

MERCATOR TRANSPORT GROUP CORPORATION
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three-month and Nine-month periods ended January 31, 2008 and 2007



MERCATOR TRANSPORT GROUP CORPORATION

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NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of January 31st, 2008.

MERCATOR TRANSPORT GROUP CORPORATION
Consolidated statements of earnings (unaudited)
For the three-month and nine-month periods ended January 31, 2008 and 2007

	For the three-month periods ended January 31		For the nine-month periods ended January 31	
	2008	2007	2008	2007
	\$ unaudited	\$ unaudited	\$ unaudited	\$ unaudited
Revenue	4 021 430	2 759 790	11 747 687	7 121 976
Direct costs	3 540 585	2 433 842	10 421 269	6 274 756
Gross profit	480 845	325 948	1 326 418	847 220
Administrative fees	20 000	90 200	92 000	261 500
	500 845	416 148	1 418 418	1 108 720
Operating expenses				
Amortization (<i>note 18</i>)	18 223	8 236	36 336	23 053
Insurance	20 541	14 443	42 686	31 179
Bad debts	25 455	-	24 734	900
Travel	44 884	23 300	114 886	69 318
Advertising	16 726	18 390	28 916	30 515
Maintenance and repairs	5 306	5 519	22 343	15 050
Consulting fees	13 229	24 051	39 157	31 726
Overhead and office expenses	23 918	25 175	65 303	68 756
Professional fees	71 952	77 790	165 468	107 078
Interest and bank charges (<i>note 18</i>)	15 458	14 275	33 362	29 786
Rent	23 455	17 085	69 087	49 916
Salaries and fringe benefits	443 226	262 396	1 198 597	696 476
Telecommunications	9 141	7 387	26 588	19 820
	731 514	498 047	1 867 463	1 173 573
Loss before income taxes	(230 669)	(81 899)	(449 045)	(64 853)
Income taxes recovered (<i>note 4</i>)	(41 356)	(9 469)	(101 496)	(5 868)
Net loss	(189 313)	(72 430)	(347 549)	(58 985)
Basic and diluted earnings (loss) per share (<i>note 5</i>)	(0,007)	(0,004)	(0,013)	(0,004)

The accompanying notes are an integral part of the interim consolidated financial statements.

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MERCATOR TRANSPORT GROUP CORPORATION
Consolidated statements of Shareholders' Equity, unaudited
for the periods ended January 31, 2008 and 2007

	For the nine-month period ended January 31, 2008			
	Capital stock	Deficit	Contributed surplus	Shareholders' Equity
	\$	\$	\$	\$
Balance-beginning of period	1 021 349	(148 882)	47 058	919 525
Net loss	-	(347 549)	-	(347 549)
Issuance of shares (net of related expenses)	292 172	-	-	292 172
Adjustment related to stock options	6 083	-	56 565	62 648
Balance-end of period	1 319 604	(496 431)	103 623	926 796

	For the nine-month period ended January 31, 2007			
	Capital stock	Deficit	Contributed surplus	Shareholders' Equity
	\$	\$	\$	\$
Balance-beginning of period	75 000	16 915	-	91 915
Net income	-	(58 985)	-	(58 985)
Issuance of shares (net of related expenses)	322 063	-	-	322 063
Adjustment related to stock options	-	-	49 787	49 787
Balance-end of period	397 063	(42 070)	49 787	404 780

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MERCATOR TRANSPORT GROUP CORPORATION
Consolidated balance sheets
As at January 31, 2008 (unaudited) and as at April 30, 2007 (audited)

	As at January 31 2008	As at April 30 2007
Assets	\$	\$
	(unaudited)	(audited)
Current assets		
Cash	218 160	498 398
Cash and cash equivalents held in trust	35 000	56 000
Accounts receivable <i>(note 6)</i>	2 483 221	1 905 146
Inventories	231 551	-
Prepaid expenses	50 077	157 817
	3 018 009	2 617 361
Equipment <i>(note 7)</i>	34 241	29 246
Intangible assets <i>(note 8)</i>	360 650	71 492
Future income taxes	361 105	216 567
	3 774 005	2 934 666
Liabilities		
Current liabilities		
Bank loans <i>(note 9)</i>	340 000	45 037
Accounts payable <i>(note 10)</i>	2 245 156	1 688 229
Income taxes payable	34 774	-
Current portion of obligations under capital leases <i>(note 11)</i>	18 200	31 416
Current portion of long-term debt <i>(note 12)</i>	41 820	41 820
	2 679 950	1 806 502
Obligations under capital leases <i>(note 11)</i>	3 464	13 479
Long-term debt <i>(note 12)</i>	163 795	195 160
	2 847 209	2 015 141
Shareholders' equity		
Capital stock <i>(note 13)</i>	1 319 604	1 021 349
Contributed surplus <i>(note 13)</i>	103 623	47 058
Deficit	(496 431)	(148 882)
	926 796	919 525
	3 774 005	2 934 666

