



CardioComm Solutions, Inc.

Q1 2008

Interim Financial Statements

For the period ended March 31, 2008
(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, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,483	\$ 211,597
Accounts receivable	222,450	195,649
Inventory	91,212	2,442
Prepaid expenses and deposits	6,084	5,738
	<u>416,229</u>	<u>415,426</u>
Property and equipment (note 3)	<u>21,278</u>	<u>21,751</u>
	<u>\$ 437,507</u>	<u>\$ 437,177</u>
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 359,246	\$ 312,860
Promissory notes	-	20,000
Due to related parties (note 4)	266,110	289,107
Software development liability (note 5)	-	550,000
Deferred revenue	226,013	160,002
	<u>851,369</u>	<u>1,331,969</u>
Liabilities to be settled by share issuance (note 6)	100,000	100,000
Shareholders' deficiency:		
Share capital (note 7)	22,567,453	21,544,003
Contributed surplus (note 7)	547,328	545,492
Other paid-in capital (note 7)	749,537	631,050
Deficit	<u>(24,378,180)</u>	<u>(23,715,337)</u>
	<u>(513,862)</u>	<u>(994,792)</u>
Continuing operations (note 1)		
Commitments (note 8)		
	<u>\$ 437,507</u>	<u>\$ 437,177</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

“Jay Hayden”

Director

“Etienne Grima”

Director

CardioComm Solutions, Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

For the three months ended March 31	2008	2007
Revenue	\$ 174,272	\$ 383,594
Operating expenses:		
Operation	174,204	237,311
Sales, service and support	105,798	123,166
Marketing	109,464	-
Product development	34,679	253,163
	424,145	613,640
Operating loss	(249,873)	(230,046)
Loss before the following		
Foreign exchange gain (loss)	(1,005)	(10,403)
Interest	(1,965)	-
Loss and comprehensive loss for the period	(252,843)	(240,449)
Deficit, beginning of period	(24,125,337)	(21,539,026)
Deficit, end of period	\$ (24,378,180)	\$ (21,258,058)
Basic and fully diluted loss per share	\$ (0.01)	(0.03)
Weighted average number of shares outstanding	21,591,895	9,537,920

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	2008	2007
Cash provided by (used for):		
Operations:		
Loss for the period	\$ (252,843)	\$ (240,449)
Item not requiring (providing) cash:		
Amortization of property, plant and equipment	3,683	3,454
Stock compensation expense	1,836	34,878
Unrealized foreign exchange gain	-	1,668
Accretion of convertible note	-	-
Accrued interest on convertible note	-	5,063
Adjustment from prior year (note 5)	(410,000)	
Changes in non-cash working capital balances:		
Accounts Receivable	(26,801)	(151,898)
Inventory	(88,770)	(450)
Prepaid expenses and deposits	(346)	(23,440)
Accounts payable and accrued liabilities	46,387	(200,134)
Deferred revenue	66,011	25,659
	(660,843)	(545,649)
Investments:		
Purchase of property, plant and equipment	(3,210)	(2,033)
Financing:		
Issue of mandatorily convertible notes (note 7)	118,487	-
Issue of common shares (net of share issue costs)	1,023,450	600,000
Software agreement liabilities	(550,000)	-
Repayment of promissory notes	(20,000)	-
Repayments of advances from related parties	(22,997)	(38,004)
	548,941	561,996
Increase in cash and cash equivalents during the period	(115,113)	14,314
Cash and cash equivalents, beginning of period	211,597	244,065
Cash and cash equivalents, end of period	\$ 96,484	\$ 258,379

See accompanying notes to consolidated financial statements.

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

1. Continuing operations:

These consolidated financial statements have been prepared on the going concern basis, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has incurred significant losses and had negative cash flows since inception, including a loss of \$252,843 for the quarter ended March 31, 2008. The Company has a cumulative deficit of \$24,378,180 and a shareholders' deficiency of \$513,863 as at March 31, 2008. The application of the going concern concept is dependant on the Company's ability to generate positive cash flow from operations and / or to obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become payable.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets, the reported expenses, and the balance sheet classifications used.

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 subsidiaries, Harley Street Software Inc., (USA), and CardioView, Inc. Harley was incorporated under the laws of the State of Delaware, USA November 17, 1994 and has been inactive to the date of this report. CardioView, Inc. which contained \$16,470 of accounts payable and certain developed software, was acquired on October 12, 2007 and has had no activities since acquisition. All 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 cost. Cost is determined on a first-in, first-out (FIFO) basis. Inventory is recorded net of any obsolescence provisions.

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

2. Significant accounting policies (continued):

(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.

(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 and customer acceptance is established. 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, 2008

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, 2008

2. Significant accounting policies (continued):

(j) Stock-based compensation:

The Company has a stock-based compensation plan, which is described in note 7(e). 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 periods.

