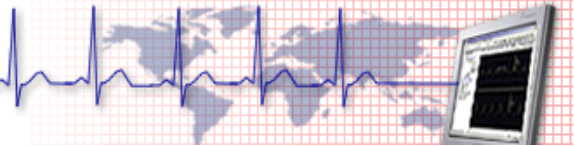




Global leaders in Arrhythmia, Pacemaker & ICD Management Software



CardioComm Solutions Inc.

Interim Financial Statements

For the three months ended March 31, 2007
(Unaudited – Prepared by Management)





CardioComm Solutions Inc.

Notice of No Auditor Review of Interim 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 management and approved by the Audit Committee and Board of Directors of the Company.

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

CardioComm Solutions Inc.

Consolidated Balance Sheets

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 258,379	\$ 244,065
Accounts receivable	300,936	149,037
Inventory	4,572	4,122
Prepaid expenses and deposits	32,276	8,836
	<u>596,163</u>	<u>406,060</u>
Property and equipment (note 3)	<u>19,914</u>	<u>21,335</u>
	<u>\$ 616,077</u>	<u>\$ 427,395</u>
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 237,308	\$ 437,444
Deferred revenue	596,917	571,258
Promissory notes	30,000	30,000
Due to related parties (note 4)	1,283,433	1,321,436
Convertible note (note 5)	384,161	377,429
	<u>2,531,819</u>	<u>2,737,567</u>
Shareholders' deficiency:		
Share capital (note 6)	19,331,530	18,920,346
Contributed surplus (note 6)	450,498	415,620
Other paid-in capital (note 5)	81,704	81,704
Deficit	<u>(21,779,474)</u>	<u>(21,539,026)</u>
	<u>(1,915,742)</u>	<u>(2,310,172)</u>
Continuing operations (note 1)		
Commitments (note 8)		
	<u>\$ 616,077</u>	<u>\$ 427,395</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"John McEwen"

Director

"Brad Harlow"

Director

CardioComm Solutions Inc.

Consolidated Statements of Operations and Deficit

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

For the three months ended March 31	2007	2006
Revenue	\$ 383,594	\$ 269,810
Operating expenses:		
General and administrative	237,311	220,413
Sales and marketing	123,166	125,534
Product development	253,163	266,530
	<u>613,640</u>	<u>612,477</u>
Operating loss	(230,046)	(342,667)
Other expenses:		
Foreign exchange loss	(10,403)	(1,493)
	<u>(10,403)</u>	<u>(1,493)</u>
Loss and comprehensive loss for the period	(240,449)	(344,160)
Deficit, beginning of period	<u>(21,539,026)</u>	<u>(20,913,898)</u>
Deficit, end of period	\$ (21,779,475)	\$ (21,258,058)
Basic and fully diluted loss per share (note 2(l))	\$ (0.01)	(0.01)
Weighted average number of shares outstanding	<u>47,689,598</u>	<u>37,531,820</u>

See accompanying notes to consolidated financial statements.

CardioComm Solutions Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

For the three months ended March 31	2007	2006
Cash provided by (used for):		
Operations:		
Loss for the period	\$ (240,449)	\$ (344,160)
Item not requiring (providing) cash:		
Amortization of property, plant and equipment	3,454	7,349
Stock compensation expense	34,878	5,499
Unrealized foreign exchange gain	1,668	(1,253)
Accretion of convertible note	-	4,895
Accrued interest on convertible note	5,063	4,992
Changes in non-cash working capital balances:		
Accounts Receivable	(151,898)	(83,072)
Inventory	(450)	(407)
Prepaid expenses and deposits	(23,440)	8,036
Accounts payable and accrued liabilities	(200,134)	87,171
Deferred revenue	25,659	43,738
	<u>(545,649)</u>	<u>(267,212)</u>
Investments:		
Purchase of property, plant and equipment	2,033	-
Financing:		
Issue of common shares (net of share issue costs)	600,000	104,000
Issuance of promissory notes	-	214,000
Repayment of promissory notes	(38,004)	(99,000)
Advances from related parties	-	68,000
Repayments of advances from related parties	-	-
	<u>591,996</u>	<u>287,000</u>
Increase in cash and cash equivalents during the period	14,314	19,788
Cash and cash equivalents, beginning of period	244,065	14,468
Cash and cash equivalents, end of period	\$ <u>258,379</u>	\$ <u>34,256</u>

See accompanying notes to consolidated financial statements.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

1. Continuing operations:

These consolidated financial statements have been prepared on the going concern basis which assumes the realization of assets and settlement of liabilities in the normal course of business notwithstanding the fact that the Company has experienced operating losses since commencing operations and has a working capital deficiency of \$2,331,507 at March 31, 2007. The ability of the Company to continue as a going concern is dependent upon obtaining additional financing and ultimately attaining profitable operations.