The accompanying notes are an integral part of the interim consolidated financial statements.

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MERCATOR TRANSPORT GROUP CORPORATION
Consolidated statements of cash flows, unaudited
For the three-month and nine-month periods ended January 31, 2008 and 2007

	For the three-month periods ended January 31		For the nine-month periods ended January 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities				
Net loss	(189 313)	(72 430)	(347 549)	(58 985)
Adjustments for:				
Depreciation and amortization	18 223	8 236	36 336	23 053
Future income taxes	(76 130)	-	(136 451)	-
Stock-based compensation	18 855	-	57 647	-
Net change in non-cash working capital components <i>(note 18)</i>	331 481	143 912	(110 185)	(13 259)
	103 116	79 718	(500 202)	(49 191)
Investing activities				
Acquisition of equipment	(1 547)	(859)	(11 274)	(36 789)
Proceeds of disposal	-	-	-	19 540
Acquisition of intangible assets	(311 656)	-	(319 214)	-
Collection of advances from a company under common	-	-	-	50 000
Repayment of advances receivable from a private company	-	(34 185)	-	(34 185)
Net change in other assets	-	13 541	-	-
	(313 203)	(21 503)	(330 488)	(1 434)
Financing activities				
Net change in bank loans	162 488	23 797	294 963	2 462
Repayment of obligations under capital leases	(7 960)	(7 127)	(23 231)	(29 556)
Increase in long-term financing	-	95 000	-	250 000
Long-term debt repayments	(10 455)	(2 565)	(31 365)	(2 565)
Reverse takeover	-	338 061	-	338 061
Issuance of common shares (net of related expenses)	284 085	33 779	289 085	33 789
Advances from an individual	-	(12 495)	-	18 003
	428 158	468 450	529 452	610 194
Net change in cash and cash equivalents	218 071	526 665	(301 238)	559 569
Cash and cash equivalents - Beginning of year	35 089	165 373	554 398	132 469
Cash and cash equivalents - End of year	253 160	692 038	253 160	692 038

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

1-Statutes of incorporation, nature of activities

Statutes of incorporation and nature of activities

The Company, incorporated under the *Canada Business Corporations Act*, specializes in air and sea transportation engineering as well as international logistics.

2-Significant accounting policies

These unaudited interim consolidated financial statements and the notes thereto have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception that they do not conform in all material respects to the requirement of GAAP for annual financial statements. These financial statements should be read in conjunction with the most recent annual financial statements of the Company as they have been prepared using the same accounting policies except for the following:

a) Comprehensive income

On May 1, 2007, the Company adopted Section 1530 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, "Comprehensive Income". It describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income represents changes in net assets arising from transactions, events and circumstances not related to shareholders.

b) Equity

On May 1, 2007, the company adopted Section 3251 of the CICA Handbook, "Equity" which describes standards for presentation of changes in equity. As a result of the adoption of Sections 3251 and 1530 described above, the Company is now presenting a consolidated statement of shareholders' equity, which includes information about comprehensive income and accumulated other comprehensive income when applicable.

c) Financial Instruments - Recognition and Measurement

On May 1, 2007, the Company adopted Section 3855 of the CICA Handbook, "Financial Instruments - Recognition and Measurement". It describes the standards for recognizing and measuring financial instruments in the financial statements. Under this Section, financial assets available for sale, assets and liabilities held for trading and derivatives financial instruments, when part of a hedging relationship or not, are measured and accounted for at fair value. Certain derivatives embedded in other contracts are also measured and accounted for at fair value.

