

Consolidated Financial Statements of

GUESTLOGIX INC.

Three and nine months ended August 31, 2008 and 2007

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GUESTLOGIX INC.
Consolidated Balance Sheets
(UNAUDITED)

	August 31, 2008	November 30, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 4,000,343	\$ 5,989,024
Accounts receivable	1,481,479	668,187
Inventory	115,048	-
Prepaid expenses and other assets	407,398	113,470
Supplier development loan	412,289	-
Investment tax credits receivable (note 2)	-	326,667
Current portion of net finance receivable (note 4)	1,740,044	1,743,890
	8,156,601	8,841,238
Restricted cash (note 3)	1,740,464	1,025,390
Net finance receivables (note 4)	1,314,380	1,278,621
Capital assets deployed (note 4)	3,521,130	3,058,770
Property and equipment (note 5)	76,333	56,217
	\$ 14,808,908	\$ 14,260,236
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 15)	\$ 1,990,100	\$ 2,065,176
Current portion of obligations under capital lease (note 7)	1,501,761	1,038,265
Notes payable (note 9)	159,390	100,000
Convertible loans from shareholders (note 6)	-	366,872
Loans from shareholders	-	20,461
Deferred revenue (note 8)	1,907,074	1,808,257
	5,558,325	5,399,031
Deferred revenue (note 8)	1,476,157	1,390,343
Obligations under capital lease (note 7)	1,356,397	723,261
SHAREHOLDERS' EQUITY		
Share capital (note 10(b))	13,891,944	12,084,398
Contributed surplus	1,012,115	802,372
Conversion rights	1,619,415	1,619,415
Warrants (note 10(d))	837,983	1,146,855
Share issuance costs (note 10(b))	(2,226,999)	(2,498,426)
Deficit	(8,716,429)	(6,407,013)
	6,418,029	6,747,601
Guarantees (note 14)		
Commitments (note 16)		
Contingencies (note 18)		
Subsequent events (note 19)		
	\$ 14,808,908	\$ 14,260,236

(The accompanying notes are an integral part of these financial statements)

GUESTLOGIX INC.**Consolidated Statements of Operations and Deficit
(UNAUDITED)**

	Three months ended August 31,		Nine months ended August 31,	
	2008	2007	2008	2007
REVENUE	\$ 2,417,288	\$ 1,455,755	\$ 5,647,855	\$ 3,852,329
OPERATING EXPENSES				
Cost of equipment sales	464,745	431,208	827,112	1,049,128
Research and development	47,353	256,345	218,718	590,974
Sales and marketing	317,582	199,529	903,132	525,479
General and administrative (note 15)	1,442,876	641,745	3,734,941	1,213,691
Stock-based compensation	82,575	140,929	229,992	150,544
Amortization of capital assets deployed	576,715	369,764	1,607,767	996,531
Amortization of property and equipment	2,925	2,925	8,775	6,427
	2,934,771	2,042,445	7,530,437	4,532,774
LOSS FROM OPERATIONS	(517,483)	(586,690)	(1,882,582)	(680,445)
Other income (expenses)				
Other income	-	6,666	-	22,210
Foreign exchange gain (loss)	39,249	(105,516)	(26,813)	(93,307)
Interest earned	31,282	69,403	124,785	99,944
Interest expense	(198,598)	(206,327)	(335,446)	(475,256)
Interest accretion expense	(4,934)	(355,627)	(189,360)	(1,542,328)
	(133,001)	(591,401)	(426,834)	(1,988,737)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(650,484)	(1,178,091)	(2,309,416)	(2,669,182)
DEFICIT, BEGINNING OF PERIOD AS ORIGINALLY STATED	(8,065,945)	(4,177,621)	(6,407,013)	(3,194,344)
IMPACT OF CHANGE IN ACCOUNTING FOR FINANCIAL INSTRUMENTS	-	-	-	507,814
AS RESTATED	(8,065,945)	(4,177,621)	(6,407,013)	(2,686,530)
DEFICIT, END OF PERIOD	(8,716,429)	(5,355,712)	(8,716,429)	(5,355,712)
LOSS PER SHARE (note 11)	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.09)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	54,032,562	33,595,349	51,990,709	29,658,704

(The accompanying notes are an integral part of these financial statements)

QUESTLOGIX INC.
Consolidated Statements of Shareholders' Equity
For the period ended August 31, 2008
(UNAUDITED)

