening impact on the Company's cost base than the business expansion in fiscal 2007 and 2008.

GuestLogix's continued growth opportunity is due largely to the following five converging factors:

- i) The economic downturn has reduced overall passenger travel and the passenger travel industry is being forced to seek solutions quickly to generate additional revenues. Where they may in the past have been reluctant to consider ancillary revenue opportunities, the drop in both business and leisure travel and the negative impact on revenue and losses has required them to look at all revenue generating alternatives more closely. The economic situation while a negative for the passenger travel industry is an overall positive for the GuestLogix business model as the need for additional revenues is acute.
- ii) The passenger travel industry is facing a number of specific challenges that are forcing them to seek alternative revenue sources to enhance their profitability. Passenger tickets have become commoditized thereby lowering seat prices and the ability of the carriers to raise prices. Fuel costs are unpredictable having gyrated wildly in the past 12 months, placing tremendous pressure on airlines in particular. Many airlines were trapped on the wrong side of aviation fuel hedges during the time of both rising and falling fuel prices. Low-cost carriers have driven a significant and new emphasis on 'ancillary revenues' which has led to a strong drive towards implementing profitable on-board retail programs across the industry. Ancillary revenues can provide margins in excess of 40%, while ticket prices provide profit margins of between 2% and 4%. In addition, competition from airline low-cost carriers will lead the rail and high-speed ferry sectors to also adopt the on-board retail model in order to increase revenues and profitability.

- iii) Mobile, hand-held device technology has matured to the point where industrial, ruggedized hand-held devices are now at a price point that can economically enable payment transactions to be captured in an 'on-board environment' and sent via wireless transmission for post-arrival clearing and settlement. GuestLogix is uniquely positioned to also be the solutions platform of choice when the next technology solution commonly referred to as 'back of the seat' screens are more widely adopted within the passenger travel industry.
- iv) GuestLogix has continued to make investments in its core software and today offers a complete and fully ready solution for on-board retail. In addition, GuestLogix has a transaction-based or 'utility model' go-to-market strategy, which enables a recurring revenue stream via a transaction-based fee for every on-board sales transaction without the need for the client to make a capital intensive investment in hardware and software up-front.
- v) GuestLogix continues to establish distribution channels and key partnerships with some of the most significant players within the passenger travel industry. Management believes these channels and partnerships will enable GuestLogix to extend its reach to all geographies and to each of the three key sectors for on-board retail: airlines, rail and high-speed ferries. In order to build channel partner relationships and reach end customers, GuestLogix attends tradeshow, advertises in trade publications and speaks at industry events. GuestLogix may also pursue selective acquisitions to further its growth.

There are no assurances that GuestLogix will achieve profitability, as the Company has not earned operating profits to date and may incur further significant operating losses as it expands its global footprint and also develops its on-board retail merchandising solution and related airline programs.

Global Market Conditions

It has now become clear that most of the world has moved into recession, a recession which deepened in the last quarter of 2008 and has continued through the first quarter of 2009. Weaker travel demand will negatively impact the passenger travel industry by lowering revenues and increasing losses. In the North American market, where GuestLogix has approximately 90% of the carriers under agreement or contract, the airlines have been quicker to adjust their overall capacity by grounding aircraft and are therefore expected to post small profits in 2009, as a group, according to the International Air Traffic Association ("IATA"). As well the North American airlines have moved much more quickly to expand their on-board retail offerings.

Some of our prospective clients to be signed in 2009 will be located outside North America. These markets have by and large also been impacted by lower passenger travel demands and are forecasted by IATA to lose money as a group in 2009. This may impact our ability to finance these new clients, with financing being more difficult and time consuming. However, as GuestLogix expects to be cash flow positive in the second half of 2009, we may be in a position to self-finance some of these transactions.

As most of our business is conducted outside Canada, we are being impacted by the significant fluctuations in foreign currencies, especially so with the continued weakness of both the Euro and Sterling against the US and Canadian dollar. As the nature of our cash flows is still somewhat unpredictable, and the premiums in the forward exchange markets have been relatively high, we chose to continue not to hedge our foreign exchange exposure. The Company also has a significant natural hedge in USD with the majority of its revenues currently generated from North American clients. The Company's supplier of hand-held devices and peripheral equipment, our largest expenditure, prices its products in USD.

Reverse Takeover

On August 1, 2007 GuestLogix and its principal shareholders entered into a reverse takeover of Growthgen Equity II Inc. ('Growthgen') wherein all of the issued and outstanding shares of GuestLogix were sold, by way of share exchange, to Growthgen (the 'RTO'). Holders of issued and outstanding common shares of GuestLogix received 3.94 shares of Growthgen for each GuestLogix share held. Growthgen and GuestLogix completed an amalgamation of the two entities with the continuing entity retaining the name of GuestLogix Inc.

