



QUARTERLY REPORT
Q1 2007



LETTER TO OUR SHAREHOLDERS

We are pleased to report a solid operating performance for the 1st quarter of the year. Management has delivered positive results while managing through the costs related to new store openings and the integration of recent acquisitions.

Growth of sales and earnings has been supported by an increased yield of recurring revenues, deferred compensation related to our cellular activations, and earned performance revenues from our suppliers. These are important profit cornerstones of our business model for both the Retail and Business Divisions, and we believe they will contribute significantly to our profitable growth in future quarters.

Our Retail Division has managed well with the ongoing consolidation of WirelessWave and Tbooth / La Cabine T and is placing emphasis on the customer experience and profit margin yield per customer, which should prove to enhance the profitability of this division. WIRELESS etc. continues to meet expectations, and we believe that this brand will over time be a significant contributor to this division's success. Currently there are 23 kiosks operating in the Costco environment across Canada, and management anticipates the opening of additional kiosks during the balance of the year.

Our Business Division has been diligent with its plan of delivering improved efficiencies with its recent acquisitions. This process should be complete by the end of the 3rd quarter, while some one-time costs related to this initiative may temper the profit performance of this division. However, we are encouraged by the increasing order backlog that is to be delivered in the next two quarters. It has become evident in a short period of time that our leadership role in Canada for wireless business solutions has been enhanced by making the investment in these well-positioned wireless companies. Our increased after-service capability and our superior technical expertise have already garnered new business for our company.

We anticipate continued additional cellular services being introduced by the carriers and increasing upgrades of wireless phones and devices by our customers and other consumers in Canada during the year. We also are confident that government, public safety and business customers will continue to invest in the replacement of their legacy systems for enhanced radio wireless and IT wireless solutions. We anticipate this consumer and business activity will contribute to a steady growth in our sales and profits in the remaining quarters of 2007.

On behalf of our Board of Directors,

A handwritten signature in black ink, appearing to read 'T. Skidmore', with a stylized flourish at the end.

THOMAS E. SKIDMORE
CHAIRMAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

May 2, 2007

The following management's discussion and analysis ("MD&A") of Glentel Inc. ("Glentel" or "the Company") describes our business, the business environment as we see it today, our vision and strategy, as well as the critical accounting policies used in our Company that will help you understand our interim consolidated financial statements. This report should be read together with the Company's unaudited interim consolidated financial statements and the accompanying notes included therein for the three-month periods ended March 31, 2007 and 2006, and the Company's audited annual consolidated financial statements, accompanying notes included therein, and management's discussion and analysis included in the 2006 Annual Report. All of Glentel's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All financial amounts are expressed in Canadian dollars. Additional information, including the Company's Annual Information Form ("AIF"), can be obtained from the System for Electronic Document Analysis and Retrieval ("SEDAR") on the Internet at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Included herein is a "Caution Concerning Forward-Looking Statements" section which should be read in conjunction with this report.

OVERVIEW

Glentel operates two distinct business segments. The Retail Division, doing business as ("dba") WirelessWave, The Telephone Booth / La Cabine Téléphonique ("Tbooth / La Cabine T") and WIRELESS etc., provides personal wireless and wired communications products and services, and choice of cellular brand to consumers through retail outlets in major shopping malls and Costco warehouses ("Costco") in Canada. The Business Division provides its customers with integrated wireless solutions – designing and commissioning wireless networks for commercial applications in three core technical areas: terrestrial radio systems, satellite network services, and advanced mobile solutions.

OVERALL PERFORMANCE

Consolidated sales grew 15% to \$42,768,000 for the 1st quarter compared to \$37,162,000 in 2006. Both the Retail Division and the Business Division contributed to the growth in sales as follows:

- The Retail Division sales grew 6% in the 1st quarter over the same period last year.
- Same-store cellular phones and other wireless devices sold by the Retail Division were relatively unchanged in the 1st quarter of 2007 compared to the same period in 2006, however, an increase in recurring revenue and vendor contributions enhanced the divisional sales for the quarter.
- The Retail Division opened three new stores in Tbooth / La Cabine T and completed renovations in three additional stores in the 1st quarter. To date, Tbooth / La Cabine T operates a total of 52 mall-based stores and has completed its renovation program in 19 stores.
- The Business Division sales grew 56% in the 1st quarter over the same period last year and were enhanced by the three acquisitions made the previous year.