(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, 2008

2. Significant accounting policies (continued):

(n) Adoption of new accounting standards:

Effective January 1, 2007 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 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.

Effective January 1, 2008, the Company adopted the recommendations of CICA Handbook Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosure; and Section 3863, Financial Instruments – Presentation.

Section 1535 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.

Section 3862 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 allows the existing requirements on presentation of financial instruments to be carried forward unchanged and, accordingly, the Company does not expect application of this section to have any impact on the financial statements.

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

3. Property and equipment:

March 31, 2008	Amortization period (years)	Cost	Accumulated amortization	Net book value
Computer hardware	3 - 5	\$ 225,885	\$ 210,399	\$ 15,486
Computer software	2	142,691	137,786	4,905
Equipment, other	3 - 5	75,505	74,619	886
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
		\$ 605,643	\$ 584,365	\$ 21,278

December 31, 2007	Amortization period (years)	Cost	Accumulated amortization	Net book value
Computer hardware	3 - 5	\$ 223,584	\$ 207,394	\$ 16,190
Computer software	2	142,691	137,131	5,560
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
		\$ 602,433	\$ 580,682	\$ 21,751

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. Of the remaining advances outstanding at March 31, 2008, all amounts are due on demand and are non-interest bearing and, except for 29,860 in expense reimbursement, are to be settled with share capital at a later date (note 11), as follows:

	March 31, 2008	December 31, 2007
Promissory notes	-	-
Other advances	266,110	289,107
	\$ 266,110	\$ 289,107

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

5. Software development liability:

During 2006 and 2007, the Company received \$960,000 from MD Primer Inc. ("MD Primer", a company controlled by a shareholder and director of CardioComm Solutions, Inc. The payments were in respect to an agreement to provide software development services. \$550,000 received in 2007 was recorded as a liability to recognize that the arrangement provides for an acquisition by the Company of the developed software license and rights for the amount of the funding received. \$410,000 received in 2006 was recorded and recognized as revenue in 2006 and therefore results in adjustment to prior year.

On February 28, 2008, the Company completed the purchase of the GlobalCardio 12 Lead Software system as provided for in its three software development agreements with MD Primer. 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 share tranches on May 28, 2008, August 28, 2008 and November 28, 2008. Of the warrants issued, 1,000,000 will be exercisable for common shares 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.

6. Liability to be settled by share issuance:

An employee of the Company is to receive an agreed wage amount by issuance of common shares. At March 31, 2008, \$100,000 of this liability remains to be settled.

7. Share Capital

(a) Issued and outstanding:

	Common shares	
	Issued and Outstanding	Amount
Share capital, December 31, 2007	20,190,072	\$ 21,544,003
Common shares issued for debt settlement at \$0.30 per share	211,499	63,450
Common shares issued for financing commission at \$0.175 per share	160,000	28,000
Common shares issued for financing commission at \$0.20 per share	140,000	28,000
Common shares issued for software purchase at \$0.32 per share	3,000,000	960,000
Share issue costs		(56,000)
Balance, March 31, 2008	23,701,571	\$ 22,567,453

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

7. Share Capital

(a) Issued and outstanding (continued):

Effective November 26, 2007, the Company completed a one-for-five (1:5) consolidation of outstanding shares. All share information presented in these financial statements is on a post-consolidation basis, unless otherwise indicated.

Total authorized common shares were unlimited at March 31, 2008.

On January 8, 2008, the Company issued 211,499 post-consolidation common shares to settle outstanding debt of \$63,450.

On February 25, 2008, the Company issued total 300,000 equity units as commissions for the first two tranches. 160,000 units were issued as commission for the first tranche. Each unit consists of one common share of the Company at \$0.175 per share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of \$0.25 until October 4, 2008 and \$0.35 thereafter until expiry on October 4, 2009. 140,000 units were issued as commission for the second tranche. Each unit consists of one common share of the Company at \$0.20 per share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at the price of \$0.25 until December 31, 2008 and at \$0.35 thereafter until expiry on December 31, 2009.

On February 28, 2008, the Company issued 3,000,000 common shares at \$0.32 per share, and 2,000,000 warrants as payment for software under software development agreements. 1,000,000 warrants are exercisable at \$0.65 until expiry on November 15, 2008, whereas the other 1,000,000 warrants are exercisable at \$0.40 until July 27, 2008 and at \$0.45 thereafter until expiry on July 27, 2009.

(b) Contributed surplus:

Contributed surplus consists of the cumulative stock compensation expenses that are recognized through the issuance of stock options and the equity component of matured unexercised convertible bonds.

