

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

For the three months ended October 31	2007	2006
Revenue	\$ 43,387	\$ 41,676
Cost of revenue	38,559	30,016
Gross margin	<u>4,828</u>	<u>11,660</u>
Research and development costs	4,024	2,411
Research and development recovery	3,505	824
Net research and development	519	1,587
Selling and general expenses	5,415	4,849
Operating (loss) income	<u>(1,106)</u>	5,224
Interest expense (income)	9	(102)
Foreign exchange (gain) loss	(387)	141
Other expense (income)	169	(100)
(Loss) income before non-controlling interest and income taxes	<u>(897)</u>	5,285
Non-controlling interest	38	10
Recovery of income taxes	<u>(5,115)</u>	-
(Loss) income from continuing operations	4,180	5,275
Provision for discontinued operations	40	-
Net income	<u><u>\$ 4,140</u></u>	<u><u>\$ 5,275</u></u>
Earnings per share		
Basic and diluted earnings per share	\$0.06	\$0.08

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For the years ended October 31	2007	2006
Revenue	\$ 164,330	\$ 153,773
Cost of revenue	129,759	108,719
Gross margin	<u>34,571</u>	<u>45,054</u>
Research and development costs	14,971	10,108
Research and development recovery	7,120	3,619
Net research and development	7,851	6,489
Selling and general expenses	19,668	15,897
Operating income	7,052	22,669
Interest (income) expense	(427)	1,161
Foreign exchange loss (gain)	127	(344)
Other expense	554	561
Income before non-controlling interest and income taxes	6,798	21,291
Non-controlling interest	60	88
Recovery of income taxes	(5,115)	-
Income from continuing operations	11,853	21,202
Provision for discontinued operations	974	-
Net income	<u>\$ 10,879</u>	<u>\$ 21,202</u>
Earnings per share		
Basic and diluted earnings per share	\$0.16	\$0.34

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

	As at October 31, 2007	As at October 31, 2006
Assets		
Current		
Cash and cash equivalents	\$ 31,713	\$ 25,711
Accounts receivable	35,523	39,372
Inventory	25,611	24,302
Prepays and other	4,864	2,016
Income taxes recoverable	956	383
Future income tax assets - current	3,957	-
	<u>102,624</u>	<u>91,784</u>
Capital assets	54,890	36,950
Intangible assets	3,939	4,165
Future income tax assets - long term	3,958	-
Total assets	<u>\$ 165,411</u>	<u>\$ 132,899</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 25,435	\$ 24,145
Deferred revenue	23,204	13,004
Current portion of loans payable	1,720	265
Current liabilities - discontinued operations	399	1,721
	<u>50,758</u>	<u>39,135</u>
Long term		
Loans payable	7,692	444
Long term liabilities - discontinued operations	-	36
	<u>7,692</u>	<u>480</u>
Total liabilities	<u>58,450</u>	<u>39,615</u>
Commitments and contingencies		
Non-controlling interest	<u>537</u>	<u>477</u>
Shareholders' equity		
Share capital	323,862	320,948
Contributed surplus	999	580
Deficit	(216,444)	(227,436)
Accumulated other comprehensive income	(1,993)	(1,285)
Total shareholders' equity	<u>106,424</u>	<u>92,807</u>
Total liabilities and shareholders' equity	<u>\$ 165,411</u>	<u>\$ 132,899</u>

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

For the three months ended October 31	2007	2006
Cash flows (used in) from operating activities		
Net income from continuing operations	\$ 4,180	\$ 5,275
Amortization	2,341	1,927
Loss (gain) on disposal of assets	79	(41)
Convertible debenture - accretion and interest	-	-
Stock compensation expense	254	250
Future income taxes	(7,915)	-
Unrealized foreign exchange gain on long term debt	(1,492)	-
Non-controlling interest	38	10
	<u>(2,515)</u>	<u>7,420</u>
Net change in non-cash working capital items	21,467	5,867
Cash flows from operating activities	<u>18,952</u>	<u>13,288</u>
Cash flows from financing activities		
Shares issued	667	1,896
Repayment of long term debt	(68)	(66)
Cash flows from financing activities	<u>599</u>	<u>1,830</u>
Cash flows used in investing activities		
Acquisition of capital assets	(6,548)	(4,656)
Acquisition of intangible assets	(59)	(110)
Business acquisition	-	83
Cash flows used in investing activities	<u>(6,607)</u>	<u>(4,680)</u>
Effect of exchange rate changes on cash	<u>(852)</u>	<u>8</u>
Net increase in cash from continuing operations	12,092	10,446
Net cash used in discontinued operations	(67)	(3)
Net increase in cash	<u>12,025</u>	<u>10,443</u>
Cash and cash equivalents, beginning of period	19,688	15,268
Cash and cash equivalents, end of period	<u>\$ 31,713</u>	<u>\$ 25,711</u>
Interest paid	<u>\$ 214</u>	<u>\$ 23</u>

COM DEV International Ltd.
Consolidated Statements of Cash Flows
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For the years ended October 31	2007	2006
Cash flows from operating activities		
Net income from continuing operations	\$ 11,853	\$ 21,202
Amortization	7,621	7,307
Loss (gain) on disposal of assets	177	(75)
Convertible debenture - accretion and interest	-	960
Stock compensation expense	1,012	585
Future income taxes	(7,915)	-
Unrealized foreign exchange gain on long term debt	(1,492)	-
Non-controlling interest	60	88
	<u>11,316</u>	<u>30,067</u>
Net change in non-cash working capital items	<u>10,611</u>	<u>(184)</u>
Cash flows from operating activities	<u>21,927</u>	<u>29,883</u>
Cash flows from financing activities		
Shares issued	2,321	2,831
Convertible debentures principal redemption	-	(46)
Advance of long term debt	10,988	-
Repayment of long term debt	(680)	(451)
Cash flows from financing activities	<u>12,629</u>	<u>2,334</u>
Cash flows used in investing activities		
Acquisition of capital assets	(25,224)	(6,853)
Proceeds on disposal of capital assets	22	38
Acquisition of intangible assets	(310)	(306)
Business acquisition	-	(5,178)
Cash flows used in investing activities	<u>(25,512)</u>	<u>(12,299)</u>
Effect of exchange rate changes on cash	<u>(710)</u>	<u>(16)</u>
Net increase in cash from continuing operations	8,334	19,902
Net cash used in discontinued operations	<u>(2,332)</u>	<u>(370)</u>
Net increase in cash	6,002	19,532
Cash and cash equivalents, beginning of year	25,711	6,179
Cash and cash equivalents, end of year	<u><u>\$ 31,713</u></u>	<u><u>\$ 25,711</u></u>
Interest paid	<u>\$ 253</u>	<u>\$ 920</u>