Net income and basic earnings per share for the 1st quarter were \$221,000, \$0.02 per share, compared to \$17,000, \$0.00 per share, for the 1st quarter in 2006. This is due to the following:

- The Retail Division's growth in sales and earnings for the quarter is reflective of a commitment to align itself to a similar focus as its network partners in developing higher ARPU ("average revenue per unit") customers which resulted in significant increases in recurring revenue and vendor contributions.
- The Business Division's growth in sales, which were due to the recent acquisitions, have not yet translated into accretive earnings as the integration into Glentel is in progress and redundant costs and processes eliminated.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

(In thousands of dollars, except per share amounts)

	YEARS ENDED DECEMBER 31							
	2007	2006				2005		
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Sales	\$ 42,768	\$ 55,061	\$ 46,386	\$ 42,579	\$ 37,162	\$ 50,391	\$ 40,628	\$ 29,248
Operating income	430	4,637	2,944	1,707	1	3,389	2,763	2,396
Net income	\$ 221	\$ 3,246	\$ 1,972	\$ 1,089	\$ 17	\$ 2,999	\$ 1,502	\$ 1,370
Net income per share								
-Basic	\$ 0.02	\$ 0.32	\$ 0.19	\$ 0.11	\$ -	\$ 0.30	\$ 0.15	\$ 0.16
-Diluted	\$ 0.02	\$ 0.32	\$ 0.19	\$ 0.11	\$ -	\$ 0.27	\$ 0.15	\$ 0.16

Historically, the Company's business is stronger during its 3rd and 4th quarters, while the 1st quarter is generally the weakest quarter of the year. This seasonal pattern is tied closely to traditional cycles in consumer spending.

After the retrospective application of the change in presentation of prepaid calling cards on a "net basis" quarterly sales for the prior years have been restated (see note 4 of the audited annual consolidated financial statements "Adoption of Accounting Policy")

RESULTS OF OPERATIONS – ANALYSIS OF FIRST QUARTER OPERATING RESULTS

(Comparison of 1st Quarter ended March 31, 2007 versus March 31, 2006)

Sales for the 1st quarter ended March 31, 2007 increased 15% to \$42,768,000 compared to \$37,162,000 in 2006. Operating income before interest and taxes was \$430,000 for the 1st quarter compared to \$1,000 the prior year. Consolidated net income increased to \$221,000, \$0.02 per share, for the three months ended March 31, 2007, compared to \$17,000, \$0.00 per share, for the same period last year.

Retail Division

Sales of retail cellular products and services in the Retail Division grew 6% to \$31,762,000 for the 1st quarter compared to \$30,090,000 in 2006. Same-store cellular phones and other wireless devices sold in the Retail Division were relatively unchanged in the 1st quarter over the corresponding period in 2006 for stores that were open throughout both periods.

During the 1st quarter, marketing efforts by the cellular networks were relatively quiet as certain posturing for position was ongoing in anticipation of customer reaction to number portability which became effective on March 12, 2007. As a result, the Retail Division's cellular activations and sales were relatively unchanged for the quarter reflecting the more traditional weak 1st quarter. However, sales and net earnings for the division were buoyed by an increase in recurring revenue and certain vendor contributions as the division's commitment to align ourselves to a similar focus as our network partners in developing higher ARPU ("average revenue per unit") customers has resulted in these increases.

During the quarter, the Retail Division continued its expansion plans of the Tbooth / La Cabine T brand, and opened three new stores bringing the total to 52 mall-based stores operating under the Tbooth / La Cabine T brand. Additionally, the renovation program commenced in 2005 following the brand's acquisition resulted in three more stores being completed in the quarter, bringing the total to 19 stores which have the new refreshed Tbooth / La Cabine T branded store.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

The Retail Division's WIRELESS etc., a store-in-store kiosk concept within Costco warehouses, opened one new kiosk on the last day of the quarter bringing the total to 23 WIRELESS etc. kiosks operating as at March 31, 2007.

Operating income before interest and taxes in the Retail Division increased 72% to \$2,190,000 in the 1st quarter compared to \$1,274,000 in the previous year.

Amortization expense of property and equipment, and intangible assets for the quarter was relatively unchanged at \$724,000 compared to \$713,000 last year.

Following the much anticipated number portability event, which to date has been a non-event, the cellular networks marketing programs have become more aggressive and the division anticipates a stronger performance in future quarters.

Business Division

Combined sales of terrestrial radio systems, satellite network services, advanced mobile solutions, and service/engineering support in the Business Division grew 56% to \$11,006,000 for the 1st quarter compared to \$7,072,000 in 2006. During the quarter, the Business Division had significant successes in booked revenues in all regions of the country and anticipated orders in the next two quarters are expected to remain strong. In addition, the growth in sales was enhanced by the three acquisitions completed in 2006 that specifically provided strength in depth and breadth of operations to the Business Division in eastern Canada.

Operating income before interest and taxes for the quarter in the Business Division was \$412,000 compared to \$516,000 in 2006.

The 2006 acquisitions have not yet fully realized accretive earnings as the integration into Glentel is in progress and redundant costs and processes eliminated. Management anticipates completion of total integration by the end of the third quarter. As a result, this process contributed to operating income for the quarter being down compared to the previous year.

Amortization expense of property and equipment, and intangible assets for the 1st quarter increased to \$591,000 compared to \$301,000 last year. This was due to the acquisitions made in 2006 that resulted in an increase in depreciable assets related to the increased number of locations operating in the division. The Business Division currently operates from 18 locations across Canada compared to 11 during the same period last year.