	Number of Shares	Share Capital	Shares to be Issued	Contributed Surplus	Conversion Rights	Warrants	Share Issuance Costs	Deficit	Shareholders' equity
Balance, November 30, 2006	27,668,752	\$ 860,753	\$ 470,746	\$ 588,902	\$ 772,701	\$ 738,659	\$ -	\$ (3,194,344)	\$ 237,417
Shares to be issued, private placement	-	-	110,000	-	-	-	-	-	110,000
Stock-based compensation expense	-	-	-	8,867	-	-	-	-	8,867
Net loss for the period	-	-	-	-	-	-	-	(305,854)	(305,854)
Balance, February 28, 2007	27,668,752	\$ 860,753	\$ 580,746	\$ 597,769	\$ 772,701	\$ 738,659	\$ -	\$ (3,500,198)	\$ 50,430
Shares to be issued, private placement	-	-	1,350,006	-	-	-	-	-	1,350,006
Stock-based compensation expense	-	-	-	(7,370)	-	-	-	-	(7,370)
Issuance of warrants	-	-	-	-	-	8,119	-	-	8,119
Net loss for the period	-	-	-	-	-	-	-	(677,423)	(677,423)
Balance, May 31, 2007	27,668,752	\$ 860,753	\$ 1,930,752	\$ 590,399	\$ 772,701	\$ 746,778	\$ -	\$ (4,177,621)	\$ 723,762
Issued in exchange for Growthgen shares	1,666,667	100,046	-	-	-	-	-	-	100,046
Issued for cash	12,857,200	9,000,040	-	-	-	-	(2,498,426)	-	6,501,614
Issued on settlement of convertible notes	1,235,911	728,287	-	-	-	-	-	-	728,287
Settlement of "shares to be issued"	705,411	470,746	(1,930,752)	-	-	-	-	-	(1,460,006)
Issued for compensation	79,194	55,346	-	-	-	-	-	-	55,346
Issued for cash, private placement	159,747	110,000	-	-	-	-	-	-	110,000
Extension of term to maturity of convertible debentures	-	-	-	-	846,714	-	-	-	846,714
Stock-based compensation expense	-	-	-	124,925	-	-	-	-	124,925
Issuance of warrants	-	-	-	-	-	446,801	-	-	446,801
Net loss for the period	-	-	-	-	-	-	-	(1,178,091)	(1,178,091)
Balance, August 31, 2007	44,372,882	\$ 11,325,218	\$ -	\$ 715,324	\$ 1,619,415	\$ 1,193,579	\$ (2,498,426)	\$ (5,355,712)	\$ 6,999,398
Balance, November 30, 2007	47,857,999	\$ 12,084,398	\$ -	\$ 802,372	\$ 1,619,415	\$ 1,146,855	\$ (2,498,426)	\$ (6,407,013)	\$ 6,747,601
Stock based compensation expense	-	-	-	52,686	-	-	-	-	52,686
Share purchase warrants exercised	143,250	43,599	-	-	-	(14,949)	-	-	28,650
Share purchase options exercised	50,721	42,781	-	(7,277)	-	-	-	-	35,504
Net loss for the period	-	-	-	-	-	-	-	(540,904)	(540,904)
Balance, February 29, 2008	48,051,970	\$ 12,170,778	\$ -	\$ 847,781	\$ 1,619,415	\$ 1,131,906	\$ (2,498,426)	\$ (6,947,917)	\$ 6,323,537
Stock based compensation expense	-	-	-	94,731	-	-	-	-	94,731
Share purchase warrants exercised	2,812,262	854,927	-	-	(292,475)	-	-	-	562,452
Share purchase options exercised	99,971	30,168	-	(12,972)	-	-	-	-	17,196
Net loss for the period	-	-	-	-	-	-	-	(1,118,028)	(1,118,028)
Balance, May 31, 2008	50,964,203	\$ 13,055,873	\$ -	\$ 929,540	\$ 1,619,415	\$ 839,431	\$ (2,498,426)	\$ (8,065,945)	\$ 5,879,888
Stock based compensation expense	-	-	-	82,575	-	-	-	-	82,575
Issued on settlement of convertible notes	2,900,870	576,693	-	-	-	-	-	-	576,693
Share purchase options exercised	166,667	50,000	-	-	-	-	-	-	50,000
Share purchase warrants adjustment	-	1,448	-	-	(1,448)	-	-	-	-
Issued on settlement of accounts payable	164,000	142,680	-	-	-	-	271,427	-	414,107
Issued on settlement of notes payable	75,000	65,250	-	-	-	-	-	-	65,250
Net loss for the period	-	-	-	-	-	-	-	(650,484)	(650,484)
Balance, August 31, 2008	54,270,740	\$ 13,891,944	\$ -	\$ 1,012,115	\$ 1,619,415	\$ 837,983	\$ (2,226,999)	\$ (8,716,429)	\$ 6,418,029

(The accompanying notes are an integral part of these financial statements)

