



For Immediate Release

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## **RUGGEDCOM REPORTS 55 PER CENT REVENUE GROWTH FOR THIRD QUARTER OF FISCAL 2008**

(All dollar amounts are in US dollars)

Highlights from the Quarter:

- Record revenue of \$10.3 million, up 55% year over year
- Record purchase orders of \$11.1 million, up 79% year over year
- Gross margin of \$5.8 million, up 56% year over year
- Net income of \$1.4 million, up 108% year over year
- Added 244 new customers fiscal year to date

**Woodbridge, Ontario, February 6, 2008 –**

RuggedCom Inc. (“RuggedCom”) (TSX:RCM), a leading provider of rugged communications networking solutions designed for mission-critical applications in harsh environments, today announced its financial results for the third quarter of fiscal 2008, ended December 31, 2007.

“Our latest quarterly results reflect the Company’s continued success in growing both top and bottom lines while maintaining strong gross margins.” said Marzio Pozzuoli, President and Chief Executive Officer.

### **Third Quarter Results**

Total revenue for the quarter was \$10.3 million, representing the Company’s 14<sup>th</sup> consecutive record quarter. Revenue increased 55% from the comparable quarter of a year ago. Revenue growth was primarily driven by increased sales in RuggedCom’s

electric power market, which comprised 68% of the Company's total revenue, and which grew 60% over the same quarter last year.

Customer purchase orders totaled \$11.1 million for the quarter, another company record, representing an increase of 79% over the same quarter last year.

Gross margin for the quarter was \$5.8 million, an increase of 56% over the comparable period last year. On a percentage basis, third quarter gross margin was 56.2%, a slight increase of 0.4 percentage points over 55.8% for the same period last year.

Third quarter net income was \$1.4 million, representing the Company's 11<sup>th</sup> consecutive quarter of profitability. This represents a 108% increase over net income of \$0.7 million in the third quarter last year. The increase was due to a combination of revenue growth, a slight increase in gross margins, as well as relatively lower increases in research & development and sales and marketing expenses for the quarter. In addition, the Company recorded \$0.5 million of interest income for the quarter compared to \$0.1 million of interest expense in the same quarter last year. The Company also recorded a provision for income taxes of \$1.1 million resulting from an effective tax rate of 43.8%. This compares to \$0.2 million of income tax expense in the same period last year. The relatively high effective rate was due to a one-time adjustment to future income taxes to reflect the new proposed tax rates announced by the federal government in October 2007. Earnings per basic share were \$0.12 compared to \$0.12 for the same quarter last year while earnings per diluted share were \$0.11 compared to \$0.09 for the same quarter last year.

The Company added 89 new customers in the quarter for a fiscal year-to-date total of 244 new customers.

### **Conference Call and Webcast**

Management will host a conference call at **8:30 a.m. (ET) on Thursday, February 7, 2008**. Listeners may attend the conference call by dialing **416-644-3422** or **1-800-595-8550**. The live audio webcast can be accessed at RuggedCom's web site at [www.RuggedCom.com](http://www.RuggedCom.com). The webcast will also be archived on the site. A taped rebroadcast will be available to listeners following the call until 11:59 PM (ET) on February 14, 2008. To access the rebroadcast, please call **416-640-1917** or **1-877-289-8525** and enter passcode **21260461#**.

### **About RuggedCom Inc.**

RuggedCom is a leading provider of rugged communications networking solutions designed for mission-critical applications in harsh environments. RuggedCom's technology solutions include Ethernet switches, network routers, wireless devices, serial servers, media converters, software and professional services. RuggedCom's products are designed for use in harsh environments such as those found in electrical power substations and "Smart Grids", intelligent transportation systems, industrial process control and military applications. For further information, please visit [www.RuggedCom.com](http://www.RuggedCom.com).

The unaudited consolidated interim financial statements and management's discussion and analysis of the results of operations and financial condition for the three month and nine month periods ended December 31, 2006 and December 31, 2007 can be found under the Company's profile at [www.sedar.com](http://www.sedar.com).

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**For further information:**

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**RuggedCom Inc.**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
3rd Quarter ended December 31, 2007

**RuggedCom Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands of United States dollars)

	<b>December 31, 2007</b>	<b>March 31, 2007</b>
	(unaudited)	(audited)
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (note 5)	9,226	3,316
Short term investments (note 5)	35,408	-
Accounts receivable (note 6)	6,382	4,002
Prepaid expenses and other	1,929	1,420
Inventories	3,291	2,259
Future income taxes	199	70
	56,435	11,067
<b>Future income taxes</b>	1,275	42
<b>Property and equipment</b>	1,963	1,559
<b>Other assets</b>	219	157
	59,892	12,825
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	6,372	3,451
Current portion of warranty liability	586	432
Income taxes payable	176	809
Current portion of obligations under capital lease	283	206
	7,417	4,898
<b>Warranty</b>	580	354
<b>Obligations under capital lease</b>	286	376
<b>Leasehold inducements</b>	39	31
<b>Preferred shares (note 7)</b>	-	4,195
	8,322	9,854
<b>Shareholders' Equity</b>		
<b>Capital stock (note 8)</b>	45,995	3,211
<b>Accumulated other comprehensive income (note 9)</b>	3,850	(54)
<b>Contributed surplus (note 10)</b>	680	1,344
<b>Retained earnings (deficit)</b>	1,045	(1,530)
	51,570	2,971
	59,892	12,825

**Contingent liabilities (note 11)**

See accompanying notes to consolidated financial statements.