Management is of the opinion that sufficient working capital will be obtained from operations and external financing to meet the Company's obligations as they come due. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of the consolidated financial statements.

(a) Principles of consolidation:

These consolidated financial statements include the accounts of CardioComm Solutions Inc. and its wholly-owned subsidiary, Harley Street Software Inc., (USA). The subsidiary was incorporated under the laws of the State of Delaware, USA, November 17, 1994 and has been inactive to the date of this report. All significant intercompany transactions and balances have been eliminated on consolidation.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash and liquid investments with a term to maturity of 90 days or less when acquired.

(c) Inventory:

Work in process and finished goods inventories are stated at the lower of cost and net realizable value. Raw materials and supplies are stated at the lower of cost and replacement value. Cost is determined on a first-in, first-out (FIFO) basis. Inventory is recorded net of any obsolescence provisions.

(d) Property and equipment:

Property and equipment are recorded at cost less related investment tax credits and government grants. Amortization is provided over the estimated useful life of the assets, as disclosed in note 3, using the straight-line method. The cost of repairs and maintenance is expensed as incurred.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

2. Significant accounting policies (continued):

(e) 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 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.

Multi-element arrangements:

The Company also has multiple-element sales arrangements where software licenses, the associated post-contract services ("PCS") and 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 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

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

2. Significant accounting policies (continued):

(f) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts 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 reversed or settled. The effect on future tax assets and liabilities of future changes in tax rates is recognized in income in the period that includes the date of substantive enactment. To the extent that it is not more likely than not that a future tax asset will be realized, a valuation allowance is provided

(g) Investment tax credits:

Investment tax credits ("ITC's") earned from scientific research and experimental development activities are recorded when recovery of the credits is reasonably assured. The Company accounts for ITC's using the cost-reduction method. No ITC's have been recognized in the current reporting periods.

(h) Research and development expenditures:

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date. No such expenditures meet these criteria in the current reporting periods.

(i) Foreign currency transactions:

The Company's functional currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary items are translated at rates of exchange in effect when the amounts were acquired or obligations incurred. Revenues and expenses are translated at an average exchange rate for the period. Foreign exchange gains and losses resulting from these translation adjustments are included in income.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

2. Significant accounting policies (continued):

(j) Stock-based compensation:

The Company has a stock-based compensation plan, which is described in note 6(d). The Company accounts for all stock-based payments and awards under the fair value based 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 costs attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation costs 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.

(k) Measurement uncertainty:

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include the measurement of deferred revenue related to future services, the estimation of warranty provisions, valuation of stock compensation, and the estimation of future income tax asset valuation allowances. Actual results could differ from those estimates.

(l) Loss per share:

Net loss per common share has been computed by dividing the loss applicable to common shareholders by the weighted average number of shares of common stock outstanding during the respective years.

(m) Impairment of long-lived assets:

The Company monitors the recoverability of long-lived assets, including equipment and patents, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company reviews factors such as current market value, future asset utilization and business climate and compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment charge to be recognized equals the amount by which the carrying amount of the assets exceeds the fair value of the asset. Fair value, where not otherwise determinable, is based on the estimated future discounted net cash flows from the asset or assets.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

2. Significant accounting policies (continued):

(n) Comparative figures:

Certain 2006 comparative figures have been reclassified to conform to the basis of presentation adopted for the current year.

(o) Financial instruments:

Effective December 31, 2006 the Company adopted the recommendations of CICA Handbook Section 1530, Comprehensive Income (“Section 1530”); Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”); Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3251, 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 December 31, 2006, the Company continued to account for cash equivalents held at that date as held-to-maturity investments, recorded at cost and accrued interest. The Company designates all new cash equivalents acquired subsequent to December 31, 2006 as held-for-trading investments measured at fair value and the resulting gain or loss is recognized in the consolidated statement of operations 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 operations and deficit.