GUESTLOGIX INC.**Consolidated Statements of Cash Flows
(UNAUDITED)**

	Three months ended August 31,		Nine months ended August 31,	
	2008	2007	2008	2007
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net Loss for the period	\$ (650,484)	\$ (1,178,091)	\$ (2,309,416)	\$ (2,669,182)
Items not involving cash:				
Amortization of capital assets deployed	576,715	369,764	1,607,767	996,531
Amortization of capital assets	2,925	2,925	8,775	6,427
Accrual of participating amount	59,390	100,000	59,390	100,000
Conversion of loan from shareholder	576,693	-	576,693	-
Interest accretion on notes payable (note 6)	4,934	355,627	189,360	1,542,328
Stock-based compensation expense	82,575	150,543	229,992	160,158
Change in non-cash operating working capital (note 12)	(964,080)	793,109	(2,418,979)	(306,330)
	(311,332)	593,877	(2,056,418)	(170,068)
FINANCING				
Proceeds from capital lease sale and leaseback	152,736	-	571,445	-
Proceeds from issuance of common shares	-	5,728,176	-	7,188,182
Proceeds from exercise of options and warrants	50,000	-	693,802	-
Repayment of capital lease obligations	(434,499)	219,785	(1,011,934)	(153,187)
Repayment of notes payable	-	(105,620)	-	(364,766)
Repayment of loans from shareholders	-	-	(20,461)	-
	(231,763)	5,842,341	232,852	6,670,229
INVESTING				
Investment in collateral security (note 3)	(247,051)	15,546	(729,693)	59,970
Investment in supplier development loan	(114,389)	-	(409,709)	-
Purchase of equipment for deployment	(522,279)	(576,866)	(590,036)	(728,886)
Payments received on sales-type leases	584,652	330,232	1,622,044	1,070,206
Additions to property and equipment	(23,764)	(23,486)	(28,890)	(58,502)
	(322,831)	(254,574)	(136,284)	342,788
FOREIGN EXCHANGE GAIN (LOSS) ON CASH HELD IN FOREIGN CURRENCY	36,409	(15,940)	(28,831)	246,257
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(829,517)	6,165,704	(1,988,681)	7,089,206
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,829,860	1,130,574	5,989,024	207,072
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4,000,343	\$ 7,296,278	\$ 4,000,343	\$ 7,296,278
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	\$ 81,848	\$ 136,961	\$ 218,696	\$ 240,604
Interest received	31,282	69,403	124,785	99,944
SUPPLEMENTAL DISCLOSURES RELATING TO NON-CASH OPERATING AND INVESTING ACTIVITIES				
Additions to capital lease obligations to finance the acquisition of capital assets deployed	\$ 152,735	\$ 576,666	\$ 1,319,040	\$ 576,666
Purchase of equipment for deployment in accounts payable	\$ -	\$ -	\$ 244,849	\$ -
SUPPLEMENTAL DISCLOSURES RELATING TO CASH AND CASH EQUIVALENTS				
CASH	\$ 334,077	\$ 96,278	\$ 334,077	\$ 96,278
SHORT TERM INVESTMENTS UP TO 90 DAYS	\$ 3,666,266	\$ 7,200,000	\$ 3,666,266	\$ 7,200,000

(The accompanying notes are an integral part of these financial statements)

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

DESCRIPTION OF BUSINESS

GuestLogix Inc. ('GuestLogix' or the 'Company') is in the business of providing proprietary on-board retail software platform solutions for the passenger travel industry. The GuestLogix on-board retail solution, called Mobile Virtual Store, provides significant benefits for all three major components of the on-board retail industry: pre-departure, on-board and post-arrival processing.

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 124, Definition of a Business, (EIC 124); therefore, the reverse takeover transaction did not constitute a business combination under the provisions of 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:

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

Asset	
Cash	\$100,046
Less: liabilities assumed	-
Total consideration attributable to Growthgen	\$100,046
Represented by 1,666,667 Growthgen shares	\$100,046

1. Significant accounting policies:

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ('GAAP'). Certain information and note disclosures normally included in the annual consolidated 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 interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended November 30, 2007. The unaudited consolidated 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 consolidated financial statements for the fiscal year ended November 30, 2007 except for new standards adopted December 1, 2007 as described in (r) below. The results of operations for the three and nine-months ended August 31, 2008 are not necessarily indicative of the results to be expected for the full year.

(a) 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; the arrangement includes a general right of return relative to the delivered items; and, delivery of undelivered items is probable and substantially in the vendor's control.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

If the vendor 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 stand-alone value to the customer without additional services being provided, the vendor recognizes revenue on the items as a whole.

Management has determined that the deliverables in these arrangements do not have value to its customers on a stand-alone 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. As a consequence, the provisions of EIC 142 do not apply to these arrangements.

To account for revenues and related expenses under these arrangements, the Company employs sales-type lease accounting as follows. The Company sells products to certain customers under terms that 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 sheets 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 is 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 INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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.

(b) 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.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(c) Investment tax credits:

The Company is entitled to federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. The Company, while it was a Canadian Controlled Private Corporation, recorded the benefit of refundable investment tax credits when the qualifying expenditures had been incurred and there was reasonable assurance as to their collection. Investment tax credits are recorded as a reduction of the related expenditure for items of a current nature and a reduction of the related capital asset for items of a long-term nature. Upon the amalgamation of Growthgen and GuestLogix on August 1, 2007, the Company is no longer entitled to claim refundable investment tax credits against its future eligible research and development expenditures. These amounts are available to reduce taxes payable in future periods. The claims are subject to review by the Canada revenue Agency ('CRA').

(d) 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 fixtures	5 years

(e) 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.

(f) 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 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 its carrying value, the asset is considered to be impaired. An impairment loss is measured as the excess of the carrying value of the asset over its fair value. As at August 31, 2008, the Company has not recorded an impairment loss.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(g) 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 dates of the transactions. Foreign exchange gains and losses are included in the statement of operations and deficit.

(h) 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.

