BSM TECHNOLOGIES INC.

Management's Discussion and Analysis

For the year ended September 30, 2009

This document is dated January 25, 2010

This discussion and analysis of operating results and financial position of the company should be read in conjunction with our audited financial statements for the year ended September 30, 2009 and the related notes herein, which are prepared in accordance with Canadian generally accepted accounting principles.

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis ("MD&A") may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiaries, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as significant changes in market conditions, the inability of the Company to close sales and the inability of the Company to attract sufficient financing and including the risk factors summarized above under the heading "Risk Factors" and in documents filed with the securities regulatory authorities. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

1 CORPORATE OVERVIEW:

BSM Technologies Inc. ("BSM" or the "Company") trades on The TSX Venture Exchange under the symbol GPS. BSM offers location-based services from its Canadian offices in Woodbridge, Ontario; Laval, Quebec; and its Belgium office in Antwerp.

2 CORE BUSINESS, VISION AND STRATEGY:

2.1 Core Business

The Company operates as a wireless internet applications service provider specializing in Telematics. Telematics involves all elements of the wireless transfer of information and control messages to and from machines. This category of product and service is also referred to as "M2M" – or machine to machine (wireless) communication. The Company delivers proven, highly secure and cost-effective, telematics solutions for monitoring commercial, law enforcement, armored vehicle, government, and other high-risk and high-value assets and fleets. The Company's products give fleet managers a wealth of information about their vehicles, including real-time vehicle location, boundary notification, automated inventory, maintenance reminders, security alerts and remote vehicle disabling.

The Company offers cost effective, highly secure end-to-end wireless solution which allows customers to manage mobile assets. Combining the power and economics of multiple proven technologies, BSM offers them as one easy-to-use solution. By integrating the Global Positioning System ("GPS"), Wireless Cellular Networks, Digitized Mapping databases, elements of Artificial Intelligence and connectivity / content offered by the Internet, BSM is able to offer a broad suite of services to a diverse set of customers. BSM's proprietary software and customizable hardware product, offers seamless, wireless communications over cellular or satellite networks.

The Company's solutions provide fleet managers with real-time, covert knowledge designed to monitor and clearly report on unauthorized entry, trip deviations, and driver behavior. This detailed knowledge reduces incidences of theft and delivers fleet efficiencies. In addition, BSM's solutions are designed to allow customers to improve productivity by enabling the effective management of the activities of their mobile workers and assets and to increase the utility of their mobile resources and decrease costs of operations by facilitating business processes, such as event confirmation, signature verification, and form processing while their workers are in the field. The Company's services also provide location, reporting, dispatch, messaging, and other management services and are designed to be easy to implement and use. The Company believes its services provide significant value to its customers by decreasing the costs and increasing the efficiency of their operations. The Company's customers can manage their mobile resources by logging onto BSM's website –an Application Service Provider model ("ASP").

The Company offers its services on GPRS, CDMA, and satellite (Inmarsat D+ and Iridium).

The Company's services provide electronic dispatch, alarm notification, and both current and historical data relating to a customer mobile resource in a variety of formats, including activity reports and maps. The Company provides these formats in a standard configuration, but customers can configure certain elements and views themselves to help achieve compliance with their internal business needs.

The Company has built its Telematics solutions around a common hardware platform. The Company's hardware platform in a single form factor but with multiple versions of firmware addresses an array of industry vertical markets from consumer anti theft tracking to a high risk/value cargo (armoured car). The Company believes that by developing and re-using a single robust and configurable underlying service infrastructure investment for multiple markets, it will achieve the leverage that is necessary to offer a wide range of high-value services while minimizing internal cost.

2.2 Vision and strategy

The Company positions its software and associated hardware technology at the core of fleet management operations enabling integrated data-centric convergence that in turn delivers substantial ROI to its customers. The Company focuses its development efforts to entrench its technologies within its enterprise customers through ease of integration with both in-vehicle and application systems. This positions the Company as the key link between customers' fleets and the systems they use to run their businesses. The Company gains a further competitive advantage by delivering the level of data security that becomes an important requirement of such data-centric convergence of technologies. The Company's value proposition and sales approach focuses on key business problems: cost control, compliance and carbon emission control. The Company's technology facilitates the convergence of fuel management, work flow, planning & compliance, driver communication, and engine diagnostics – all within the framework of a secure environment. The Company builds its sales and marketing footprint globally around its core technology, and positions its offerings to the large enterprise.

The Company continues to be guided by its four long-standing strategic imperatives. Activities that support each of these imperatives include:

2.2.a Building integrated solutions that differentiate BSM from its competitor's

BSM conducts research and development activities related to its hardware, firmware and software. The hardware and firmware form part of an embedded system which is installed in a vehicle and communicates with the server infrastructure. The research and development activities include schematic capture, PCB design and manufacture, firmware programming, compiling and deployment activities, software development & infrastructure deployment. By conducting its own research and development activities, BSM has been able to retain complete ownership of its end-to-end solution.

BSM's research and development activities are focused on the following:

- Facilitating expansion of services that offer strategic differentiation and add value to customer businesses.
- Innovating to maintain the lowest entry cost solution without sacrificing quality.
- Maintaining a wireless network neutral architecture.

BSM has invested heavily in new product and application development as well as in infrastructure build-out to support scalability. Addressing the complex and diverse needs of the commercial fleet market, BSM has released many new products and equipment configuration options.

2.2.b Focussing on sales channels

The Company's products address the rapidly growing market for wireless fleet management and fleet diagnostics, tools used by commercial fleet operators. The Company sells its fleet management and fleet diagnostic products through a direct sales force and through partnership channels. The Company will concentrate on delivering appropriate technologies and providing the necessary support to drive a successful channel sales strategy.

2.2.c Improving operational efficiencies

BSM's operating efficiency initiatives fall into two broad categories: outsourcing of non-core work; and process improvement and automation.

With respect to outsourcing, currently the components for all BSM products such as modems, printed circuit boards, cases and other items are produced or purchased from outside sub-contractors or vendors, with final assembly, testing and shipping performed by BSM staff. As volumes grow, it is expected that final assembly will be outsourced to outside suppliers.

In the area of process improvement and automation, BSM continues to focus on streamlining functional area processes, increasing standardization and reducing custom processes.

2.2.d Building international distribution capabilities

The Company's fully owned subsidiary, SecTrack NV, based in Antwerp Belgium, is a wholesaler of Inmarsat technology, as well as related services and support. SecTrack provides its global customers with one-stop shopping for hardware and network services. The Company has an established and broad dealer and partner network, with more than 60 value added resellers in 40 countries around the globe. With a commitment to continue to offer new products and services to its customers, SecTrack is positioned to move forward as a global distribution channel for the Company's full product portfolio.

3 CAPABILITY TO DELIVER RESULTS

BSM operates in a highly competitive environment. BSM has competitively positioned itself with an end-to-end internet-based system that provides a variety of services as opposed to having a single service offering. BSM has built an open platform that permits the addition of other mobility applications and allows for customization which management believes is critical to penetrate various vertical market segments and provide wireless data services beyond tracking. BSM's customers choose BSM's services primarily on the basis of service reputation, solution functionality, ease of use, system performance, geographic coverage of BSM's services.

The Company believes that its solution is well-positioned to continue to compete successfully in its markets due to the following factors:

- Broad Service Coverage: BSM offers its services on GPRS, 1xRTT, and satellite (Inmarsat D+ and Iridium). BSM's multi-mode communications platform which integrates both digital cellular and satellite communications enables real-time, high-speed data transmission with ubiquitous coverage. This approach permits the most future proofed, global terrestrial coverage options for vehicles that frequently travel beyond urban boundaries.
- Scalability: BSM Sentinel FM system was designed with growth in mind. As more customers are added, the capacity of BSM Sentinel FM is easily expanded through simple expansion of hardware.
- Accessibility and Reliability: Sentinel FM is a Web-based solution that was designed with bandwidth and ease of access in mind. Web-connectivity is continually monitored for interruption in order to maintain high serviceability. Customers can access BSM Sentinel FM services from anywhere through the Internet.
- Security: BSM Sentinel FM provides its services in a secure environment and is protected physically; by secure data-center facilities and logically; via firewalls, intrusion prevention systems as well as other electronic measures.

4 SIGNIFICANT TRANSACTIONS

On September 25, 2009 the Company acquired all the outstanding shares of Datacom Wireless Corporation ("Datacom"), a Montreal-based company. Datacom is a telematics service provider that supplies strategic-data acquisition, transmission, organization, distribution and integration services for various business sectors, especially in the sectors of transportation, industrial inventory management and public utility services.

Datacom was established in 1999 and offers a range of products and services for commercial and consumer markets. Datacom provides high-quality fleet and vehicle management services and products for the commercial market. Fleet managers use the MobicomTM product line on a 24/7 basis to track vehicle positions in real time on a computerized map and to acquire important management information.

As consideration for the acquisition, the Company: (i) issued 118,571,871 common shares of the Company, valued at $4,150,015; and (ii) committed to issue 4,533,921 options valued at $243,003 to acquire common shares in exchange for 1,068,791 outstanding Datacom options. The acquisition costs related to this acquisition were $390,235.

