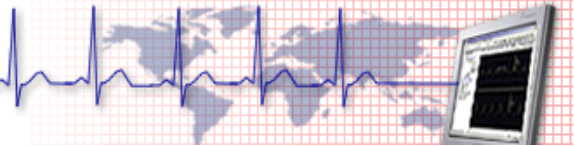




Global leaders in Arrhythmia, Pacemaker & ICD Management Software



CardioComm Solutions, Inc.

Management's Discussion and Analysis

For the year ended December 31, 2007



Management's Discussion and Analysis

Financial Condition and Results of Operations

The following is a discussion of our consolidated financial position and results of operations, as of December 31, 2007, prepared in accordance with Canadian generally accepted accounting principles (GAAP). All amounts are expressed in Canadian dollars. The Management's Discussion & Analysis (MD&A) should be read in conjunction with the consolidated financial statements and accompanying notes to the consolidated financial statements for the years ended December 31, 2007 and 2006.

This MD&A is based on information available as at April 25, 2008.

The Company is a reporting issuer in British Columbia, Alberta, and Ontario, and trades on the TSX Venture Exchange under the symbol EKG.

The public documents of the Company can be viewed at the SEDAR website (www.sedar.com).

Overall Performance

Financial Condition:

- Annual revenue for 2007 was \$960,395, a decrease of 45% as compared to \$1,761,871 for 2006.
- Annual loss for 2007 was \$2,176,311, a 248% increased loss as compared to 2006 loss of \$625,128.
- 2007 net working capital was a deficiency of \$916,543, down from \$2,331,507 at 2006 year end.

Company Overview

The Company was incorporated under the laws of British Columbia, on October 26, 1989 and operated as a computer related consulting firm until 1991. In 1992, the Company commenced activities in research and development of advanced software and hardware related to a personal heart arrhythmia monitoring system. Effective December 7, 1998, the Company's name was changed to CardioComm Solutions Inc., and to CardioComm Solutions, Inc. effective November 26, 2007. The Company is

based in Victoria, British Columbia, with its Finance Department operating in Toronto, Ontario.

CardioComm's patented and proprietary technology is used in products for the recording, viewing, analyzing and storing of electrocardiograms (ECGs), for diagnosis and management of cardiac patients. CardioComm has achieved its technical goals of improved access and communication through the development of a real-time ECG viewer. CardioComm is the first company to provide a real-time means of viewing ECGs over a network (LAN, WAN or Internet). This tool enables ECGs to be viewed and controlled live, by physicians, over a global virtual healthcare network. This technology is marketed as Global ECG Management System (GEMS™) and GlobalCardio™. The U.S. Food and Drug Administration have cleared CardioComm's software products for sale in the United States. The Company has both ISO 9001:2000 and ISO 13485:2003 certifications.

Selected Annual Information

(in thousands of Canadian dollars)

Years ended	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue	\$960	\$1,762	\$1,016
Net earnings (loss)	(2,176)	(625)	(1,542)
Loss per share	(0.19)	(0.08)	(0.04)
Total assets	437	427	203
Long-term liabilities	-	-	-

The Company has not paid any dividends during the three year period ended December 31, 2007.

Results of Operations:

For the Three Months ended December 31, 2007 compared to the Three Months ended December 31, 2006

Operating results expressed as a percentage of revenue:

Three months ended Dec 31,	2007	2006
Revenue	100%	100%
Expenses		
Administration	305	42
Sales and marketing	119	18
Product development	(4)	41
	<u>425</u>	<u>101</u>
Earnings (loss) before other expenses	(325)	(1)
Other income (expense)	(393)	(0)
Net earnings (loss)	<u>(717)%</u>	<u>(1)%</u>

Revenue by product:

Three months ended Dec 31,	2007	2006
Revenue by product		
Software	41%	89%
Support	40	11
Other	19	0
	<u>100%</u>	<u>100%</u>

Revenue by geographical region:

Three months ended Dec 31,	2007	2006
Revenue by region		
United States	94%	35%
Canada	5	64
Other	1	1
	<u>100%</u>	<u>100%</u>

Revenue

Revenues for the quarter ended December 31, 2007 were \$192,032 compared to \$614,942 for the quarter ended December 31, 2006, a decrease of 69%. Recognized revenue decreased in all product lines, especially in software related sales in Q4 2007. This was related largely to the Company allocating resources to completing work on new projects and GEMS based product enhancements for launch in Q1 and Q2 2008.