(i) 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 the stock option plan described in note 10(c). 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 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.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(i) Stock-based compensation (continued):

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.

(j) Deferred revenue

Deferred revenue comprises lease or services revenues. Deferred lease revenue arises when customers receive hardware to utilize the on-board retail software solutions. In these situations as described in note 1(a), it is deemed that the Company has entered into a sales-type lease and a lease receivable is recorded. Deferred revenue is recognized as income on a monthly basis over the term of the respective arrangements, using the discount rate implicit in each lease.

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

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.

(k) 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.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(l) Share issuance costs

Incremental costs incurred in respect of raising capital are charged against the equity proceeds raised and include legal, accounting, agent and investment bank fees and the cost of agent and investment bank warrants and options.

(m) Interest accretion expense

Interest accretion expense comprises charges taken to accrete the fair market value of convertible and debt obligations with equity participation features up to face value at maturity.

(n) Loss per share:

Basic loss per share is calculated using 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 stock options and warrants is anti-dilutive.

(o) Use of estimates:

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 period. 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. Actual results could differ from those estimates.

(p) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturities of three months or less at the time of issuance to be cash equivalents.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(q) Inventories

All inventories are stated at the lower of cost or realizable values. The Companies inventories consist of finished products and replacement parts held for sale; cost is determined on an actual basis.

(r) Recently adopted pronouncements

(i) Financial instruments:

Section 3855 defines the terms “financial instrument”, “financial asset” and “financial liability”. Under Section 3855, financial assets must be classified into one of four categories: held-for-trading, held-to-maturity, loans and receivables and available-for-sale; financial liabilities must be classified into one of two categories: held-for-trading and other financial liabilities. Capital lease receivables and obligations do not meet the scope of section 3855, except for the Section’s derecognition and impairment standards. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as held-for-trading. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income. Under the adoption of these new standards, the Company designated cash and cash equivalents, restricted cash as held-for-trading, which is measured at fair value. Accounts receivable, net finance receivable and supplier development loans are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, notes payable, loans from shareholders, and convertible debentures are classified as other financial liabilities, which are measured at amortized cost.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
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1. Significant accounting policies (continued):

(ii) Financial instruments – disclosures and presentation:

In December 2006, the CICA issued Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These two new sections replace Section 3861, Financial Instruments – Disclosure and Presentation, which was adopted by the Company in fiscal 2007. Section 3862 includes a complete set of disclosure requirements for financial instruments that revise and enhance the disclosure requirements in Section 3861. Section 3863 contains the standards for presentation of financial instruments and non-financial derivatives and is essentially consistent with the presentation requirements currently found in Section 3861. These two new sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of these standards did not have a material effect on the Company's consolidated financial position or results of operations for the nine-month period ended August 31, 2008. See note 13.

(iii) Capital disclosures:

In December 2006, the CICA issued Handbook Section 1535, Capital Disclosures. This new guidance establishes standards for disclosing information about an entity's capital and how it is managed. This section requires the disclosure of an entity's objectives, policies and processes for managing capital and information regarding an entity's compliance or non-compliance with any capital requirements. Section 1535 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This standard affects disclosure only. See note 20.

(s) Recently issued pronouncements not yet adopted:

(i) 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 will apply to the Company's interim and annual financial statements relating to fiscal years beginning on or after December 1, 2008. Earlier adoption is encouraged. The Company is currently evaluating the impact of this standard on its financial position, results of operations and cash flows. The Company does not anticipate that the application of this section will have a material effect on its financial position and results of operations.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

1. Significant accounting policies (continued):

(s) Recently issued pronouncements not yet adopted (continued):

(ii) Goodwill and intangible assets:

In January 2008, the CICA issued Handbook section 3064, Goodwill and Intangible Assets, which will replace 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 will apply to the Company's interim and annual financial statements beginning December 1, 2008. The Company has not yet determined what the impact of adopting this standard will have on the Company's consolidated financial statements.

2. Investment tax credits:

At November 30, 2007, the Company has a balance of \$326,667 (2006 - \$160,000) of refundable investment tax credits receivable, which was recorded as a reduction of research and development expenses related to projects commenced in the preceding year. The Company also incurred estimated eligible expenditures during the three and nine months ended August 31, 2008 of \$195,000 and \$426,000 respectively.

3. Restricted cash:

As at November 30, 2007, the Company had restricted cash of \$1,025,390 (2006 - \$1,253,651), as required to provide collateral security against capital leases. As at August 31, 2008, the Company had restricted cash of \$1,740,464. To fulfill this obligation, the Company has purchased short-term U.S. dollar-denominated investments. Upon adoption of Section 3855, the Company has designated these amounts as held-for-trading, which requires the investments be marked to market and the changes in fair value be recorded in the statements of operations. As at August 31, 2008, the fair market value of these investments was \$1,740,464.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

4. Net finance receivables and capital assets deployed:

Amounts owing under sales-type leases entered into through the Company's multiple element arrangements are recorded as net finance receivables. Future minimum payments receivable under these multiple element arrangements are as follows:

2008	\$ 763,761
2009	1,644,273
2010	969,652

The average interest rate implicit to these leases ranges from 9.4% to 11.3%.