Upon the adoption of this Section, the Company made the following classifications:

- Cash, cash equivalents and derivative financial instruments not designated as hedging relationships are classified as financial assets held for trading and are measured at fair value. Resulting gains and losses are recorded in earnings.
- Accounts receivable, bank loans, accounts payable, obligations under capital leases and accrued liabilities and long-term debt are classified as loans and receivable and are initially recorded at fair value. Subsequently, they are recorded at amortized costs using the effective interest rate method.

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MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****2-Significant accounting policies (cont'd)****d) Accounting changes**

As at May 1, 2007, the Company adopted Section 1506 "Accounting changes". This Section establishes criteria to be met in order to change, together with the accounting treatment and disclosure required when there is a change in accounting policies, estimates and correction of errors. The adoption of this Section had no impact on the consolidated financial position and results of the Company.

e) New accounting standards not yet adopted

Capital disclosures - In December 2006, the CICA published Section 1535, "Capital Disclosures". This new standard established disclosure requirements concerning capital such as: qualitative information about its objectives, policies and process for managing capital; quantitative data about what it regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The new requirements will be effective starting May 1, 2008. The Company is presently evaluating the impact of this new standard.

Financial instruments - disclosures and presentation - During the next fiscal period, the Company will apply the new CICA accounting recommendations regarding the recognition, measurement and disclosure of financial instruments as follows: 3862 "Financial Instruments - Disclosures" and 3863 "Financial Instruments - Presentation". The new requirements will be effective starting May 1, 2008. The Company is presently evaluating the impact of these new standard.

General Standards of financial Statements Presentation - In June 2007, the CICA amended Section 1400 to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. This new requirement will be effective for interim period and annual financial statement starting May 1, 2008. The application of this standard does not expect to have a material impact on the financial position on results of operations of the Company.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries, which are wholly-owned.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, as well as the reported amounts of operating revenues and expenses reported during year covered by these financial statements. Actual results could differ from those estimates. Items that require management to make greater use of estimates are the provision for income taxes and estimation of the fair value of options granted under the stock option incentive plan.

Revenue recognition

Revenue is recognized when the requirements related to the transaction's completion are met and collectibility is reasonably assured at the time of the transaction. Revenue arising from administrative fees are recognized when services are rendered.

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

2-Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term liquid investments that have a term of three months or less when purchased.

Inventories

Inventories of finished goods are valued at the lower of cost and net realizable value.

Equipment

Equipment is recorded at cost. Depreciation is based on their respective useful lives using the following methods and rates:

	<u>Method</u>	<u>Rate</u>
Office furniture	Declining balance	20%
Computer equipment	Declining balance	30%

Intangible assets

Intangible assets are recorded at cost. Amortization is based on their respective useful lives using the following methods and periods:

	<u>Method</u>	<u>Period</u>
Software	Straight-line	3 years
Web site	Straight-line	3 years

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recorded when the carrying value exceeds undiscounted cash flows expected to result from their use and eventual disposition. An impairment loss should be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income taxes

The Company uses the liability method of accounting for income taxes. Future income taxes are recognized based on the deductible or taxable temporary differences between the carrying value and tax value of balance sheet items, measured using the enacted or substantively enacted tax rates expected to apply in the years in which those temporary differences are expected to reverse. Future income tax assets are recognized when, in management's opinion, it is more likely than not that these assets will be realized.

Stock-based compensation

The fair value method is used to account for stock-based compensation. This method consists of recording an expense over the vesting period of the options granted. When options are exercised, any consideration paid and the corresponding compensation recorded as contributed surplus are credited to capital stock.

Earnings per share

Earnings per share are calculated by dividing net earnings by the weighted-average number of common shares outstanding during the year. Diluted earnings per share are calculated by taking into account any potential dilution that may occur if securities or other contracts to issue common shares were exercised or converted to common shares at the beginning of the period or at the time of issuance, if later. The treasury stock method is used to determine the dilutive effect of stock purchase warrants and options on shares.

Currency translation

The Company's accounts are translated using the temporal method. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect on the balance sheet date, and non-monetary assets and liabilities at their historical rates. Revenue and expense items are translated at the monthly rate in effect during the year. Gains and losses on exchange are included in earnings for the period.

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
3- Business acquisition

On December 28, 2007, the Company announced that it has acquired the assets of Cap Canada Distribution inc. for a total consideration of \$311,500, which consideration was paid by the issuance of 700,000 common share capital, for a unit price of \$0.445. Following this acquisition, an exclusive distribution agreement was signed for the Canadian territory.