Cost of sales

Cost of sales decreased by 92% for the quarter ended December 31, 2007 as compared to the quarter ended December 31, 2006. The decrease was largely due to the decreased volume of software license sale in Q4 2007. Cost of sales is included in sales and marketing expenses. For the quarter ended December 31, 2007, costs of sales were \$2,957 as compared to \$36,409 for the quarter ended December 31, 2006.

General and administrative

General and administrative expenses were \$586,644 for the quarter ended December 31, 2007, compared to \$256,034 for the quarter ended December 31, 2006; an increase of 129% in 2007, as compared to 2006. The increase in Q4 2007 was due to increased consulting fees related to bring a new 12-lead ECG product to market in 2008.

Sales and marketing

Sales and marketing expenses were \$227,877 for the quarter ended December 31, 2007, compared to \$108,841 for the quarter ended December 31, 2006; an increase of 109% for Q4 2007 compared to Q4 2006. The increase in sales and marketing costs were largely due to a significant increase in contract based consulting and US based marketing fees in Q4 2007 compared to Q4 2006.

Product development

Product development expenses were \$(8,044) for the quarter ended December 31, 2007, compared to \$250,467 for the quarter ended December 31, 2006; a decrease of 103% for Q4 2007 compared to Q4 2006, due to decrease in wages for staff in Q4 2007.

Net earnings

CardioComm recorded a net loss of \$1,377,671 or \$0.09 loss per share in the quarter ended December 31, 2007, compared to net loss of \$8,312 or \$0.00 loss per share in the quarter ended December 31, 2006. The increased loss for Q4 2007 was attributable to the writeoff of patented technology acquired through the purchase of CardioView. The weighted average number of shares outstanding increased to 15,300,238 in Q4 2007 from 8,413,475 in Q4 2006.

Results of Operations:

For the Year ended December 31, 2007 compared to Year ended December 31, 2006

Operating results expressed as a percentage of revenue:

Year ended December 31,	2007	2006
Revenue	100%	100%
Expenses		
Administration	126	48
Sales and marketing	55	30
Product development	68	57
	<u>249</u>	<u>135</u>
Earnings (loss) before other expenses	(149)	(35)
Other income (expenses)	(78)	0
Net earnings (loss)	<u>(227)%</u>	<u>(35)%</u>

Revenue by product:

Year ended December 31,	2007	2006
Revenue by product		
Software	54%	77%
Support	34	16
Other	12	7
	<u>100%</u>	<u>100%</u>

Revenue by geographical region:

Year ended December 31,	2007	2006
Revenue by region		
United States	84%	69%
Canada	6	28
Other	10	3
	<u>100%</u>	<u>100%</u>

Revenue

Revenues for the year ended December 31, 2007 was \$960,395 compared to \$1,761,871 for the year ended December 31, 2006, a decrease of 45%. Revenue decreased mostly due to low sales volume in both Global Cardio and US based GEMS line distributor restructuring in 2007.

Cost of sales

Cost of sales decreased by 61% for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The decrease is due to less third-party software costs associated with custom development work, less commission paid towards sales and decreased volume of

training and installations in 2007. Cost of sales was included in sales and marketing expenses. For the year ended December 31, 2007, costs of sales were \$70,696 as compared to \$179,301 for the year ended December 31, 2006.

General and administrative

General and administrative expenses were \$1,209,127 for the year ended December 31, 2007, compared to \$761,375 for the year ended December 31, 2006; an increase of 59% in 2007, as compared to 2006. The increase in 2007 was due to higher consulting fees.

Sales and marketing

Sales and marketing expenses were \$531,727 for the year ended December 31, 2007, compared to \$536,394 for the year ended December 31, 2006; a decrease of 1% for 2007 compared to 2006. This modest decrease was a reflection of decreased wages, commissions and travel expenses of full time staff with a similar but lesser increase in term limited contract based sales staff in 2007 compared to 2006.