**RuggedCom Inc.**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT**  
(in thousands of United States dollars except per share information)  
(unaudited)

	3 month period ended December 31, 2007	3 month period ended December 31, 2006	9 month period ended December 31, 2007	9 month period ended December 31, 2006
	\$	\$	\$	\$
<b>Revenue</b>	10,312	6,638	27,713	19,195
<b>Cost of goods sold</b>	4,520	2,933	12,390	8,833
<b>Gross margin</b>	5,792	3,705	15,323	10,362
<b>Operating expenses</b>				
Research and development — net of scientific research and experimental development investment tax credits of \$113 (9 month 2007 -\$573, 2006 — \$NIL )	732	513	2,041	1,524
Sales and marketing	1,777	1,410	5,367	3,802
General and administrative	1,137	595	3,656	1,827
Amortization	214	156	598	393
	3,860	2,674	11,662	7,546
Operating income	1,932	1,031	3,661	2,816
Interest income (expense)	484	(140)	773	(435)
<b>Income before income taxes</b>	2,416	891	4,434	2,381
<b>Income taxes</b> (note 16)				
Current	1,043	238	1,781	703
Future	16	-	78	-
	1,059	238	1,859	703
<b>Net income for the period</b>	1,357	653	2,575	1,678
<b>Deficit — Beginning of period</b>	(312)	(3,275)	(1,530)	(4,300)
<b>Retained earnings (deficit) — End of period</b>	1,045	(2,622)	1,045	(2,622)
<b>Net earnings per share</b> (Note 12)				
Basic	\$ 0.12	\$ 0.12	\$ 0.27	\$ 0.31
Diluted	\$ 0.11	\$ 0.09	\$ 0.26	\$ 0.23
Basic weighted average number of common shares outstanding	11,510,060	5,345,717	9,624,458	5,328,703
Diluted weighted average number of common shares outstanding	12,286,253	9,207,833	10,478,209	9,189,440

See accompanying notes to consolidated financial statements.

**RuggedCom Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands of United States dollars )  
(unaudited)

	<b>3 month period ended December 31, 2007</b>	<b>3 month period ended December 31, 2006</b>	<b>9 month period ended December 31, 2007</b>	<b>9 month period ended December 31, 2006</b>
	\$	\$	\$	\$
Net income for the period	1,357	653	2,575	1,678
Foreign currency translation gain (loss)	164	(63)	3,904	(63)
Comprehensive income	<u>1,521</u>	<u>590</u>	<u>6,479</u>	<u>1,615</u>

**RuggedCom Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands of United States dollars )  
(unaudited)

	3 month period ended December 31, 2007	3 month period ended December 31, 2006	9 month period ended December 31, 2007	9 month period ended December 31, 2006
	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income for the period	1,357	653	2,575	1,678
Non-cash items				
Amortization of property and equipment	202	120	535	318
Amortization of other assets	12	36	63	75
Gain on disposal of property and equipment	(13)	-	(16)	-
Future income taxes	16	-	78	-
Accretion and cumulative dividends on preferred shares	-	139	148	421
Stock based compensation	108	61	311	143
Warranty	80	3	239	130
Leasehold inducements	1	3	3	9
Net change in non-cash working capital (note 15)	(647)	238	(1,038)	33
	<u>1,116</u>	<u>1,253</u>	<u>2,898</u>	<u>2,807</u>
<b>Investing activities</b>				
Additions to short term investments	-	-	(33,359)	-
Proceeds from disposal of property and equipment	24	-	35	-
Additions to property and equipment	(283)	(186)	(615)	(499)
Additions to other assets	(57)	(16)	(102)	(31)
	<u>(316)</u>	<u>(202)</u>	<u>(34,041)</u>	<u>(530)</u>
<b>Financing activities</b>				
Decrease in long-term debt	-	(69)	-	(87)
Repayment of obligations under capital lease	(68)	(35)	(186)	(81)
Issuance of common shares	88	-	39,691	65
Share issuance costs	-	-	(3,802)	-
	<u>20</u>	<u>(104)</u>	<u>35,703</u>	<u>(103)</u>
<b>Effect of exchange rates on cash</b>	<u>22</u>	<u>(103)</u>	<u>1,350</u>	<u>(70)</u>
<b>Increase in cash and cash equivalents during the period</b>	842	844	5,910	2,104
<b>Cash and cash equivalents — Beginning of period</b>	<u>8,384</u>	<u>1,931</u>	<u>3,316</u>	<u>671</u>
<b>Cash and cash equivalents — End of period</b>	<u><u>9,226</u></u>	<u><u>2,775</u></u>	<u><u>9,226</u></u>	<u><u>2,775</u></u>
<b>Supplementary information</b>				
Interest paid	\$ 23	\$ 15	\$ 101	\$ 41
Income taxes paid	\$ 159	\$ -	\$ 1,427	\$ -