



QUARTERLY REPORT
Q3 2007



LETTER TO OUR SHAREHOLDERS

We are pleased to present our 3rd quarter review of operations.

The company's Business Division performed well, while the Retail Division delivered exceptional results.

The Business Division has successfully integrated and transitioned management and operations of its recent acquisitions. It also replaced its fixed satellite data hub during the 3rd quarter, enabling the Company to offer its customers flexibility in monitoring and transmitting data with broadband capabilities. Broadband sales have increased, while two-way radio equipment sales, rentals and service have softened in the energy sector which has been stronger in recent quarters. Towers, sites, and radio airtime recurring revenues continue to grow. Early indications promise strong system sales in the near term.

Management is confident that it is well positioned to provide leadership through servicing and consulting to the specialized wireless voice, data and IT demands of business and government. The Company continues to assess acquisition targets that could enhance its position in the wireless industry.

The Retail Division realized the efficiencies and effectiveness of consolidating its support and management services while enjoying increasing sales as a result of its strategic positioning in enclosed malls. During this quarter, the distribution agreement with Costco Wholesale Canada was finalized. This agreement provides a multi-year commitment for the Company to provide wireless products and services on a national basis for Costco members under the retail banner, WIRELESS etc. The major portion of the WIRELESS etc. store rollout will be completed by the end of the 4th quarter. We believe that through this arrangement, the wireless category will experience strong growth within this big-box environment. There continues to be a significant consumer demand for new wireless devices through all retail banners of the Company, and management is confident that the demand for content and features within wireless devices will continue to grow in Canada. The Company is well positioned to profit from this growth. The competitive landscape in the retail

wireless category continues to be aggressive; however, management maintains that its leadership position and its ability to adapt to change will assure profitable growth in the future.

We continue to monitor cash requirements and internal controls while managing our expansion on a profitable basis. We are pleased to be in a strong financial position to execute our business plan while declaring dividends on a quarterly basis.

We look forward to our strongest quarter of the year. Early sales trends indicate that our company is on target to deliver solid earnings in the 4th quarter.

Thank you to our team members, management, directors and stakeholders for your commitment to the success of Glentel.

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

October 25, 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 nine-month periods ended September 30, 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 divisions. The Retail Division, doing business as ("dba") *WirelessWave*, *Tbooth*, *La Cabine T* (in Québec), 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 32% to \$61,336,000 for the 3rd quarter compared to \$46,386,000 in 2006. The 3rd quarter was highlighted by the following:

- The Retail Division sales grew 40% in the 3rd quarter over the same period last year.
- Same-store cellular phones and other wireless devices sold by the Retail Division grew 22% in the 3rd quarter of 2007 compared to the same period in 2006.
- During the 3rd quarter, the Company celebrated the 10th anniversary of *WirelessWave* by opening three new stores, which brings the total to 100 *WirelessWave* mall-based stores operating in Canada.
- Glentel announced it had signed a multi-year cellular phone kiosk licence agreement with Costco Wholesale Canada. The cellular phone kiosks operate under the banner *WIRELESS etc.* and provide a choice of cellular phones and related wireless devices to Costco members. In the 3rd quarter, the Retail Division opened 18 new kiosks which, combined with the 23 kiosks that were previously opened, brings the total to 41 *WIRELESS etc.* kiosks to date.
- The Retail Division opened two *Tbooth* / *La Cabine T* stores and completed renovations in two additional stores in the 3rd quarter. To date, *Tbooth* / *La Cabine T* operates a total of 59 mall-based stores and has completed its renovation program in 23 stores.
- The Business Division sales grew 4% in the 3rd quarter over the same period last year and 22% year to date, and has successfully completed the integration of all of the acquisitions made in 2006.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Net income and basic earnings per share for the 3rd quarter were \$4,430,000, \$0.42 per share, compared to \$1,972,000, \$0.19 per share, in 2006. This was due to the following:

- Growth in Retail Division sales and earnings are reflective of the strength and depth of the organization, its ability to meet and exceed the challenges of its market, and alignment of its goals with the networks' planned initiatives. This has resulted in increased sales, achievement of certain vendor targets, and management of staff expectations (training and turnover). In the 3rd quarter, the division has earned significant increases in vendor contributions that will result in increased recurring revenue in the future.
- The Business Division successfully completed the integration of the acquisitions made in 2006, which resulted in a 20% improvement in operating income in the 3rd quarter of 2007 compared to last year.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

(In thousands of dollars, except per share amounts)

	YEARS ENDED DECEMBER 31							
	2007			2006				2005
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Sales	\$ 61,336	\$ 48,571	\$ 42,768	\$ 55,061	\$ 46,386	\$ 42,578	\$ 37,162	\$ 50,391
Operating income	7,038	1,822	430	4,637	2,944	1,707	1	3,389
Net income	\$ 4,430	\$ 1,128	\$ 221	\$ 3,246	\$ 1,972	\$ 1,089	\$ 17	\$ 2,999
Net income per share								
– Basic	\$ 0.42	\$ 0.11	\$ 0.02	\$ 0.32	\$ 0.19	\$ 0.11	\$ –	\$ 0.30
– Diluted	\$ 0.42	\$ 0.11	\$ 0.02	\$ 0.32	\$ 0.19	\$ 0.11	\$ –	\$ 0.27

