

**Exchange Mobile Telecommunications Corp.**

**Balance Sheet (Unaudited)**

July 31<sup>st</sup>, 2007  
(In U.S. Dollars)

31-July-2007

**ASSETS**

**Current Assets**

Cash	19,543
Total Receivable	17,537
Purchase Prepayments	340
Prepaid Expenses	24,399
Total Current Assets	61,819

**Capital Assets**

Total Capital Assets	2,329
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**Other Non-Current Assets**

Total Other Non-Current Assets	188
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**TOTAL ASSETS**

64,336

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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current Liabilities**

Accounts Payable	10,385
Total Current Liabilities	10,385

**Long Term Liabilities**

Total Long Term Liabilities	136,917
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**TOTAL LIABILITIES**

147,302

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**EQUITY**

Common Shares	40,862
Paid-in Capital	218,366
Total Share Capital	259,228

Retained Earnings - Previous Year	3,572
Current Earnings	-345,766
Total Retained Earnings	-342,194

**TOTAL EQUITY**

-82,966

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**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY**

64,336

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The accompanying notes are an integral part of these financial statements.

**Exchange Mobile Telecommunications Corp.**  
**Income Statement (Unaudited)**  
From May 1, 2007 to July 31, 2007 (First Quarter)  
(In U.S. Dollars)

31-July-2007

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<b>REVENUE</b>	0
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**EXPENSE**

**Administration Costs**

Business Fees & Licenses	442
Copy & Printing	8
Courier & Postage	83
Management Expenses	1,651
Consulting Services	52,764
Management Compensation	29,194
Bonus Compensation	222,822
Interest Expenses	16
Bank Charges	321
Office Supplies	6,638
Gift Expenses	402
Meal & Entertainment	159
Miscellaneous Expenses	39
Realized Exchange Gain/Loss	241
Office Rent	6,864
Repair & Maintenance	1,387
Investor Relation Services	1,129
Internet Services	3,851
Telephone	1,904
Travel	14,355
Meeting Expenses	386
Parking	1,112
Total Administration Costs	345,768

<b>TOTAL EXPENSES</b>	345,768
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<b>NET INCOME (LOSS)</b>	-345,768
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The accompanying notes are an integral part of these financial statements.

**EXCHANGE MOBILE TELECOMMUNICATIONS CORP.**

(formerly SMS@ctive Technologies Corp.)

**NOTES TO FINANCIAL STATEMENTS**

(A development stage company)

From May 1, 2007 to July 31, 2007

(In U.S. Dollars)

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

The Company was incorporated on June 9, 1997 in the State of Nevada, U.S.A. and commenced inception of business on June 12, 1997. The Company changed its name from Legend Resources Inc. to SMS@ctive Technologies Corp. on July 24, 2001 and from SMS@ctive Technologies Corp. to Exchange Mobile Telecommunications Corp. on November 24, 2006.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying unaudited financial statements have been prepared from the records of the Company and from other information supplied by management. These financial statements have been prepared in accordance with generally accepted accounting principles. The company believes that the disclosures contained herein are adequate to make the information presented not misleading.

The condensed financial statements have been prepared on a going concern basis, which contemplated the realization of assets and satisfaction of liabilities in the normal course of business.

The financial statements do not include adjustments relating to recoverability and classification of recorded assets amounts, or the amounts and classifications of liabilities.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Accounting Method

The Company's financial statements are prepared by using the accrual method of accounting. The Company has an April 30 fiscal year-end.

b. Administration Costs

Administration costs are written off to operations when they incurred.

c. Translation of Foreign Currency

The functional (home) currency is the Canadian Dollar and the reporting currency of the Company is the United States Dollar.

The assets, liabilities, and operations of the company are expressed in the United States Dollar, in conformity with US GAAP.

Monetary assets, fixed assets, liabilities, and capital accounts are translated at the current mid-rate of exchange.

The realized gain or loss from foreign currency transactions is reported in administration costs.

The mid-rate exchange rate is used to translate expenses from the functional currency to the reporting currency on the date of the transaction.

d. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Cash

Cash is represented by funds on deposit with the company's bankers and is unrestricted as to use.

f. Financial Instruments

The Company's financial instruments consist of cash, accounts payable, and loans from and to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

#### NOTE 4 – OPERATING EXPENSES AND NET LOSS

g. Operating Expenses

The Company has operating expenses for the three month period ended July 31, 2007 as follows:

	May 1 to July 31, 2007
Consulting Fees	52,764
Management Fees	253,667
Office & Other Administration Costs	23,418
Travel & Entertainment Fees	15,302
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Total Operating Expenses	\$345,151

h. Operating Expenses

The Company's Net Loss for the three month period ended July 31, 2007 is \$345,768.

#### NOTE 5 – LIABILITIES

Liabilities are made up of current and long-term liabilities.

The Company holds liabilities of \$147,302 as of July 31, 2007.

#### NOTE 6 – CAPITAL STOCK

i. Stock-based Compensation

We continue to adopt the right for common stock-based compensation under the Securities Act of 1933. The stock-based compensation cost is recognized as expense (management compensation and/or consulting service). The Paid-in Capital is measured in 0.049/share fair value. The par value is maintained at \$0.001/share.

Authorized (4,740,500 Common Stock):

Management Compensation.	Consulting Service
\$218,366 at 0.049 fair value	\$40,862 at 0.001 par value

There are currently of 11,933,875 shares issued and outstanding.

#### **NOTE 7 – EARNINGS (LOSS) PER SHARE**

Net loss per common share is computed by dividing net loss by the number of shares outstanding during the period.

Computation is as follows:

	First Quarter Ended July 31, 2007
Net Loss	345,768
Outstanding Shares:	4,740,500
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Net Loss/Share:	0.07

#### **NOTE 8 – PENSION AND EMPLOYMENT LIABILITIES**

The Company does not have any liabilities as at July 31, 2007 for pension, post-employment benefits or post-retirement benefits. The Company does not have a pension plan.

#### **NOTE 9 – GOING CONCERN**

As shown in the accompanying financial statements, the Company has a net loss of \$345,768 for the period from May 1, 2007 to July 31, 2007. The future of the Company is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and, ultimately, to attain profitable operations from selling its services and completing its acquisitions.

Management has plans to seek additional capital through a private placement and public offering of its common stock.