Costs deferred under these multiple element arrangements, representing equipment sold under the sales-type leases above, are recorded as capital assets deployed.

5. Property and equipment:

November 30, 2007	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 54,456	\$ 54,456	\$ —
Furniture and fixtures	\$ 65,569	\$ 9,352	\$ 56,217
Total property and equipment	\$ 120,025	\$ 63,808	\$ 56,217

August 31, 2008	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 63,460	\$ 54,455	\$ 9,005
Furniture and fixtures	\$ 85,455	\$ 18,127	\$ 67,328
Total property and equipment	\$ 148,915	\$ 72,582	\$ 76,333

Amortization expense for the three and nine months ended August 31, 2008 amounted to \$2,925 and \$8,775 respectively (2007 - \$2,925 and \$6,427).

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

6. Convertible loans from shareholders:

As at November 30, 2007, convertible shareholder loans outstanding, net of allocations for the conversion features and warrants issued with these loans amounted to \$366,872 (2006 - \$460,490). The face value of convertible shareholder loans aggregate to \$576,693, are unsecured and bear interest at 14%, payable quarterly in arrears. On June 30, 2008, at maturity, these loans were converted to equity, with 2,900,870 common shares being issued.

For the three and nine months ended August 31, 2008, the Company recorded accretion expense of \$4,934 and \$189,360 respectively (2007 - \$355,627 and \$1,542,328).

7. Obligations under capital leases:

From time to time the Company purchases hand-held, point-of-sale devices which in turn are bundled with software, hosting and services and are leased to customers as described in note 1(a). These devices are then sold under sales-type lease arrangements to customers under a multiple element revenue arrangement, as described in note 1(a).

In the nine-month period ended August 31, 2008 purchases totalled \$1,909,076 of which \$1,319,040 were financed by way of capital leases.

The following is a schedule of future minimum lease payments for equipment under capital leases:

	August 31, 2008	November 30, 2007
2008	\$ 909,954	\$ 1,170,744
2009	1,491,606	584,675
2010	729,379	177,093
	3,130,939	1,932,512
Less amount representing interest (at 5.4% to 12.5%)	272,781	170,986
	2,858,158	1,761,526
Less current portion	1,501,761	1,038,265
	\$ 1,356,397	\$ 723,261

Interest expense related to this obligation for the year ended November 30, 2007 amounted to \$174,923 (2006 - \$35,387). Interest expense related to this obligation for the three and nine-months ended August 31, 2008 was \$75,232 and \$171,581 respectively (2007 \$41,341 - \$143,053).

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

8. Deferred revenue:

Deferred revenue reported at August 31, 2008 pertains primarily to lease obligations from eight (8) customers. Deferred revenue is recognized on a monthly basis over the terms of the corresponding lease agreements which range from two to five years as described in note 1(a).

9. Notes payable:

On August 12, 2005, the Company purchased and cancelled the outstanding common shares of GuestLogix as part of a management buyout agreement in exchange for a non-interest bearing note payable comprising a fixed obligation of \$414,785 (U.S. \$350,000). The balance outstanding under this obligation as at November 30, 2007 was nil (2006 - \$325,639 (U.S. \$300,000)).

In addition, contingent consideration of up to \$200,000 is payable subject to the Company achieving certain conditions at August 12, 2008, or at anytime prior to that date if triggered by a liquidation event as defined in the agreement. On August 15, 2008 the Company agreed to settle the contingent liability and any claims against the Company as a result of the management buyout, for cash consideration of \$159,390 (US \$150,000) and 75,000 common shares issued from treasury at the closing market price of 0.87 cents on August 14, 2008.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital:

All share and per share information in these notes and the accompanying consolidated financial statements has been adjusted to give effect to an April 2007, 3:1 stock split.

(a) Authorized:

Unlimited number of voting common shares

(b) Issued

	Number of common shares	Amount
Balance, November 30, 2006	27,668,752	\$ 860,753
Issuance of shares for compensation (i)	79,194	\$ 55,346
Issuance of shares for cash consideration (ii)	12,857,200	9,000,040
Issuance of shares upon settlement of debt obligation (iii)	1,235,911	728,287
Issuance of shares upon going public transaction (iv)	1,666,667	100,046
Issuance of shares from 'shares to be issued' (v)	705,411	470,746
Issuance of shares for cash consideration (vi)	159,747	110,000
Issuance of shares on exercise of warrants (vii)	447,750	136,274
Issuance of shares on exercise of options (viii)	145,013	47,906
Issuance of shares upon debenture conversions (ix)	2,892,354	575,000
Balance, November 30, 2007	47,857,999	\$12,084,398
Issuance of shares on exercise of warrants (x)	143,250	43,599
Issuance of shares on exercise of options (xi)	50,721	42,781
Balance, February 29, 2008	48,051,970	12,170,778
Issuance of shares on exercise of warrants (xii)	2,812,262	854,927
Issuance of shares on exercise of options (xiii)	99,971	30,168
Balance, May 31, 2008	50,964,203	\$13,055,873
Issuance of shares upon shareholder loan conversion (xiv)	2,900,870	576,693
Issuance of shares on exercise of options (xv)	166,667	50,000
Share purchase warrants adjustment		1,448
Issuance of shares upon settling accounts payable (xvi)	164,000	142,680
Issuance of shares upon settling participating amount (xvii)	75,000	65,250
Balance August 31, 2008	54,270,740	\$13,891,944