Historically, the Company's business is stronger during its 3rd and 4th quarters. 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 THIRD QUARTER OPERATING RESULTS

(Comparison of 3rd Quarter ended September 30, 2007 versus September 30, 2006)

Sales for the 3rd quarter ended September 30, 2007 increased 32% to \$61,336,000 compared to \$46,386,000 in 2006. Operating income before interest and taxes was \$7,038,000 for the 3rd quarter compared to \$2,944,000 in 2006.

Retail Division

Sales of retail cellular products and services in the Retail Division grew 40% to \$51,316,000 for the 3rd quarter compared to \$36,772,000 in 2006. The positive growth in sales of the Retail Division was impacted by a number of factors in the quarter.

The aggressive marketing and new enhanced phone plans for customers, first introduced by the cellular networks in the 2nd quarter, had a positive effect on sales in the 3rd quarter. In addition, benefits are being realized from the cross culture of management, staff training, knowledge, and energy being created throughout the multiple banners operating within the Retail Division. This has resulted in increased sales, achievement of vendor targets, and the management of staff expectations (training and turnover). As a result of these factors, same-store cellular phones and other wireless devices sold in the Retail Division grew 22% in the 3rd quarter over the corresponding period in 2006 for stores that were open throughout both periods.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

The benefits noted above are directly related to the continued focus on training and development. In the 4th quarter, the Glentel Retail Academy will be recognized amongst its peers with an award of excellence.

In the 3rd quarter, the Company celebrated the 10th anniversary of WirelessWave and opened its 100th WirelessWave store by adding three new stores during this time. It was only fitting in 2007, after 10 years of growth throughout British Columbia, Alberta, Manitoba and Ontario that WirelessWave would return to its founding roots in British Columbia to open its 100th store.

Glentel announced, in the 3rd quarter, that it had signed a multi-year cellular phone kiosk licence agreement with Costco Wholesale Canada. Costco agreed to provide Glentel a licence to set up kiosks in their warehouses in Canada, providing to Costco members a choice of cellular phones, related wireless devices, accessories, and peripherals activated through Canadian cellular carriers authorized by Glentel. The cellular phone kiosks operate under the banner WIRELESS etc. In the 3rd quarter, the Retail Division opened 18 new kiosks which, combined with the 23 kiosks that were previously opened, brings the total to 41 WIRELESS etc. kiosks to date. An additional 22 kiosks within the Costco warehouses will be completed in the 4th quarter, which will bring the total to 63 kiosks at December 31, 2007. The remaining kiosks will be opened in 2008.

During the quarter, the Retail Division continued its expansion plans of the Tbooth / La Cabine T brand, and opened two new stores, bringing the total to 59 mall-based stores operating under the Tbooth / La Cabine T brand. Additionally, the renovation program that commenced in 2005 following the brand's acquisition resulted in two more stores being completed in the quarter, bringing the total number of stores having the new, refreshed Tbooth L / Cabine T look to 23 of the original 49 stores.

Operating income before interest and taxes in the Retail Division increased 106% to \$8,535,000 in the 3rd quarter compared to \$4,143,000 in the 3rd quarter of the previous year.

Amortization expense of property and equipment, and intangible assets for the quarter was relatively unchanged at \$728,000 compared to \$739,000 last year.

The cellular networks are continuing with their aggressive marketing programs into the 4th quarter, and many new product offerings are being introduced. Current trends in sales indicate a strong 4th quarter, which historically is the Company's strongest quarter of the year. These factors bode well for the division, and management anticipates a strong performance for the balance of the year.

Business Division

Combined sales of terrestrial radio systems, satellite network services, advanced mobile solutions, and service/engineering support in the Business Division grew 4% to \$10,020,000 for the 3rd quarter compared to \$9,614,000 in 2006. While the division experienced a modest growth in sales, in the 3rd quarter it successfully completed the integration of the acquisitions made in 2006, which resulted in a 20% improvement in operating income in the 3rd quarter of 2007 compared to last year.

During the 3rd quarter, the Business Division experienced growth in sales in certain product segments of its business. Broadband opportunities have been one segment of growth that saw a number of successful implementations in the quarter. Sales have occurred in various industry sectors, including health, education and agriculture. The Capital Health Authority in Edmonton engaged Glentel for engineering, furnishing and installation of an additional high-speed radio link that wirelessly extended their fibre optic system for the purpose of reducing operational costs while enhancing their communications infrastructure. Glentel has also provided broadband links to Athabasca University, providing extended network WAN (Wide Area Network) services to distributed campus locations. Broadband links were provided to an onion farm in Alberta, which has linked onion storage bins to a main monitor site for quality control and environmental monitoring. This broadband solution will provide excess bandwidth intended to be used to provide internet services to surrounding businesses. It is anticipated that broadband solutions opportunities will continue in the future and will be an area of focus for the Business Division.

