



MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

The following discussion and analysis is intended to provide additional information with regard to the operations, business environment and factors that may affect the business and financial results of Total Telcom Inc. ("Total" or the "Company").

The discussion and analysis as provided by Management should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the quarter ended December 31, 2014 and the audited consolidated financial statements, related notes and MD&A for the year ended June 30, 2014.

The unaudited condensed interim consolidated financial statements for the quarter ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars unless specifically otherwise stated.

The unaudited interim consolidated financial statements for the quarter ended December 31, 2014 have not been reviewed by the Company's auditors, BDO Canada LLP.

This document contains forward-looking statements that are subject to future events. Management formulates estimates and assumptions based on the expectations of future outcomes. However, actual results may differ materially from those expectations and estimates due to inherent uncertainty and general nature of the business.

This Management Discussion and Analysis is presented with information available up to and including February 23, 2015.

INTRODUCTION

Total Telcom Inc. is a reporting issuer in Alberta, British Columbia and Ontario. The shares of the Company trade on the TSX Venture Exchange (symbol **TTZ**).

The Company, through its wholly owned subsidiary ROM Communications Inc. (ROM) is a leading developer and provider of web to wireless products and services throughout North America. ROM specializes in the development of innovative wireless communications that provide low cost, high tech monitoring, tracking and remote control solutions for commercial, industrial and consumer applications. ROM is uniquely positioned and qualified to deliver complete web to wireless solutions that enable companies and organizations to remotely monitor, track and control their fixed and mobile assets with a web browser from any Internet enabled PC. Products and services are based on ROM's web to wireless technology and proprietary 2nd generation hardware & software marketed as TextAnywhere, MicroCom & ROMTraX modules. These modules are wireless modems that utilize microcomputers integrated with sensors, GPS engines and various inputs and outputs (I/Os) and interfaced by the user through the Internet. ROM is an authorized airtime reseller and hardware developer for satellite, cellular and wireless IP Networks.

The following sections provide Management's review of operations for the quarter ended December 31, 2014. Balance sheet comparisons are made to the year ended June 30, 2014 while income statement and cash flow comparisons are made to the quarters ended December 31, 2013. Additional information about Total Telcom Inc. can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Any statements in this document that may be considered forward-looking are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

OVERALL PERFORMANCE

The following table sets forth the Company's selected consolidated financial data. This information has been derived from the Company's unaudited interim consolidated financial statements and should be read in conjunction with, and is qualified entirely by, the more detailed information in the unaudited interim consolidated financial statements.

	Three months ending December 31		Six months ending December 31	
	2014	2013	2014	2013
(\$ except as noted)				
Consolidated figures				
Revenue	\$ 187,264	\$ 180,394	\$ 362,543	\$ 418,018
Net income (loss)	\$ 545,488	\$ (105,443)	\$ 414,748	\$ (227,860)
Net Earnings (Loss) per share	\$ 0.022	\$ (0.004)	\$ 0.017	\$ (0.009)
Shares outstanding at end of period	24,715,014	24,715,014	24,715,014	24,715,014
Cash from (used in) operations	\$ 477,002	\$ (64,586)	\$ 410,073	\$ (187,750)
Cash from (used in) financing activities	\$ 0	\$ 0	\$ 0	\$ 0
Cash from (used in) investing activities	\$ 0	\$ 0	\$ (1,150)	\$ 0
Net Cash Inflow (Outflow)	\$ 477,022	\$ (64,586)	\$ 408,923	\$ (187,750)
			December 31,	June 30,
			2014	2014
Consolidated figures				
Cash			\$ 1,195,819	\$ 786,896
Working capital			\$ 1,299,734	\$ 876,703
Total assets			\$ 1,398,652	\$ 1,032,359
Total liabilities			\$ 93,914	\$ 150,702

Net income of \$545,488 (2.2 cents per share) reported for the quarter ended December 31, 2014 improved compared to the net loss of \$105,443 (0.4 cents per share) reported for the quarter ended December, 2013. The increased profitability was primarily a result of \$601,027 in recoveries reported in Q2 relating to the settlement of the Company's lawsuit for a breach of contract claim. In addition, the company continued to see its operating losses decrease as management continued its efforts to keep administrative costs in line with current sales activity while still implementing its marketing strategy to expand the Company's operations. The Company continues to see growth and opportunities for its new product lines. Hardware sales are still project based and the Company will continue to experience fluctuations in earnings depending on the timing of hardware sales and how quickly new products are accepted in the market.

Net cash inflows for the quarter ended December 31, 2014 were \$477,022 compared to a cash outflow of \$64,586 for the quarter ended December 31, 2013. This increase in cash flows is a result of the bad debt and lawsuit recoveries along with reduced operating losses.

Working capital at December 31, 2014 was \$1,398,652 which has increased from the working capital reported at June 30, 2014 by approximately the amount of the net income reported to date in 2014.

Total assets have increased by approximately \$366,000 and **total liabilities** have decreased by approximately \$57,000 since June 30, 2014 as a result of the net income reported to date in 2014.

RESULTS OF OPERATIONS

	Three months ended December 31		Six months ended December 31,	
	2014	2013	2014	2013
Consolidated operating results				
Sales	\$ 187,264	\$ 180,394	\$ 362,543	\$ 418,018
Gross profit	98,692	98,023	192,213	215,723
General & administrative expenses	93,595	147,196	257,220	329,448
Research & development costs	60,086	58,942	120,172	117,885
Bad Debt & Lawsuit Recovery	601,027	0	601,027	0

Sales and Gross profits remained consistent between the second quarter of 2014 & 2013.