The weighted average value of each option granted is estimated on the date of the grant being the acquisition date of September 25, 2009, using the Black-Scholes pricing model with the following weighted average assumptions:

	2009	2008
Risk-free rate	1.27%	–
Expected volatility	125%	–
Expected life in years	7.91	–
Expected dividend yield	–	–

The acquisition was accounted for under the purchase method of accounting, and the results of operations have been included in the consolidated financial statements from the date of acquisition. The purchase price allocation is preliminary pending finalization of valuations of the net identifiable assets acquired. As a result, the residual value after identifying and valuing the monetary assets and liabilities has been shown as goodwill and intangible assets. Consequently the tax accounting related to acquisition, which consists of future tax assets and liabilities relating to the intangible assets, have not been determined and, accordingly, are not reflected in the preliminary purchase price allocation. The company expects to complete its valuation of intangible assets by the end of third quarter in fiscal 2010.

The preliminary estimated fair values of the assets acquired and liabilities assumed are as follows:

Assets:	
Cash and cash equivalents	$ 2,398,829
Accounts receivable	934,979
Research and development credits receivable	105,132
Inventories	362,365
Prepaid expenses and deposits	126,045
Net investment in sales-type leases	497,563
Property and equipment	127,861
Goodwill and intangible assets	1,775,206
	6,327,980
Liabilities:	
Accounts payable and accrued charges	1,273,315
Deferred revenue	206,199
Current portion of long-term debt	23,248

Other long-term liabilities		41,965
		1,544,727
Total consideration	$	4,783,253
Consideration comprises:		
118,571,871 common shares issued at $0.035/share	$	4,150,015
4,533,921 options to acquire common shares		243,003
Acquisition costs		390,235
Total consideration	$	4,783,253

The transaction is expected to provide a number of benefits for the Company including:

- A diversified global customer base and strengthened presence in Quebec and Eastern Canada.
- Creation of a significant services revenue base which is expected to be $2.0 million per quarter.
- Increase in scale and market presence.
- Significant cost synergies.

5 RESULTS FROM OPERATIONS

Highlights for the year ended September 30, 2009:

- 16.6% increase in revenue
- $ 986,988 increase in gross profit
- $ 2,265,175 increase in working capital
- Operating income of $139,402
- Completed the acquisition of Datacom Wireless Corporation

FINANCIAL RESULTS

Selected Financial Information

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth certain unaudited information for each of the eight most recent quarters, the last of which ended September 30, 2009. The annual information has been derived from the Company's audited consolidated financial statements, while quarterly information has been derived from the Company's unaudited consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments necessary for the fair presentation of the information presented. Historically, the Company's operating results have fluctuated on a quarterly basis.

Quarterly results of operations

QE	Revenue	Gross Profit	Operating expenses(1)	Other expenses (income)	Loss for the period	Loss per share basic and diluted
September 30, 2009	$ 1,805,161	$ 1,034,090	$ 1,316,672	$ 2,129,576	$ (2,412,158)	$ (0.026)
June 30, 2009	1,960,178	1,030,445	1,042,605	382,380	(394,540)	(0.005)
March 31, 2009	2,769,010	1,368,850	1,223,634	319,406	(174,190)	(0.002)
December 31, 2008	2,593,944	1,306,636	1,163,292	367,018	(223,674)	(0.003)
September 30, 2008	1,819,046	860,341	1,631,540	554,905	(1,326,104)	(0.020)
June 30, 2008	2,287,695	1,086,562	1,559,793	130,003	(603,234)	(0.010)
March 31, 2008	1,643,674	813,144	1,512,074	181,931	(880,861)	(0.010)
December 31, 2007	2,077,408	992,986	1,879,835	129,242	(1,016,091)	(0.010)

(1) Operating expenses including amortization of property and equipment.

Annual results of operations

The following table sets forth information regarding sales, income from operations and other information for the periods presented, and should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2009 and related notes.

	Year ended September 30, 2,009	Year ended September 30, 2,008	Year ended September 30, 2007
Revenue	$ 9,128,293	$ 7,827,823	$ 8,293,177
Cost of revenue	4,388,272	4,074,790	4,572,189
Gross profit	4,740,021	3,753,033	3,720,988
Gross margin	52%	48%	45%
Operating expenses	4,746,203	6,583,242	5,927,482
Other expenses (income)	3,198,380	996,081	477,244
Net income (loss)	(3,204,562)	(3,826,290)	(2,683,738)
Basic and diluted, loss per share	$ (0.04)	$ (0.05)	$ (0.04)

Balance Sheet Data	As at September 30, 2,009	As at September 30, 2,008	As at September 30, 2007
Cash and cash equivalents	$ 2,497,188	$ 618,859	$ 551,071
Working capital	2,118,583	(146,592)	(909,607)
Total Assets	11,269,732	7,112,932	5,843,145
Long term liabilities	42,045	2,256,442	173,972
Total Liabilities	4,276,322	5,767,501	3,826,426
Shareholders' equity	6,993,410	1,345,431	2,016,719

Segmented Information

(a) Revenue by geographic segment, based upon customer location, is as follows:

	2009	2008
Canada	$ 4,234,618	$ 3,517,630
United States of America	1,259,688	904,484
South America	403,891	679,341
Asia	1,656,720	1,316,235
Europe	573,422	568,216
Australia	62,307	220,636
Africa	937,647	621,281
	$ 9,128,293	$ 7,827,823

(b) Revenue by category is as follows:

	2009	2008
Service	$ 5,065,473	$ 3,907,082
Hardware and software	4,062,820	3,920,741
	$ 9,128,293	$ 7,827,823

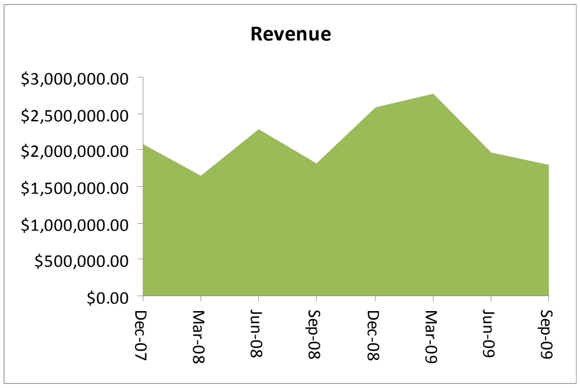
(c) Assets:

	2009	2008
Canada	$ 10,700,277	$ 5,248,848
Belgium	569,455	1,864,084
	$ 11,269,732	$ 7,112,932

RESULTS OF OPERATIONS

Revenues:

Revenue for the year ended September 30, 2009 increased by $1,300,470 or 16.6% to $ 9,128,293 from $ 7,827,823 for year ended September 30, 2008.

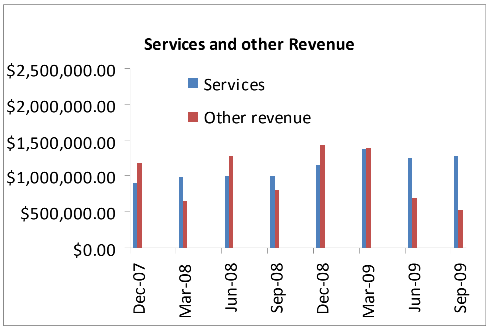


Increase in revenue is attributed primarily to increased service revenue from the subscriber base. The Company derives its revenue from the sale of its products, software licenses (self-hosted applications), services and resale of third party products and services. Services revenue includes monthly ASP service fees, monthly alarm monitoring fees, and resale of cellular & satellite data.

The Company enters into contracts with its customers usually ranging from 12 to 36 months or beyond. Services revenues are recognized monthly as services are delivered.

Revenue is rendered on the basis of upfront sales of hardware and software licensing components, and service and maintenance agreements under contract ranging from one to three years or beyond. Revenue from such maintenance contracts will be recognized only as the services are offered, resulting in the deferral of contracted revenues in the future.

Service revenue for the year ended September 30, 2009 increased by $ 1,158,391 or 29.6% to $ 5,065,473 from $ 3,907,082 for the year ended September 30, 2008.



The increase in service revenue is attributable to the growth in the installed base of subscribers to the Company's Sentinel services. In addition to subscribers, the Company's service revenue will be affected by a number of factors, including the rate at which service features or add-ons are adopted and pricing associated with the size and term of customer contracts.

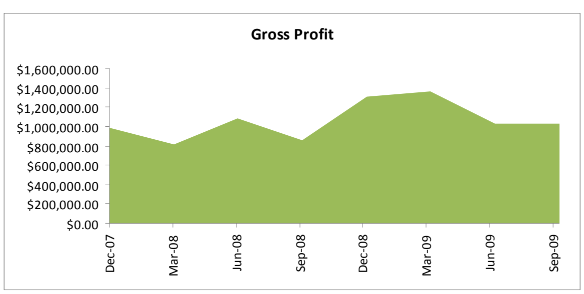
Hardware and software revenue for the year ended September 30, 2009 increased by $142,079 to $4,062,820 from $ 3,920,741 for the year ended September 30, 2008. The increase was due to higher volume and sales mix

In response to the economic situation and competitive environment, the Company implemented a new "all-inclusive" price plan during the course of the year that allows customers to pay a fixed monthly rate, if they wish to cover the cost of equipment and service for a three-year period. This decision, which will continue to generate revenues, had a very positive impact on 2009 revenue.

The Company's goal going forward is to leverage the success of the Sentinel FM suite of products and services in Canada and work with its channel partners in the United States to focus on and capitalize on the forecasted growth opportunities in the USA. Outside of North America, the Company's growth strategy is to leverage Sectrack's network of value added resellers, for the international launch of BSM's products and services, while at the same time maintaining and growing the sales of existing product and services of Sectrack. The Company's goal is to provide a diversified suite for the international Telematics market, including hardware, network services (satellite and cellular) and a turnkey end to end solution.

Gross Profit

The gross profit for the year ended September 30, 2009 increased by $ 986,988 to $4,740,021 or 52% of the revenue from $3,753,033 or 48% of the revenue for the year ended September 30, 2008.