At the time of closing, GuestLogix had 7,242,109 shares outstanding which upon conversion into Growthgen shares resulted in a total of 28,533,910 shares being issued to previously existing GuestLogix shareholders. Immediately following the amalgamation, subscription receipts which were issued in relation to a GuestLogix financing under which gross proceeds of \$9,000,040 were raised in May 2007 were automatically exercised and the holders thereof received an aggregate of 12,857,200 common shares. In addition, the outstanding principal amount of \$728,287 under 12% convertible debentures issued by GuestLogix between August 17, 2006 and October 2, 2006 was converted into 1,235,911 common shares, and an additional 79,194 common shares were issued in satisfaction of fees owed by GuestLogix to a service provider, for a total of 42,706,215 common shares issued in the RTO.

Upon completion of the RTO, there were 44,372,882 common shares outstanding of Growthgen, which was renamed GuestLogix Inc.

Growthgen was a non-operating public enterprise and did not meet the definition of a business under the CICA Handbook Emerging Issues Committee Abstract EIC 10, Reverse Takeover Accounting, (EIC 10). Accordingly, the transaction has been accounted for as a

capital transaction rather than a business combination. The net assets acquired at fair value August 1, 2007 are as follows:

Asset	
Cash	\$100,046
Less: liabilities assumed	-
<hr/>	
Total consideration attributable to Growthgen	\$100,046
<hr/>	
Represented by 1,666,667 Growthgen shares	\$100,046
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Critical Accounting Policies and Estimates

The interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed to include only the notes related to the elements which have significantly changed in the interim period. As a result, these unaudited interim financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended November 30, 2008. The unaudited interim financial statements, in the opinion of management, contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial information for such unaudited interim periods. The accounting policies applied thereon are consistent with those described below and in the Company's audited financial statements for the fiscal year ended November 30, 2008. The results of operations for the three-months ended February 28, 2009 are not necessarily indicative of the results to be expected for the full year.

Revenue Recognition

The Company's largest source of revenue derives from arrangements with multiple deliverables. When a customer order contains multiple items such as hardware, software, hosting and services, which are delivered at varying times, the Company determines whether the delivered items can be considered separate units of accounting in Accordance with Emerging Issues Committee Abstract 142, Revenue Arrangements with Multiple Deliverables ('EIC 142'). EIC 142 states that delivered items should be considered separate units of accounting if delivered items have value to the customer on a standalone basis; there is objective and reliable evidence of the fair value of undelivered items; if the arrangement includes a general right of return relative to the delivered items; and, delivery of undelivered items is probable and substantially in the Company's control.

If the Company is able to establish fair value for all elements of the arrangement, revenue is allocated and recognized on each element separately in accordance with the appropriate revenue recognition convention for a given unit of accounting. However, if fair value cannot be established or if the delivered items do not have standalone value to the customer

without additional services being provided, the Company recognizes revenue on the contract as a whole.

Management has determined that the deliverables in these arrangements generally do not have value to its customers on a standalone basis. In addition, vendor-specific and entity-specific objective evidence, as defined by EIC 142, of the fair values of the items with multiple deliverables is not available as the items generally are not sold separately by the Company, nor are there comparable vendors for these products in the marketplace. In some exceptional cases, the Company makes hardware-only sales without any other deliverables. In these instances, customers have opted not to sign contracts with the Company. Revenue in these instances is recognized when hardware is delivered and accepted by customers.

To account for revenues and related expenses under a majority of arrangements, the Company employs sales-type lease accounting as follows. The Company sells products to certain customers under terms which approximate sales-type lease arrangements, with GuestLogix as the lessor, for terms that range from two to five years. GuestLogix accounts for revenue under its sales-type leases in accordance with CICA Handbook section 3065, Leases, and recognizes current and long-term lease receivables on the accompanying consolidated balance sheet as net finance receivable. The present value of all minimum lease payments and the associated interest are recognized as revenue on a monthly basis over the term of the respective arrangements, using the discount rate implicit in each lease. Due to the lack of available objective evidence of fair values, the Company defers recognition of the revenues from these leases and recognizes revenues on a monthly basis when undelivered elements existing at each agreement's outset, such as transaction fees and monthly services, are delivered and payments are due. Amortization of the corresponding capital assets deployed related to the sales-type lease arrangements are charged to amortization expense over the initial term of the respective arrangements.