Product development

Product development expenses were \$651,111 for the year ended December 31, 2007, compared to \$1,011,619 for the year ended December 31, 2006; a decrease of 36% for 2007 compared to 2006, due to less staffing costs in 2007.

Net earnings

CardioComm recorded a net loss of \$2,176,311 or \$0.19 loss per share in the year ended December 31, 2007, compared to net loss of \$625,128 or \$0.08 loss per share in the year ended December 31, 2006. The increased loss for 2007 was in part attributable to the writeoff of the patent technology developed from CardioView acquisition due to uncertainties of future cash inflow of such patent. The weighted average number of shares outstanding increased to 11,529,583 in 2007 from 8,155,612 in 2006.

Liquidity

Operating Activities

Cash used for operations was \$1,933,573 in the year ended December 31, 2007, compared to \$124,680 in the year ended December 31, 2006. The 2007 year had a loss of \$2,176,311 compared to a loss of \$625,128 in 2006, which along with a large decrease in AP, and increase

in non-cash related expenses, AR and deferred revenue, contributed to the increased usage of cash in 2007.

Investing Activities

Cash used by investing activities was \$14,271 in the year ended December 31, 2007, compared to \$8,081 in the year ended December 31, 2006. Investing activities in 2007 and 2006 were entirely capital expenditures consisting of mainly computer equipment and software.

Financing Activities

Cash acquired by financing activities was \$1,915,376 in the year ended December 31, 2007, compared to \$362,358 in the year ended December 31, 2006. The acquisition of cash in 2007 was due to \$950,000 in private placement, \$550,000 in software development funding, \$213,679 in net advances from related parties and \$10,000 net pay down of promissory notes to non-related parties, as well as non-cash related transactions.

Cash Requirements

Short-term cash requirements are primarily related to funding of operations and the only outstanding contractual obligation. The Company attained additional financing in the first quarter of 2008. Refer to Subsequent Events below.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions With Related Parties

During the year ended December 31, 2007, the Company issued 4,153,361 post-consolidation shares of \$1,246,008 to replace outstanding debt owed to related parties of the Company. The Company also paid \$42,000 of the promissory notes in 2007.

Subsequent Events

On February 29, 2008 the Company completed the purchase of the GlobalCardio 12 Lead Software system as provided for its three software development agreements with MD Primer, Inc. As part of the acquisition, CardioComm has granted MD Primer a royalty-free, non-exclusive license to use the software

for its internal, non-commercial purposes. To acquire the software, CardioComm issued 3,000,000 common shares and 2,000,000 common share purchase warrants. MD Primer received 750,000 shares on closing, and the remaining 2,250,000 common shares will be released to MD Primer in equal 750,000 shares tranches on May 28, 2008, August 28, 2008 and November 28, 2008. Of the warrants issued, 1,000,000 will be exercisable for common share of CardioComm at \$0.65 per share until November 15, 2008, while the remaining 1,000,000 warrants will be exercisable for common shares of CardioComm at \$0.40 per share until July 27, 2008 and at \$0.45 per share until July 27, 2009. The shares and warrants are subject to a four month hold period expiring June 29, 2008.

Subsequent to year-end, CardioComm has negotiated outstanding debt of the Company in the aggregate amount of \$300,000 to be settled in exchange for the issuance of an aggregate of 1,000,000 common shares of the Company (at a deemed issue price of \$0.30 per share) to four creditors of the Company.

Subsequent to year-end, the Company adopted a new Omnibus Share Compensation Plan, which will provide additional types of awards that can be granted by the Company to eligible recipients. An aggregate of 4,000,000 common shares has been reserved for issuance under the plan.

Subsequent to year-end, the Company received \$268,487 addition proceeds in regards to the second and third tranches of a private placement.

Critical Accounting Estimates

Revenue Recognition:

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered and is installed and operational at a customer's place of business or the services have been provided to the customer, the fee is fixed and determinable, and collectibility is reasonably assured. In addition to this general policy, the following are the specific revenue recognition policies for each major category of revenue.