The increase in yearly total gross profit was primarily due to the increase in higher services revenue, which has higher margins, a result of the growth of the services subscriber base. The Management expects that over time services revenues will represent a larger percentage of total revenue. Gross profit margin for the Company will also vary depending on the mix of sales in the period.

Expenses:

Overall operating expenses before interest expense, amortization of intangible assets and loss on extinguishment of convertible debentures, decreased by $ 1,837,039 to $4,746,203 or 52% of the revenue for the year ended September 30, 2009 from $6,583,242 or 84% of the revenue for the year ended September 30, 2008. The year over year decrease in operating expenses before interest expense, amortization of intangible assets and financial charges was due to reduced (i) legal expenses and (ii) overall operating expenses, resulting from a series of cost cutting initiatives undertaken during the year to align the Company's cost base to its expected revenue stream.

Management anticipates the Company's development efforts will result in increased revenues and service delivery capabilities in the future, as the related products and services are delivered to the Company's commercial and consumer markets.

General and Administrative Expenses

General and administrative expenses for the year ended September 30, 2009 decreased by $ 1,228,757 to $2,290,536 or 25% of revenue from $3,519,293 or 45% of revenue for the year ended September 30, 2008.The year over year decrease is attributed to (i) a reduction of $ 919,528 in legal fees and discount resulting from settlement of legal bill payable regarding litigation against the supplier of SecTrack (ii) a reduction of $ 64,284 in salaries and wages cost resulting from a series of cost cutting initiatives undertaken, and (iii) a reduction of $ 244,945 in other expenses in this category. The legal fees in the year ended September 30, 2008 were incurred for the injunction against the supplier of SecTrack. The injunction was necessary to protect the Company's long-term business interests.

Research and Development Expenses

Research and Development Expenses decreased by $ 340,130 to $748,793 or 8% of revenue for the year ended September 30, 2009 from $ 1,088,923 or 14% of revenue for the year ended September 30, 2008. The decrease in research and development expenses was primarily due to reduced headcount, consistent with the Company's strategy of making more focused research and development investment.

The Company expects that in the future its expense in this category will increase due to integration of its acquired technologies. The Company believes that its expected increase in this category will lower the existing manufacturing costs and add additional product and services features that will allow the Company to increase its revenue and margins in future periods.

Research and development expenses consist of employee salaries and expenses related to development personnel and consultants, as well as expenses associated with software and hardware development.

Marketing, Advertising and Promotion Expenses

Marketing, advertising and promotion expenses include the salaries and commissions of sales staff, advertising, promotions, and other costs such as travel. These expenses decreased by $ 210,144 to $1,561,290 or 17% of revenue for the year ended September 30, 2009 from $ 1,771,434 or 23% of the revenue for the year ended September 30, 2008. The year over year decrease is due to (i) reduction of

$89,687 in commissions due to reduced dealer sales and (ii) decrease of $120,457 in travel and other cost in this category.

The Company plans to increase its overall marketing efforts significantly in order to aggressively increase its subscriber base. Despite the expected increase in the marketing expenses the expected marketing expense as a percentage of total revenue will decrease as the Company increases its overall revenue.

Interest expenses

Interest expense for the year ended September 30, 2009 was $26,181 (2008-$55,576).

Interest on convertible debentures:

Interest on the convertible debenture for the year ended September 30, 2009, was $1,116,446 (2008-$657,330). Increased interest on additional debenture amount (as part of 2008 Convertible Debentures financing) $ 135,951 accounted for the changes in the financial liability component of the total convertible debentures interest.

Interest and other expense on the 2008 Debentures was composed of the interest calculated on the face value of the convertible debentures, and an non-cash annual notional interest representing the accretion of the carrying value of the debentures. Interest recorded was as follows:

	2009	2008
Interest expense on face value	$ 475,833	$ 339,882
Non-cash interest representing accretion	640,613	317,448
	$ 1,116,446	$ 657,330

Amortization of property and equipment
Amortization for the year ended September 30, 2009, was $145,584, compared with $ 203,592 for the year ended September 30, 2008. The Company may have to increase the spending on property and equipment acquisition in order to continue to enhance its service offering to existing and future customers.

Amortization of intangible assets
Amortization of intangible assets for the year ended September 30, 2009, was $362,782, compared with $ 272,086 for the year ended September 30, 2008. Amortization in year ended September 30, 2009, for full year compared to amortization for nine months in year ended September 30, 2008, of intangible assets acquired on the acquisition of Netistix accounted for this yearly change.

Loss on extinguishment of convertible debentures (non cash item):
Upon conversion of Convertible Debentures into Preferred shares and issuance of 6,839,215 common shares to The Business, Engineering, Science & Technology Fund Inc. and its affiliates (collectively, "BEST") immediately prior to the completion of the business combination, the Company incurred non-cash charge of $ 1,749,959 for the year ended September 30, 2009.

	2009	2008
Issuance of 6,839,215 common shares to BEST, immediately prior to business combination with Datacom (a)	$ 410,353	$ –
Excess of book value over fair value on conversion of liability amount of convertible debentures (b)	1,377,697	–
Excess of fair value over book value of the liability amount of convertible debentures portion acquired by Datacom prior to the business combination (c)	(38,091)	–
	$ 1,749,959	$ –

(a) The value attributable to these shares is considered an additional consideration for the repurchase of the convertible debentures and has been recorded as an expense. The fair value of 6,839,215 common shares issued to BEST was determined to be $0.06 per share, which was the share price for common shares in effect on the effective date.

(b) In order to calculate the loss (gain) on the liability and equity portion of the convertible debentures (excluding the debentures purchased by Datacom prior to the business combination) on its conversion into Preferred shares, the total fair value of the consideration paid was allocated to the liability and equity components of the convertible debentures redeemed by determining first the fair value of the equity component, using a Black Scholes model, and the residual value was allocated to the liability component.

	Net book value redeemed	Fair value at the date of redemption	Gain (loss)
Liability component of the convertible debentures	$ 2,694,636	$ 4,072,333	$ (1,377,697)
Equity component of the convertible debentures	732,157	50,032	682,125
	$ 3,426,793	$ 4,122,365	$ (695,572)

The loss on redemption of the liability component of the convertible debentures was recorded in the consolidated financial statements as an expense and the excess of the fair value of the equity component of the convertible debentures was recorded in contributed surplus.

(c) In order to calculate the loss (gain) on the liability, warrants and equity portion of the convertible debentures purchased by Datacom prior to business combination, the fair value of the warrants and the equity components of the convertible debentures acquired was first determined and the residual value was allocated to the liability component of the convertible debentures.

	Net book value redeemed	Fair value at the date of redemption	Gain (loss)
Liability component of the convertible debentures	$ 132,956	$ 94,865	$ 38,091
Warrants component of the convertible debentures	24,228	48,667	(24,439)
Equity component of the convertible debentures	36,125	2,468	33,657
	$ 193,309	$ 146,000	$ 47,309

The gain on the cancellation of the liability component of the convertible debentures was recorded in the consolidated financial statements as income; the excess of the carrying value of the warrants component of the convertible debentures was recorded in retained earnings and the excess of the fair value of the equity component of the convertible debentures was recorded in contributed surplus.

Investment tax credits
The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. The investment tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated statements of operations and deficit or a reduction of the related asset's cost for items capitalized in the consolidated balance sheets provided that a reasonable assurance over collection of the tax credits exists.

Net Loss
Net loss for the for the year ended September 30, 2009, was $3,204,562 or $0.04 per share on a diluted basis compared with a net loss of $3,826,290 or $0.05 per share on a diluted basis for the for the year ended September 30, 2008. Net loss for the year ended September 30, 2009, excluding loss on extinguishment of convertible debentures (a non cash item) was $1,454,603 (2008: $3,826,290).

The Company anticipates that it will incur losses in the future, as it continues to develop and expand its revenue base. The Company also anticipates that as the benefits of its technology become more broadly recognized, sales cycles will become shorter and contracted quantities larger. The Company expects that this transition, together with increasing revenues and its relatively fixed operating infrastructure costs, will result in lower operating losses and ultimately future profits. The extent of the improvement will depend in part on how effectively the Company expands its business.

6 LIQUIDITY AND CAPITAL RESOURCES:

The Company used $303,191 to finance operating activities during the year ended September 30, 2009, including $226,431 in operating losses and an increase of $76,760 in non cash operating working capital. This compares with cash used in the year ended September 30, 2008 of $ 1,920,760, of which $3,033,164 was used to finance operating losses offset by a decrease of $1,112,404 in non cash operating working capital.

The Company's total current assets at September 30, 2009 was $ 6,081,505 (2008-$ 3,309,479). At September 30, 2009, the working capital was $ 2,118,583 (September 30, 2008- working capital deficiency of $ 146,592). Working Capital has been calculated by netting current assets and current liabilities, and excluding deferred revenue which is a non cash item. Working capital at September 30, 2009 increased by $ 2,265,175. The primary cause of working capital increase was acquisition of Datacom. Notwithstanding the Company's positive working capital position, the Company may require future financing in order to satisfy future growth activities.

Accounts receivable were $1,837,304 as at September 30, 2009 compared with $987,087 at September 30, 2008. The higher receivables were primarily due to the Datacom acquisition. The Company's management has reviewed its accounts receivable balances as at September 30, 2009, and believes that an adequate provision has been made for doubtful accounts. As at September 30, 2009, the net investment in sales-type leases including long term amounted to $892,295 as a result of the implementation of the new "all-inclusive" price plan during the first quarter, and acquisition of Datacom.