The Company recognizes revenue from the sale of hardware and parts in accordance with Emerging Issues Committee Abstract 141, Revenue Recognition, ('EIC 141'), when persuasive evidence of an arrangement exists, delivery has occurred, the sale price is fixed or determinable, and collection is reasonably assured.

GuestLogix also earns revenues from professional services and software hosting and support services. Where the arrangement is based on an hourly rate, the fair value of the professional services is recognized as the services are performed, based on the agreed hourly rate. Revenue from a fixed price professional services contract is recognized on a proportional performance basis, which requires GuestLogix to make estimates and is subject to the risks and uncertainties inherent in projecting future events. A number of internal and external factors can influence estimates, including the nature of the services being performed, the complexity of the customer's environment and the utilization and efficiency of the GuestLogix professional services team. Recognized revenues are subject to revisions as the contract progresses to completion. Revisions in profit estimates are charged to income in the period in which the facts giving rise to the revision become known. Should there be an insufficient basis to estimate the progress towards the

completion, revenue is recognized when the project is complete or when the Company receives final acceptance from the customer. Revenues from software hosting and support services are recognized in accordance with EIC 141, when persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable, and collection is reasonably assured. GuestLogix makes estimates as to the probability of collecting the related accounts receivable balance on a customer-by-customer basis. In cases where collectability is not deemed probable, revenue is recognized when payments come due or upon the receipt of cash, depending on the circumstances and assuming all other criteria have been met.

Research and Development Expenses

Research costs are expensed as incurred. Costs related to the design and development of software solutions are expensed as incurred unless they meet the criteria, under Canadian GAAP, for deferral and amortization. No development costs have been deferred to date. Research and development costs are recorded net of investment tax credits, where applicable.

Financial Instruments

Financial instruments of GuestLogix consist of cash and cash equivalents, restricted cash and cash equivalents, receivables, advances to supplier, accounts payable and accrued liabilities, notes payable, and obligations under capital leases.

Cash and cash equivalents and restricted cash and cash equivalents are classified as held-for-trading, which require the financial instruments to be measured at fair value and the changes in fair value are recorded in the statements of operations. The carrying value of this instrument approximates its fair value due to its short-term nature.

Receivables and advances to supplier are classified as loans and receivables and are measured at amortized cost.

Accounts payable and accrued liabilities, notes payable, and obligations under capital leases are classified as other financial liabilities and are measured at amortized cost.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years

Capital Assets Deployed

Assets that are deployed for use by customers are recorded at cost. Amortization is provided on a straight-line basis over the terms of the respective arrangements which range from two to five years.

Impairment of Long-Lived Assets

The useful lives and the carrying values of long-lived assets are periodically reviewed for continued appropriateness. Impairment of long-lived assets to be held and used is reviewed whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of an asset is less than the carrying value of the corresponding asset, the asset is considered to be impaired. An impairment loss is measured at the excess of the carrying value of the asset over its fair value. As at February 28, 2009, the Company has not recorded an impairment loss.

Foreign Currency Translation

Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the exchange rates prevailing at the approximate dates of the transactions. Foreign exchange gains and losses are included in the statement of operations.

Future Income Taxes

The Company provides for income taxes under the asset and liability method. Under the asset and liability method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

Stock-Based Compensation

The Company uses the fair value method of accounting for all stock-based compensation. The Company grants stock options to directors, officers, employees and consultants of the Company pursuant to its stock option plan. Compensation expense is recognized for stock

options based on the fair value of the options at the grant date. Currently the fair value of the options is recognized over the vesting period of the options as stock-based compensation expense as a separate line item on the unaudited consolidated statement of operations. If the stock options are exercised, the proceeds received are credited to common shares.

The fair value of stock options is estimated at the grant date using the Black-Scholes option-pricing model. This model requires the input of a number of assumptions, including expected dividend yield, expected stock price volatility, expected time until exercise and risk free interest rates. The Company has assumed no forfeiture rate as adjustments for actual forfeitures are made in the year they occur.

Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on conditions outside of the Company's control. If other assumptions are used, stock-based compensation could be significantly impacted.

If stock or stock options are repurchased, the excess of the consideration paid over the carrying amount of the stock or stock options cancelled, if any, is recognized as a cost at the date of repurchase.

Deferred Revenue

Deferred revenue comprises lease, license or services revenues. Deferred lease revenue arises when customers receive hardware to utilize the on-board retail software solutions. In these situations it is deemed that the Company has entered into a sales-type lease and a lease receivable is recorded. Deferred lease revenue is recognized as income monthly, on a straight-line basis over the terms of the respective arrangements, using the discount rate implicit in each lease.

Deferred license revenue is present where a software license is purchased, in advance, covering a specific term into the future. Deferred license revenue is recognized as income monthly, on a straight-line basis over the terms of the respective arrangements.