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 retained earnings as of January 31, 2007.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

3. Property and equipment:

March 31, 2007	Amortization period (years)	Cost	Accumulated amortization	Net book value
Computer hardware	3 - 5	\$ 256,877	\$ 237,278	\$ 19,599
Computer software	2	135,821	135,507	314
Equipment, other	3 - 5	74,596	74,596	-
Furniture and fixtures	5	56,574	56,574	-
Leasehold improvements	5	77,584	77,584	-
Patent costs	5	27,403	27,403	-
Technology rights	5	1	-	1
		\$ 628,856	\$ 608,942	\$ 19,914

December 31, 2006	Amortization period (years)	Cost	Accumulated amortization	Net book value
Computer hardware	3 - 5	\$ 254,843	\$ 234,137	\$ 20,706
Computer software	2	135,821	135,193	628
Equipment, other	3 - 5	74,596	74,596	-
Furniture and fixtures	5	56,574	56,574	-
Leasehold improvements	5	77,584	77,584	-
Patent costs	5	27,403	27,403	-
Technology rights	5	1	-	1
		\$ 626,822	\$ 605,487	\$ 21,335

4. Due to related parties

The Company has entered into financing arrangements with shareholders who are directors and officers of the Company, including immediate family, as follows:

	March 31, 2007	December 31, 2006
Promissory notes	968,000	983,000
Other advances	338,436	338,436
	\$ 1,306,436	\$ 1,321,436

All amounts are due on demand, unsecured and non-interest bearing, except for a \$95,000 promissory note bearing interest at 6%.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

5. Convertible notes:

In June 2003, the Company issued a convertible promissory note in the amount of US \$250,000 (Cdn. \$347,500) to Biomedical Systems Corporation. The note is secured by a second charge over all of the present and after-acquired personal property of the Company in accordance with the terms of a General Security Agreement executed by the Company and bears interest at 7% per annum with interest payable at maturity. The note matured on June 5, 2006 but has not yet been repaid. The note continues to bear interest and retains its convertible features as described below

Under Canadian generally accepted accounting principles, the issuer of a financial instrument containing both a liability and an equity element must measure and report the instrument's component parts separately on the balance sheet. The Company determined the carrying amount of the financial liability by discounting the stream of future payments of interest and principal at the Company's best estimate of the prevailing market rate for a similar liability that does not have a conversion feature. The carrying amount of the equity instrument represented by the holder's option to convert the instrument into common shares has been determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole. This amount has been included in other paid-in capital. The carrying value of the financial liability was accreted to its maturity value over the three-year term of the note with a corresponding charge to income.

The convertible note may be converted into common shares of the Company at the rate of one common share per \$0.40 of principal outstanding, except that in no case shall the exercise price be less than 90% of the 10 day average of the closing price of the Company's shares on the date notice of conversion is given

	Equity element	Debt element
Balance, December 31, 2006	\$ 81,704	\$ 377,429
Interest accrued in 2007	-	5,063
Foreign exchange adjustment	-	1,669
At March 31, 2007	\$81,704	\$ 384,161

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

6. Share Capital

(a) Issued and outstanding:

	Common shares	
	Issued and Outstanding	Amount
Share capital, December 31, 2006	42,067,376	\$ 18,731,530
Common shares issued for cash in March 2006 private placement	11,000,000	660,000
Share issue costs		(60,000)
Balance, March 31, 2007	53,067,376	\$ 19,331,530

Total authorized common shares were 100,000,000 at March 31, 2007 and at December 31, 2006

(b) Contributed surplus:

Contributed surplus consists of the cumulative stock compensation expenses that are recognized through the issuance of stock options.

	March 31, 2007		December 31, 2006	
Balance, beginning of period	\$	415,620	\$	367,112
Stock compensation expense		34,878		48,508
Balance, end of period	\$	450,498	\$	415,620

(c) Warrants:

The following warrants were outstanding at March 31, 2007. Each warrant entitles the holder to purchase one common share of the Company.