Despite the addition of inventories due to Datacom acquisition, the inventory decreased from $ 910,034 at September 30, 2008 to $ 707,942 at September 30, 2009 as the Company sold inventory previously in stock.

On September 25, 2009, pursuant to an agreement (the "BEST Purchase Agreement") among BEST and certain holders of outstanding BSM Debentures and BSM Warrants, new purchasers and Datacom (collectively, the "BEST Purchasers"), BEST agreed to sell to the BEST Purchasers an aggregate principal amount of $1,750,000 2008 Debentures and an aggregate of 29,166,666 warrants for an aggregate purchase price of $1,575,000 (including an aggregate principal amount of $162,222 BSM Debentures and 2,703,703 BSM Warrants purchased by Datacom for an aggregate purchase price of $146,000). Amongst BEST Purchasers, ANR Solutions Inc. acquired $111,111 face value of the 2008 Debentures from BEST.

The business combination with Datacom required the 2008 Convertible Debenture to be converted into Preferred shares of the Company and any warrants outstanding were to be redeemed by issuance of common shares of the Company. Each Preferred share is convertible into one common share (a) at any time based on the written request of the holder of a preferred share; and (b) at the Company's request after July 1, 2010. The Preferred shareholders had pre-emptive rights to participate pro rata in any equity or debt financings. While any Preferred shares are outstanding, the Company is prohibited from incurring senior debt, other than debt from a Schedule 1 or Schedule 2 bank for the purpose of inventory and accounts receivable financing. Each 2008 warrant and BSM warrant issued in connection with the convertible debenture (other than an aggregate of 2,703,703 warrants purchased by Datacom pursuant to BEST Purchase Agreement) were to be redeemed by the Company in exchange for the issuance of 0.3 common share of the Company.

On September 25, 2009, the Company issued an aggregate of 65,755,556 Preferred shares in exchange for an aggregate principal amount of approximately $3,287,778 of 2008 Convertible Debentures (other than 2008 Convertible Debentures acquired by Datacom pursuant to the BEST Purchase Agreement).

The fair value of the consideration paid was determined as follows:

	2009	2008
Preferred shares (i)	$ 3,945,333	$ –
Dividends payable on Preferred shares (ii)	177,031	–
	$ 4,122,364	$ –

(i) The fair value of 65,755,556 Preferred shares issued was determined to be $0.06 per share, which was the share price for Common shares on the effective date.

(ii) The principal sum of Preferred shares that will require payment of dividends at the rate of 8% until July 2010 is $3,287,778. Total dividend payments until July 2010 are estimated at $201,770 and are discounted at the rate of 26.92%.

In connection with the conversion of 2008 Convertible Debenture into Preferred shares and redemption of warrants by issuance of common shares, on September 25, 2009, (a) Onbelay Partners Ltd. acquired an aggregate of 6,000,000 preference shares and 1,285,714 common shares, (b) Onbelay Capital Inc. acquired an aggregate of 2,000,000 preference shares and 428,571 common shares, (c) and ANR Solutions Inc. acquired an aggregate of 2,222,222 preference shares and 984,127 common shares.

Upon completion of the business combination with Datacom, convertible debentures with an aggregate principal amount of $ 162,222, and 2,703,703 warrants held by Datacom were cancelled.

On September 25, 2009 the company issued 118,571,871 common shares of the Company for the acquisition of Datacom.

On September 25, 2009, the Company issued 6,839,215 Common shares of the Company to BEST, in order to facilitate the sale of $1,750,000 of convertible debentures and 29,166,666 warrants held by BEST prior to the acquisition of Datacom. The consideration was valued at $410,353, based on share price of $0.06.

On September 25, 2009, the Company issued 16,181,746 Common shares of the company in exchange for an aggregate of 57,309,522 outstanding warrants. The exchange consideration was 0.3 of one Common share for each of the 56,309,522 warrants, excluding the 2,703,703 warrants purchased by Datacom pursuant to the BEST purchase agreement, issued in connection with 2008 Convertible Debenture financing and 0.1 of one common share for each for the 1,000,000 warrants issued in connection with December 2007 private placement financing. The excess of carrying value over the fair value of warrants upon their redemption and cancellation was recorded in the deficit.

	Fair value at the date of redemption	Net book value redeemed	Excess (loss)
Redemption of 1,000,000 warrants issued in connection with December 2007 financing, by issuance of 100,000 common shares	$ 6,000	$ 23,495	$ (17,495)
Redemption of 53,605,818 warrants issued in connection with convertible debenture financing, by issuance of 16,081,746 common shares	964,905	491,037	473,868
Cancellation of 2,703,703 warrants issued in connection with convertible debenture financing, acquired by Datacom	48,667	24,228	24,439
	$ 1,019,572	$ 538,760	$ 480,812

Fair value of 100,000 Common shares issued for redemption of 1,000,000 warrants issued in connection with December 2007 financing, was based on the market price of $0.06 per common share.

Fair value of 16,081,746 Common shares issued for redemption of 53,605,818 warrants issued in connection with convertible debenture financing, was based on the market price of $0.06 per common share.

The 2,703,703 warrants issued in connection with convertible debenture financing, acquired by Datacom equates to 811,111 common shares based on the redemption ratio for other warrants related to convertible debenture financing. The 2,703,703 warrants were cancelled upon completion of business combination with Datacom. The fair value of 2,703,703 warrants was calculated based on the market price of $0.06 per common share for 811,111 common shares.

On January 4, 2009, 11,235,000 warrants issued pursuant to January 2007 financing with an average exercise price of $0.25 per Common share expired unexercised.

As of September 30, 2009, the Company had no outstanding warrants to acquire Common shares.

In October 2008, 200,000 options and December 2008, 1,376,133 options to acquire Common shares at a weighted average exercise price of $0.20 per share expired unexercised.

On February 24, 2009, the Company granted 5,895,000 options to four of its directors with an exercise price of $0.10 per common share, expiring February 24, 2014. One fourth of these options vested on the date of the grant, and the remaining options vest equally at the half yearly anniversary of the date of the grant. 4,295,000 of these options were granted to the President and CEO in his capacity as President and CEO; 800,000 of these options were granted to the Chairman of the board in his capacity as

Chairman and board member; and the other two independent directors were granted 400,000 options each in their capacity as board members.

The weighted average value of each option granted is estimated on the date of the grant using the Black-Scholes pricing model with the following weighted average assumptions:

	2009	2008
Risk free rate	1.27%	–
Expected volatility	105%	–
Expected life in years	5	–
Expected dividend yield	–	–

Pursuant to the acquisition of Datacom, the Company committed to issue to the holders of Datacom, an aggregate of 4,533,921 options to acquire Common shares in exchange of 1,068,791 outstanding Datacom options. The weighted average life remaining and strike prices of these options to Datacom options holders are as follows:

Exercise Price	Numbers outstanding	Remaining contractual life (years)
0.0471	2,121,051	8.91
0.0943	617,070	7.93
0.1768	186,653	7.73
0.1977	1,609,147	6.61
	4,533,921	7.91

As at September 30, 2009, total of 10,708,921 options were outstanding at a weighted average price of $0.11. These options have a weighted average life of 5.9 years.

On January 4, 2009, 2,247,000 compensation options (the "Compensation Options") issued pursuant to the January 2007 private placement expired unexercised. Each Compensation Option entitled the holder to acquire one Unit at a price of $0.20 per Unit. Each Unit consisted of one common share (the "Common Share") and one Common Share purchase warrant. Each Warrant entitled the holder to acquire one Common Share at an exercise price of $0.25 per share until January 4, 2009. As of September 30, 2009, the Company had no outstanding compensation options.

During the year ended September 30, 2009, the Company recovered loan advanced of $ 2,383 from the former President and CEO of the Company and companies under his control (2008- $ 27,614).

Capital expenditures by cash for the year ended September 30, 2009, were $21,081 compared with $ 48,175 for the year ended September 30, 2008. The Company anticipates increases in capital expenditures and lease commitments with its expected growth in operations and infrastructure.

Related Party transactions:

i) The Company had previously identified Nick Cirella, a director and former President and CEO of the Company, Applied Innovations Group Inc. and other companies under Mr. Cirella's control as related parties. The related parties are considered to have significant influence over the Company as defined under CICA Handbook Section 3840, Related party Transactions. During the year ended September 30, 2009, the Company paid nil to a company under Mr. Cirella's control as management fees under management contract between the Company and Mr. Cirella for his role as CEO (2008 - $137,327). During the year ended September 30, 2009, the Company paid $100,000 to a company under Mr. Cirella's control as consulting fees under a thirty six months management consulting contract expiring on June 30, 2011, between the Company and Mr. Cirella (2008 - $32,500).

During the year ended September 30, 2009, the Company paid $13,569 to a company under Mr. Cirella's control as car allowance under a management consulting contract between the Company and Mr. Cirella (2008 - $18,039).

During the year ended September 30, 2009, the Company received a loan repayment of $2,383 from the director and former President and CEO of the Company and companies under his control (2008 - $27,614).

ii) The Company had identified (a) Onbelay Partners Ltd, a company controlled by Mr. John Bell, a director and Mr. Aly Rahemtulla, director and CEO of BSM, (b) Onbelay Capital Inc, a company controlled by Mr. John Bell and (c) ANR Solutions Inc, a company controlled by Mr. Aly Rahemtulla, as related parties. Onbelay Partners Ltd., Onbelay Capital Inc. and ANR Solutions Inc. acquired an aggregate of $500,000 of reconstituted debentures and 7,142,857 warrants in replacement for the $500,000 of 2006 Convertible Debentures and 869,565 warrants (part of the 2006 Convertible Debentures) they held previously.