Radio system sales were also strong in the 3rd quarter, including the delivery and installation of repeaters and controllers for the University of Saskatchewan in Saskatoon. The trunked radio system controller and telephone interconnect along with several radio frequency repeaters will provide a campus-wide communications system used by security and facilities management. In addition to the growth of this product

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

segment, a backlog of radio system sales has occurred, such as the recently announced system projects with the Yellowhead County, Alberta and the City of Regina, Saskatchewan.

During the quarter, the division announced the completion of a new state-of-the-art VSAT ("Very Small Aperture Terminal") satellite hub at its Edmonton, Alberta facility, offering SCADA ("Supervisory Control and Data Acquisition") services to its many customers throughout Canada and the United States, in particular the natural resource sector. The new hub, which replaces a legacy system, is now fully operational and Glentel has begun transferring existing satellite customer data traffic to the new hub. In the 3rd quarter, the first customer was migrated to the new VSAT teleport. The division anticipates continued growth from this new service in the coming months as it transitions existing VSAT customers and targets new customers.

Operating income before interest and taxes in the Business Division increased 20% to \$668,000 compared to \$555,000 in 2006.

Amortization expense of property and equipment, and intangible assets for the 3rd quarter increased to \$699,000 compared to \$417,000 last year. This was due to an increase in intangible assets, and the additional capital assets utilized in the division as a result of the additional operating locations which were added through the acquisitions made in 2006.

In the 3rd quarter, the division had some success in Wireless Broadband Solutions and Radio Systems combined with the completion of the integration of the 2006 acquisitions. As a result management anticipates that improved results in performance will continue in future.

Corporate Division

Operating expenses for the 3rd quarter increased to \$2,065,000 (3.4% of sales) compared to \$1,696,000 (3.7% of sales) last year. The increase is due to the additional administrative, finance, information technology, and marketing resources supporting the growth and planned growth in the business. However, operating expenses were maintained at the same relative percentage of sales. Included in general and administrative expenses is stock-based compensation expense of \$74,000 (2006 – \$100,000).

RESULTS OF OPERATIONS – ANALYSIS OF NINE MONTHS OPERATING RESULTS

(Comparison of nine months ended September 30, 2007 versus September 30, 2006)

Sales for the nine months ended September 30, 2007 increased 21% to \$152,675,000 compared to \$126,126,000 in 2006. Operating income before interest and taxes for the nine months was \$9,290,000 compared to \$4,652,000 in 2006. Net income and basic earnings per share for the nine months were \$5,779,000, \$0.56 per share, compared to \$3,078,000, \$0.30 per share, in 2006.

Retail Division

For the nine months ended September 30, 2007, sales of retail cellular products and services in the Retail Division grew 21% to \$122,395,000 compared to \$101,273,000 in 2006. After a slow start to the year, growth in sales for the nine months were buoyed by an aggressive marketing program introduced by the cellular networks in the 2nd quarter, which introduced new enhanced phone plans for customers, and which have been carried forward for the balance of the year.

In addition, new product offerings by manufacturers, such as the Blackberry "Curve" launched by Rogers and the Blackberry 8830 launched by Bell, also stimulated sales. As a result of these factors, same-store cellular phones and other wireless devices sold in the Retail Division grew 22% in the 3rd quarter and 12% in the nine months ended September 30, 2007 over the corresponding periods in 2006 for stores that were open throughout both periods.

During the nine months, the Retail Division continued its expansion plans of the Tbooth / La Cabine T brand, and opened ten new stores, bringing the total to 59 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 seven more stores being completed in the nine months ended September 30, 2007, bringing the total to 23 stores of the original 49 stores which have the new refreshed Tbooth / La Cabine T branded store.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition, the WirelessWave brand opened three new stores during the nine months ended September 30, 2007, bringing the total to 100 mall-based stores operating under the WirelessWave brand. In the 3rd quarter, the Company celebrated the 10th anniversary of WirelessWave.

Glentel announced, in the 3rd quarter that it had signed a multi-year cellular phone kiosk licence agreement with Costco Wholesale Canada. The cellular phone kiosks operate under the banner WIRELESS etc. and provide a choice of cellular phones and related wireless devices to Costco members. During the nine months ended September 30, 2007, the Company opened 19 new kiosks which, combined with the 22 kiosks that were opened in the prior year, brings the total to 41 WIRELESS etc. kiosks.

Operating income before interest and taxes for the Retail Division increased 76% to \$14,701,000 for the nine months ended September 30, 2007 compared to \$8,354,000 the previous year.

Amortization expense of property and equipment, and intangible assets for the nine months was relatively unchanged at \$2,209,000 compared to \$2,180,000 last year.

The cellular networks' marketing programs have continued to be more aggressive and are being combined with new product offerings that are to be introduced in the near future. Management plans to capitalize on this strategy and anticipates a strong performance in the 4th quarter.