Software:

Revenue from the sale of proprietary software is recognized when title is transferred to the customer. Shipping and handling costs paid by the customer to the Company are included in revenue.

Service:

Revenues derived from ongoing service and maintenance contracts are recognized monthly over the term of the contract on a straight-line basis and are net of discounts. Other service revenue is recognized at the time the service is performed.

Multiple-element arrangements:

The Company also has multiple-element sales arrangements where software licenses, the associated post-contract services (“PCS”) and ongoing services are sold together.

The Company has established vendor-specific objective evidence (“VSOE”) of the fair value of PCS for specific customer classes based on the value of PCS when sold separately as an optional renewal after the expiry of the initial maintenance term or based on contracted prices for optional PCS renewals included in the original multiple element sales arrangement.

The Company uses the residual method to determine the fair value of the delivered hardware, services and software license if VSOE of the fair value of all undelivered elements exists. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is recognized as revenue. In such cases, when vendor-specific objective evidence of fair value exists for all of the undelivered elements (most commonly PCS), the residual amount is recognized as revenue and the PCS is recognized ratably over the PCS term, which is typically 12 months.

Stock Compensation:

The Company accounts for all stock-based payments and awards under the fair value method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead

of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Under the fair value based method, compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at intrinsic value and recognized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognized on a straight-line basis over the vesting period. The Company accounts for the fair value of the granted options on the consolidated statements of operations and deficit and is included in the determination of income.

Financial Instruments – Recognition and Measurement

Effective January 1, 2007 the Company adopted the recommendations of CICA Handbook Section 1530, *Comprehensive Income*, Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3250, *Equity*. These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, liabilities and non-financial derivatives. Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP.

Upon adoption of the new standards on January 1, 2007, the Company designated all cash equivalents as held-for-trading investments measured at fair value and the resulting gain or loss is recognized in the consolidated statement of loss, comprehensive loss and deficit. The effect of the change in accounting for cash equivalents is not material. Any marketable securities that are not cash equivalents will be classified as available-for-sale securities

measured at fair value and the resulting gain or loss will be recognized in other comprehensive income until the financial asset is derecognized at which point all related cumulative gains or losses will be recognized in the consolidated statement of loss, comprehensive loss and deficit.

Accounts receivable are classified as loans and receivables and are carried at amortized cost.

Accounts payable, accrued liabilities, promissory notes and the convertible note payable are classified as other financial liabilities.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception.

As a result of adopting Section 3855, there was no impact on the Company's deficit as of January 1, 2007.

Future Accounting Changes

Capital Disclosures

Section 1535, Capital Disclosures, becomes effective for the Company beginning January 1, 2008. This section establishes standards for the disclosure of qualitative information about the Company's objectives, policies and processes for managing capital. This includes, but is not limited to what is managed as capital, how the Company is meeting its objectives for capital management and the details regarding the nature of any externally imposed capital requirements and how these requirements are incorporated into the management of capital.

Financial Instruments – Recognition and Measurement

Section 3862, Financial Instruments – Disclosure, becomes effective for the Company beginning January 1, 2008. This section requires disclosure, by class of financial instruments, which will enable users to evaluate the significance of financial instruments for the Company's financial position and performance, including disclosures about fair value.

In addition, disclosure is required of risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, and market risk. The quantitative

disclosures must also include a sensitivity analysis for each type of financial market risk to which an entity is exposed, showing how net earnings and other comprehensive income would have been affected by reasonable possible changes in the relevant risk variable.

Section 3863, Financial Instruments – Presentation, becomes effective for the Company beginning January 1, 2008. Under this new section, the existing requirements on presentation of financial instruments are carried forward unchanged and, accordingly, the Company does not expect application of this section to have any impact on the financial statements.

Inventories

Section 3031, Inventories, which prescribes the accounting treatment for inventories, particularly the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value. The adoption of this section is not expected to significantly impact the Company's financial statements.

Outstanding Share Data

Common shares

The total issued and outstanding common shares of the Company at December 31, 2007 are 20,190,072 and, at April 25, 2008, 23,701,571 shares.

