C-COM SATELLITE SYSTEMS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FIRST QUARTER FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2015 AND FEBRUARY 28, 2014

PREPARED BY MANAGEMENT
(Unaudited)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2015 AND FEBRUARY 28, 2014
UNAUDITED

Management's Responsibility for Financial Reporting

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

February 28, 2015

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Unaudited Condensed Statements of Financial Position

As at February 28, 2015 and November 30, 2014
(Canadian dollars)

	Notes	Feb. 28, 2015 (unaudited)	Nov. 30, 2014 (audited)
ASSETS			
Cash		$ 10,859,243	$ 10,828,751
Marketable securities		3,806,653	3,799,479
Accounts receivable		1,356,554	1,792,348
Inventory		3,992,854	3,897,373
Prepaid expenses		253,837	205,672
Tax recoverable		252,143	256,369
Total current assets		20,521,284	20,779,992
Equipment		95,494	96,146
Application software		50,200	53,243
Total non-current assets		145,694	149,389
TOTAL ASSETS		$ 20,666,978	$ 20,929,381
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 466,237	$ 694,915
Tax payable		-	-
Deferred revenue		10,414	21,627
Total current liabilities		476,651	716,542
NON-CURRENT LIABILITIES			
Deferred revenue		38,945	33,925
Deferred tax liability		94,652	95,769
Total non-current liabilities		133,597	129,694
TOTAL LIABILITIES		610,248	846,236
SHAREHOLDERS' EQUITY			
Share capital		8,692,273	8,692,273
Contributed surplus		673,869	626,096
Retained earnings		10,690,588	10,764,776
TOTAL SHAREHOLDERS' EQUITY		20,056,730	20,083,145
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 20,666,978	$ 20,929,381

ON BEHALF OF THE BOARD:

_________________________________ *Director*   _________________________________ *Director*

See accompanying notes to the financial statements

Unaudited Condensed Statements of Changes in Equity

For the three-month period ended February 28, 2015 and 2014
(Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2014	$ 8,692,273	$ 626,096	$ 10,764,776	20,083,145
Net income and comprehensive income	-	-	376,431	376,431
Dividends declared	-	-	(450,619)	(450,619)
Exercised options	-	-	-	-
Stock based compensation expense	-	47,773	-	47,773
Reclassification of contributed surplus on exercised options	-	-	-	-
Balance February 28, 2015	$ 8,692,273	$ 673,869	$ 10,690,588	$ 20,056,730

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2013	$ 8,194,880	$ 352,315	$ 9,752,495	18,299,690
Net income and comprehensive income	-	-	451,396	451,396
Dividends declared	-	-	(442,357)	(442,357)
Exercised options	-	-	-	-
Stock based compensation expense	-	15,494	-	15,494
Reclassification of contributed surplus on exercised options		-	-	-
Balance February 28, 2014	$ 8,194,880	$ 367,809	$ 9,761,534	$ 18,324,223

See accompanying notes to the financial statements

Unaudited Condensed Statements of Net Earnings and Comprehensive Income

For the three-month period ended February 28, 2015 and 2014
(Canadian dollars)

	2015 (unaudited)	2014 (unaudited)
REVENUE	$ 2,201,578	$ 2,377,784
COST OF SALES	1,055,292	1,035,066
GROSS PROFIT	1,146,286	1,342,718
EXPENSES		
General and administrative	478,341	413,730
Research and development	172,545	233,710
Sales and marketing	180,679	147,265
	831,565	794,705
INCOME BEFORE OTHER INCOME AND INCOME TAX	314,721	548,013
OTHER INCOME		
Investment income	26,096	39,422
Foreign exchange gain	273,723	105,650
	299,819	145,072
INCOME BEFORE INCOME TAX	614,540	693,085
INCOME TAX	238,109	241,689
NET INCOME AND COMPREHENSIVE INCOME	$ 376,431	$ 451,396
Basic earnings per share	$0.01	$0.01
Basic weighted average number of common shares	36,049,550	35,388,550
Diluted earnings per share	$0.01	$0.01
Diluted weighted average number of common shares	36,804,423	36,792,371

See accompanying notes to the financial statements

Unaudited Condensed Statements of Cash Flows

For the three-month period ended February 28, 2015 and 2014
(Canadian dollars)