	March 31, 2008		December 31, 2007	
Balance, beginning of period	\$	545,492	\$	415,620
Stock compensation expense		1,836		48,168
Stock compensation expense		-		81,704
Balance, end of period	\$	547,328	\$	545,492

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

7. Share Capital (continued)

(c) Other paid-in capital:

Other paid-in capital contains the equity portion of the convertible notes proceeds received on mandatorily convertible notes not yet converted, and an allocation of share issuance proceeds for amounts attributed to the value of the warrants.

	March 31, 2008	December 31, 2007
Balance, beginning of period	\$ 631,050	\$ 130,319
Warrants issued on closing of private placement	-	350,922
Receipts for mandatorily convertible note	118,487	231,513
Unexercised convertible bonds	-	(81,704)
Balance, end of period	<u>\$ 749,537</u>	<u>\$ 631,050</u>

During 2007, a \$350,000 convertible note (second tranche) was issued. \$231,513 was received in December 2007 and \$118,487 was received in January 2008. The note is not callable or redeemable, does not bear interest and automatically converts at \$0.20 per share four months after the date of issuance. Given the automatic conversion feature of the note, the note has been classified as an equity instrument, and the proceeds have been included in other paid-in capital.

(d) Warrants:

The following warrants were outstanding at March 31, 2008. Each warrant entitles the holder to purchase one common share of the Company at the prices indicated.

	Warrants issued and outstanding	Exercise price
Balance, December 31, 2006	520,000	\$ 0.90
Issued	2,200,000	0.50
Issued	2,000,000	0.25
Balance, December 31, 2007	4,720,000	\$ 0.45
Issued	160,000	0.25
Issued	140,000	0.25
Issued	1,000,000	0.65
Issued	1,000,000	0.40
Balance, December 31, 2007	<u>7,020,000</u>	<u>\$ 0.45</u>

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

7. Share Capital (continued)

(e) Stock Options:

A summary of the status of the Company's stock option plan as of March 31, 2008 and December 31, 2007, and changes during the periods ending on those dates is presented below:

Stock options	March 31, 2008		December 31, 2007	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding, beginning of year	586,000	\$ 0.55	772,000	\$ 0.80
Granted	-	0.10	150,000	0.25
Forfeited	-	0.10	(336,000)	0.75
Outstanding, end of period	586,000	\$ 0.55	586,000	\$ 0.55

The following table summarizes information about the stock options outstanding at March 31, 2008

Exercise Price	Number Outstanding At 03/31/08	Expiry Date	Number Exercisable At 03/31/08
\$0.75	54,000	May 8, 2008	54,000
\$1.25	30,000	May 8, 2008	30,000
\$2.00	30,000	May 8, 2008	30,000
\$0.85	24,000	November 5, 2008	24,000
\$0.85	78,000	December 18, 2008	78,000
\$0.50	220,000	May 15, 2011	220,000
\$0.50	150,000	January 25, 2012	112,500
	586,000		548,500

The maximum number of common shares to be reserved for issuance under the Company's stock option plan is 4,000,000. 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, 2008

8. Commitments:

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

2008	50,444
2009	67,258
2010	16,814
	<u>134,516</u>
	<u>\$ 134,516</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. Export sales, primarily to the United States, totaled \$119,052 in Q1 2008 (2007 - \$373,533).

Revenue by product is as follows:		<u>Q1 2008</u>		<u>Q1 2007</u>
Software	\$	110,098	\$	258,000
Support		51,430		77,850
Other		<u>12,744</u>		<u>47,689</u>
	\$	<u>174,272</u>	\$	<u>383,594</u>

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 interest risk.

The majority of sales are concluded in U.S. dollars and, as such, the Company is exposed to exchange rate fluctuations in that currency. Foreign exchange losses recognized for the period were \$1,005 (2007 - \$10,403 losses). The Company has not entered into any foreign exchange contracts to hedge this risk.

CardioComm Solutions, Inc.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2008

11. Subsequent events:

- (a) On April 28, 2008, the Company issued 1,000,000 common shares at \$0.30 per share for its outstanding debt incurred in 2007. Total amount of debt cleared is \$300,000.
- (b) On May 1, 2008, the Company issued 1,750,000 equity units for the second tranche of financing. Each equity unit consists of one common share at \$0.20 per share, and one common share purchase warrant. These warrants are exercisable at \$0.25 until December 31, 2008 and at \$0.35 thereafter until expiry on December 31, 2009. Furthermore, 192,440 equity units were issued on May 16, 2008 for commission for the third tranche of financing. Each equity tranche consists of one common share at \$0.1455 per share, and one common share purchase warrant exercisable at \$0.25 until expiry on May 16, 2010.
- (c) During second quarter, the Company received additional proceeds of \$350,000 in regards to the third tranche of a private placement.