The Business Division anticipates improved operating results in future quarters, which will be partially offset by certain restructuring costs as it strives to eliminate operating redundancy and ascertains a basis for sustained accretive earnings.

Corporate Division

Operating expenses for the 1st quarter increased to \$2,108,000 (4.9% of sales) compared to \$1,735,000 (4.7% of sales) last year. The increase is due to the additional administrative, finance, information technology, and marketing resources supporting the growth in the business. However, operating expenses were maintained at the same relative percentage to sales. Certain increases have been incurred supporting new regulatory reporting standards which contributed to higher general and administrative expenses. Included in general and administrative expenses is stock-based compensation expense of \$98,000 (2006 – \$100,000).

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY

Cash and Cash Equivalents

The Company's cash and cash equivalents balance was \$11,989,000 at March 31, 2007 compared to \$15,595,000 at December 31, 2006. Working capital was \$23,900,000 at March 31, 2007 compared to \$23,518,000 at December 31, 2006.

The Company anticipates that its cash flow and credit facility will be sufficient to fund future operations and dividends, and intends to finance its planned growth through internally generated funds.

Operating Activities

Cash used for operating activities after adjusting for changes in working capital for the three months ended March 31, 2007 was \$1,627,000 compared to \$4,118,000 for the same period last year. The Company generated \$155,000 from operations, after adjusting for non-cash items, compared to \$162,000 used in operations in 2006. During the 1st quarter in 2007, cash used for working capital was \$1,782,000 compared to \$3,956,000 the same period last year. This reduction in cash used for working capital was due primarily to a decrease in inventory which had been increased at December 31, 2006, compared to the same period in 2005.

Financing Activities

During the three months ended March 31, 2007, cash used for financing activities was \$1,144,000, compared to \$279,000 during the same period last year. During the 1st quarter, the Company received \$470,000 (\$171,000 in 2006) on the exercise of stock options and warrants. During the three months ended March 31, 2007, \$836,000 was used for the repayment of long-term debt compared to \$450,000 the prior year. On January 31, 2007, the Company paid a quarterly dividend of \$778,000 which had been declared in December 2006.

Investing Activities

During the three months ended March 31, 2007, cash used for investing activities totaled \$835,000, compared to \$556,000 for the same period last year.

During the three months ended March 31, 2007, \$835,000 was used to acquire property and equipment, primarily for renovations and new stores opened in the Retail Division's Tbooth / La Cabine T.

SUMMARY OF CONTRACTUAL OBLIGATIONS

As at March 31, 2007 (In thousands of dollars)

	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 year	1 - 3 Years	4 - 5 Years	After 5 years
Long-term debt, including interest	\$ 8,825	\$ 3,347	\$ 3,208	\$ 1,582	\$ 688
Capital lease obligations, including interest	934	387	418	129	—
Operating leases	36,060	8,645	13,703	8,563	5,149
Total contractual obligations	\$ 45,819	\$ 12,379	\$ 17,329	\$ 10,274	\$ 5,837

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL RESOURCES

The Company has a \$3,000,000 revolving operating facility with a major Canadian chartered bank. The facility bears interest at the bank's prime rate plus 0.5% and is secured by a general security agreement over the Company's assets. At March 31, 2007, the operating bank indebtedness was \$nil.

The Company has outstanding \$2,850,000 and \$1,450,000 in fixed-term loans with the same Canadian chartered bank, secured by a general security agreement over the Company's assets, and is repayable in monthly installments of \$150,000 and \$50,000 respectively plus interest at the rate of 5.77% and 6.88% per annum respectively.

The Company has outstanding a further arrangement with the same Canadian chartered bank, a \$674,000 fixed-term loan, secured by the building in Fort St. John, which is repayable in monthly installments of \$5,925 including interest at the rate of 6.02% per annum.

On July 1, 2006, the Company signed, as part of the financing for the acquisition of Digital Mobile, an unsecured vendor take-back note payable to Digital Mobile's former shareholder in the amount of \$850,000, which is repayable in 72 monthly installments of \$13,788 including interest at the rate of 5.25% per annum. At March 31, 2007 the principal balance outstanding was \$758,000.

On November 1, 2006, the Company signed, as part of the financing for the acquisition of Time MCI, unsecured vendor take-back notes payable to Time MCI's former shareholders in the amount of \$2,250,000, which are repayable in 60 monthly installments of \$42,719 including interest at the rate of 5.25% per annum. At March 31, 2007 the principal balance outstanding was \$2,118,000.

At March 31, 2007, the Company has a liability of \$934,000 in respect of vehicles under capital leases for terms ranging from 36 months to 66 months, which are repayable in monthly installments of approximately \$27,300 plus interest at rates ranging from 0% to 9%.