As part of the BEST Purchase Agreement, on September 25, 2009 ANR Solutions Inc acquired $111,111 face value of the 2008 Debentures from BEST.

In connection with the conversion of 2008 Convertible Debentures into Preferred shares and redemption of warrants by issuance of common shares, on September 25, 2009, (i) Onbelay Partners Ltd. acquired an aggregate of 6,000,000 Preferred shares and 1,285,714 common shares, (ii) Onbelay Capital Inc. acquired an aggregate of 2000,000 Preferred shares and 428,571 common shares, and (iii) ANR Solutions Inc. acquired an aggregate of 2,222,222 Preferred shares and 984,127 common shares.

During the year ended September 30, 2009, the Company paid $68,961 to the related parties as interest on the 2008 Convertible debentures (2008-$100,000).

During the year ended September 30, 2009, the Company provided for nil (2008 - $35,000) as amount payable to ANR Solutions Inc., for consulting services provided by them. During the year ended September 30, 2009, the Company paid $175,000 (2008 - $51,042) to a company under Mr. Aly Rahemtulla's control as management fees and $22,500 (2008 - nil) as car allowance for his role as the CEO of the Company.

(iii) During the year ended September 30, 2009, for board compensation, the company provided for $ 22,000 (2008-$3,750) for Mr. John Bell, director and Chairman of the board.

COMMITMENTS

(i) Operating lease:
The Company has entered into leases for premises with the following total minimum annual payments:

2010	$ 427,799
2011	113,604
	$ 541,403

(ii) Capital lease:

The Company entered into 36-month capital lease agreements with third parties for computer hardware. Interest expense for the year ended September 30, 2009 of $8,949 (2008 - $16,506) has been recognized in the consolidated statements of operations and deficit. The obligations under capital leases are secured by a lien on the equipment leased. Future minimum capital lease payments are as follows:

2010	$ 69,464
Less imputed interest	1,590
Present value of future minimum lease payments	67,874
Less current portion	67,874
Long-term portion of lease payments	$ –

CONVERTIBLE DEBENTURES

On June 30, 2008 (as to $2,350,000) and on July 2, 2008 (as to $300,000), the Company issued an aggregate principal amount of $2,650,000 convertible debentures (the "2008 Convertible Debentures"). The 2008 Convertible Debentures had a term of two years and were convertible into common shares of the Company at the rate of one common share for each $0.06 of debt converted. The 2008 Convertible

Debentures were secured against the assets and undertaking of the Company (including security over all subsidiaries of the Company) and bore interest at the rate of 14% per year. In connection with the financing, subscribers received warrants ("2008 Warrants") to acquire common shares of the Company equal in number to the number of common shares convertible upon exercise of the conversion feature of the 2008 Convertible Debentures. Each 2008 Warrant was exercisable at $0.10 to acquire a further common share for a period of two years from closing.

In connection with the issue of the 2008 Convertible Debentures, an aggregate principal amount of $300,000 convertible debentures issued by the Company on July 7, 2006 (the "2006 Convertible Debentures") were replaced with reconstituted debentures (the "Reconstituted Debentures") and warrants (the "Reconstituted Warrants") having the same terms as the 2008 Convertible Debentures and 2008 Warrants, respectively. In addition, an aggregate principal amount of $500,000 of 2006 Convertible Debentures held by certain insiders (Mr. Aly Rahemtulla, director and CEO of the Company, and Mr. John Bell, director and chairman of the board, through companies under their control) of the Company (collectively, the "Insiders") were replaced with reconstituted debentures (the "Insider Debentures" and together with the 2008 Convertible Debentures and the Reconstituted Debentures, the "BSM Debentures") having a conversion rate of one common share of BSM for each $0.07 of debt converted and the Insiders also received warrants (the "Insider Warrants" and together with the Reconstituted Warrants, the "BSM Warrants") equal in number to the number of common shares of BSM convertible upon exercise of the conversion feature of the Insider Debentures. Each BSM Warrant was exercisable at $0.10 to acquire a further common share for a period of two years from closing.

$500,000 of the funds from the 2008 Convertible Debentures was used to repay $500,000 of the 2006 Convertible Debentures with the balance used for working capital.

The Company had identified (a) Onbelay Partners Ltd., a company controlled by Mr. John Bell, a director, and Mr. Aly Rahemtulla, director and CEO of the Company, (b) Onbelay Capital Inc., a company controlled by Mr. John Bell and (c) ANR Solutions Inc., a company controlled by Mr. Aly Rahemtulla, as related parties. Onbelay Partners Ltd., Onbelay Capital Inc., and ANR Solutions Inc., acquired an aggregate of $500,000 of Reconstituted Debentures and 7,142,857 warrants in replacement for the $500,000 of 2006 Convertible Debentures and 869,565 warrants (part of the 2006 Convertible Debentures) they held previously.

In connection with the 2008 Convertible Debentures financing and Reconstituted Debentures (hereinafter collectively called "2008 Debentures"), the Company incurred costs of $117,359 that was allocated to the liability and equity portions.

On September 25, 2009, pursuant to an agreement (the "BEST Purchase Agreement") among BEST and certain holders of outstanding BSM Debentures and BSM Warrants, new purchasers and Datacom (collectively, the "BEST Purchasers"), BEST agreed to sell to the BEST Purchasers an aggregate principal amount of $1,750,000 2008 Debentures and an aggregate of 29,166,666 warrants for an aggregate purchase price of $1,575,000 (including an aggregate principal amount of $162,222 BSM Debentures and 2,703,703 BSM Warrants purchased by Datacom for an aggregate purchase price of $146,000). Amongst BEST Purchasers, ANR Solutions Inc., acquired $111,111 face value of the 2008 Debentures from BEST.

The business combination with Datacom required the 2008 Convertible Debentures to be converted into Preferred shares of the Company and any warrants outstanding were to be redeemed by issuance of common shares of the Company. Each Preferred share is convertible into one common share (a) at any time based on the written request of the holder of a preferred share; and (b) at the Company's request after July 1, 2010. The Preferred shareholders have pre-emptive rights to participate pro rata in any equity or debt financings. While any Preferred shares are outstanding, the Company is prohibited from incurring senior debt, other than debt from a Schedule 1 or Schedule 2 bank for the purpose of inventory and accounts receivable financing. Each 2008 warrant and BSM warrant issued in connection with the convertible debenture (other than an aggregate of 2,703,703 warrants purchased by Datacom pursuant to BEST Purchase Agreement) were to be redeemed by the Company in exchange for the issuance of 0.3 common share of the Company.

On September 25, 2009, the Company issued an aggregate of 65,755,556 Preferred shares in exchange for an aggregate principal amount of approximately $3,287,778 of 2008 Convertible Debentures (other than 2008 Convertible Debentures acquired by Datacom pursuant to the BEST Purchase Agreement). In addition, the Company issued an aggregate of 16,081,746 common shares in exchange for an aggregate of 57,309,522 outstanding warrants (other than BSM Warrants acquired by Datacom pursuant to the BEST Purchase Agreement). In connection with the conversion of 2008 Convertible Debenture into Preferred shares and redemption of warrants by issuance of common shares, on September 25, 2009, (a) Onbelay Partners Ltd. acquired an aggregate of 6,000,000 Preferred shares and 1,285,714 common shares, (b) Onbelay Capital Inc. acquired an aggregate of 2,000,000 Preferred shares and 428,571 common shares, (c) and ANR Solutions Inc. acquired an aggregate of 2,222,222 Preferred shares and 984,127 Common shares.

In order to facilitate the sale of 2008 Convertible Debentures and 2008 warrants by BEST to the BEST Purchasers, the Company issued an aggregate of 6,839,215 common shares to BEST, immediately prior to the completion of the business combination.

Upon completion of the business combination with Datacom, convertible debentures with an aggregate principal amount of $162,222 and 2,703,703 warrants held by Datacom were cancelled.

Interest and other expense on the 2008 Debentures was composed of the interest calculated on the face value of the convertible debentures and an annual non-cash interest representing the accretion of the carrying value of the debentures. Interest recorded was as follows:

	2009	2008
Interest expense on face value	$ 475,833	$ 339,882
Non-cash interest representing accretion	640,613	317,448
	$ 1,116,446	$ 657,330

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of Common shares. As at September 30, 2009 and as at the date of this report there were 227,500,562 outstanding Common shares, including 547,815 Common shares remaining in escrow the release of which is subject to performance conditions of Company attaining certain cash flow levels.

As at September 30, 2009, there were 10,708,921 outstanding options to acquire Common shares to directors, shareholders and employees of the Company at a weighted average price of $ 0.11.

As of September 30, 2009, the Company had no outstanding warrants to acquire Common shares.

OFF-BALANCE SHEET ARRANGEMENTS
As at September 30, 2009, the Company does not have any off balance sheet arrangements.

FOURTH QUARTER OPERATING RESULTS

Revenues for the three months ended September 30, 2009 decreased by 0.76% to $1,805,161 from $1,819,046 for the three months ended September 30, 2008. The decrease is attributed to lower hardware sales in the European operations.

Services revenue increased by 26.15% to $ 1,275,513 for the three months ended September 30, 2009 from $ 1,011,069 in the same period in 2008. The increase in services revenue is attributable to the growth in the installed base of subscribers to the Company's. In addition to subscribers, the Company's services revenue will be affected by a number of factors, including the rate at which service features or add-ons are adopted and pricing associated with the size and term of customer contracts.