Options

The following options were outstanding at December 31, 2007; each option entitles the holder to purchase one common share of the Company:

<u>Exercise Price</u>	<u>Outstanding</u>	<u>Expiry Date</u>	<u>Exercisable</u>
\$0.75	54,000	5/08/2008	54,000
\$1.25	30,000	5/08/2008	30,000
\$2.00	30,000	5/08/2008	30,000
\$0.85	24,000	11/05/2008	24,000
\$0.85	78,000	12/18/2008	78,000
\$0.50	220,000	5/15/2011	220,000
\$0.50	150,000	1/25/2012	75,000
	<u>586,000</u>		<u>511,000</u>

Warrants

The following warrants were outstanding at December 31, 2007; each warrant entitles the holder to purchase one common share of the Company:

<u>Exercise Price</u>	<u>Outstanding</u>	<u>Expiry Date</u>
\$0.90	520,000	05/15/2008
\$0.50	2,200,000	02/14/2009
\$0.25	2,000,000	10/04/2009

Disclosure Controls and Procedures

The Company's audit committee has reviewed and approved this MD&A prior to its release. CardioComm Solutions is committed to providing timely, accurate and balanced disclosure of all material information about the company and to providing fair and equal access to such information. As at December 31, 2007, the Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. In addition, the Company's management has assessed whether, during the 2007 fiscal year, there have been any significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure. Internal control over financial reporting is a process designed by, or under the supervision of, senior management to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with Canadian generally accepted accounting standards.

The Company's management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal control over financial reporting will prevent or detect all material misstatements due to error or fraud. Because of the inherent limitations

of all control systems, an evaluation of controls can only provide reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Company have been detected. The Company is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls, and assessment of changes in internal control over financial reporting, the CEO and CFO have concluded that, subject to the inherent limitations noted above:

The Company's disclosure controls are effective in ensuring that material information relating to the Company is made known to management on a timely basis, and is fairly presented in all material respects in this MD&A.

Internal Controls Over Financial Reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles ("GAAP"). Based on their evaluation, the CEO and CFO have concluded that the design of these internal controls over financial reporting and the preparation of financial statements for external reporting at December 31, 2007 are effective, except as noted below:

Due to the limited number of appropriately qualified staff, there is little segregation of duties within the financial internal control environment of the Company. Functions that would normally be segregated within a typical control environment are performed by one individual and the preparation and authorization of certain activities that would normally be separated are not as only one member of staff is responsible for substantially all of the day-to-day finance functions and the financial reporting of the Company. Due to the lack of segregation of duties, management has identified certain control weaknesses. The Company relies on certain compensating controls, including substantive periodic review of the financial statements, to

ensure that disclosure controls and procedures are effective. Management had remediate this weakness by expanding the number of individuals involved in the accounting function during Q4 2007 as the Company plans for future growth.

The Company continues to have a material weakness with respect to review of accounting for complex and non-routine transactions. Due to the Company's size, the Company did not have a sufficient number of finance personnel, with sufficient technical accounting knowledge, or an appropriate process to address and review complex and non-routine accounting.

Quarterly Results of Operations

The following tables contain summary unaudited quarterly results of operations for each of the eight most recent quarters, prepared on a basis consistent with the audited consolidated financial statements.

	Quarter Ended			
	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
Revenue	\$ 192,032	\$ 149,397	\$ 235,372	\$ 383,594
Net Income (loss)	\$ (1,377,671)	\$ (243,099)	\$ (315,092)	\$ (240,449)
Basic and diluted loss per share	\$ (0.09)	\$ (0.02)	\$ (0.03)	\$ (0.03)

	Quarter Ended			
	Dec 31, 2006	Sep 30, 2006	Jun 30, 2006	Mar 31, 2006
Revenue	\$ 614,942	\$ 560,518	\$ 316,601	\$ 269,810
Net Income (loss)	\$ (8,312)	\$ (38,069)	\$ (234,588)	\$ (344,161)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.05)

Please refer to page 2 of this MD&A for discussions on Q4 2007 variances.