

AIRESURF NETWORKS HOLDINGS INC.
(A Development Stage Company)
Nine Months Ended September 30, 2008
(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

AIRESURF NETWORKS HOLDINGS INC.
(A Development Stage Company)
Consolidated Balance Sheets (Prepared by Management)

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 19,841	\$ 80,163
GST recoverable	7,719	4,261
Prepaid expenses	16,500	15,843
	\$ 44,060	\$ 100,267
Liabilities and Shareholders' Deficiency		
Liabilities		
Current		
Bank indebtedness	\$ 10,609	\$ -
Accounts payable and accrued liabilities	200,626	304,041
Promissory notes (note 4)	274,968	292,468
	486,203	596,509
Shareholders' deficiency		
Capital stock (Note 5(b))	3,404,900	2,849,892
Shares to be issued (Note 5(f))	61,500	199,663
Warrants (note 5(d))	73,459	58,300
Contributed surplus (Note 5(e))	804,465	691,876
Deficit	(4,786,467)	(4,295,973)
	(442,143)	(496,242)
	\$ 44,060	\$ 100,267

See accompanying notes to the financial statements

AIRESURF NETWORKS HOLDINGS INC.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Expenses:				
Consulting	\$ 145,780	\$ 45,000	\$ 259,780	\$ 69,000
Stock-based compensation	76,315	36,300	95,289	36,300
Product development	23,385	8,891	78,797	38,567
Professional fees	13,603	18,350	25,717	20,700
Interest on promissory notes	6,359	14,393	20,348	42,520
Listing and transfer fees	6,286	20,305	12,236	24,101
Travel and shareholder communication	2,134	-	2,134	655
Office expenses	1,305	-	1,818	4,108
Telecommunications	1,200	-	1,200	-
Advertising and promotion	940	988	1,086	988
Bank charges and interest	100	460	205	1,763
Accretion expense	-	8,880	-	24,296
	277,407	153,567	498,610	262,998
Loss before the undernoted:	(277,407)	(153,567)	(498,610)	(262,998)
Expense recovery	-	-	8,116	-
Loss for the period	(277,407)	(153,567)	(490,494)	(262,998)
Deficit, beginning of period	(4,509,060)	(3,797,538)	(4,295,973)	(3,688,107)
Deficit, end of period	\$(4,786,467)	\$(3,951,105)	\$(4,786,467)	\$(3,951,105)
Basic and diluted loss per share (Note 3)	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements

AIRESURF NETWORKS HOLDINGS INC.

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Consolidated Statements of Cash Flows

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Cash flows provided by (used in)				
Operations:				
Loss for the period	\$ (277,407)	\$ (153,567)	\$ (490,494)	\$ (262,998)
Items not involving cash:				
Accretion expense	-	8,880	-	24,296
Stock-based compensation	76,315	36,300	95,289	36,300
	(201,092)	(108,387)	(395,205)	(202,402)
Net changes in non-cash working capital:				
Accounts receivable	(641)	4,584	(3,458)	2,847
Prepaid expenses	(14,000)	-	(657)	2,100
Accounts payable and accrued liabilities	59,152	89,522	181,389	115,955
	(156,581)	(14,281)	(217,931)	(81,500)
Financing:				
Bank indebtedness	10,609	-	10,609	(7,589)
Issue of promissory notes	-	-	-	45,000
Shares issued for cash, net of issue costs	85,500	68,133	85,500	68,133
Subscription received	41,500	(50,000)	61,500	-
	137,609	18,133	157,609	105,544
Net change in cash	(18,972)	3,852	(60,322)	24,044
Cash, beginning of period	38,813	20,192	80,163	-
Cash, end of period	\$ 19,841	\$ 24,044	\$ 19,841	\$ 24,044
Supplemental information:				
Shares issued for loan payable	\$ -	\$ -	\$ 17,500	\$ -
Shares issued for accounts payable	\$ 59,000	\$ -	\$ 284,804	\$ -

See accompanying notes to the financial statements

AIRESURF NETWORKS HOLDINGS INC.

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Notes To Consolidated Financial Statements

Prepared by Management

Nine Months Ended September 30, 2008 and 2007

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Airesurf Networks Holdings Inc. (the "Company") was originally incorporated in the province of Alberta on December 10, 1986 as Multilink Technologies Inc. On September 17, 2003 the Company was continued under the laws of the province of Ontario and changed its name to Airesurf Networks Holdings Inc. The Company's principal business is the development of its wireless network booster products and as such, the Company is currently in the development stage.

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months period ended September 30, 2008 may not be necessarily indicative of the results that may be expected for the year ending December 31, 2008.

The balance sheet at December 31, 2007 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Corporation's annual consolidated financial statements for the year ended December 31, 2007.