Business Division

For the nine months ended September 30, 2007, combined sales of terrestrial radio systems, satellite network services, advanced mobile solutions, and service/engineering support in the Business Division grew 22% to \$30,280,000 compared to \$24,853,000 in 2006. The sales increase for the nine months has been primarily a result of the acquisitions made in 2006.

During the nine months ended September 30, 2007, after seeing a softening in revenue in certain core markets in both sales and service revenue in the first half of the year, the Business Division has begun to experience growth in certain product segments of its business. Broadband opportunities have been one segment of growth which saw a number of successful implementations in the 3rd quarter. Radio system sales were also strong in the 3rd quarter, including the delivery and installation of repeaters and controllers for the University of Saskatchewan in Saskatoon. In addition to the growth of the radio systems segment, a backlog of radio system sales has occurred, such as the recently announced system projects with the Yellowhead County, Alberta and the City of Regina, Saskatchewan.

During the nine months ended September 30, 2007, the integration of the 2006 acquisitions was completed. As a result, operating income for the 3rd quarter of 2007 returned to increased earnings over the same period last year, following two down-quarters in the first half of 2007. Management anticipates an improvement in earnings to occur in future quarters.

Operating income before interest and taxes for the Business Division was \$1,034,000 for the nine months ended September 30, 2007 compared to \$1,809,000 the previous year.

Amortization expense of property and equipment, and intangible assets for the nine months increased to \$1,905,000 compared to \$1,066,000 last year. This was due to an increase in intangible assets, and the additional capital assets utilized in the division as a result of the additional operating locations that were added through the acquisitions made in 2006.

The Business Division is optimistic that it will be able to build on its successes from the past quarter and that it will continue to see increases in sales and earnings in the future. Management will continue to focus on bringing efficiencies into the operations to maximize profits.

Corporate Division

Operating expenses for the nine months increased to \$6,221,000 (4.1% of sales) compared to \$5,337,000 (4.2% of sales) last year. The increase is due to the additional administrative, finance, information technology, and marketing resources supporting the growth and planned growth in the business. However, operating expenses were maintained at the same relative percentage of sales. Included in general and administrative expenses is stock-based compensation expense of \$272,000 (2006 – \$300,000).

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY

Cash and Cash Equivalents

The Company's cash and cash equivalents balance was \$14,159,000 at September 30, 2007, compared to \$15,595,000 at December 31, 2006. Working capital was \$24,998,000 at September 30, 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 generated by operating activities after adjusting for changes in working capital for the three months ended September 30, 2007 was \$5,719,000 compared to \$5,522,000 for the same period last year. The Company generated \$3,356,000 from operations, after adjusting for non-cash items, compared to \$1,771,000 in 2006. During the 3rd quarter in 2007, cash generated by working capital was \$2,363,000 compared to \$3,751,000 in 2006. The cash generated in 2007 was the result of the receipt of deferred revenue and vendor contributions in advance of revenue recognition and increases in accounts payable and accrued liabilities. This was partially offset by increases in inventories and accounts receivables.

For the nine months ended September 30, 2007, cash generated by operating activities after adjusting for changes in working capital was \$9,268,000 compared to \$3,846,000 generated by operations for the same period last year. The Company generated \$4,030,000 from operations, after adjusting for non-cash items, compared to \$2,474,000 in 2006. Cash generated by working capital was \$5,238,000 compared to \$1,372,000 for the same period last year. The improvement in cash generated by working capital was the result of the receipt of deferred revenue and vendor contributions in advance of revenue recognition and decreases in accounts receivable and inventory balances. This was offset by the decrease in accounts payable and accrued liabilities during the nine months ended September 30, 2007, compared to 2006.

Financing Activities

During the three months ended September 30, 2007, cash used for financing activities was \$1,542,000, compared to \$633,000 during the same period last year. During the 3rd quarter, the Company received \$96,000 (\$7,000 in 2006) on the exercise of stock options and warrants. During the three months ended September 30, 2007, \$854,000 was used for the repayment of long-term debt compared to \$640,000 in the prior year. On July 31, 2007, the Company paid a quarterly dividend of \$784,000.

During the nine months ended September 30, 2007, cash used for financing activities was \$4,173,000, compared to \$1,259,000 that was generated from financing activities during the same period last year. During the nine months, the Company received \$709,000 (\$183,000 in 2006) on the exercise of stock options and warrants. During the nine months ended September 30, 2007, \$2,539,000 was used for the repayment of long-term debt compared to \$1,647,000 the prior year. On January 31, April 30, and July 31, 2007, the Company paid quarterly dividends totaling \$2,343,000.

Investing Activities

During the three months ended September 30, 2007, cash used for investing activities totaled \$3,375,000, compared to \$3,799,000 for the same period last year. The Retail Division used \$1,846,000 to acquire property and equipment for renovations and new stores opened in the 3rd quarter of 2007. The Business Division used \$703,000 for investing activities in the 3rd quarter of 2007, which was primarily for the replacement project of its fixed-terminal satellite hub for the VSAT system. Also, the Corporate Division used \$797,000 for head office expansion and infrastructure.