Deferred services revenue arises where significant obligations have yet to be satisfied and where payments have been received from the customers in advance of the services to be performed.

Leases

Leases are classified as capital or operating. Those leases, which transfer substantially all the benefits and risks of ownership of property to the Company, are accounted for as capital leases. The capitalized lease obligations reflect the present value of future lease payments, discounted at the appropriate interest rate, and are reduced by rental payments net of imputed interest. Assets under capital leases are amortized based on the useful life of the asset. All other leases are accounted for as operating leases with rental payments expensed as incurred.

Loss per Share

The Company follows CICA Handbook section 3500, Earnings per Share, which directs that the treasury stock method be used to calculate diluted earnings per share. Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding. Diluted loss per share is not presented when the effect on the loss per share of the exercise of the stock options and warrants is anti-dilutive. In periods when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore, basic and diluted loss per share is the same.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Financial statement items subject to significant management judgement include revenue recognition, the allowance for doubtful accounts, the realization of investment tax credits, the valuation of capital assets deployed, the valuation of conversion features and options in debt instruments, warrant valuation, future income taxes and the valuation of stock-based compensation. While management believes that the estimates and assumptions are reasonable, actual results may differ.

The Black-Scholes model used by the Company to determine fair values was developed for use in estimating the fair value of the stock options and warrants. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants granted during the period.

Inventory

All inventory is stated at the lower of cost or realizable values. The Company's inventory consists of hand-held devices including hand-held devices awaiting deployment and replacement parts held for sale; cost is determined on the first-in, first-out basis.

Results of Operations

The table below sets out the statement of operations for the three-months ended February 28, 2009 and February 29, 2008:

	For the three-months ended	
	February 28 2009	February 29 2008
Statement of Operations Data:		
Revenue	\$4,001,259	\$1,403,857
Expenses:		
Cost of equipment sales	592,767	143,859
Research and development	108,066	78,793
Customer delivery and support	472,095	245,316
Infrastructure support	776,709	116,577
Sales and marketing	261,318	286,374
General and administrative	868,504	471,478
Stock-based compensation	92,802	52,686
Amortization of capital assets deployed	867,941	473,734
Amortization of property and equipment	20,782	2,925
	4,060,984	1,871,742
Loss from operations	(59,725)	(467,885)
Other income (expense):		
Foreign exchange gain (loss)	(101,557)	22,255
Interest earned	15,937	64,345
Interest expense	(106,367)	(66,760)
Interest accretion expense	-	(92,859)
	(191,987)	(73,019)
Net loss for the period	\$(251,712)	\$(540,904)

Supplementary Financial Data

Loss per share	\$(0.00)	\$(0.01)
Weighted average number of Shares outstanding	55,495,438	47,858,556

Balance Sheet Data:

Cash and cash equivalents, excluding restricted cash and cash equivalents	\$1,540,840	\$3,777,945
Working capital	\$ 483,787	\$2,239,074
Total assets	\$18,737,447	\$13,898,676
Long-term liabilities, excluding current portion	\$5,631,429	\$2,956,243
Total shareholders' equity	\$5,556,355	\$6,323,537

Comparison of the three-month periods ended February 28, 2009 and February 29, 2008

Revenue

The Company continued its strong revenue growth in the first quarter 2009. From the first quarter of 2008 to the first quarter 2009 the installed base of clients increased from 11 to 24. Revenue grew 185% to \$4,001,259 in the first quarter of 2009, up from \$1,403,857 in the first quarter of 2008. The largest growth continued to be in North America where the Company benefited from deployments that went fully live late in calendar 2008 and therefore contributed to revenues for the full quarter in 2009. In Europe, the Company added several airline clients in mid-year 2008 through its partnership with LSG Sky Chefs, and continued deployment of several major carriers through the balance of the fiscal year and the quarter-end February 28, 2009.

Operating Expenses

Cost of equipment sales for the three-month periods ended February 28, 2009 and February 29, 2008 were \$592,767 and \$143,859 respectively. These sales included hand-held devices, peripheral equipment and accessories used by clients to support the on-board merchandising platform.

Research and development expense in the three-month period ended February 28, 2009 was \$108,066 as compared to \$78,793 in 2008. Personnel costs including benefits accounted for approximately 95% of these expenses during both periods.

Customer delivery and support expenses are related to placing the software solution into production at the client site including development and software change orders. In the three-month period ended February 28, 2009 expenses totalled \$472,095, compared to \$245,316 in the three-month period ended February 29, 2008. Personnel costs accounted for over 95% of the expenses in both periods.