These financial statements have been prepared on a going concern basis that contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As at September 30, 2008, the Company had a working capital deficiency of \$442,143 (2007 - \$496,242) and an accumulated deficit of \$4,786,467 (2007 - \$4,295,973). The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or the issuance of capital stock and on borrowing from third parties sufficient to meet current and future obligations. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the provisions of the following new CICA Handbook Sections:

(i) Inventories:

CICA Handbook Section 3031, Inventories, replaces corresponding Section 3030 and establishes new standards for the measurement and disclosure of inventories. This new section requires inventories to be measured at the lower of cost and net realizable value, provides guidance on the determination of cost and requires the reversal of prior period write-downs when the net realizable value of impaired inventory subsequently recovers. The adoption of this section had no impact on the unaudited interim consolidated financial statements.

(ii) Financial instruments:

CICA Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation, enhance existing disclosure requirements and place greater emphasis on disclosures related to recognized and unrecognized financial instruments and how those risks are managed.

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2. ADOPTION OF NEW ACCOUNTING POLICIES (Continued)

In accordance with Section 3862, the Company is required to disclose the classifications of its financial instruments into one of the following five categories:

- held-for-trading
- held-for-maturity investments
- loans and receivables
- available-for-sale financial assets
- other financial liabilities

The new disclosures required by Section 3862 are included in note 8. The adoption of these standards had no material impact on the unaudited interim consolidated financial statements.

(iii) Capital disclosures:

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 7 to these interim consolidated financial statements.

The adoption of this standard did not have a material impact on the unaudited interim consolidated financial statements

Future Accounting Pronouncements

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009, and the Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

(ii) Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of these statements, the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

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3. LOSS PER COMMON SHARE

The basic loss per share has been calculated based on the weighted average number of shares outstanding for the three and nine month period ended September 30, 2008 of 45,408,828 and 41,675,831 (September 30, 2007; 34,513,582 and 32,821,561) respectively. In 2008 and 2007, all stock options and warrants were excluded from the loss per share calculation as their effect was anti-dilutive.

4. PROMISSORY NOTES

As at September 30, 2008, promissory notes consisted of the following:

(a) \$219,968 (2007 - \$237,468) in promissory notes bearing interest at prime plus 5%, unsecured, repayable on demand. The notes are convertible into units of the Company at the option of the holders at a conversion price of \$0.20 per unit. Each unit will be comprised of one common share of the Company and one common share purchase warrant. At the time of issue, the conversion feature of this note was valued at \$Nil. Included in the \$219,968 balance is a promissory note for \$15,000 owed to a director of the Company.

(b) \$10,000 promissory note issued on September 30, 2006. The note is unsecured, bears interest at the rate of prime plus 1% and is due on demand.

(c) On March 5, 2007, the Company completed a private placement of \$45,000 of convertible promissory notes of the Company. The notes bear interest at prime plus 2% and mature February 1, 2008. Each \$0.05 of principal owing under the notes may be converted at the option of the holder into one common share of the Company

(d) The Company recorded interest of \$20,348 on the promissory notes for the nine months ended September 30, 2008 (2007 - \$42,520). Included in accounts payable and accrued liabilities as at September 30, 2008 is \$110,299 (2007 - \$115,347) accrued with respect to unpaid interest on the promissory notes.

5. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares

Unlimited number of special shares

(b) Issued

	Number	Amount
Balance, December 31, 2007	39,005,806	\$ 2,849,892
Shares issued on conversion of promissory notes	350,000	17,500
Shares issued as settlement for accrued liabilities	5,538,580	284,804
Transfer from shares to be issued	743,210	199,663
Shares issued for cash, net of issue costs	1,750,000	85,500
Warrant valuation	-	(32,459)
Balance, September 30, 2008	47,387,596	\$ 3,404,900

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5. CAPITAL STOCK (continued)

(i) On June 2, 2008, the Company issued 350,000 common shares at \$0.05 per share to settle \$17,500 of promissory notes. Accrued interest of \$5,515.75 related to this note was also settled with the issuance of common shares to the note holder. The interest was included in accounts payable and accrued liabilities.

(ii) During the period, the Company settled \$284,804 of accounts payable and accrued liabilities with some of its creditors by issuing an aggregate 5,538,580 common shares (55,125 common shares at \$0.20 per share and 5,483,455 common shares at \$0.05 per share). This settlement included 110,315 common shares issued at \$0.05 to settle \$5,515.75 of accrued interest relating to the \$17,500 of promissory notes referred to in (i) above.

(iii) On June 13, 2008, the Company issued 743,210 common shares to a former promissory note holder. The promissory note was settled in November 2007, but the shares were not issued until June 13, 2008 and was included in shares to be issued.

(iv) During the period, the Company completed a private placement financing of 1,750,000 units at a price of \$0.05 per unit for gross proceeds of \$87,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire an additional common share at a price of \$0.10 until September 4, 2010.

The 1,750,000 warrants were assigned a value of \$32,459 using the Black-Scholes option-pricing model based on the assumption of an interest rate of 3.5%, an expected life of 2 years, a volatility factor of 100% and no dividends.