4-Income taxes

Income tax expense (recovery) was as follows:

	January 31, 2008	January 31, 2007	January 31, 2008	January 31, 2007
	(3 months)	(3 months)	(9 months)	(9 months)
	\$	\$	\$	\$
Current income taxes	34 774	(9 469)	34 955	(5 868)
Future income taxes	(76 130)	-	(136 451)	-
	(41 356)	(9 469)	(101 496)	(5 868)

5- Earnings per share

The following table provides information on net earnings per basic share:

	January 31, 2008	January 31, 2007	January 31, 2008	January 31, 2007
	(3 months)	(3 months)	(9 months)	(9 months)
Net loss	(189 313)	(72 430)	(347 549)	(58 985)
Weighted-average number of basic and diluted shares outstanding	26 775 944	16 648 188	26 638 263	16 599 396
Net loss per basic and diluted share	(0,007)	(0,004)	(0,013)	(0,004)

Options and stock purchase warrants to purchase 2,008,334 and 125,000 common shares respectively were outstanding as at January 31, 2008. They were, however, not included in the calculation of the diluted loss per share, because the Company incurred losses. Including these options and stock purchase warrants in the calculation would have had an antidilutive effect.

6-Accounts receivable

	January 31, 2008	April 30, 2007
	\$	\$
Clients	2 386 766	1 109 599
Related	43 298	787 207
Taxes	41 819	7 184
Other	11 338	1 156
	2 483 221	1 905 146

The companies are related, because they have common shareholders.

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
7-Equipment

			January 31, 2008
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Office	25 978	5 718	20 260
Computer equipment	21 494	7 513	13 981
	47 472	13 231	34 241

			April 30, 2007
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Office	18 536	2 898	15 638
Computer	17 662	4 054	13 608
	36 198	6 952	29 246

8-Intangible assets

			January 31, 2008
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Exclusive distribution rights	311 500	10 383	301 117
Software	16 161	4 421	11 740
Software leased under capital leases	81 775	33 982	47 793
	409 436	48 786	360 650

			April 30, 2007
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software	8 446	2 011	6 435
Web site	12 000	8 611	3 389
	20 446	10 622	9 824
Property leased under capital leases			
Software	81 775	20 107	61 668
	102 221	30 729	71 492

9-Bank loans

As at January 31, 2008, the Company had one line of credit of \$750,000 at prime rate plus 1.05%, secured by a first mortgage on trade accounts receivable and other receivables of which \$410 000 was unused as at January 31, 200. This line of credit is renewable annually.

Under the terms of the credit agreement the Company must comply with certain debt covenants, including the maintenance of financial ratios. As at January 31, 2008, the Company was not in compliance with these financial ratios.

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MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****10-Accounts payable**

	January 31, 2008	April 30, 2007
	\$	\$
Accounts payable and accrued liabilities	2 245 156	1 659 629
Related company	-	28 600
	2 245 156	1 688 229

The company is related, because it has common shareholders.

11-Obligations under capital leases

	January 31, 2008	April 30, 2007
	\$	\$
Computer software lease contract, repayable in monthly instalments of \$2,227, including interest of 9.5%, maturing June 1, 2008, with a purchase option upon maturity.	10 877	29 417
Computer software lease contract, repayable in monthly instalments of \$724, including interest of 18.1%, maturing July 1, 2009, with a purchase option upon maturity.	10 787	15 478
	21 664	44 895
Current portion	18 200	31 416
	3 464	13 479

Minimum payments due during the years ending April 30 are as follows:

	\$
2008	19 822
2009	3 620
Total payments due, including interest	23 442
Incidental expenses and interest included in payments	1 778
Balance of obligations	21 664

12-Long-term debt

Loan from the Business Development Bank of Canada at an interest rate varying between 10.9% and 11.7%, repayable in one principal payment of \$2,565 and 71 monthly principal instalments of \$3,485 starting January 15, 2007, secured by a corporate guarantee, certain equipment and intangible assets, as well as trade accounts receivable and up to 50% of the commitment is by the Company's directors.