Infrastructure support costs are related to our information technology operations and hand-held device management. In the three-month period ended February 28, 2009 expenses totalled \$776,709, compared to \$116,577 in the same period in 2008. Personnel costs accounted for 34% of these costs or \$265,525 in 2009 compared to 56% or \$65,855 in 2008. The increase year on year is driven by our growth in volumes as new clients are deployed.

Sales and marketing expense in the three-month period ended February 28, 2009, decreased slightly to \$261,318 as compared to \$286,374 in the comparable period in 2008. In early 2008 the Company added headcount in Asia Pacific to lead the sales effort in that region.

General and administrative expense for the three-month period ended February 28, 2009 was \$868,504, an increase of \$397,026 over the same period in 2008. Legal fees for the period amounted to \$341,041 compared to \$156,773 in the same period of 2008, an

increase of \$184,268. Of the legal fees in Quarter 1, 2009, approximately \$267,451 related to the Abanco litigation, compared to \$49,865 in the comparable quarter in 2008. The remainder of the fees related to general corporate legal expenses including, public company governance, patent and client contracts work. Premises and equipment lease costs for the period were \$85,550, compared to \$35,512 in the same period last year. Other professional, consulting and management fees were \$122,809 in the quarter compared to \$39,717 in 2008. Personnel costs for the three-month period were \$147,457 compared to \$24,367 for 2008.

Total Company headcount has grown from 28 at the end of the three-month period ended February 29, 2008 to 54 at the end of the first quarter 2009.

Stock-based compensation expense for the three-month period ended February 28, 2009 increased to \$92,802, compared to \$52,686 for the period ended February 29, 2008. This expense was driven by the increased headcount over the last twelve months and the grant made in January 2009.

Amortization of capital assets deployed recognizes the cost of the point-of-sale hand-held devices deployed to clients against the transaction-based revenues earned from those clients. The cost is recognized over the initial term of the contract, usually ranging from three to five years. Amortization of capital assets deployed during the three-month period ended February 28, 2009 was \$867,941, an increase of 83% compared to \$473,734 in the same period of 2008.

During the three-month period ended February 28, 2009, amortization of property and equipment increased to \$20,782, compared to \$2,925 in the three-month period ended February 29, 2008. The increase was driven by our business growth and the addition of headcount that required us to add workstations, communications and computer equipment.

Other Income/Expenses

The foreign exchange loss for the three-month period ended February 28, 2009 was \$101,557, compared to a foreign exchange gain of \$22,255 for the comparable period in 2008. These gains and losses are driven by the volume of overseas business denominated in Euros, Sterling and USD and our relative exposure to currency swings during the period.

During the period, interest income fell to \$15,937 compared to \$64,345 in the comparable period last year. The decline in interest income was caused by two factors. The Company used its own working capital to bridge finance certain deployments until financing became available and therefore had less funds on deposit. The yield on short-term investments remained very low during the period.

During the three-month period ended February 28, 2009 interest expense increased to \$106,367, compared to \$66,760 in the comparable period in 2008. The increase in interest expense in the period ended February 28, 2009, is due to the increased volume of lease borrowings outstanding compared to the prior year.

Interest accretion expense is comprised of charges taken by the Company to accrete the fair market value of certain convertible and debt obligations with equity participation features up to their face value at their maturity date. There was no interest accretion expense in the three-month period ended February 28, 2009 compared to \$92,859 in the same period in 2008.

Liquidity and Capital Resources

As at February 28, 2009 and February 29, 2008, GuestLogix had cash and cash equivalents totalling \$1,540,840 and \$3,777,945 respectively. Including restricted cash and cash equivalents the amounts were \$4,280,311 and \$4,685,977.

In the three-month period ended February 28, 2009, cash used by operating activities was \$549,454, compared to cash used by operating activities in the comparable period of \$699,971. Cash used by operating activities in the three-month period ended February 28, 2009 was primarily the result of a net loss of \$251,712 and increases in accounts receivable, inventories and reductions in trade accounts payable, offset by amortization and the increase in net deferred revenue.

In the three-month period ended February 28, 2009 cash flow from investing activities was \$134,762, compared to cash flow used in investing activities for the three-month period ending February 29, 2008 of \$1,286,718. Cash flow from investing activities during the period was primarily as a result of a decrease in restricted cash and cash equivalents of \$155,629. In the same period of 2008 the Company used its own funds to purchase hand-held devices to deploy to customers in the amount of \$1,404,076.

In the three-month periods ended February 28, 2009 and February 29, 2008, cash flow used in financing activities was \$694,567 and \$224,390 respectively. Cash flow used in financing activities in the first quarter 2009 resulted from the repayment of capital leases and notes payable. In the comparable period in 2008 cash flow used in financing activities was for the repayment of loans from shareholder and the contractual repayments required under new and existing capital leases partially offset by proceeds from the exercise of options and warrants.