Total debt to equity ratio was 0.93 at March 31, 2007, compared to 1.32 at December 31, 2006. Total assets decreased to \$93,925,000 at March 31, 2007 compared to \$110,925,000 at the year end.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has outstanding letters of credit totaling \$40,000 (December 31, 2006 - \$140,000) that have been issued as security for the Company's obligations under certain contracts.

TRANSACTIONS WITH RELATED PARTY

The Company had the following transactions with its major shareholder:

(In thousands of dollars)

	Three months ended Mar 31	
	2007	2006
Management fees	\$ 158	\$ 150
Administrative services fees	72	58
Construction services and marketing materials	309	19

During the three-month period, the Company paid a fee to TCG International Inc. ("TCGI"), for the managerial services of the President and Chief Executive Officer, which was approved by the Company's Board of Directors. TCGI is owned by the families of Thomas Skidmore, Allan Skidmore, and Arthur Skidmore, who directly and indirectly own or control a major portion of the outstanding shares of Glentel. Certain other operating and administrative services provided to the Company by TCGI resulted in an additional administrative fee as agreed to by the Board of Directors. In addition, the Company paid for store construction and marketing materials provided by a subsidiary of TCGI during the quarter. These related-party transactions were recorded at the exchange amount, which is the amount of consideration paid as established and agreed to by the related parties.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPOSED TRANSACTIONS

On April 2, 2007 the Company declared a quarterly dividend of \$0.075 per common share with a record date of April 13, 2007, payable April 30, 2007, for a total of approximately \$782,000.

OUTSTANDING SHARE DATA

As at March 31, 2007, Glentel had 10,417,269 common shares issued and outstanding.

As at May 2, 2007, the Company has issued an additional 5,500 common shares and had 10,422,769 common shares issued and outstanding. There are also 1,135,350 options and 226 share purchase warrants outstanding, which entitle the holder to purchase one common share of Glentel at prices ranging from \$0.95 to \$7.25.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Glentel's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators) as at March 31, 2007. Management has concluded that as at March 31, 2007, the disclosure controls and procedures were effective 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, particularly during the period in which this report was being prepared.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There have been no changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that the Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Glentel prepares its consolidated financial statements in accordance with Canadian GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates are based on historical experience, anticipated results and trends, and on various other assumptions that are believed by management to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition, adequacy of allowance for doubtful accounts, adequacy of inventory reserve, impairment of goodwill, and future income tax assets. By their nature, estimates are subject to an inherent degree of uncertainty, and actual results may differ from the estimates.

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements:

Accounts Receivable

The Company maintains an allowance for doubtful accounts for estimated losses that may occur if customers are unable to make required payments. Management follows conservative practices in granting trade credit and diligently practices several credit risk minimizing techniques. Management specifically analyzes the age of outstanding customer balances, historical bad debt experience, and changes in customer payment patterns when making estimates of the Company's uncollectible accounts receivable balances. These amounts form the basis of the Company's allowance for doubtful accounts.

Inventory

The Company values its inventory at the lower of cost and net realizable value. Net realizable value reflects the current estimated net selling price of the items in inventory in a non-forced sale. Due to the high rate of technological change, management closely monitors the quality and profile of inventories to identify items which may present a risk. Once such risk is identified, various strategies are developed to maximize the realizable value, such as return to the manufacturer, promotional activity (advertising, markdowns, etc), and finally liquidation. Management reviews inventory item profiles on an ongoing basis, which minimizes overall risk, and updates its estimates of the amount required for inventory write-downs to reflect such risk. Estimated unrecoverable amounts are charged to earnings in the period in which the condition is identified.

Goodwill, Long-lived and Intangible Assets

The Company assesses the impairment of goodwill and intangible assets with an indefinite life on an annual basis, and assesses long-lived assets whenever events or changes in circumstances indicate that the asset might be impaired. Factors which the Company considers could trigger an impairment review include significant underperformance relative to plan, a change in the Company's business strategy, or significant negative industry or economic trends. When the Company believes that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, the Company determines what impairment, if any, exists based on the fair value of the long-lived asset. The Company designated December 31 as the date for annual impairment reviews. At December 31, 2006, and December 31, 2005, no impairment write-down was required.

Future Income Tax Assets

The Company evaluates its future income tax assets to assess whether their realization is more likely than not. If their realization is not considered more likely than not, a valuation allowance is provided. The ultimate realization of the future income tax asset is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers projected future income and tax planning strategies in making its assessment. If it is determined that the Company would not be able to realize the future tax assets, an adjustment is made to the future tax assets that would be charged to operations.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue Recognition

The Company includes in revenue all amounts related to the sale of products and services. Revenue from the sale of personal wireless and wired communications products is recognized at the point of sale when the services are performed and the risk and reward has transferred to the customer. Revenue includes activation service fees, enhancements fees, and subsidies relating to the activation services that are received from cellular service providers. In addition, periodic bonus contributions are received from cellular service providers related to activation services provided and are recognized in the period the services are performed. Where periodic incentive and service activation enhancement arrangements exist, the Company considers such payments to represent separate units of accounting and recognizes such amounts in accordance with EIC-144 Accounting by a Customer for Certain Consideration Received from a Vendor, when conditions relating to receipt are met and the amounts are fixed or determinable. Additional amounts are received for cooperative advertising, facility upgrades, and similar market development activities. Receipts of this nature are used to offset the related program expenditures.