Hardware and software revenue decreased by 34.45% to $ 529,648 for the three months ended September 30, 2009 from $ 807,977 in the same period in 2008. The decrease is attributed to lower hardware sales in the European operations.

The Company's goal going forward is to leverage the success of the Sentinel FM suite of products and services in Canada and work with its channel partners in the United States to focus on and capitalize on the forecasted growth opportunities in the USA. Outside of North America, the Company's growth strategy is to leverage Sectrack's network of value added resellers, for the international launch of BSM's products and services, while at the same time maintaining and growing the sales of existing product and services of Sectrack. The Company's goal is to provide a diversified suite for the international Telematics market, including hardware, network services (satellite and cellular) and a turnkey end to end solution.

The gross profit increased by $ 173,749 for the three months ended September 30, 2009 to $1,034,090 from $860,341 for the three months ended September 30, 2008. The increase in quarterly total gross profit was primarily due to increase in higher gross profit margin services revenue, a result of the growth of the services subscriber base and introduction of additional billable service features such as our new data bus integration offering.

Gross profit margin for the three months ended September 30, 2009 was 57%, representing an increase over the reported gross profit margin of 47% for the three months ended September 30, 2008. The increase in gross margin is due to the increase in the subscriber base and the resulting services revenue increase.

Management expects that over time Sentinel services revenues will represent a larger percentage of total revenues. Gross profit margin for the Company will also vary depending on the mix of the sales in the period.

Overall operating expenses before interest expense, amortization of intangible assets and loss on extinguishment of convertible debentures, decreased by $314,868 to $1,316,672 for the three months ended September 30, 2009, from $ 1,631,540 for the three months ended September 30, 2008. The expenditure to revenue ratio decreased to 73% for the three months ended September 30, 2009 from 90% for the three months ended September 30, 2008. The quarter over quarter decrease in operating expenses before interest expense, amortization of intangible assets and loss on extinguishment of convertible debentures, was due to a series of cost cutting initiatives undertaken in the earlier quarters to align the Company's cost base to its expected revenue stream.

General and administrative Expenses for the three months ended September 30, 2009, decreased by $ 189,771 to $703,655 or 39% of revenue from $893,426 or 49% of revenue for the three months ended September 30, 2008. The quarter over quarter decrease is attributed to (i) a reduction of approximately $ 149,414 in legal fees and discount resulting from settlement of legal bill payable to the law firm regarding litigation against the supplier of Sectrack, and (ii) a reduction of $ 40,297 in other expenses in this category. The legal fees in the quarter ended September 30, 2008 were incurred for the injunction against the supplier of Sectrack. The injunction was necessary to protect the Company's long-term business interests.

Research and Development Expenses decreased by $ 65,003 to $222,792 or 12% of revenue for the three months ended September 30, 2008, from $ 287,795 or 16% of revenue for the three months ended September 30, 2008. The decrease in research and development expenses was primarily due to reduced headcount.

Marketing, advertising and promotion expenses, includes the salaries and commissions of sales staff, advertising, promotions, and other costs such as travel. These expenses decreased by $ 42,091 to $349,189 or 19% of revenue for the three months ended September 30, 2009, from $ 391,280 or 22% of the revenue for the three months ended September 30, 2008. The increase of $26,963 in wages was offset by a decrease of 69,054 in commissions, due to reduced dealer sales. The Company plans to increase its marketing efforts significantly in order to aggressively increase its subscriber base.

Interest expenses
Interest expense for the three months ended September 30, 2009 was $7,634 (three months ended September 30, 2008-$26,219).

Interest on convertible debenture:
Interest on the convertible debentures for the three months ended September 30, 2009 was $282,339 (three months ended September 30, 2008-$256,598).

Amortization of property and equipment
Amortization for the three months ended September 30, 2009 was $41,036 compared with $ 59,039 for the three months ended September 30, 2008.

Amortization of intangible assets
Amortization of intangible assets for the three months ended September 30, 2009, was $90,696, compared with $ 272,086 for the three months ended September 30, 2008. Amortization of intangible assets for nine months in the three months ended September 30, 2008, accounted for the quarterly change.

Loss on extinguishment of convertible debentures (non cash item):
Upon conversion of Convertible Debentures into Preferred shares and issuance of 6,839,215 common shares to BEST immediately prior to the completion of the business combination, the Company incurred a non-cash charge of $ 1,749,959 for the three months ended September 30, 2009.

	2009	2008
Issuance of 6,839,215 common shares to BEST, immediately prior to business combination with Datacom (a)	$ 410,353	$ –
Excess of book value over fair value on conversion of liability amount of convertible debentures (b)	1,377,697	–
Excess of fair value over book value of the liability amount of convertible debentures portion acquired by Datacom prior to the business combination (c)	(38,091)	–
	$ 1,749,959	$ –

(a) The value attributable to these shares is considered an additional consideration for the repurchase of the convertible debentures and has been recorded as an expense. The fair value of 6,839,215 common shares issued to BEST was determined to be $0.06 per share, which was the share price for common shares in effect on the effective date.

(b) In order to calculate the loss (gain) on the liability and equity portion of the convertible debentures (excluding the debentures purchased by Datacom prior to the business combination) on its conversion into Preferred shares, the total fair value of the consideration paid was allocated to the liability and equity components of the convertible debentures redeemed by determining first the fair value of the equity component, using a Black Scholes model, and the residual value was allocated to the liability component.

	Net book value redeemed	Fair value at the date of redemption	Gain (loss)
Liability component of the convertible debentures	$ 2,694,636	$ 4,072,333	$ (1,377,697)
Equity component of the convertible debentures	732,157	50,032	682,125
	$ 3,426,793	$ 4,122,365	$ (695,572)

The loss on redemption of the liability component of the convertible debentures was recorded in the consolidated financial statements as an expense and the excess of the fair value of the equity component of the convertible debentures was recorded in contributed surplus.

(c) In order to calculate the loss (gain) on the liability, warrants and equity portion of the convertible debentures purchased by Datacom prior to business combination, the fair value of the warrants and the equity components of the convertible debentures acquired was first determined and the residual value was allocated to the liability component of the convertible debentures.

	Net book value redeemed	Fair value at the date of redemption	Gain (loss)
Liability component of the convertible debentures	$ 132,956	$ 94,865	$ 38,091
Warrants component of the convertible debentures	24,228	48,667	(24,439)
Equity component of the convertible debentures	36,125	2,468	33,657
	$ 193,309	$ 146,000	$ 47,309

The gain on the cancellation of the liability component of the convertible debentures was recorded in the consolidated financial statements as income; the excess of the carrying value of the warrants component of the convertible debentures was recorded in retained earnings and the excess of the fair value of the equity component of the convertible debentures was recorded in contributed surplus.

The Company generated $448,102 (three months ended September 30,2008- used $ 1,746,643) from operating activities during the three months ended September 30, 2009; $312,129 (2008-$858,899) in operating losses and an decrease of $ 760,231 (2008- increase of $ 887,744) in non-cash working capital.

Accounts receivable were $1,837,304 as at September 30, 2009 compared with $987,087 at September 30, 2008. The higher receivables were primarily due to Datacom acquisition. The Company's management has reviewed its accounts receivable balances as at September 30, 2009, and believes that an adequate provision has been made for doubtful accounts. As at september 30, 2009, the net investment in sales-type leases including long term amounted to $892,295 as a result of the implementation of the new "all-inclusive" price plan during the first quarter, and acquisition of Datacom.

Despite the addition of inventories due to Datacom acquisition, the inventory decreased from $ 910,034 at September 30, 2008 to $ 707,942 at September 30, 2009 as the Company sold inventory previously in stock.

Property and equipment additions for the three months ended September 30, 2009, were $Nil (2008-$23,075). Property and equipment disposal for the three months ended September 30, 2009, was $7,156 (2008-$Nil).

Net loss for the three months ended September 30, 2009, was $2,412,158 or $0.026 per share on a diluted basis compared with a net loss of 1,326,102 or $0.02 per share on a diluted basis for the three months ended September 30, 2008. The net loss per share for the quarter was also impacted by an increase in weighted average number of common shares from 85,175,215 for the three months ended September 30, 2008, to 94,594,145 for the three months ended September 30, 2009.

Net loss for the three months ended September 30, 2009, excluding loss on extinguishment of convertible debentures (a non cash item) was $662,199 (three months ended September 30, 2008: $1,326,102).

During the three months ended September 30, 2009, No common shares of the Company were issued from treasury pursuant to the exercise of stock option under the Company's stock option plan.

Related Party transactions:

i) During the three months ended September 30, 2009, the Company paid $ 20,000 to a company controlled by Mr. Nick Cirella, a director and former President & CEO) as consulting fee under a thirty six months Management consulting contract expiring on June 30, 2011, between the Company and Mr. Cirella (three months ended September 30, 2008- $ 27,500).

ii) During the three months ended September 30, 2009, the Company paid $ 43,750 (three months ended September 30, 2008- $ 43,750) to a company under Mr. Aly Rahemtulla's control as management fee and $ 22,500 (three months ended September 30, 2008-Nil) as car allowance for his role as the CEO of the Company.

iii) During the three months ended September 30, 2009, the Company paid $ 16,461 to companies controlled by Mr. Aly Rahemtulla, a director, President and CEO and Mr. John Bell, a director and chairman of the Company as interest on convertible debenture (three months ended September 30, 2008- $ 17,500).

iv) The Company had identified (a) Onbelay Partners Ltd, a company controlled by Mr. John Bell, a director and Mr. Aly Rahemtulla, director and CEO of BSM, (b) Onbelay Capital Inc, a company controlled by Mr. John Bell and (c) ANR Solutions Inc, a company controlled by Mr. Aly Rahemtulla, as related parties.