GuestLogix's principle sources of liquidity going forward are expected to be cash provided from operations and the issuance of debt to finance the point-of-sale hand-held devices deployed as part of its software platform solution.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended February 28, 2009 as prepared in accordance with Canadian GAAP. The information has been derived from our unaudited financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements for the years ended November 30, 2008 and 2007 and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of information presented.

	2009		2008		2007			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$4,001,259	\$2,826,010	\$2,417,288	\$1,826,710	\$1,403,857	\$1,577,825	\$1,455,755	\$1,725,122
Net Loss	(251,712)	(1,961,219)	(650,484)	(1,118,028)	(540,904)	(1,051,301)	(1,178,091)	(677,423)
Loss Per Share Basic and Diluted	(0.00)	(\$0.03)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.04)	(\$0.03)

Summary of Contractual Obligations

GuestLogix is committed under the terms of an operating lease for its premises ending on April 30, 2013.

	Total	2009	2010	2011	2012 and Beyond
Lease Obligations					
Capital Leases	5,315,520	2,581,539	2,112,718	621,263	
Operating Leases	662,595	117,789	165,122	166,065	213,619
Total Contractual Obligations	5,978,115	2,699,328	2,277,840	787,328	213,619

Management is of the opinion that existing cash, cash flow and financing provided through debt and lease financing provides GuestLogix with sufficient resources to finance ongoing business requirements and its planned capital expenditure program in the near term. Additional details concerning financing are set out in the notes to the GuestLogix unaudited consolidated financial statements.

Capital Resources

The Company does not expect to make significant capital expenditures for furniture and equipment in the near future. However the Company expects to continue to make significant capital expenditures to purchase point-of-sale devices for customer deployments. The Company intends to enter into capital leases or debt facilities on an ongoing basis to finance the acquisition of these point-of-sale payment devices. In the later part of 2009, the Company expects to be cash flow positive and will evaluate the necessity

of further financing to support its late 2009 and 2010 deployments. GuestLogix has invested in and developed an information systems infrastructure that will scale to meet the majority of its anticipated market requirements and therefore expect to make minimal capital expenditures other than for the point-of-sale devices.

Off-Balance Sheet Arrangements

Other than as disclosed in the table under Contractual Obligations above, GuestLogix did not enter into any off-balance sheet arrangements during the three-month period ended February 28, 2009.

Proposed Transactions

The Company does not have any proposed transactions to discuss at this time.

Transactions with Related Parties

Transactions between the Company and its shareholders and other related parties are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Certain of the executives are compensated through management service agreements. These agreements entitle these individuals to a fixed monthly payment and reimbursement of reasonable out-of-pocket expenses. During the three-month period ended February 28, 2009 the Company incurred costs of \$67,500 (2008 - \$97,500) relating to these agreements, which are included in sales and marketing and general and administrative expenses.

Interest paid or payable to shareholders during the three-month period ended February 28, 2009 on shareholder loans totalled \$nil (2008 \$20,129) of which \$nil (2008 - \$20,129) is included in accounts payable and accrued liabilities.

Segmented Information and Economic Dependence

The Company manages its operations in one business segment, which is providing proprietary transaction-based on-board retail software solutions for the passenger travel industry. All significant property and equipment are located in Canada except for the point-of-sale hand-held devices which are deployed to the customer locations. During the three-month period ended February 28, 2009 \$3,284,657 (2008 - \$1,001,046) of the Company's revenue were derived from North America, while the remainder of \$716,602 (2008 - \$402,811) were derived primarily from Europe, the Middle East and Africa.

During the three-month period ended February 28, 2009, the five top customers accounted for 85% of the revenue (2008 – 94%).

Share Capital

As at February 28, 2009, GuestLogix had issued and outstanding 55,495,938 common shares.

Contingencies

In December 2006, a complaint was filed against the Company in the United States. The plaintiff is seeking compensatory damages of U.S. \$150,000 together with punitive damages in an unspecified amount. The plaintiff has also undertaken an action against American Airlines which they withdrew during August 2008. As a result of the withdrawal of the action by the plaintiff against American Airlines, GuestLogix is no longer at risk of having to indemnify American Airlines against this action. The Company believes this complaint is without merit and will defend itself in the normal course. While the outcome of the above claim is not determinable, no amount relating to this matter has been accrued in the consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Internal Control over Financial Reporting

As a public company, management will be responsible for certifying the design of the company's internal control over financial reporting as required by Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable generally accepted accounting principles; receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may have material weaknesses and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Segregation of Duties

Certain duties within GuestLogix's accounting and finance departments are not properly segregated due to the small number of individuals employed in these areas. None of the segregation of duty deficiencies has resulted in a material misstatement to the consolidated interim financial statements. However, these deficiencies may be considered a material weakness resulting in a more than remote likelihood that a material misstatement of GuestLogix's annual or interim consolidated financial statements would not be prevented or detected.