Revenue from sales of prepaid calling cards is recognized on a net basis (see note 4 in the audited annual consolidated financial statements) as the company is not the primary obligor of the related phone service, has no significant continuing obligation with respect to service, the price to the consumer is fixed or determinable, and collection is reasonably assured.

The Company recognizes revenue from business communications product sales when title transfers, the risk and rewards of ownership have been transferred to the customer, the fee is fixed and determinable, and collection of the receivable is reasonably assured, which is generally at the time of shipment. Revenue from contracts for communication system solution sales are deferred until technological feasibility is established, customer acceptance is obtained, and other contract-specific terms have been completed. Revenue for services is recognized ratably over the contract term or as services are being performed.

Rental revenue from rental of equipment is recognized over the term of the rental agreement. Premium protection plan revenues are deferred and amortized to sales in the statement of operations on a straight-line basis over the term of the contract.

RISKS AND UNCERTAINTIES

The Retail Division will continue to expand its locations in a competitive industry sector. Its major products include cellular phones and accessories that are provided by a limited number of highly price-competitive and market-share driven carriers, who effectively set retail margins for these products.

An important aspect of the Retail Division's strategy has been to achieve a critical mass so that carriers find the division's continued success to be imperative for their own success. In assembling the critical mass, the Company has committed to long-term lease obligations for store premises, as previously summarized under "Summary of Contractual Obligations" in this report and also included in note 14 in the audited annual consolidated financial statements.

The Business Division provides business communication solutions for both voice and data transmission in a technology sector that, by definition, is constantly changing. Its product offering is to provide integrated wireless business solutions in the terrestrial, satellite, and advanced mobile communications markets. Critical to the success of the division is its ability to maintain strong supplier relationships, obtain sound product training, and receive good technical support from its key suppliers to enable it to deliver the integrated voice and data communications solutions to markets that require specialized expertise in terrestrial, satellite, and advanced mobile communications technology.

The Company has grown both organically and through acquisitions. Critical to the success of growth through acquisition is the Company's ability to i) identify the proper target business that would be complementary to Glentel's business plan, ii) negotiate a price that would have a fair value which would provide accretive earnings to Glentel, and iii) integrate and assimilate processes of the acquired business into Glentel in order that anticipated earnings become accretive as planned.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition to risks described elsewhere in this report, the Company is subject to, each of, the cumulative effect of, and all of, the following risk factors. The Company has comprehensive risk management practices in place designed to offset these risk factors to the greatest extent possible. Risk factors include:

- Competition in the wireless telecommunication industry and competition from wired telecommunications;
- Technological change, new products and standards;
- Dependence on third-party manufacturers and suppliers;
- Dependence on key personnel and products;
- Variances in the industry growth rate;
- Risk of inability to effectively manage future growth and expansion;
- Dependence on continuing demand for the Company's products;
- Lengthy and variable sales cycles;
- Potential fluctuations in quarterly results;
- Finite financial resources and the potential need for future financing; and
- Changes in the regulatory environment.

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors were not requested to review the unaudited interim financial statements for the period ended March 31, 2007.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in the Management's Discussion and Analysis, other than statements of historical fact, are forward-looking in nature and involve various risks and uncertainties. These can include, without limitations, statements concerning possible or assumed future results of operations of the Company preceded by, followed by, or that include words and phrases such as "will," "believes," "plans," "intends," "expects," "anticipates," "estimates" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions related to all aspects of the wireless communications industry and the global economy. As a result, the Company's actual results may differ materially from those anticipated in the forward-looking statements and there can be no assurance that such statements will prove to be accurate.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement (and such risks, uncertainties, and other factors) speak only as of the date on which it was originally made, and Glentel expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this document to reflect any change in expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors emerge from time to time, and it is not possible for Glentel to predict what factors will arise or when. In addition, Glentel cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) In thousands of dollars (except per share amounts)

	Three Months ended Mar 31	
	2007	2006
Sales	\$ 42,768	\$ 37,162
Cost of sales	24,466	21,680
Operating and administrative expenses	16,493	14,413
Income before interest, taxes and amortization	1,809	1,069
Amortization, property and equipment, and intangible assets	1,379	1,068
Operating income before undernoted items	430	1
Interest income	127	106
Interest expense – long-term	(140)	(78)
Income before taxes	417	29
Income tax expense	196	12
Net income	\$ 221	\$ 17
Basic net income per share	\$ 0.02	\$ 0.00
Diluted net income per share	\$ 0.02	\$ 0.00

INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited) In thousands of dollars