The estimated repayments of long-term debt over the next five years are as follows:

	\$
2009	41 820
2010	41 820
2011	41 820
2012	41 820
2013	38 335
	205 615

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
13-Capital stock

The Company's authorized capital stock consists of an unlimited number of common shares without par value, participating and voting, as well as an unlimited number of preferred shares, without par value and non-voting, issuable in series.

Reported

The following table shows the changes in the Company's common capital stock during the year:

	Number	Amount
		\$
Balance as at April 30, 2007	26 568 335	1 021 349
Shares issued	700 000	311 500
Issuance expenses (net of future income taxes of \$8,087)	-	(19 328)
Shares issued upon exercise of stock options	25 000	6 083
Balance as at January 31, 2008	27 293 335	1 319 604

Contributed surplus	January 31, 2008	April 30, 2007
	\$	\$
Beginning balance	47 058	-
Contributed surplus following the reverse takeover	-	49 787
Contributed surplus after stock options were granted	62 648	18 111
Contributed surplus after stock options were exercised	(6 083)	(20 840)
Ending balance	103 623	47 058

The balance of the contributed surplus as at January 31, 2008 was as follows:

Stock-based compensation for options granted to directors and executives	81 623	25 058
Stock-based compensation for options granted to the underwriter	22 000	22 000
	103 623	47 058

Stock-based compensation plan

On January 16, 2004, the Company adopted a stock option incentive plan in accordance with TSX Venture Exchange policies, which state that the Company's board of directors may from time to time and at its discretion grant the Company's directors, executives, employees, consultants and technical advisors non-transferable stock options on common shares exercisable during a period of up to five years after the grant date. However, the number of common shares reserved for the issue under the terms of the stock-option plan may not exceed 3,497,881 shares.

Moreover, the number of common shares reserved for issue to a particular director, executive or employee may not exceed 5% of the common shares issued and outstanding. The number of common shares reserved for issue to a consultant or technical adviser may not exceed 2% of the common shares issued and outstanding.

The board of directors determines the price per common share and the number of common shares that can be allocated to each director, executive, employee, consultant and technical advisor, as well as all other terms and conditions of the option, subject to the rules of the TSX Venture Exchange. Holders must exercise their options within 90 days of resigning from their position or no longer holding their position within the Company. However, if the holder's death is the reason for the termination of employment as a director, consultant or employee, options must be exercised within the 12 months following the death, subject to their maturity date.

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
13-Capital stock (cont'd)
Options granted to directors and executives

During the nine-month period ended January 31, 2008, stock options on 675,000 common shares maturing over a maximum of five years were granted to directors and executives. These options were estimated at their fair value using the Black-Scholes option pricing model. An amount of \$18,855 was expensed as stock-based compensation for the three-month period ended January 31, 2008 and the related credit was recorded in the contributed surplus.

In 2004, stock options on 533,334 common shares maturing five years after the grant date were granted to directors and executives. These options were recorded at their fair value using the Black-Scholes option pricing model. Consequently, a stock-based compensation expense of \$27,787 was recorded in 2004 and the related credit was allocated to contributed surplus. As at January 31, 2008, 400,000 of these options were exercised.

Options and stock purchase warrants granted to the underwriter

The Company granted stock options on 400,000 common shares at an exercise price of \$0.15 per share exercisable for a period of 18 months after the date of the underwriter's placement set forth in the prospectus, of which 50% were exercisable before the eligible transaction described in Note 1. These options were exercisable immediately on the grant date up to May 5, 2006. They were recorded at their fair value using the Black-Scholes option pricing model in 2004. Consequently, share issue expenses of \$22,000 were recorded as a reduction of the capital stock issued and the related credit was allocated to contributed surplus. When the options expired, the underwriter had not exercised them and they were cancelled.

Following the transaction with Nature Genetiks Capital, 125,000 stock purchase warrants were issued. These instruments have an exercise price of \$0.20 and expire 2 years after the transaction closing date.