As GuestLogix incurs future growth, management plans to expand the number of individuals involved in the accounting and finance functions. During the three-month period ended February 28, 2009 the Company added additional staff in accounts payable and accounting supervision functions. At the present time, the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. In addition, the Audit Committee of GuestLogix will review on a quarterly basis the consolidated interim financial statements and key risks of GuestLogix and will query management about significant transactions, and there will be continued daily oversight by the senior management of GuestLogix.

Complex and Non-Routine Transactions

As required, GuestLogix records complex and non-routine transactions. These sometimes are extremely technical in nature and require an in-depth understanding of Canadian GAAP. GuestLogix's accounting staff has only a fair and reasonable knowledge of the rules related to Canadian GAAP and reporting and the transactions may not be recorded correctly, potentially resulting in material misstatement of the consolidated financial statements of GuestLogix.

To address this risk, the GuestLogix finance staff will consult with their third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit will be completed and presented to the Audit Committee of GuestLogix for its review and approval. During audits, material misstatements detected will be corrected by GuestLogix. As GuestLogix incurs future growth, management plans to expand the technical competence of the individuals involved in the accounting function.

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators) as of February 28, 2009. Management has concluded that, as of February 28, 2009, the disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be known to them, particularly during the period in which this report was being prepared.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP.

There have been no changes in the Company's internal controls over financial reporting over the three-month period ending February 28, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's controls over financial reporting.

Transition to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles for Canadian public companies will be replaced with International Financial Reporting Standards (IFRS). We will begin reporting under IFRS effective with our fiscal year beginning December 1, 2011. We have begun planning our transition to IFRS, but the impact on our consolidated financial position and results of operations has not yet been determined.

Financial Instruments and Other Instruments

Financial instruments of GuestLogix consist of cash and cash equivalents, restricted cash and restricted cash equivalents, receivables, advances to supplier, accounts payable and accrued liabilities, capital lease obligations, and notes payable and loans from shareholders. There are no significant differences between the carrying amounts of the items reported on the balance sheet and their estimated fair values.

The Company is exposed to market risks relating to:

(a) Credit Risk

GuestLogix is currently dependant on a number of large customers in Europe and United States (See note 14 in the unaudited consolidated financial statements). At period end, the accounts receivable from the Company's top five customers comprised approximately 79% (2008 - 86%) of the total accounts receivable. As GuestLogix expands its offering and increases distribution of its products, management anticipates the dependency on these customers to decrease and that its accounts receivable and contract risks would also be moderated. There has been no significant write-off of accounts receivable in the three-month period ended February 28, 2009 or the year ended November 30, 2008.

The following table provides information regarding the aging of accounts receivable that are past due but which are not impaired:

Current	31 - 60 days	61-90 days	91 days +	Carrying value
\$ 791,181	\$ 1,114,654	\$ 123,423	\$ 394,199	\$ 2,423,457

Our normal trade terms are 1 to 45 days, depending on the nature of the receivable. Typically for equipment and services, excluding minimum monthly transactions, the terms are 30 to 45 days.

Subsequent to the February 28, 2009 quarter end we received payment for approximately \$244,997 of the over 91 days balance.

The definition of amounts that are past due is determined by reference to terms agreed with individual customers. None of the amounts outstanding have been challenged by the respective customer and the Company continues to conduct business with them on an ongoing basis.

Accordingly, management expects that this balance is fully collectible in the future.

(b) Liquidity Risk

The Company believes that at the present time it does not face significant liquidity risk as it has been able to continue to source funding for the point-of-sale hand-held devices. However, the Company has experienced an increase in the time required to secure funding, which has necessitated the Company using its own working capital to bridge-finance capital asset deployments. In addition, the Company is expecting to become cash flow positive on operations during the second quarter of 2009.

(c) Market Risk

Cash equivalents and restricted cash equivalents are invested in money market instruments of varying maturities less than 90 days. Consequently, GuestLogix is exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. GuestLogix does not use interest rate derivative financial instruments in its investment portfolio but invests in Canadian Schedule A bank instruments.

The Company does not believe that there is a significant interest rate risk, due to the short-term nature of its investments.

GuestLogix is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the Canadian Dollar. The majority of GuestLogix's revenues are transacted in U.S. Dollars, Euros and Sterling. Purchases of equipment required to deliver on GuestLogix's contracts are primarily transacted in U.S. Dollars.