	2015 (unaudited)	2014 (unaudited)
OPERATING ACTIVITIES		
Net income	$ 376,431	$ 451,396
Items not affecting cash:		
Investment income	(26,096)	(39,422)
Income tax expense	238,109	241,689
Scientific research and experimental development tax credit	(70,000)	(74,250)
Gain on disposal of fixed assets	(598)	-
Amortization	9,792	7,444
Unrealized foreign exchange loss (gain)	224,356	57,533
Stock-based compensation	47,773	15,494
	799,767	659,884
Changes in non-cash working capital:		
Accounts receivable	344,885	190,253
Inventory	(95,481)	(144,071)
Prepaid expenses	(48,165)	(77,782)
Accounts payable and accrued liabilities	(259,922)	53,714
Deferred revenue	(6,193)	(8,339)
	(64,876)	13,775
Investment income received	21,783	32,637
Income tax paid	(165,000)	(103,375)
Cash flow from operating activities	591,674	602,921
INVESTING ACTIVITY		
Acquisition of marketable securities	(500,000)	(500,000)
Disposal of marketable securities	500,000	-
Disposal of capital assets	5,958	-
Acquisition of capital assets	(11,459)	(23,064)
Cash flow used in investing activities	(5,501)	(523,064)
FINANCING ACTIVITY		
Dividends paid to owners of Company	(450,619)	(442,357)
Options exercised	0	
Cash flow used in financing activities	(450,619)	(442,357)
Foreign exchange gain (loss) on cash	(105,062)	(38,177)
(DECREASE)/INCREASE IN CASH FLOW	30,492	(400,677)
CASH - beginning of period	10,828,751	9,968,565
CASH - end of period	$10,859,243	$ 9,567,888

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month period ended February 28, 2015 and 2014
(expressed in Canadian Dollars)

1. DESCRIPTION OF INCORPORATION AND OPERATIONS

C-COM Satellite Systems Inc. (the “Company“) was federally incorporated under the Canadian Business Corporation Act on December 9, 1997. On July 24, 2000, the Company's stock began trading on TSX Venture Exchange. The Company is engaged in the development of high quality, cost effective, satellite - based technology that allows the delivery of high speed internet access for fixed, transportable and mobile end-users. The address of its registered office and principle place of business is 2574 Sheffield Road, Ottawa, Ontario K1B 3V7.

These unaudited interim condensed financial statements for the three-months ended February 28, 2015 were authorized for issuance by the Board of Directors on April 20, 2015.

2. BASIS OF PRESENTATION

These unaudited interim condensed financial statements are expressed in Canadian dollars, which is the Company’s functional currency, and have been prepared in accordance with International Accounting Standard (“IAS”) IAS34 – Interim financial reporting, as issued by the International Accounting Standard Board (“IASB”). These unaudited interim condensed financial statements have been prepared using accounting policies consistent with International financial Reporting Standards (“IFRS”) and in accordance with the accounting policies the Company adopted in its annual financial statements for the year ended November 30, 2014 and should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report for the year ended November 30, 2014. These unaudited interim condensed financial statements do not include all of the information required in annual financial statements.

These interim financial statements have been prepared on a going concern basis using historical cost conventions.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial instruments

IFRS 9 was issued by the IASB in November 2009 and October 2010, was amended in 2013 and finalized in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”)

IFRS 9 uses a single approach to determine whether a financial instrument is measured at fair value through profit or loss, fair value through other comprehensive income or amortized cost, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of those financial instruments. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the adoption of this standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers

In April 2014, the IASB released IFRS 15 – Revenue from Contracts with Customers. The Standard replaces IAS11 Construction Contracts and IAS18 Revenue, providing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company has not yet assessed the impact of the adoption of this standard on its financial statements.

(expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates.

There were no significant changes in estimates or approaches to determining estimates in the periods presented.

5. SEASONALITY

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company's revenues and earnings have historically been subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays.

6. OPERATING SEGMENT INFORMATION

IFRS 8 "Operating Segments" defines an operating segment as (a) a component of an entity that engages in business activities from it which may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief decision maker to make decisions about resources to be allocated to the segment and to assess its performance and (c) for which discrete financial information is available.