    As part of the BEST Purchase Agreement, on September 25, 2009 ANR Solutions Inc acquired $111,111 face value of the 2008 Debentures from BEST.

    In connection with the conversion of 2008 Convertible Debenture into Preferred shares and redemption of warrants by issuance of Common shares, on September 25, 2009, (i) Onbelay Partners Ltd acquired an aggregate of 6,000,000 Preferred shares and 1,285,714 Common shares, (ii) Onbelay Capital Inc. acquired an aggregate of 2000,000 Preferred shares and 428,571 Common shares, and (iii) ANR Solutions Inc acquired an aggregate of 2,222,222 Preferred shares and 984,127 Common shares.

v) During the three months ended September 30, 2009, for board compensation, the company provided for $ 4,750 (three months ended September 30, 2008-$3,750) for Mr. John Bell, director and chairman of the board.

OUTLOOK:

The Company continues to focus its attention on new emerging markets that will position the Company in the future. The emerging Telematics market is expected to grow. The strong functional and competitive capabilities of its product line positions the Company as one of the active players in Telematics applications. The management believes that this will provide the necessary springboard to launch follow-on products in corporate security, fleet management and other applications

The Company will continue to explore new markets and examine other acquisition opportunities relating to complementary technologies and business, and focus on streamlining and cost cutting initiatives as required.

Restatement of 2008 financial statements:

On August 13, 2009, the Company restated its consolidated financial statements for the year ended September 30, 2008. The Company has a convertible debenture liability as described in note 8 to the 2008 consolidated financial statements. The Company now believes that the measurement and presentation of the liability and equity portions of the convertible debentures for the year ended September 30, 2008 was incorrect and that certain balance sheet items were misstated and misclassified for the year ended September 30, 2008. The Company has corrected these errors and restated the audited consolidated financial statements for the year ended September 30, 2008.

The net effect of the restatement on the audited consolidated financial statements of the Company as to September 30, 2008 is as follows:

The carrying value of the debt portion and equity portion of the convertible debentures was adjusted to its fair value.

The carrying value of the portion of the warrants issued in connection with the convertible debenture was reclassified from convertible debentures to shareholders' equity.

Restated financial results were filed at www.sedar.com on August 13, 2009.

SUBSEQUENT EVENT:

On January 14, 2010, the Company's board approved amendments to the stock option plan. The principal amendments were:

(a) To increase the maximum number of Common shares issuable upon exercise of the options granted to key employees, officers, directors and consultants of the Company pursuant to the stock option plan from 12,755,788 to 22,500,000, representing less than 10% of the total number of shares currently issued and outstanding and;

(b) To increase the exercise period of stock options to a maximum of 10 years..

The amendments are subject to the approval of the TSX Venture Exchange and, if required, to shareholders' approval.

CRITICAL ACCOUNTING POLICIES & NON-GAAP MEASURES

Non-GAAP Measures

Operating Profit

We measure the success of our operations using operating Income as a key performance indicator. Operating Income is not a recognized measure of financial performance under GAAP. BSM calculates Operating income as the Income (loss) before interest, interest on convertible debentures, amortization of intangible assets, amortization of property and equipment, interest income and loss on extinguishment of convertible debentures. BSM's method of calculating Operating Income may differ from other companies and accordingly, may not be comparable to measures used by other companies.

We believe this is an important measure as it allows us to assess our ongoing businesses without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt, invest in property & equipment and allows us to compare us to our peers and competitors who may have different capital or organizational structures. This measure is not a defined term under Canadian GAAP.

These non-GAAP measures should be viewed as a supplement to, and not a substitute for our results of operations reported under Canadian GAAP. A reconciliation of these non-GAAP financial measures to net loss is included in the section entitled Supplementary Information: Non-GAAP Calculations.

Critical Accounting Policies

This MD&A has been prepared with reference to the year ended September 30, 2009 audited consolidated financial statements and notes thereto, which has been prepared in accordance with Canadian GAAP. The Audit Committee of our Board reviews our accounting policies, reviews all quarterly and annual filings, and recommends approval of our consolidated financial statements to our Board. For a detailed discussion of our accounting policies, see Note 3 to the year ended September 30, 2009 audited consolidated financial statements. In addition, a discussion of recent Canadian accounting pronouncements and critical accounting estimates are discussed in the sections "Recent Canadian accounting pronouncements" and "Critical Accounting Estimates", respectively.

Revenue recognition

The Company derives revenue from the sale of vehicle tracking hardware and software as well as professional services associated with the installation and customization of its product. Subscription revenue is derived from location-based and telematics hardware and software.

Revenue from sale of vehicle tracking hardware and software is recognized when persuasive evidence of an arrangement exists, the fee is fixed and determinable, final delivery has occurred, the risks and rewards of ownership have been passed to the customer and there is reasonable assurance that the amounts are collectible. The Company does not offer product warranties other than the warranties offered by the manufacturer; hence it does not provide for the estimated cost of product warranties upon shipment. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled. Shipping and handling costs are included in cost of goods sold. Under the Company's return policy, product returns are accepted for repairs and replacements only and it does not provide for refunds to customers for returns. As the Company is not exposed to provide refund to the customers for returns, the Company does not make a provision for product returns.

The Company offers a suite of location-based services ("LBS") under software as a service ("SaaS") model that result in revenue for the subscribed devices. Services revenue includes monthly fees for SaaS model services, monthly alarm monitoring fees and resale of cellular and satellite data. Revenue from subscription services is recognized on a monthly basis as earned when all significant contractual obligations have been satisfied, the sales price is fixed and determinable and collection is reasonably assured. Certain customer contracts provide for up-front service contract payments. These subscription service fees are deferred and revenue is recognized over the term of the contract.

The Company's revenue arrangements with certain customers may involve multiple elements consisting of vehicle tracking hardware equipment, professional services associated with installation of its product, SaaS subscription and resale of cellular and satellite data.

The Company evaluates all elements in an arrangement to determine which of the deliverables represent separate units of accounting. The Company has determined that it's multiple element arrangements that qualify as deliverables and separate units of accounting are: (i) vehicle tracking hardware equipment, (ii) professional services associated with installation of its product, and (iii) Services fee. SaaS subscription fee, resale of cellular and satellite data is determined to be a single deliverable and a single unit of accounting (the "Services fee").

The Company recognizes revenue for multiple element arrangements based on the relative fair value of the separate elements. For arrangements with multiple elements, revenue is allocated to each element of a transaction based upon its fair value. The objective and reliable evidence of fair value for all elements of an arrangement is based upon the normal pricing practice for the products and services when sold separately.

The Company's revenue from hardware sales in arrangements with certain customers relates to a sales-type lease, as under these arrangements the Company transfers substantially all the benefits and risks incident to ownership of property to the customer and, at inception, the fair value of the leased property is greater or less than its carrying amount. Under these arrangements, the customer pays a fixed amount periodically over the term of the contract.

The Company recognizes revenue from sales-type leases in accordance with the criteria under The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3065, Leases.

Finance income related to the sales-type lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of revenue recognition is composed of net minimum lease payments and unearned finance income.

Critical Accounting Estimates

The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the Company's consolidated financial statements is based on the selection and application of significant accounting policies, some of which require management to make significant estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to revenue, bad debts, investment tax credits, intangible assets, goodwill and income taxes. The Company bases its estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time. Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond the Company's control.

The Company believes that the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

(i) Investment tax credits

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. The investment tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated statements of operations and deficit or a reduction of the related asset's cost for items capitalized in the consolidated balance sheets provided that a reasonable assurance over collection of the tax credits exists.

(ii) Impairment of Goodwill

Goodwill is not amortized but instead is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

These impairment tests involve the use of discounted net cash flow analyses to assess the recoverability of the carrying value of the reporting unit, including goodwill. These analyses involve estimates of future cash flows, estimated periods of use and applicable discount rates.

On September 30, 2009, the Company's management performed the impairment test and determined that there was no impairment of the recorded goodwill.

(iii) Income taxes

The Company follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are determined based on differences between the financial reporting and the tax basis of assets and liabilities and are measured using enacted or substantively enacted tax rates that are expected to be in effect when the differences are expected to reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(iv) Stock-based compensation

The Company accounts for all stock option awards using the fair value method. Under the fair value method, compensation cost is measured at fair value at the date of grant and expensed over the award's vesting period with a corresponding credit to contributed surplus. Any consideration received from the plan participants upon exercise of stock options is credited to share capital, together with the related portion previously recorded to contributed surplus.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options on the grant date and the amount is expensed over the vesting period of the stock options. The assumptions used in the calculation of fair value include the risk free interest rate, dividend yield, volatility factor and expected life of the options.

The risk free interest rate is based on the then current risk free interest rate for the expected life of the option. The dividend yield is based on the Company's historical practice of dividend payments. The volatility factor is based on analysis of the history of the Company's share price and management's estimate of the expected volatility over the respective terms of the options. The expected life of the option is based on the expected length of time options are estimated to remain outstanding.

(v) Impairment of long-lived assets:

The Company reviews long-lived assets, which include property and equipment and intangible assets with finite useful lives, for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of a group of assets is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the group of assets exceeds its fair value.

These analyses involve estimates of future cash flows and estimated periods of use. If the undiscounted net cash flows associated with a group of long-lived assets exceed the carrying amounts, impairment losses are measured as the excess of the carrying amount over the fair value.