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(b) Issued (continued):

- (i) In August 2007, the Company issued 79,194 common shares having a value of \$55,436 to a service provider as compensation for services rendered related to a financing.
- (ii) In August 2007, the Company issued 12,857,200 common shares in conjunction with the completion of an equity financing for gross cash proceeds of \$9,000,040, which when netted out against share issuance costs totalling \$2,498,426, resulted in net proceeds allocable to share capital of \$6,501,614.
- (iii) In August 2007, the Company issued 1,235,911 common shares as consideration for the conversion of certain loans and accrued interest, which, when netted out against the fair value of warrants issued in conjunction with the conversion of the loans resulted in gross proceeds allocable to share capital of \$728,287 (\$696,304 net of \$31,983 of issuance costs).
- (iv) In August 2007, the Company issued 1,666,667 shares in GuestLogix Inc. to the former holders of Growthgen Equity II Inc. ('Growthgen') upon amalgamation of the two companies for \$100,046, being the net assets acquired at fair value of Growthgen on the date of the amalgamation.
- (v) In June 2007, the Company issued 705,411 shares based on net proceeds of \$470,746, cash, previously received, the value of which was recorded under 'shares to be issued' as at the Company's fiscal year end of November 30, 2006.
- (vi) In June 2007, the Company issued 159,747 shares based on net proceeds of \$110,000, cash, received in December 2006.
- (vii) In October 2007, the Company issued 447,750 common shares upon the exercise of warrants for total consideration of \$136,724, cash. The value previously attributed to the warrants, \$46,724, was reallocated to share capital at that time.
- (viii) In November 2007, the Company issued 145,013 common shares upon the exercise of options for total consideration of \$47,906, cash.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(b) Issued (continued):

- (ix) In October and November, 2007 the Company issued 2,892,354 common shares as consideration for the conversion of certain convertible notes payable totalling \$575,000.
- (x) In February 2008, the Company issued 143,250 common shares upon the exercise of warrants for total consideration of \$28,650. The value previously attributed to the warrants, \$14,949, was reallocated to share capital at that time.
- (xi) In February 2008, the Company issued 50,721 common shares upon the exercise of options for total consideration of \$35,504. The value relating to these options previously attributed to contributed surplus, \$7,277, was reallocated to share capital at that time.
- (xii) In April 2008, the Company issued 2,812,262 common shares upon the exercise of warrants for total consideration of \$562,452. The value relating to these options previously attributed to contributed surplus, \$292,475, was reallocated to share capital at that time.
- (xiii) In March and April 2008, the Company issued 99,971 common shares upon the exercise of options for total consideration of \$17,196. The value relating to these options previously attributed to contributed surplus, \$12,972, was reallocated to share capital at that time.
- (xiv) On June 30, 2008, the Company issued 2,900,870 common shares upon the conversion of a shareholder loan with a face amount of \$576,693.
- (xv) In July 2008, the Company issued 166,667 common shares upon the exercise of options for total consideration of \$50,000. These options formed part of the options transferred from Growthgen in August 2007.
- (xvi) On August 15, 2008, the Company issued 164,000 common shares having a value of \$142,680 towards the partial settlement of an accounts payable.
- (xvii) On August 15, 2008, the Company issued 75,000 common shares having a value of \$65,250 as partial consideration of the participating amount payable arising from the 2005 management buyout.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(c) Stock options:

The Company has established a stock option plan (the 'Plan') to encourage ownership of the Company's common shares by its key officers, directors, employees and selected consultants. The Plan, as restated, and approved by shareholders subsequent to the amalgamation with Growthgen, provides for an amount up to 15% of the outstanding common shares of the Company to be reserved for issuance. The number of shares reserved for issuance under the Plan at August 31, 2008 is 6,655,932 common shares with provision that the Board of Directors has the right from time to time, to increase such number subject to the approval of shareholders of the Company. Options under the Plan vest over various periods from the date of the granting of the option. All options granted under the Plan that have not been exercised within up to ten years of the grant will expire, subject to earlier termination if the optionee ceases to be an officer, director, employee or consultant of the Company.

The fair value of options granted was estimated on the date of the grant using the Black-Scholes option-pricing model, resulting in the weighted average fair value of options granted for the three and nine-month periods ended August 31, 2008 being \$0.354 - \$0.412 and \$0.354 - \$0.495 respectively, with the following assumptions:

	Three-months ended August 31, 2008	Nine-months ended August 31, 2008
Risk-free rate of return	2.96%-3.45%	2.96%-4.64%
Expected volatility	71.4%-72.6%	68%-83.6%
Dividend yield	-%	-%
Average expected life of the options	5 years	5 years

The following is a summary of the stock options outstanding and the weighted average exercise price granted, as at August 31, 2008 and changes during the nine-month period ended August 31, 2008.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(c) Stock options (continued):

	Number of Options Outstanding	Weighted Average Exercise Price
Outstanding, November 30, 2006	736,622	\$ 0.07
Transferred from Growthgen	266,667	0.30
Granted	1,864,983	0.64
Exercised	(145,013)	0.27
Cancelled	(133,895)	0.69
Outstanding, November 30, 2007	2,589,364	0.46
Granted during the period	1,075,289	1.22
Exercised	(317,359)	0.32
Cancelled	(186,642)	0.81
Outstanding, August 31, 2008	3,160,652	\$ 0.72

The weighted average life of options outstanding at August 31, 2008 is 3.59 years.