	Mar 31, 2007	Dec 31, 2006
Retained earnings, beginning of year	\$ 19,445	\$ 13,891
Net income	221	6,324
Dividends	(8)	(770)
Retained earnings, end of period	\$ 19,658	\$ 19,445

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited) In thousands of dollars

	Mar 31, 2007	Dec 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,989	\$ 15,595
Accounts receivable	21,345	29,238
Inventory	18,872	24,871
Prepaid expenses	1,958	1,029
Current portion of future income tax benefits	2,222	2,110
	56,386	72,843
Property and equipment	18,383	18,642
Deferred pension costs	121	121
Intangible assets	5,975	6,148
Goodwill	11,271	11,271
Future income tax benefits	1,789	1,900
	\$ 93,925	\$ 110,925
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,830	\$ 37,364
Income taxes payable	620	1,454
Dividend payable	—	770
Current portion of deferred revenue and vendor contributions	6,710	6,427
Current portion of long-term debt	3,326	3,310
	32,486	49,325
Deferred revenue and vendor contributions	7,409	7,616
Long-term debt	5,365	6,100
	45,260	63,041
SHAREHOLDERS' EQUITY		
Share capital	27,902	27,405
Contributed surplus	1,105	1,034
Retained earnings	19,658	19,445
	48,665	47,884
	\$ 93,925	\$ 110,925

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) In thousands of dollars

	Three months ended Mar 31	
	2007	2006
Operating activities		
Net income	\$ 221	\$ 17
Items not affecting cash:		
Stock based compensation	98	100
Amortization, property and equipment, and intangible assets	1,379	1,068
Amortization, deferred revenue and vendor contributions	(1,543)	(1,078)
Future income taxes	—	(269)
	155	(162)
Cash used for working capital (see note 4)	(1,782)	(3,956)
	(1,627)	(4,118)
Financing activities		
Issuance of share capital	470	171
Repayment of long-term debt	(836)	(450)
Payment of dividends	(778)	—
	(1,144)	(279)
Investing Activities		
Acquisition of property and equipment	(835)	(556)
	(835)	(556)
Net cash outflow	(3,606)	(4,953)
Cash and cash equivalents, beginning of period	15,595	15,449
Cash and cash equivalents, end of period	\$ 11,989	\$ 10,496
Supplemental Cash Flow Information:		
Interest paid	\$ 140	\$ 78
Income taxes paid	\$ 1,002	\$ 866
Supplemental Non-Cash Financing and Investing Disclosure:		
Acquisition of equipment under capital leases	\$ 116	\$ —

Note: Cash and cash equivalents consist of cash on deposit and highly liquid short-term investments.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

The Company's accounting policies are in accordance with Canadian Generally Accepted Accounting Principles. These accounting policies are consistent with those outlined in the annual audited financial statements. These interim consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited financial statements, accompanying notes and management discussion and analysis for the year ended December 31, 2006 included in the Company's Annual Report. In management's opinion, the unaudited financial information includes all adjustments necessary to present fairly such information.

2. SEASONAL NATURE OF OPERATIONS

The Company's business follows a seasonal pattern, whereby revenues are traditionally higher in the third and fourth quarters due to seasonal demand for the Company's products. Consequently, operating results for interim periods are not necessarily indicative of operating results for the full fiscal year.

3. SHARE CAPITAL

- a) During the three months ended March 31, 2007, the Company issued 149,650 common shares on the exercise of stock options and warrants.
- b) At March 31, 2007, the Company had 10,417,269 (December 31, 2006 – 10,267,619) common shares issued and outstanding.
- c) The following table provides a reconciliation of weighted average number of shares outstanding used to calculate basic and fully diluted income per share.

<i>(Numbers in thousands)</i>	Three months ended Mar 31	
	2007	2006
Weighted average number of common shares outstanding	10,294	10,124
Effect of dilutive stock options	528	569
Weighted average number of dilutive common shares outstanding	10,822	10,693

CONSOLIDATED FINANCIAL STATEMENTS

4. CASH (USED FOR) GENERATED BY WORKING CAPITAL

<i>(In thousands of dollars)</i>	Three months ended Mar 31	
	2007	2006
Accounts receivable	\$ 7,894	\$ 5,910
Income taxes receivable/payable	(835)	—
Inventory	6,000	2,416
Prepaid expenses	(929)	(1,026)
Accounts payable and accrued liabilities	(15,530)	(13,139)
Deferred revenue and vendor contributions	1,618	1,883
	\$ (1,782)	\$ (3,956)

5. LONG-TERM DEBT

The Company has outstanding a \$2,850,000 and \$1,450,000 fixed-term loan with a major Canadian chartered bank, secured by a general security agreement over the Company's assets. The loans are repayable in monthly installments of \$150,000 and \$50,000 respectively plus interest at the rate of 5.77% and 6.88% per annum, due October 31, 2008 and August 31, 2009. The fixed-term loans were utilized for the acquisition of Cabtel Corporation in 2005, and the acquisition of the assets of Quasar in 2006.

