

COM DEV International Ltd.
Consolidated Statements of Operations
(Canadian dollars in thousands, except for per share figures)
Unaudited

For the three months ended October 31	2006	2005
Revenue	\$ 41,676	\$ 29,889
Cost of revenue	30,016	22,905
Gross margin	<u>11,660</u>	<u>6,984</u>
Research and development costs	2,411	1,892
Research and development recovery	824	478
Net research and development	1,587	1,414
Selling and general expenses	4,849	2,937
Operating income	<u>5,224</u>	<u>2,633</u>
Interest (income) expense	(102)	475
Foreign exchange loss	141	331
Other (income) expense	(100)	181
Income before non-controlling interest	<u>5,285</u>	<u>1,646</u>
Non-controlling interest	10	34
Net income	<u><u>\$ 5,275</u></u>	<u><u>\$ 1,612</u></u>
Earnings per share		
Basic and diluted earnings per share	\$0.08	\$0.03

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For the years ended October 31	2006	2005
Revenue	\$ 153,773	\$ 124,216
Cost of revenue	108,719	96,873
Gross margin	<u>45,054</u>	<u>27,343</u>
Research and development costs	10,108	8,378
Research and development recovery	3,619	2,092
Net research and development	6,489	6,286
Restructuring expense	-	531
Selling and general expenses	15,897	12,118
Operating income	<u>22,668</u>	<u>8,408</u>
Recovery of investment	-	(110)
Interest expense	1,161	2,203
Foreign exchange (gain) loss	(344)	563
Other expense	561	339
Income before non-controlling interest	<u>21,290</u>	<u>5,413</u>
Non-controlling interest	88	223
Net income	<u><u>\$ 21,202</u></u>	<u><u>\$ 5,190</u></u>
Earnings per share		
Basic and diluted earnings per share	\$0.34	\$0.09

COM DEV International Ltd.
Consolidated Statements of Deficit
(Canadian dollars in thousands)
Unaudited

For the years ended October 31	2006	2005
Balance, beginning of the year	\$ (248,638)	\$ (253,828)
Net income	21,202	5,190
Balance, end of the year	<u><u>\$ (227,436)</u></u>	<u><u>\$ (248,638)</u></u>

COM DEV International Ltd.
Consolidated Balance Sheets
(Canadian dollars in thousands)
Unaudited

	As at October 31, 2006	As at October 31, 2005
Assets		
Current		
Cash and cash equivalents	\$ 25,711	\$ 6,179
Accounts receivable	39,372	33,062
Inventory	24,302	20,468
Prepays and other	2,016	796
Income taxes recoverable	383	824
	91,784	61,329
Capital assets	36,950	33,695
Intangible assets	4,165	2,178
Other assets	-	231
Total assets	\$ 132,899	\$ 97,433
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 24,145	\$ 15,439
Convertible debenture - interest payable	-	406
Deferred revenue	13,004	10,606
Current portion of loans payable	265	484
Current liabilities - discontinued operations	1,721	1,042
	39,135	27,977
Long term		
Loans payable	444	676
Convertible debenture	-	17,092
Long term liabilities - discontinued operations	36	1,042
	480	18,810
Total liabilities	39,615	46,787
Non-controlling interest	477	389
Shareholders' equity		
Convertible debentures - holder's conversion option	-	3,336
Share capital	320,948	296,567
Contributed surplus	580	296
Deficit	(227,436)	(248,638)
Currency translation adjustment	(1,285)	(1,304)
Total shareholders' equity	92,807	50,257
Total liabilities and shareholders' equity	\$ 132,899	\$ 97,433

COM DEV International Ltd.
Consolidated Statements of Cash Flows
(Canadian dollars in thousands)
Unaudited

For the three months ended October 31	2006	2005
Cash flows from (used in) operating activities		
Net income from continuing operations	\$ 5,275	\$ 1,612
Amortization	1,927	1,694
(Loss) gain on disposal of assets	(41)	83
Convertible debenture - accretion and interest	-	184
Stock compensation expense	250	41
Non-controlling interest	10	34
	<u>7,420</u>	<u>3,648</u>
Net change in non-cash working capital items	5,867	1,323
Cash flows from operating activities	<u>13,288</u>	<u>4,971</u>
Cash flows from (used in) financing activities		
Shares issued	1,896	64
Repayment of long term debt	(66)	(3,900)
Cash flows from (used in) financing activities	<u>1,830</u>	<u>(3,836)</u>
Cash flows (used in) from investing activities		
Acquisition of capital assets	(4,656)	(1,344)
Proceeds on disposal of capital assets	3	6
Acquisition of intangible assets	(110)	71
Business acquisition	83	-
Cash flows used in investing activities	<u>(4,680)</u>	<u>(1,267)</u>
Effect of exchange rate changes on cash	<u>8</u>	<u>(85)</u>
Net increase (decrease) in cash for continuing operations	10,446	(217)
Net cash used in discontinued operations	(3)	(227)
Net increase (decrease) in cash	<u>10,443</u>	<u>(444)</u>
Cash and cash equivalents, beginning of period	15,268	6,623
Cash and cash equivalents, end of period	<u>\$ 25,711</u>	<u>\$ 6,179</u>
Interest paid	<u>\$ 23</u>	<u>\$ 96</u>

COM DEV International Ltd.
Consolidated Statements of Cash Flows
(Canadian dollars in thousands)
Unaudited

For the years ended October 31	2006	2005
Cash flows from (used in) operating activities		
Net income from continuing operations	\$ 21,202	\$ 5,190
Amortization	7,307	6,682
(Loss) gain on disposal of assets	(75)	30
Convertible debenture - accretion and interest	960	711
Stock compensation expense	585	332
Non-controlling interest	88	223
	<u>30,067</u>	<u>13,168</u>
Net change in non-cash working capital items	(184)	(19,384)
Cash flows from (used in) operating activities	<u>29,883</u>	<u>(6,216)</u>
Cash flows from (used in) financing activities		
Shares issued	2,831	115
Convertible debentures principal redemption	(46)	-
Repayment of long term debt	(451)	(8,232)
Cash flows from (used in) financing activities	<u>2,334</u>	<u>(8,117)</u>
Cash flows (used in) from investing activities		
Acquisition of capital assets	(6,853)	(5,500)
Proceeds on disposal of capital assets	38	74
Acquisition of intangible assets	(306)	(167)
Business acquisition	(5,178)	-
Cash flows used in investing activities	<u>(12,299)</u>	<u>(5,593)</u>
Effect of exchange rate changes on cash	<u>(16)</u>	<u>(240)</u>
Net increase (decrease) in cash for continuing operations	19,902	(20,166)
Net cash used in discontinued operations	(370)	(839)
Net increase (decrease) in cash	19,532	(21,005)
Cash and cash equivalents, beginning of year	6,179	27,184
Cash and cash equivalents, end of year	<u>\$ 25,711</u>	<u>\$ 6,179</u>
Interest paid	<u>\$ 920</u>	<u>\$ 1,766</u>