The range of the exercise price for the options outstanding is \$0.07 to \$1.40.

The Company recognized \$82,575 and \$229,992 of stock-based compensation expense for stock options issued to service providers and employees during the three and nine-months ended August 31, 2008 (2007 - \$140,929 and \$150,544).

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(d) Warrants:

The warrants outstanding at August 31, 2008 and November 30, 2007 are as follows:

	<u>August 31, 2008</u>		<u>November 30, 2007</u>	
	<u>Number of Warrants</u>	<u>Amount</u>	<u>Number of Warrants</u>	<u>Amount</u>
Exercise price of \$0.199 (plus four warrants) expiring April 30, 2008 (i)	-	\$ -	11,822,047	\$ 308,872
Exercise price of U.S.\$0.32 expiring June 30, 2009 (ii)	980,468	237,806	980,468	237,806
Exercise price of U.S.\$0.726 expiring August 16, 2011 to October 1, 2011 (iii)	727,047	64,849	727,047	64,849
Exercise price of U.S.\$0.907 expiring August 16, 2011 to October 1, 2011 (iii)	540,480	80,408	540,480	80,408
Exercise price of U.S.\$0.57 expiring on January 31, 2009 (iv)	119,075	8,119	119,075	8,119
Exercise price of \$0.20 expiring on November 28, 2008 (v)	48,698	25,618	48,698	25,618
Exercise price of \$0.84 expiring on July 31, 2009(vi)	501,202	138,804	501,202	138,804
Exercise price of \$0.70 expiring on July 31, 2009 (vii)	900,004	282,379	900,004	282,379
	<u>3,816,974</u>	<u>\$ 837,983</u>	<u>15,639,021</u>	<u>\$ 1,146,855</u>

- (i) Warrants issued and outstanding in conjunction with shareholder convertible loans (note 6) and convertible debentures allow for the purchase of 2,812,262 common shares. The warrants expired on April 30, 2008 but were exercised prior to expiry, resulting in 2,812,262 common shares being issued for proceeds of \$562,452.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

10. Share capital (continued):

(d) Warrants (continued):

- (ii) Warrants issued and outstanding in conjunction with \$445,990 (U.S. \$400,000) in notes payable on June 20, 2006 totalled 980,468. The warrants expire on June 30, 2009.
- (iii) Warrants issued and outstanding in conjunction with an additional U.S. \$653,626 in convertible loans in 2006 totalled 1,267,527. The warrants have exercise prices of U.S. \$0.726 and U.S. \$0.907 per share and expire between August 16, 2011 and October 1, 2011.
- (iv) Warrants issued and outstanding in conjunction with services provided to the Company totalled 119,075 and have an exercise price of U.S. \$0.57 per share and expire on January 31, 2009.
- (v) Warrants issued and outstanding in conjunction with services provided to the Company totalled 48,698 and have an exercise prices of \$0.20 per share and expire on November 28, 2008.
- (vi) Warrants issued and outstanding in conjunction with capital raising services provided to the Company totalled 501,202 and have an exercise price of \$0.84 per share and expire on July 31, 2009.
- (vii) Warrants issued and outstanding in conjunction with capital raising services provided to the Company totalled 900,004 and have an exercise price of \$0.70 per share and expire on July 31, 2009.

The fair value of warrants granted in 2007 was estimated on the date of the grant using the Black-Scholes option-pricing model, resulting in the fair value of these options being \$454,920, with the following assumptions being used: (a) risk-free rate of return of 4.08% - 4.64%; (b) expected volatility of 79% - 80%; (c) and weighted average expected life of the warrant of 1.46 – 2 years.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

11. Loss per share:

The reconciliation of the loss for the three and nine-month periods ended August 31, 2008 and August 31, 2007 and the weighted average number of common shares used to calculate basic loss per share is as per the table below. The pro forma amounts are adjusted to retroactively reflect the 3.94-for-1 share exchange which occurred upon completion of the amalgamation of the Company with Growthgen on August 1, 2007.