GuestLogix does not currently use derivative instruments to hedge against foreign exchange.

Recent Adopted Pronouncements

Goodwill and Intangible Assets

In January 2008, the CICA issued Handbook section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard was adopted by the Company on December 1, 2008. The application of this section did not have a material effect on the Company's consolidated financial position and results of operations.

Inventories

In June 2007, the CICA issued Handbook Section 3031 Inventories ('Section 3031'). This Section supersedes Handbook Section 3030 Inventories and is based on International Financial Reporting Standard IAS 2 Inventories. The Section prescribes the accounting treatment for inventories and was adopted by the Company on December 1, 2008. The application of this section did not a material effect on its financial position and results of operations.

Recently Issued Pronouncements Not Yet Adopted

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations ('Section 1582'), 1601, Consolidated Financial Statements ('Section 1601') and 1602, Non-controlling Interests ('Section 1602'). Section 1582 replaces CICA Handbook Section 1581, Business Combinations, and establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. Section 1601 together with Section 1602 replaces CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 are applicable for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. An entity must adopt Section 1582, 1601 or 1602 at the same time. The Company plans to adopt these standards effective December 1, 2010 and does not expect the adoption will have a material impact on the results of operations or financial position.

In 2006, the Canadian Accounting Standards Board ('AcSB') published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ('IFRS') over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable profit-oriented enterprises to use IFRS, replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. While the Company has begun assessing and reviewing the impact of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Risks and Uncertainties

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties. An investment in GuestLogix common shares is speculative and involves a high degree of risk and uncertainty. Such risks relate to and include, without limitation: its ability to predict whether it will meet internal or external expectations, its ability to offer competitive pricing for its products, its ability to finance its transaction-based business model, its ability to maintain its current relationships and develop new strategic relationships, its ability to attract and retain qualified employees, its internal controls, its ability to develop new technology, the Company's limited operating history, continuing losses and evolving business model.

Global economies will likely weaken further over the next 12 months as all economies continue to contract due to weaker domestic demand, financial market volatility and reduced demand for exports from major trading partners. Financial markets will continue to deal with the fallout of a crisis in credit markets and a deteriorating outlook for global economies. Volatile financial market conditions are likely to continue through much of 2009 as credit and liquidity concerns persist. We anticipate that global government intervention will begin to have an effect and improve financial market operations.

As an emerging company with customers located globally, GuestLogix faces a number of economic risks and business uncertainties. Today, we have customers in Canada, the United States, Europe, Middle East, and Asia. Factors such as foreign exchange rates, consumer spending, global warming and the passenger travel industry impact on the environment, interest rates, business and government investment and spending, the rate of inflation and threats of terrorism affect the business and economic environments in which our customers operate and are largely out of our control. In addition, our current concentration within the airline sector exposes us to the additional risk of the impact of volatile jet fuel prices on airline schedules and overall passenger volumes. Additionally, due to the financial weakness within the airline sector, particularly in North America, GuestLogix may have difficulty financing its transaction-based business model in the future.

Our unaudited consolidated financial statements are expressed in Canadian dollars, but a large portion of our business is conducted in other currencies. Changes in the exchange rates for these other currencies can increase or decrease our revenues, expenses, earnings and the carrying value of assets or liabilities in our balance sheet. Our largest exposure is to the US dollar, where we have a partial natural hedge against revenues as the manufacturer of the hand-held device and peripherals prices in US dollars. We do not use derivative instruments to hedge our currency exposure.

GuestLogix faces risks which are inherent in the business. We expect that the passenger travel industry will move towards 'back of the seat' interactive solutions and services which will over time reduce the demand for hand-held point-of-sale devices. However, our software solution is fully compatible with 'back of the seat' installations. We do not expect in the near future to witness the demise of the hand-held device as many airlines will not retro-fit their fleets to the 'back of the seat' solution due to the weight, cost of retro-fitting and aircraft age. Any devices we take back into inventory at the end of an agreement can be utilized in other contracts. The introduction of Wi-Fi onto airplanes recently does not pose a material risk to the GuestLogix business model as our platform is fully compatible with this communications medium.

Other risks faced by GuestLogix are related to the segment of the passenger travel industry in which it operates. There is intense competition between airlines which could prevent GuestLogix from increasing its sales in the near and longer term. To mitigate this particular risk, a focus for 2009 is to penetrate the passenger rail travel industry in Europe and expand our airline footprint in Europe and the Asia Pacific region.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the risks as described in our filings occur, our business, financial condition, liquidity or results of operations could be materially harmed.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com.