The Company has outstanding, a further arrangement with the same Canadian chartered bank, a \$674,000 fixed-term loan, secured by the building in Fort St. John, repayable in monthly installments of \$5,925 including interest at the rate of 6.02% per annum, due April 30, 2013.

The Company has outstanding unsecured vendor take-back notes to former shareholders of Digital Mobile and Time MCI. At March 31, 2007, the outstanding note issued to the former shareholder of Digital Mobile was \$758,000 and is repayable in monthly installments of \$13,788 including interest at the rate of 5.25% and maturing in 2012. At March 31, 2007 the outstanding notes issued to the former shareholders of Time MCI were \$2,118,000 and are repayable in total monthly installments of \$42,719 including interest at the rate of 5.25% and maturing in 2011.

In the normal course of business, the Company enters into capital lease arrangements to finance the purchase of vehicles and other equipment used for operations. These capital leases are with multiple vendors and are issued at interest rates varying from 0% up to 9% and mature on various dates up to 2011. At March 31, 2007, the outstanding obligations under these leases were \$934,000 and are secured by the assets acquired.

CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENTED INFORMATION

The Company operates within Canada in two distinguishable industry segments. The Retail Division provides personal communications products and services to consumers. The Business Division provides a wide range of terrestrial, satellite and advanced mobile communications products and services to commercial, government and industrial customers.

Information by business segment is as follows:

(In thousands of dollars)

	Three months ended Mar 31	
	2007	2006
Sales to external customers:		
Retail Division	\$ 31,762	\$ 30,090
Business Division	11,006	7,072
	42,768	37,162
Income before interest, taxes and amortization:		
Retail Division	2,914	1,987
Business Division	1,003	817
Corporate	(2,108)	(1,735)
	1,809	1,069
Amortization, other than deferred revenue and vendor contributions:		
Retail Division	724	713
Business Division	591	301
Corporate	64	54
	1,379	1,068
Operating income (loss) before interest and taxes:		
Retail Division	2,190	1,274
Business Division	412	516
Corporate	(2,172)	(1,789)
	\$ 430	\$ 1
Capital expenditures:		
Retail Division	\$ 576	\$ 415
Business Division	187	120
Corporate	72	21
	\$ 835	\$ 556
	Mar 31, 2007	Dec 31, 2006
Total long-lived assets employed:		
Retail Division	\$ 11,905	\$ 12,121
Business Division	11,666	11,889
Corporate	787	780
	\$ 24,358	\$ 24,790
Goodwill:		
Retail Division	\$ 6,646	\$ 6,646
Business Division	4,625	4,625
	\$ 11,271	\$ 11,271

STORE LOCATIONS



18 Locations Across Canada

BRITISH COLUMBIA

Vancouver
Fort St. John

ALBERTA

Athabasca
Calgary
Edmonton
Grande Prairie
Lethbridge
Medicine Hat
Red Deer

SASKATCHEWAN

Saskatoon

ONTARIO

Hanover
Hamilton
London
Perth
Ottawa
Mississauga
Sarnia
Scarborough

WIRELESS etc...

23 Locations Across Canada

BRITISH COLUMBIA

Burnaby
Richmond
Abbotsford
Port Coquitlam
Langford
Langley
Vancouver

ALBERTA

Sherwood Park
Edmonton South
Edmonton North
Edmonton Northeast
Calgary
Calgary North
Calgary South

ONTARIO

Sudbury
Kanata
Markham*
Mississauga
Mississauga South
Vaughan
North York
Scarborough

QUÉBEC

Boisbriand

STORE LOCATIONS



17 Locations Across Canada

QUÉBEC

Anjou	Galeries d'Anjou	Ste-Foy	Place Laurier
Lasalle	Carrefour Angrignon	Trois-Rivières	Les Rivières
Laval	Carrefour Laval		
Montréal	Centre Eaton Montréal Centre Rockland		
Pointe-Claire	Fairview Pointe-Claire		
Québec	Galeries de la Capitale (Kiosk* and Inline) Place Fleur de Lys		
Repentigny	Les Galeries Rive-Nord		
Rosemère	Place Rosemère		
Sherbrooke	Carrefour de L'Estrie*		
St-Bruno	Promenades St-Bruno		
St-Laurent	Place Vertu		
St-Jerome	Carrefour du Nord*		



35 Locations Across Canada

ALBERTA

Calgary	Sunridge Mall TD Square Market Mall Chinook Centre
Edmonton	Kingsway Garden Mall

Markham	Markville Shopping Centre
Mississauga	Erin Mills Town Centre Square One Shopping Centre
Newmarket	Upper Canada Mall
Ottawa	Bayshore Shopping Centre Carlingwood Shopping Centre Place d'Orleans Rideau Centre St-Laurent Centre