(vi) Purchase Price Allocations

The allocations of the purchase prices for our acquisitions involves considerable judgment in determining the fair values assigned to the tangible and intangible assets acquired and the liabilities assumed on acquisition. Among other things, the determination of these fair values involved the use of discounted cash flow analyses.

(vii) Useful Lives of Property and Equipment

We depreciate the cost of Property and Equipment over their respective estimated useful lives. These estimates of useful lives involve considerable judgment. In determining the estimates of these useful lives, we take into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of certain assets. On an annual basis, we re-assess our existing estimates of useful lives to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly or in a different way than anticipated, we might have to reduce the estimated life of Property and Equipment, which could result in a higher depreciation expense in future periods or an impairment charge to write down the value of Property and Equipment.

(viii) Accrued Liabilities

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of accrued liabilities at the date of the financial statements and the reported amounts expensed during the year. Actual results could differ from those estimates.

(ix) Allowance for Doubtful Accounts

The Company maintains an allowance for losses that may result when customers are unable to or do not pay amounts owed to the Company. The allowance is based on identifying these accounts and providing for non-collection of the amounts. This is based on past experience taking into account current and expected collection trends. If the industry conditions or trends change, the amount of the allowance will change and the Company will adjust its bad debt expense accordingly.

Recent Canadian accounting pronouncements:

(i) International Financial Reporting Standards:
In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the changeover to International Financial Reporting Standards ("IFRS") from GAAP will be required for both interim and annual financial statements for profit-oriented publicly accountable entities for fiscal years beginning on or after January 1, 2011. The AcSB stated in their exposure draft that early adoption is permitted. The Company's first annual IFRS financial statements will be for the year ending September 30, 2012 and will include the comparative period of 2011. Starting in the first quarter of 2012, the Company will provide unaudited consolidated financial information in accordance with IFRS, including comparative figures for 2011.

Although the Company has not completed development of its IFRS changeover plan, when finalized it will include project structure and governance, resourcing and training, an analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company's project scoping will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

(ii) Business combinations:
In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's consolidated financial statements.

(iii) Non-controlling interests:

In January 2009, the CICA issued Handbook Section 1602, Non-controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's consolidated financial statements.

(iv) Consolidated financial statements:
In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's consolidated financial statements.

(v) Financial instruments - disclosures:
In June 2009, the CICA amended Handbook Section 3862, Financial Instruments - Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. This amended standard is effective for annual financial statements relating to fiscal years ending after September 30, 2009. Management is currently evaluating the impact of adopting this standard on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURE:

Fair Values
The carrying values of accounts receivable, investment tax credits receivable, net investment in sales-type leases, accounts payable and accrued liabilities and customer deposits approximate their fair values due to the short-term maturity of these financial instruments.

The fair value of long-term debt and net investment in sales-type leases is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the balance sheet date.

Capital disclosures
The Company manages its capital structure with the objective of providing sufficient resources to meet day-to-day operating requirements; to allow it to enhance existing product offerings as well as develop new ones; and to have the financial ability to expand the size of its operations by taking on new customers. In managing its capital structure, the Company takes into consideration various factors, including the growth of its business and related infrastructure and the up-front cost of taking on new customers. The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. The Company manages its

capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance.

Refer to note 14 on Financial Instruments and capital disclosure in the consolidated financial statements.

RISKS AND UNCERTAINITIES THAT COULD AFFECT FUTURE RESULTS:

Risk Factors

In addition to the other information contained in this Report, the following factors should be carefully considered in evaluating our business and prospects.

The risks and uncertainties described below are intended to be ones that are specific to us or our industry and that we deem material, but they are not the only ones that we face.

Potential Acquisitions and Investments

The Company expects to continue to acquire or invest in businesses, products and technologies that expand or complement the Company's current business or products. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisitions or investments will generate revenue, income or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

Volatility in stock price

The market price of the Company's Common Shares can be highly volatile and subject to fluctuations. These fluctuations in market price may continue due to quarterly variations in operating results, announcements of technological innovations or new products by the Company or its competitors, changes in financial estimates by securities analysts or other events or factors. In addition, the financial markets have experienced significant price fluctuations that have particularly affected the market price of equity securities of many high technology companies, and that have been unrelated to the operating performance of such companies or have resulted from the failure of the operating results of such companies to meet market expectations in a particular quarter. These fluctuations may be exaggerated if the trading volume of our common stock is low.

Credit risk:

The Company may be subject to concentrations of credit risk with respect to accounts receivable. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers.

Competition

The Telematics business, in which the Company is engaged is intensely competitive, fragmented, subject to rapid technological change and requires frequent new content, service introductions and enhancements. Many of the Company's existing competitors are significantly larger and have substantially greater financial, technical, personnel, marketing and other resources than the Company. The Company may also face future competition from new services. There can be no assurance that the Company will be able to successfully compete with such competitors and competitive pressures may result in downward pressure on subscriptions, subscription rates and hardware revenues. The Company competes on the basis of its track record of performance, its experienced management and workforce, its competitive pricing, and its superior products and solutions approach.

Foreign currency risk
The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar, the U.S. dollar, and the Euro. The Company, through its subsidiary, generates significant revenue in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. Currently, the Company does not enter into foreign exchange contracts to manage this exposure, but may do so in the future. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies.

The Company's foreign operation in Belgium is considered self-sustaining. Accordingly, assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Unrealized translation gains and losses are deferred and included in accumulated other comprehensive income (loss). Foreign currency based earnings are translated into Canadian dollars using the average exchange rate each year. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported net income. Foreign currency risks arising from the translation of assets and liabilities of foreign operations into the Company's functional currency are generally not hedged; however, the Company may decide to hedge this risk under certain circumstances.

Environment and market risk
Sales are subject to some conditions outside the Company's control such as economic cycles, the growth of complimentary businesses such as corporate networks and software applications or events in specific industry verticals. The Company is a pioneer in the Telematics security and surveillance market, which is an evolving business. The liquidity and financial position of the Company is a function of the decisions it will have to make to successfully compete in these markets.

Stress in the global financial system may adversely affect our finances and operations in ways that may be hard to predict or to defend against
Recent events have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to us, or to our industry, may adversely affect our finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hurt our ability to access credit when it is needed or rapid changes in foreign exchange rates may adversely affect our financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of our customer base. As a result, these customers may need to reduce their purchases of our products, or we may experience greater difficulty in receiving payment for the products that these customers purchase from us. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on our business, operating results, and financial condition.

SUPPLEMENTARY INFORMATION: NON-GAAP CALCULATIONS

The following table represents a non-GAAP measure that management believes is useful for comparing results with other companies in this sector.

Reconciliation of operating income to net loss:

Amounts in thousands	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Fiscal 2008	Fiscal 2009
Net loss	$(1,016.1)	$(880.9)	$(603.2)	$(1,326.1)	$(223.7)	$(174.2)	$(394.5)	$(2,412.2)	$(3,826.3)	$(3,204.6)
Interest	10.9	9.5	8.9	26.2	8.4	6.8	3.3	7.6	55.6	26.2
Interest on convertible	58.5	97.5	59.4	124.5	120.8	120.8	120.8	113.6	339.9	475.8
debentures									-	-
Accretion of interest on	59.9	63.8	61.7	132.1	147.2	157.1	167.6	168.8	317.4	640.6
convertible debenture									-	-
Interest on non convertible	-	11.1	-	-	-	-	-	-	11.1	-
debentures									-	-
Amortization of property	43.3	50.3	50.9	59.0	33.3	31.9	39.4	41.0	203.6	145.6
and equipment									-	-
Amortization of intangible	-	-	-	272.1	90.7	90.7	90.7	90.7	272.1	362.8
assets									-	-
Loss on extinguishment of	-	-	-	-	-	-	-	1,750.0	-	1,750.0
convertible debentures									-	-
Interest Income	-	-	-	-	-	(55.9)	(0.0)	(1.1)	-	(57.0)
Operating income	$ (843.5)	$(648.7)	$(422.3)	$ (712.2)	$ 176.6	$ 177.1	$ 27.3	$ (241.5)	$(2,626.6)	$ 139.4

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for the information disclosed in this management discussion and analysis and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. As of the financial year ended September 30, 2009, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, on the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("MI 52-109"). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2009 to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

MI 52-109 also requires a reporting issuer to submit an annual certificate relating to the design of internal control over financial reporting. Internal control over financial reporting is a process designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. As part of this process, management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the design of the internal control over financial reporting at September 30, 2009 and based on this evaluation, management has concluded that the design of internal control over financial reporting was effective as of September 30, 2009.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Under the provisions of MI 52-109, a reporting issuer is also required to disclose in their MD&A any change in internal control over financial reporting during the most recent fiscal quarter that has materially effected, or is reasonably likely to materially affect internal control over financial reporting.
Management has determined that there have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, management's discussion and analysis and all the information contained in this quarterly report are the responsibility of management and have been reviewed by the audit committee and approved by the Board of Directors. The consolidated financial statements and management's discussion and analysis have been reviewed by the Company's auditors.

Management has prepared these consolidated financial statements and all other information in accordance with accounting principles generally accepted in Canada. Some amounts included in the consolidated financial statements are based on management's best estimates and have been derived with careful judgment. In fulfilling its responsibilities, management has developed and maintains a system of internal controls. These controls ensure that transactions are authorized, assets are safeguarded from loss or unauthorized use, and financial records are reliable for the purpose of preparing the consolidated financial statements. The Board of Directors carries out its responsibilities for the consolidated financial statements through the Audit Committee, which consists of members of non-managing directors.

FURTHER INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com,

CERTIFICATION

We have complied with the multilateral instrument 52-109