During the nine months ended September 30, 2007, cash used for investing activities totaled \$6,531,000, compared to \$7,011,000 for the same period last year. The Retail Division used \$3,586,000 to acquire property and equipment for renovations and new stores opened in 2007. The Business Division used \$1,936,000 for investing activities in 2007, which was primarily for the replacement project of its fixed-terminal satellite hub for the VSAT system that commenced in the 2nd quarter of 2007. Also, the Corporate Division used \$965,000 for head office expansion and infrastructure.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF CONTRACTUAL OBLIGATIONS

As at September 30, 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	\$ 7,133	\$ 3,275	\$ 2,218	\$ 1,030	\$ 610
Capital lease obligations, including interest	919	420	410	89	—
Operating leases	36,281	8,736	13,973	8,587	4,985
Total contractual obligations	\$ 44,333	\$ 12,431	\$ 16,601	\$ 9,706	\$ 5,595

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 September 30, 2007, the operating bank indebtedness was nil.

The Company has outstanding \$1,950,000 and \$1,150,000 in fixed-term loans with the same Canadian chartered bank, secured by a general security agreement over the Company's assets, and 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 \$658,000 fixed-term loan, secured by the building in Fort St. John, that 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 September 30, 2007, the principal balance outstanding was \$694,000.

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 September 30, 2007, the principal balance outstanding was \$1,915,000.

At September 30, 2007, the Company has a liability of \$836,000 in respect of vehicles under capital leases for terms ranging from 36 months to 66 months, which are repayable in monthly installments of approximately \$35,000 plus interest at rates ranging from 0% to 9%.

Total debt to equity ratio was 1.03 at September 30, 2007, compared to 1.32 at December 31, 2006. Total assets decreased to \$107,935,000 at September 30, 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.

The Company has a performance/labor and material payment bond with a major Canadian Surety Company totaling \$1,048,000, which was required for a certain customer contract and cost the Company \$14,700.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

TRANSACTIONS WITH RELATED PARTY

The Company had the following transactions with its major shareholder:

(In thousands of dollars)

	Nine months ended Sep 30	
	2007	2006
Management fees	\$ 473	\$ 450
Administrative services fees	215	173
Construction services and marketing materials	1,860	339

During the nine-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 administrative services 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 period. 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.

PROPOSED TRANSACTIONS

On October 4, 2007, the Company declared a quarterly dividend of \$0.075 per common share with a record date of October 16, 2007, payable October 31, 2007, for a total of approximately \$785,000.

OUTSTANDING SHARE DATA

As at September 30, 2007 and October 25, 2007, Glentel had 10,465,745 common shares issued and outstanding. There are also 1,077,600 options 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 September 30, 2007. Management has concluded that as at September 30, 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.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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, no impairment write-down was required.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 and other vendors. 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.

Revenue from rental of equipment and infrastructure 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On January 1, 2007, the Company adopted the following standards: CICA Sections 3855 "Financial Instruments – Recognition and Measurements", 3865 "Hedges" and 1530 "Comprehensive Income". These sections require certain financial instruments and hedge positions to be recorded at their fair value. They also introduce the concept of comprehensive income and accumulated other comprehensive income.

CICA Section 3855 "*Financial Instruments – Recognition and Measurements*" establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments must be classified into defined categories. This classification determines how each instrument is measured and how gains and losses are recognized. In addition, the recommendations define derivatives and embedded derivatives which meet certain criteria.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

CICA Section 3865 "*Hedges*" replaces AcG-13, "Hedging Relationships" and the guidance formerly in CICA Section 1650, "Foreign Currency translation." The recommendations of this section are optional and are only required if the entity is applying hedge accounting. This section establishes standards for the accounting treatment of qualifying hedge relationships and the necessary disclosures. For fair value hedges, the periodic change in value is recognized in income, where the changes in values of the hedged items are also recorded. For a cash flow hedge, the change in value of the effective portion is recognized in "other comprehensive income."

Any ineffectiveness within an effective cash flow hedge is recognized in income as it arises in the same income account as the hedge item when realized. Should the hedging of a cash flow hedge relationship become ineffective, previously unrealized gain and losses remain with "Accumulated other comprehensive income" until the hedged item is settled and, prospectively, future changes in value of the derivative are recognized in income. The change in value of the effective portion of a cash flow hedge remains in "Accumulated other comprehensive income" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive income" are reclassified to the same income or balance sheet account that records the hedged item.

CICA Section 1530, "*Comprehensive Income*" introduces a statement of comprehensive income in the full set of interim and annual financial statements. Comprehensive income will present certain gains and losses outside net income.

Upon adoption of these new standards, the Company classified its cash and cash equivalents as held-to-maturity, and accounts receivable as loans and receivables; both are measured at amortized cost. Accounts payable and accrued liabilities, dividend payable, and long-term debt are classified as other liabilities, all of which are measured at amortized cost.