For managements purposes the Company's activities are attributable to a single operating segment, engaged in the design and manufacture of auto-deploying mobile satellite antennas. Consequently, the group does not present any operating segment information.

Revenue by Geographic area

The location of the customer determines the geographic areas for revenue.

	3 months ended February 28, 2015	3 months ended February 28, 2014
	$	$
Canada	282,252	102,524
United States	577,618	768,106
Europe	512,662	787,796
China	261,091	272,383
Sweden	201,139	67,880
Rest of the World	366,816	379,095
	2,201,578	2,377,784

(expressed in Canadian Dollars)

6. OPERATING SEGMENT INFORMATION (CONTINUED)

Property and equipment

The location of property and equipment determines the geographic areas.

All property and equipment is located in Canada.

Major Customers

For the quarter ended February 28, 2015 the Company did not have any customers account for more than 10% of revenues, (February 28, 2014 – one customer accounted for more than 10% of revenue, generating $237,784).

7. ISSUED CAPITAL

Stock options

The Company has an established stock option plan, which provides that the Board of Directors may grant stock options to eligible directors, officers and employees. Under the plan, eligible directors, officers and employees are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted but in no circumstances below fair market value of the shares at the date of grant. A total of 6,841,029 common shares are authorized for issuance under the plan, of which 2,774,000 are issued at February 28, 2015. At February 28, 2015 there are 2,939,000 options outstanding of which 2,126,000 are exercisable.

Outstanding share capital

At February 28, 2015 there were 36,049,550 common shares of the Company outstanding.

8. NET EARNINGS PER SHARE

The diluted weighted average number of shares has been calculated as follows:

	Three months ended February 28, 2015	Three months ended February 28, 2014
Weighted average number of shares – basic	36,049,550	35,388,550
Addition to reflect the dilutive effect of employee stock options	754,873	1,403,821
Weighted average number of shares – diluted	36,804,423	36,792,371

Options that are anti-dilutive because the exercise price was greater than the average market price of the common shares are not included in the computation of diluted earnings per share. For the three-month period ending February 28, 2015 1,492,000 options were excluded from the above calculation (February 28, 2014 – 51,000 options were excluded from the above calculation).

Net income represents the measure of profit and loss used to calculated earnings per share.

(expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's management regards the members of the Board of Directors and their immediate families and the senior managers and their immediate families of C-COM Satellite Systems Inc., the senior managers and their immediate families of Eurodata Inc., the senior managers of Boyd Moving and Storage Ltd. and their immediate families, the senior managers and their immediate families of 718133 Ontario Inc., the partners of Labarge Weinstein LLP and the senior managers and their immediate families of Branim Consulting Corp. as related parties.

The Company had the following transactions and balances with related parties during the period.

		3 months ended February 28, 2015	3 months ended February 28, 2014
		$	$
Board of Directors:			
Board of Director fees	(i)	24,000	24,000
Transactions with Boyd Moving and Storage Ltd.:			
Purchase of storage capacity	(ii)	3,767	4,730
Transactions with 718133 Ontario Inc.:			
Rental of office and warehouse space	(iii)	76,102	51,426
Transactions with Branim Consulting Corp.:			
Purchase of consulting services	(iv)	14,600	20,160
Transactions with other parties:			
Legal fees and expenses	(v)	7,517	4,524

	As At February 28, 2015	As At February 28, 2014
	$	$
Balances with related parties		
Amounts due to Boyd Moving and Storage	Nil	Nil
Amounts due to Labarge Weinstein LLP	Nil	Nil

Balances with related parties are due upon demand and included with accounts payable and accrued liabilities.

i. The Board of Directors instituted a Board of Directors fee of $24,000 per annum per board member commencing December 2, 2012 and is paid quarterly.

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

ii. The Company purchases excess storage capacity from Boyd Moving and Storage Ltd. to warehouse inventory platforms.

iii. The Company has a 5 year lease commitment with 718133 Ontario Ltd. which ends July 2019 for office and warehouse space.

iv. The Company purchases financial consulting services from Branim Consulting Corp. and the Company's Chief Financial Officer is a director of this company.

v. The Company retains a business law firm in Ottawa, Canada to provide legal services and advice. The Company's secretary is a partner of this firm.