	Warrants issued and outstanding		Exercise price	
Balance, December 31, 2006	2,600,000	\$	0.12 – 0.18	
Issued	11,000,000		0.10	
Balance, March 31, 2007	13,600,000	\$	0.10 – 0.18	

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

6. Share Capital (continued)

(d) Stock Options:

A summary of the status of the Company's stock option plan as of March 31, 2007 and December 31, 2006, and changes during the periods ending on those dates is presented below:

Stock options	March 31, 2007		December 31, 2006	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding, beginning of year	3,860,000	\$ 0.16	2,570,000	\$ 0.21
Granted	750,000	0.10	1,550,000	0.10
Forfeited	(50,000)	0.10	(260,000)	0.29
Outstanding, end of period	4,560,000	\$ 0.15	3,860,000	\$ 0.16

The following table summarizes information about the stock options outstanding at March 31, 2007

Exercise Price	Number Outstanding At 03/31/07	Expiry Date	Number Exercisable At 03/31/07
\$0.18	145,000	September 18, 2007	145,000
\$0.15	370,000	May 8, 2008	370,000
\$0.25	300,000	May 8, 2008	300,000
\$0.40	300,000	May 8, 2008	300,000
\$0.17	140,000	November 5, 2008	140,000
\$0.17	755,000	December 18, 2008	755,000
\$0.12	300,000	August 23, 2010	300,000
#0.10	1,500,000	May 15, 2011	750,000
\$0.10	750,000	January 25, 2012	187,500
	4,560,000		3,247,500

The total number of common shares reserved for issuance under the Company's stock option plan is 5,623,172. Options vest 25% within the first six months and 25% each six months thereafter. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is five years.

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

6. Share Capital (continued)

(e) Software development agreements:

The Company has entered into an agreement whereby the Company has the option to acquire certain software in exchange for the issuance of 5,000,000 common shares. In addition, the Company has the option to acquire certain additional software in exchange for 5,000,000 units - each unit consisting of one common share and one common share purchase warrant, exercisable between \$0.10 and \$0.13 per share.

In both of the above agreements, the software to be acquired is software that, on a contract basis, the Company assisted an arms-length party to develop

7. Interest expense:

The Company incurred \$7,147 in Q1 2007 (Q1 2006 - \$7,055) on interest related to debt obligations.

8. Commitments:

The Company's lease expires on March 31, 2010. The future minimum lease payments are as follows:

2007	\$	66,746
2008		88,994
2009		88,994
2010		22,248
	\$	<u>266,982</u>

9. Segmented information:

Management has determined that the Company has one operating segment, which involves the development of advanced software for the cardiology field. Substantially all of the Company's operations, assets and employees are located in Canada. Export sales, primarily to the United States, totaled \$373,533 in Q1 2007 (2006 - \$213,095).

Sales to the Company's major customers representing more than 10% of total sales for Q1 2007 included \$66,267 (Q1 2006 - \$66,695) to one customer.

Revenue by product is as follows:		<u>Q1 2007</u>		<u>Q1 2006</u>
Software	\$	258,000	\$	161,664
Support		77,850		69,607
Other		<u>47,689</u>		<u>38,539</u>
	\$	<u>383,594</u>	\$	<u>269,810</u>

CardioComm Solutions Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2007

10. Financial instruments:

(a) Fair value:

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, promissory notes and the convertible note approximate fair values due to the short time to maturity of these instruments.

The fair value of amounts due to related parties is not practical to determine due to their related party nature and the absence of a secondary market for such instruments.

(b) Concentrations of credit, foreign currency and interest risk:

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash equivalents and trade accounts receivable. To reduce credit risk, cash equivalents are only held at major financial institutions and management performs ongoing credit evaluations of its customers' financial condition. The Company maintains reserves for potential credit losses. It is management's opinion that the Company is not exposed to significant foreign currency or interest risk

11. Subsequent events:

In January 2007, the Company announced that, subject to regulatory and shareholder approval, it will acquire all the issued and outstanding shares of CardioView, Inc. on a share for share exchange. Specifically, the Company will issue 10,000,000 common shares, to a maximum value of \$600,000 to the shareholders of record at closing in exchange for all the issued and outstanding shares of CardioView. This acquisition is expected to close in Q2 of 2007.