The adoption of these standards was on a prospective basis with no retroactive restatement of prior periods and had no material impact on the consolidated financial statements. As at September 30, 2007, the Company's other comprehensive income balance is nil.

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 September 30, 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 Sep 30		Nine months ended Sep 30	
	2007	2006	2007	2006
Sales	\$ 61,336	\$ 46,386	\$ 152,675	\$ 126,126
Cost of sales	33,458	26,038	85,225	72,256
Operating and administrative expenses	19,313	16,190	53,822	45,798
Income before interest, taxes and amortization	8,565	4,158	13,628	8,072
Amortization, property and equipment, and intangible assets	1,527	1,214	4,338	3,420
Operating income before undernoted items	7,038	2,944	9,290	4,652
Interest income	161	114	433	349
Interest expense – long-term	(149)	(113)	(414)	(283)
Income before taxes	7,050	2,945	9,309	4,718
Income tax expense	2,620	973	3,530	1,640
Net income	\$ 4,430	\$ 1,972	\$ 5,779	\$ 3,078
Comprehensive income (see note 2)	\$ 4,430	\$ 1,972	\$ 5,779	\$ 3,078
Basic net income per share	\$ 0.42	\$ 0.19	\$ 0.56	\$ 0.30
Diluted net income per share	\$ 0.42	\$ 0.19	\$ 0.53	\$ 0.29

INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited) In thousands of dollars

	Sep 30, 2007	Dec 31, 2006
Retained earnings, beginning of year	\$ 19,445	\$ 13,891
Net income	5,779	6,324
Dividends	(1,572)	(770)
Retained earnings, end of period	\$ 23,652	\$ 19,445

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited) In thousands of dollars

	Sep 30, 2007	Dec 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,159	\$ 15,595
Accounts receivable	26,375	29,238
Inventory	22,161	24,871
Prepaid expenses	1,479	1,029
Current portion of future income tax benefits	2,555	2,110
	66,729	72,843
Property and equipment	21,596	18,642
Deferred pension costs	121	121
Intangible assets	5,649	6,148
Goodwill	11,316	11,271
Future income tax benefits	2,524	1,900
	\$ 107,935	\$ 110,925
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,787	\$ 37,364
Income taxes payable	349	1,454
Dividend payable	—	770
Current portion of deferred revenue and vendor contributions	8,239	6,427
Current portion of long-term debt	3,356	3,310
	41,731	49,325
Deferred revenue and vendor contributions	9,294	7,616
Long-term debt	3,837	6,100
	54,862	63,041
SHAREHOLDERS' EQUITY		
Share capital	28,257	27,405
Contributed surplus	1,164	1,034
Retained earnings	23,652	19,445
	53,073	47,884
	\$ 107,935	\$ 110,925

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) In thousands of dollars

	Three months ended Sep 30		Nine months ended Sep 30	
	2007	2006	2007	2006
Operating Activities				
Net income	\$ 4,430	\$ 1,972	\$ 5,779	\$ 3,078
Items not affecting cash:				
Stock-based compensation	74	100	272	300
Amortization, property and equipment, and intangible assets	1,527	1,214	4,338	3,420
Amortization, deferred revenue and vendor contributions	(2,101)	(973)	(5,290)	(3,242)
Future income taxes	(574)	(542)	(1,069)	(1,082)
	3,356	1,771	4,030	2,474
Cash generated by working capital (see note 5)	2,363	3,751	5,238	1,372
	5,719	5,522	9,268	3,846
Financing Activities				
Issuance of share capital	96	7	709	183
Increase in long-term debt	–	–	–	2,723
Repayment of long-term debt	(854)	(640)	(2,539)	(1,647)
Payment of dividends	(784)	–	(2,343)	–
	(1,542)	(633)	(4,173)	1,259
Investing Activities				
Acquisition of property and equipment	(3,346)	(220)	(6,487)	(2,648)
Acquisition of goodwill and intangible assets	(29)	784	(44)	–
Acquisition of businesses, net of vendor takeback notes and cash acquired	–	(4,363)	–	(4,363)
	(3,375)	(3,799)	(6,531)	(7,011)
Net cash inflow (outflow)	802	1,090	(1,436)	(1,906)
Cash and cash equivalents, beginning of period	13,357	12,453	15,595	15,449
Cash and cash equivalents, end of period	\$ 14,159	\$ 13,543	\$ 14,159	\$ 13,543
Supplemental Cash Flow Information:				
Interest paid	\$ 149	\$ 113	\$ 414	\$ 283
Income taxes paid	\$ 2,194	\$ 847	\$ 5,673	\$ 2,660
Supplemental Non-Cash Financing and Investing Disclosure:				
Acquisition of equipment under capital leases	\$ 88	\$ –	\$ 322	\$ –

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. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On January 1, 2007, the Company adopted the following standards: CICA Sections 3855 "Financial Instruments – Recognition and Measurements", 3865 "Hedges" and 1530 "Comprehensive Income". These sections require certain financial instruments and hedge positions to be recorded at their fair value. They also introduce the concept of comprehensive income and accumulated other comprehensive income.