General and administrative expenses have decreased compared to the second quarter of 2014 as the Company incurred less legal fees relating to the lawsuit that was settled compared to 2013. In addition, there was a decrease in administrative wages and travel costs in the second quarter of 2014 compared to 2013.

Research and development expenses have remained consistent between the second quarter of 2014 & 2013.

SUMMARY OF QUARTERLY RESULTS

CONSOLIDATED FIGURES (\$ EXCEPT AS NOTED)	FISCAL 2015		FISCAL 2014				FISCAL 2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SALES	187,264	175,279	184,933	162,372	180,394	237,624	153,635	188,654
NET INCOME (LOSS)	550,365	(127,284)	(73,520)	(95,917)	(105,443)	(122,417)	(65,592)	(128,843)
EARNINGS (LOSS) PER SHARE	0.022	(0.005)	(0.003)	(0.004)	(0.004)	(0.005)	(0.003)	(0.005)

The quarterly results show that revenues have remained fairly consistent over the previous two years as the Company relied on recurring revenues from its existing install base. Profitability has fluctuated based on timing of hardware project sales being realized and the amount of legal fees incurred by the Company in its pursuit collection of damages resulting from the early termination of a contract by a former customer. The second quarter of 2015 reflects the settlement of the lawsuit and therefore reports a significant increase in income for that quarter.

There are no identifiable seasonal restrictions on revenues derived from ROM's operations.

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2014	June 30, 2014
Consolidated figures		
Cash	\$ 1,195,819	\$ 786,896
Current assets	\$ 1,393,648	\$ 1,027,405
Current liabilities	\$ 84,264	\$ 150,702
Working capital	\$ 1,309,384	\$ 876,703

As of December 31, 2014 the Company does not have any long-term debt.

The Company's cash resources and working capital both increased as a result of the recovery resulting settlement of the lawsuit in the second quarter of fiscal 2015.

The Company's primary cash requirements are to implement its marketing strategy to bring its new products to full commercialization and for the continued development of new products. The Company has sufficient cash resources to fund these initiatives and does not anticipate any immediate financing requirements.

SECURITIES ISSUED AND OPTIONS GRANTED

There are presently 24,715,014 common shares issued and outstanding as of February 23, 2015. No shares were issued during the quarter.

At December 31, 2014 there were 1,525,000 stock options outstanding and exercisable. No options were issued during the quarter.

COMMITMENTS, GUARANTEES AND INDEMNIFICATIONS

The Company is obligated under operating leases as described in Note 9 to the condensed interim consolidated financial statements.

The Company is obligated under contractual obligations as described in Note 10 to the condensed interim consolidated financial statements.

The Company is not obligated under any guarantees, but has provided certain indemnifications as described in note 12 to the consolidated financial statements for the year ended June 30, 2014.

TRANSACTIONS WITH RELATED PARTIES

General and administrative expenses for the quarter include \$7,500 (\$15,000 for six months ended December 31, 2014) in management fees paid to a Company controlled by a director and \$2,500 (\$5,000 for six months ended December 31, 2014) in director fees expense. These transactions occurred in the normal course of business and are recorded at fair value. See note 11 to the condensed interim consolidated financial statements for details regarding key management personnel compensation.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Management has classified and measured the Company's financial instruments as described in note 22 to the consolidated financial statements for the year ended June 30, 2014.

The Company is exposed to concentration of credit risk with respect to its cash and accounts receivable. Management monitors this risk on an ongoing basis through review of specific accounts and cash management.

The Company is exposed to fluctuations in foreign exchange rate changes between the Canadian and United States dollars.

CHANGES IN ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared using IFRS as described in note 3 to the consolidated financial statements for the year ended June 30, 2014. There has not been any change in these accounting policies.

Accounting policy developments and their potential impact on the Company in the future are described in note 4 to the consolidated financial statements for the year ended June 30, 2014.

OUTLOOK AND FUTURE RISKS

The Company has been significantly impacted by the global economic downturn over the past few years. The Company's profitability is still dependent on hardware sales as it does not yet have a sufficient install base to achieve profitability on its recurring monthly revenues alone. The Company is optimistic that its customers' budget constraints are slowly being removed and expects to continue to see increased levels of activity from its core products. In addition, the Company has completed the development of new products that it expects to continue to open new markets to the Company in fiscal 2015. The Company has begun implementing its marketing strategy and expects to see continued growth in the next fiscal year as full scale commercial deployment continues. The challenge the Company faces is to effectively market these products. The Company will invest significant resources in implementing the marketing strategy and may incur initial losses until anticipated sales are achieved from these marketing efforts. However, management believes it has the resources necessary to complete development and implementation of the marketing strategy.

Future risk factors include management's ability to successfully market the products that have been developed, attract and retain qualified personnel, maintain cost control and the potential for increased competition by companies that may have significantly greater financial resources and/or infrastructure. Furthermore, the company is entirely dependent upon third party satellite and cellular service providers to convey data from the field application to ROM's operation center for further processing and distribution to its clients

A significant portion of the Company's sales and future opportunities are with customers in the United States. In addition, the Company has financial instruments denominated in United States dollars. The Company is exposed to business risks resulting from economic conditions in the United States and foreign exchange risks resulting from future changes between Canadian and United States dollars. In addition, the Company is developing distributor relationships to market its products in other countries. While these relationships are not significant to the Company's sales today, management expects sales in other parts of the world to be a significant growth area in the future. This could further expose the Company to foreign exchange and foreign business environmental risks in the future.