	Three-months ended August 31		Nine-months ended August 31	
	2008	2007	2008	2007
Numerator:				
Loss for the period	\$ (650,484)	\$ (1,178,091)	\$ (2,309,416)	\$ (2,669,182)
Denominator:				
Weighted average number of shares (basic and diluted):	54,032,562	33,595,349	51,990,709	29,658,704
Loss per share:				
Basic:	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.09)

12. Change in non-cash operating working capital:

	Three-months ended August 31		Nine-months ended August 31	
	2008	2007	2008	2007
Accounts receivable	\$ (719,863)	\$ (282,868)	\$ (813,292)	\$ (735,722)
Inventory	(115,048)	-	(115,048)	-
Prepaid expenses and other assets	63,122	263,890	(293,928)	(77,617)
Investment tax credits receivable	275,320	(41,667)	326,667	(166,667)
Accounts payable and accrued liabilities	(17,544)	1,087,530	(75,076)	1,575,713
Deferred revenue	(450,067)	(233,776)	(1,448,302)	(902,037)
	\$ (964,080)	\$ 793,109	\$ (2,418,979)	\$ (306,330)

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

13. Financial instruments:

Financial instruments of GuestLogix consist of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities, notes payable, convertible debentures 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.

GuestLogix is exposed to market risks relating to:

Foreign exchange

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' revenues are transacted in U.S. Dollars and Euros. Purchases of equipment required to deliver on GuestLogix' contracts are primarily transacted in U.S. Dollars. Other expenses, consisting of the majority of salaries and certain operating costs, are incurred primarily in Canadian Dollars other than fees paid to various sales agents which are transacted in U.S. Dollars and Sterling.

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

Interest rate

Cash equivalents and restricted cash 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 INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

13. Financial instruments (continued):

Credit and customer concentration

GuestLogix is currently dependant on a limited number of large customers in Europe and the Americas. As GuestLogix expands its offering and increases distribution of its products, management anticipates the dependency on these customers to decrease. There has been no significant write-off of accounts receivable to August 31, 2008.

Liquidity risk

The Company believes that at the present time it does not face significant liquidity risk.

14. Guarantees:

In the normal course of business, the Company enters into agreements that meet the definition of a guarantee.

- (a) Indemnity has been provided to all directors and officers of the Company for various items including, but not limited to, all costs to settle suits or actions against due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not specifically defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated. The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
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14. Guarantees (continued):

(b) (continued):

Company has not made any payments under such or similar indemnification agreements and therefore no amount has been recorded in the balance sheet with respect to these agreements.

15. Related party transactions and balances:

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 senior 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 and nine-months ended August 31, 2008 the Company incurred costs of \$77,500 and \$272,500 respectively (2007 - \$71,550 and \$206,550) relating to these agreements, which are included in sales and marketing and general and administrative expenses. As at August 31, 2008, a total of \$nil (2007 - \$187,135) is unpaid and is included in accounts payable and accrued liabilities.

Interest paid on loans to shareholders during the three and nine-month period ended August 31, 2008 and August 31, 2007 were \$6,636 and \$47,115 respectively (2007 - \$33,601 and \$100,219)

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

16. Commitments:

Future minimum lease payments under the premises and computer equipment operating leases for the following calendar years are as follows:

	August 31, 2008
2008	\$ 103,515
2009	419,069
2010	376,154
2011	329,840
2012	279,547
Thereafter	127,067
	<hr/>
	\$ 1,635,192

17. Segmented information and customer concentration:

(a) Geographic information:

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. During the three and nine-months ended August 31, 2008 \$1,615,359 and \$3,901,636 respectively of the Company's revenue (2007 - \$1,034,819 and \$3,169,280) was derived from North America, while the remainder of \$801,929 and \$1,746,219 respectively (2007 - \$420,936 and \$683,049) was derived from Europe, Middle East and Africa.

(b) Major customers:

During the three and nine-months ended August 31, 2008, five customers accounted for 76% of the total revenue (2007 – three customers accounted for over 80%).

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

18. Contingencies:

(a) See note 9.

(b) 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 had undertaken an action against American Airlines which they withdrew during August 2008. 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.

19. Subsequent events:

The Company successfully closed two new credit facilities in September 2008 for \$2,395,000 (U.S. \$2,258,155) to finance existing contracts requiring point-of-sale hand held devices.

20. Capital disclosures:

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance and secure its revenue growth and expansion globally and to finance its research and development activities, general and administration expenses, working capital and overall capital expenditures, especially expenditures on its capital assets deployed. The Company makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

To finance its activities, the Company has followed an approach that relies on revenue growth, issuance of common equity, and financing under capital leases. Since inception, the Company has financed its activities primarily through public offerings of common shares, shareholder loans, and capital lease financing.

The Company's policy is to maintain a minimal level of debt for operating purposes.

The capital management objectives for the period ended August 31, 2008 remained the same as those of the previous fiscal year.

GUESTLOGIX INC.

Notes to Consolidated Financial Statements (continued)

Three and nine-months ended August 31, 2008 and 2007
(unaudited)

20. Capital disclosures (continued):

At August 31, 2008, cash amounted to \$4,000,343; accounts receivable amounted to \$1,481,479; net finance receivable amounted to \$3,045,424 on a discounted basis. Reflecting the common stock issued in the first nine months of fiscal 2008 (note 10(b)), management believes that its cash position will be sufficient to fund operation and capital needs for at least one year.

The Company's policy on dividends is to retain cash to keep funds available to finance operations and growth. However, the Board of Directors may, from time to time, choose to declare a dividend in cash if warranted in the circumstances.

The Company is not subject to any external capital requirements.