CICA Section 3855 "*Financial Instruments – Recognition and Measurements*" establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments must be classified into defined categories. This classification determines how each instrument is measured and how gains and losses are recognized. In addition, the recommendations define derivatives and embedded derivatives which meet certain criteria.

CICA Section 3865 "*Hedges*" replaces AcG-13, "Hedging Relationships" and the guidance formerly in CICA Section 1650, "Foreign Currency translation." The recommendations of this section are optional and are only required if the entity is applying hedge accounting. This section establishes standards for the accounting treatment of qualifying hedge relationships and the necessary disclosures. For fair value hedges, the periodic change in value is recognized in income, where the changes in values of the hedged items are also recorded. For a cash flow hedge, the change in value of the effective portion is recognized in "other comprehensive income".

Any ineffectiveness within an effective cash flow hedge is recognized in income as it arises in the same income account as the hedge item when realized. Should the hedging of a cash flow hedge relationship become ineffective, previously unrealized gain and losses remain with "Accumulated other comprehensive income" until the hedged item is settled and, prospectively, future changes in value of the derivative are recognized in income. The change in value of the effective portion of a cash flow hedge remains in "Accumulated other comprehensive income" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive income" are reclassified to the same income or balance sheet account that records the hedged item.

CICA Section 1530, "*Comprehensive Income*" introduces a statement of comprehensive income in the full set of interim and annual financial statements. Comprehensive income will present certain gains and losses outside net income.

Upon adoption of these new standards, the Company classified its cash and cash equivalents as held-to-maturity, and accounts receivable as loans and receivables, both are measured at amortized cost. Accounts payable and accrued liabilities, dividend payable, and long-term debt are classified as other liabilities, all of which are measured at amortized cost.

The adoption of these standards was on a prospective basis with no retroactive restatement of prior periods and had no material impact on the consolidated financial statements. As at September 30, 2007, the Company's other comprehensive income balance is nil.

CONSOLIDATED FINANCIAL STATEMENTS

3. 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.

4. SHARE CAPITAL

- a) During the nine months ended September 30, 2007, the Company issued 198,126 common shares on the exercise of stock options and warrants.
- b) At September 30, 2007, the Company had 10,465,745 (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 Sep 30		Nine months ended Sep 30	
	2007	2006	2007	2006
Weighted average number of common shares outstanding	10,446	10,181	10,383	10,156
Effect of dilutive stock options	(8)	(21)	480	509
Weighted average number of dilutive common shares outstanding	10,438	10,160	10,863	10,665

CONSOLIDATED FINANCIAL STATEMENTS

5. CASH GENERATED BY (USED FOR) WORKING CAPITAL

<i>(In thousands of dollars)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2007	2006	2007	2006
Accounts receivable	\$ (2,620)	\$ 507	\$ 2,863	\$ 5,952
Income taxes receivable/payable	1,000	342	(1,105)	64
Inventory	(3,750)	(699)	2,710	(1,013)
Prepaid expenses	188	255	(450)	(482)
Accounts payable and accrued liabilities	3,673	886	(7,577)	(9,464)
Deferred revenue and vendor contributions	3,872	2,460	8,797	6,315
	\$ 2,363	\$ 3,751	\$ 5,238	\$1,372

6. LONG-TERM DEBT

The Company has outstanding a \$1,950,000 and \$1,150,000 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 \$658,000 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 September 30, 2007, the outstanding note issued to the former shareholder of Digital Mobile was \$694,000 and is repayable in monthly installments of \$13,788 including interest at the rate of 5.25% and maturing in 2012. At September 30, 2007, the outstanding notes issued to the former shareholders of Time MCI were \$1,915,000 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 September 30, 2007, the outstanding obligations under these leases were \$836,000 and are secured by the assets acquired.

7. 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.

The Company has a performance/labor and material payment bond with a major Canadian Surety Company totaling \$1,048,000 which was required for a certain customer contract which cost the Company \$14,700.

CONSOLIDATED FINANCIAL STATEMENTS

8. 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:

<i>(In thousands of dollars)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2007	2006	2007	2006
Sales to external customers:				
Retail Division	\$ 51,316	\$ 36,772	\$ 122,395	\$ 101,273
Business Division	10,020	9,614	30,280	24,853
	61,336	46,386	152,675	126,126
Income before interest, taxes and amortization:				
Retail Division	9,263	4,882	16,910	10,534
Business Division	1,367	972	2,939	2,875
Corporate	(2,065)	(1,696)	(6,221)	(5,337)
	8,565	4,158	13,628	8,072
Amortization, other than deferred revenue and vendor contributions:				
Retail Division	728	739	2,209	2,180
Business Division	699	417	1,905	1,066
Corporate	100	58	224	174
	1,527	1,214	4,338	3,420
Operating income (loss) before interest and taxes:				
Retail Division	8,535	4,143	14,701	8,354
Business Division	668	555	1,034	1,809
Corporate	(2,165)	(1,754)	(6,445)	(5,511)
	\$ 7,038	\$ 2,944	\$ 9,290	\$ 4,652
Capital expenditures:				
Retail Division			\$ 3,586	\$ 1,840
Business Division			1,936	646
Corporate			965	162
			\$ 6,487	\$ 2,648
			Sep 30, 2007	Dec 31, 2006
Total long-lived assets employed:				
Retail Division			\$ 13,298	\$ 12,121
Business Division			12,437	11,889
Corporate			1,510	780
			\$ 27,245	\$ 24,790
Goodwill:				
Retail Division			\$ 6,646	\$ 6,646
Business Division			4,670	4,625
			\$ 11,316	\$ 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
London
Perth
Ottawa
Mississauga
Sarnia
Scarborough
Stoney Creek

WIRELESS etc...

41 Locations Across Canada

BRITISH COLUMBIA

Burnaby
Richmond
Abbotsford
Port Coquitlam
Langford
Langley
Vancouver
Nanaimo
Kelowna
Prince George
Kamloops

ALBERTA

Sherwood Park
Edmonton South
Edmonton North
Edmonton Northeast

Calgary
Calgary North
Calgary South
Grande Prairie
Lethbridge
Red Deer

ONTARIO

Sudbury
Kanata
Mississauga
Mississauga South
Vaughan
North York
Scarborough

Markham
Ajax
Markham East
Brampton
Kitchener
Barrie
Newmarket
Etobicoke
Burlington
Ancaster
St. Catharine's
London

QUÉBEC

Boisbriand

STORE LOCATIONS



18 Locations Across Canada

QUÉBEC

Anjou	Galeries d'Anjou	Ste-Foy	Place Laurier
Gatineau	Les Promenades de l'Outaouois	Saint Jérôme	Carrefour du Nord
Lasalle	Carrefour Angrignon	Sherbrooke	Carrefour de l'Estrie
Laval	Carrefour Laval	Trois-Rivières	Les Rivières
Montréal	Centre Eaton Montréal Centre Rockland		
Pointe-Claire	Fairview Pointe-Claire		
Québec	Galeries de la Capitale (in-line and kiosk) Place Fleur de Lys		
Repentigny	Les Galeries Rive-Nord		
Rosemère	Place Rosemère		
St-Bruno	Promenades St-Bruno		
St-Laurent	Place Vertu		



41 Locations Across Canada

ALBERTA

Calgary	Sunridge Mall TD Square Market Mall Chinook Centre
Edmonton	Kingsway Garden Mall Londonderry Mall
Red Deer	Bower Place Shopping Centre

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

Belleville	Quinte Mall
Brampton	Bramalea City Centre
Burlington	Burlington Mall
Cambridge	Cambridge Centre
Etobicoke	Sherway Gardens Woodbine Centre
Hamilton	Lime Ridge Mall Jackson Square
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
Stoney Creek	Eastgate Square
Thornhill	The Promenade Shopping Centre
Toronto	Toronto Eaton Centre Yorkdale Shopping Centre Centerpoint Mall
Vaughan	Vaughan Mills
North York	Fairview Mall
Windsor	Devonshire Mall

STORE LOCATIONS



100 Locations Across Canada

Cellular Made Simple

BRITISH COLUMBIA

Abbotsford Sevenoaks Shopping Centre
 Burnaby Brentwood Town Centre
 Lougheed Town Centre
 Metropolis at Metrotown
 (in line & kiosk)
 Chilliwack Cottonwood Mall
 Coquitlam 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
 Vernon Village Green Mall
 Victoria Hillside Shopping Centre
 Mayfair Shopping Centre
 West Vancouver Park Royal Shopping Centre North
 Park Royal Shopping Centre South

ALBERTA

Calgary Chinook Centre
 Calgary Eaton Centre
 Southcentre Mall
 Marlborough Mall
 Market Mall
 Sunridge Mall
 Edmonton Kingsway Garden Mall
 Londonderry Mall
 Mill Woods
 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

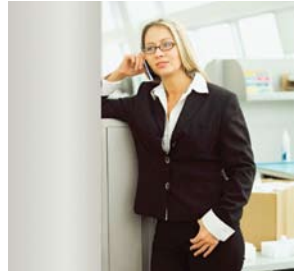
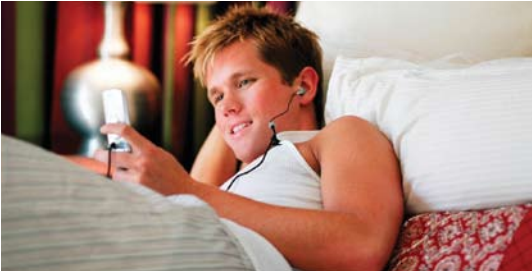
MANITOBA

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



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