ONTARIO

Brampton	Bramalea City Centre
Burlington	Burlington Mall
Cambridge	Cambridge Centre
Etobicoke	Sherway Gardens Woodbine Centre
Hamilton	Lime Ridge Mall
Kingston	Cataraqui Town Centre
Kitchener	Fairview Park Mall
London	White Oaks Mall Masonville Place Westmount Shopping Centre

Pickering	Pickering Town Centre
Richmond Hill	Hillcrest Mall
Scarborough	Scarborough Town Centre
St. Catharines	Pen Centre
Thornhill	The Promenade Shopping Centre
Toronto	Toronto Eaton Centre Yorkdale Shopping Centre
Vaughan	Vaughan Mills
North York	Fairview Mall
Windsor	Devonshire Mall

* Open in 1st Quarter of 2007.

STORE LOCATIONS



97 Locations Across Canada

Cellular Made Simple

BRITISH COLUMBIA

Abbotsford Sevenoaks Shopping Centre
 Burnaby Brentwood Town Centre
 Loughheed Town Centre
 Metropolis at Metrotown
 Cottonwood Mall
 Chilliwack Coquitlam Centre
 Kamloops Aberdeen Mall
 Kelowna Orchard Park Mall
 Langley Willowbrook Shopping Centre
 Nanaimo Woodgrove Centre
 Penticton Cherry Lane Shopping Centre
 Prince George Pine Centre
 Richmond Richmond Centre
 Surrey Guildford Town Centre
 Vancouver Oakridge Shopping Centre
 Pacific Centre
 Village Green Mall
 Victoria Hillside Shopping Centre
 Mayfair Shopping Centre
 West Vancouver Park Royal Shopping Centre

ALBERTA

Calgary Chinook Centre
 Calgary Eaton Centre
 Southcentre Mall
 Marlborough Mall
 Market Mall
 Sunridge Mall
 Edmonton Kingsway Garden Mall
 Londonderry Mall
 Southgate Centre
 Sherwood Park Mall
 West Edmonton Mall (Phase II)
 West Edmonton Mall (Phase III)
 Grande Prairie Prairie Mall
 Lethbridge Park Place Mall
 Lloydminster Lloyd Mall
 Medicine Hat Medicine Hat Mall
 Red Deer Parkland Mall

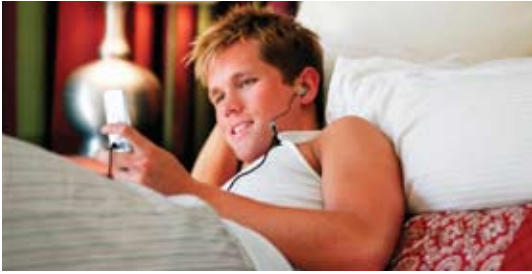
MANITOBA

Winnipeg Polo Park Shopping Centre
 St. Vital Centre
 Kildonan Place

ONTARIO

Barrie Georgian Mall
 Belleville Quinte Mall
 Brampton Bramalea City Centre
 Shoppers World Brampton

Brantford
 Burlington
 Cambridge
 Etobicoke
 Guelph
 Hamilton
 Kingston
 Kitchener
 London
 Markham
 Milton
 Mississauga
 New Market
 North Bay
 North York
 Oakville
 Oshawa
 Ottawa
 Owen Sound
 Peterborough
 Pickering
 Sarnia
 Sault Ste Marie
 Scarborough
 St. Catharines
 Stoney Creek
 Sudbury
 Thornhill
 Toronto
 Vaughan
 Waterloo
 Windsor
 Lynden Park Mall
 Mapleview Shopping Centre
 Burlington Mall
 Cambridge Centre
 Cloverdale Mall
 Woodbine Centre
 Stone Road Mall
 Jackson Square
 Lime Ridge Mall
 Cataracti Town Centre
 Fairview Park Mall
 Masonville Place
 White Oaks Mall
 Markville Shopping Centre
 Milton Mall
 Erin Mills Town Centre
 Square One Shopping Centre
 (Upper & Lower Level)
 Dixie Outlet Mall
 Upper Canada Mall
 Northgate Shopping Centre
 Fairview Mall
 Oakville Place Shopping Centre
 Oshawa Centre
 Bayshore Shopping Centre
 Billings Bridge Plaza
 Carlingwood Shopping Centre
 Place d'Orleans
 Rideau Centre
 St. Laurent Centre
 Heritage Place
 Lansdowne Place
 Pickering Town Centre
 Lambton Mall
 Station Mall
 Scarborough Town Centre
 New Fairview Mall
 Pen Centre
 Eastgate Square
 New Sudbury Centre
 Promenade Shopping Centre
 BCE Place
 CenterPoint Mall
 Dufferin Mall
 Hudson's Bay Centre
 TD Centre
 Toronto Eaton Centre
 Yorkdale Shopping Centre
 Vaughan Mills (kiosk & in-line)
 Conestoga Mall
 Devonshire Mall
 Tecumseh Mall



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