Changes in the number of stock options outstanding as at January 31, 2008 were as follows:

	Number of options	Weighted-average exercise price
Beginning of year	1 483 334	0,20
Granted	675 000	0,22
Exercised	(25 000)	0,20
Cancelled	(125 000)	0,20
End of year	<u>2 008 334</u>	0,21
Exercisable options at the end of the quarter	533 334	0,19

The following options were outstanding as at January 31, 2008:

Options outstanding			Exercisable options		
Granted in	Number of options	Weighted- average exercise price	Maturing	Number of options	Weighted- average exercise price
2004	133 334	0,15	2 009	133 334	0,15
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	1 350 000	0,20	2 010	350 000	0,20
2008	525 000	0,22	2 009	50 000	0,25
	<u>2 008 334</u>			<u>533 334</u>	

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
13-Capital stock (cont'd)

The following assumptions were used to determine the fair value of options at the time of granting:

	<u>2008</u>	<u>2007</u>
Risk-free interest rate	4,11%	4,58%
Expected dividend yield	-	-
Expected life of options	2,0	2,13
Expected volatility	75%	75%
Weighted-average fair value of options granted	0,185	0,075

14-Contractual commitments

The Company rents premises under leases expiring June 30, 2008. Minimum payments over the next two fiscal years amount to: 2008 - \$22,942; 2009 - \$15,294.

15-Related party transactions

The Company entered into the following transactions with related parties:

	January 31, 2008	January 31, 2007
	(9 months)	(9 months)
	\$	\$
Revenues	1 065 240	517 416
Administrative fees	92 000	261 500
Interest revenues	9 372	-

The Company is related to other companies that are controlled by common shareholders. Transactions between the Company and related companies are conducted in the ordinary course of business and are measured at the exchange amount, which is the consideration established and agreed upon by the related parties.

16-Segmented information

The Company's two main operating segments are international logistics and distribution.

Providing the geographic information is impracticable as at January 31, 2008.

For the three-month period ended January 31, 2008, one client represents 10 % or more of the Company's revenues (20%) (in 2007, one customer represented 10% of revenues).

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

17-Financial instruments

a) Currency risk

Part of the Company's sales and purchases are denominated in foreign currency. Consequently, the Company has a foreign currency exposure on certain assets, liabilities, revenue and expenses. As at January 31, 2008, cash, receivables and payables denominated in US dollars amounted to \$220,335, \$1,433,435 and \$1,168,031 respectively. Cash, receivables and payables in euros were nil, nil and €40,651 respectively. The Company manages part of its currency risk using currency conversion options.

b) Credit risk

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks of its clients and maintains provisions for potential losses on receivables, which are consistent with management's forecasts, when they occur. As at January 31, 2008, the Company had receivables of \$489,722 from one client and \$22,476 from a related company.

c) Fair value

The Company determines the fair market value of financial instruments based on current interest rates, the market value and current price of a financial instrument under comparable conditions. Unless otherwise specified, the carrying value of these financial instruments, particularly short-term instruments, approximates their fair value.

18-Additional information

a) The net change in non-cash working capital components was as follows:

	January 31, 2008	January 31, 2007	January 31, 2008	January 31, 2007
	(3 months)	(3 months)	(9 months)	(9 months)
	\$	\$	\$	\$
Accounts receivable	74 143	86 089	(578 075)	(513 406)
Income taxes receivable	-	(6 314)	-	(6 314)
Inventories	(231 551)	-	(231 551)	-
Prepaid expenses	107 427	(126 220)	107 740	(212 728)
Accounts payable	346 688	211 852	556 927	764 806
Income taxes payable	34 774	(21 495)	34 774	(45 617)
	331 481	143 912	(110 185)	(13 259)
b) Additional information				
Interest paid	10 608	12 327	26 498	25 192
Income taxes paid	-	18 340	-	46 063
c) Foreign exchange loss	(37 791)	(15 040)	12 048	(12 731)
d) Depreciation and amortiation				
Depreciation of equipment	2 231	1 558	6 279	4 279
Amortization of intangible assets	15 992	6 678	30 057	18 774
	18 223	8 236	36 336	23 053

NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of January 31st, 2008.

MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****18-Additional information (cont'd)**

	January 31, 2008	January 31, 2007	January 31, 2008	January 31, 2007
	(3 months)	(3 months)	(9 months)	(9 months)
	\$	\$	\$	\$
e) Interest and bank charges				
Interest on bank and other loans	3 307	1 336	(4 267)	7 400
Interest on long-term debt	6 072	6 952	19 164	9 891
Interest on obligations under capital leases	722	1 727	3 154	1 727
Bank charges	5 357	4 260	15 311	10 768
	15 458	14 275	33 362	29 786

NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of January 31st, 2008.