(c) Stock Options

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire shares of the Company to directors, officers, employees and consultants of the Company and its affiliates as designated from time to time by the board of directors. The number of common shares subject to options which may be granted under the Plan (and under all other management options and employee stock purchase plans) will be limited to 4,500,000 in the aggregate, and with respect to any one optionee, 5% of the number of issued and outstanding common shares at the date of the grant of the option. The exercise price of any option granted under the Plan is to be fixed by the board of directors and may not be less than the fair market value of the common shares at the time the option is granted. Options issued under the Plan may be exercised during a period determined by the board of directors which cannot exceed five years.

Stock option transactions and the number of stock options outstanding are as follows:

	Number of Stock Options		Weighted average Exercise Price	
	2008	2007	2008	2007
			\$	
Opening balance	3,660,000	1,900,000	0.12	0.16
Options granted	2,550,000	2,460,000	0.10	0.10
Options cancelled	-	(500,000)	-	0.20
Options expired	(500,000)	(200,000)	0.15	0.15
Ending Balance	5,710,000	3,660,000	0.11	0.12

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5. CAPITAL STOCK (continued)

On June 27, 2008 and August 25, 2008 the Company granted 250,000 and 2,300,000 stock options to purchase common shares at a price of \$0.10 per share, expiring June 27, 2013 and August 25, 2013 respectively. The options vested immediately upon grant.

The fair value assigned to the 250,000 and 2,300,000 options granted was \$18,974 and \$76,315 respectively. Stock based compensation includes \$95,289 relating to these stock options. A corresponding amount has been credited to contributed surplus.

The fair value of the options was estimated using the Black-Scholes option-pricing model based on the assumption of an interest rate of 3.5%, an expected life of 5 years, a volatility factor of 100% and no dividends.

The following table summarizes information about the stock options outstanding at September 30, 2008:

Expiry Date	Number of Options	Number of Exercisable options	Exercise Price
July 4, 2011	700,000	700,000	\$ 0.15
July 20, 2012	1,100,000	1,100,000	\$ 0.10
October 26, 2012	1,360,000	1,360,000	\$ 0.10
June 27, 2013	250,000	250,000	\$ 0.10
August 25, 2013	2,300,000	2,300,000	\$ 0.10
Ending Balance	5,710,000	5,710,000	

(d) Warrants

The following table summarizes information about the warrants outstanding at September 30, 2008:

Issue Date	Number of Warrants	Expiry date	Price	Value
July 18, 2007	362,660	July 18, 2009	0.10	4,422
July 24, 2007	1,000,000	July 24, 2009	0.10	12,193
October 12, 2007	2,000,000	October 12, 2009	0.10	24,385
September 4, 2008	1,750,000	September 4, 2009	0.10	32,459
Ending Balance	5,112,660		\$	73,459

(e) Contributed Surplus

Included in contributed surplus are the following items:

Balance, December 31, 2007	\$	691,876
Warrants expired		17,300
Stock based compensation		95,289
Balance, September 30, 2008	\$	804,465

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5. CAPITAL STOCK (continued)

(f) Shares to be issued

As at September 30, 2008, the Company received \$61,500 as subscription for 1,230,000 units of the Company at a price of \$0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into common shares of the Company two years from the date of closing of the financing. As at September 30, 2008, the shares were not issued to the subscribers.

6. RELATED PARTY TRANSACTIONS

In the normal course of business, management and consulting fees of \$42,000 and \$126,000 (2007; \$18,000 and \$53,000) respectively were charged for the three and nine months ended September 30, 2008 by companies controlled by directors and officers and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Accounts payable and accrued liabilities include \$36,700 (2007 - \$35,000) owing to companies controlled by directors and officers of the Company.

7. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity and cash. The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through the development of its wireless network booster; to maintain a good capital base so as to maintain investor and creditor confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing when the need arises.

As at September 30, 2008, promissory notes make up a significant portion of the Company's current liabilities. The Company, however, has no externally or internally imposed capital requirements. The Company's capital management strategy includes the reduction of its notes payable through terms that are favourable to the Company and by extension, its shareholders.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid, highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, gst receivable, accounts payable and accrued liabilities and promissory notes. Management is of the opinion that the Company is exposed to significant interest rate risk arising from these financial instruments; namely promissory notes. The Company estimates that the fair value of these instruments approximate the carrying values due to their short term nature.

Interest Rate Risk

The Company has \$274,968 of promissory notes currently due at varying interest rates. Due to the Company's inability to fund its operations and the ongoing losses, the Company is unable to obtain financing at reasonable rates. The Company is therefore exposed to significant interest rate risk. Small changes in interest rate will have a significant impact on the Company.

The Company's exposure to interest rate risk is summarized as follows:

\$ 219,968	of promissory notes - Interest rate of prime plus 5%
\$ 10,000	of promissory notes - Interest rate of prime plus 1%
\$ 45,000	of promissory notes - Interest rate of prime plus 2%

Liquidity Risk

The Company has no income and relies on equity fund raising to support operations and product development. Management ensures funds are available prior to commencement of any such program. The Company does not have sufficient capital to fund its operations over the next twelve months and may need to obtain additional financing from outside sources.