

RuggedCom Inc.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
3rd Quarter ended December 31, 2008

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

	December 31, 2008	March 31, 2008
	(unaudited)	(audited)
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 4)	43,768	8,037
Short term investments (note 4)	-	34,194
Accounts receivable (note 5)	7,660	6,602
Prepaid expenses and other	1,138	2,188
Inventories (note 6)	5,089	3,446
Income taxes recoverable	-	166
Future income taxes	458	579
	58,113	55,212
Future income taxes	502	737
Property and equipment	2,453	2,022
Other assets	299	239
	61,367	58,210
Liabilities		
Current		
Accounts payable and accrued liabilities	5,127	4,196
Current portion of warranty liability	505	569
Income taxes payable	1,878	-
Current portion of deferred income	48	-
Current portion of obligations under capital leases	167	269
	7,725	5,034
Warranty liability	663	504
Deferred income	21	-
Obligations under capital leases	65	213
Leasehold inducements	13	39
	8,487	5,790
Shareholders' Equity		
Capital stock (note 7)	46,718	46,384
Contributed surplus (note 8)	1,001	684
Accumulated other comprehensive income (loss) (note 9)	(7,083)	2,018
Retained earnings	12,244	3,334
	5,161	5,352
	52,880	52,420
	61,367	58,210

Contingent liabilities (note 10)

See accompanying notes to interim consolidated financial statements.

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

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Revenue	15,821	10,312	42,957	27,713
Cost of goods sold	5,420	4,520	15,897	12,390
Gross margin	10,401	5,792	27,060	15,323
Operating expenses				
Research and development — net of investment tax credits of \$139 (2007 - \$113, 9 month 2008 - \$638, 2007 - \$573)	1,052	732	2,915	2,041
Sales and marketing	2,666	1,777	7,743	5,367
General and administrative	751	1,137	3,256	3,656
Amortization	271	214	859	598
	4,740	3,860	14,773	11,662
Operating income	5,661	1,932	12,287	3,661
Net interest income	303	484	1,131	773
Earnings before income taxes	5,964	2,416	13,418	4,434
Income taxes (note 15)				
Current	1,829	1,043	4,357	1,781
Future	153	16	151	78
	1,982	1,059	4,508	1,859
Net earnings for the period	3,982	1,357	8,910	2,575
Retained earnings (deficit) — Beginning of period	8,262	(312)	3,334	(1,530)
Retained earnings — End of period	12,244	1,045	12,244	1,045
Net earnings per common share (note 11)				
Basic	\$ 0.34	\$ 0.12	\$ 0.76	\$ 0.27
Diluted	\$ 0.33	\$ 0.11	\$ 0.72	\$ 0.26
Basic weighted average number of common shares	11,798,435	11,510,060	11,760,669	9,624,458
Diluted weighted average number of common shares	12,251,346	12,286,253	12,296,445	10,478,209

See accompanying notes to interim consolidated financial statements.

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

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Net earnings for the period	3,982	1,357	8,910	2,575
Unrealized foreign currency translation gain (loss) (note 9)	(7,067)	164	(9,101)	3,904
Comprehensive income (loss) - For the period	<u>(3,085)</u>	<u>1,521</u>	<u>(191)</u>	<u>6,479</u>

See accompanying notes to interim consolidated financial statements.

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

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net earnings for the period	3,982	1,357	8,910	2,575
Non-cash items				
Amortization of property and equipment	253	202	808	535
Amortization of other assets	18	12	51	63
Gain on disposal of property and equipment	-	(13)	-	(16)
Future income taxes	153	16	151	78
Accretion and cumulative dividends on preferred shares	-	-	-	148
Stock based compensation	139	108	475	311
Warranty liability	104	80	295	239
Leasehold inducements	(7)	1	(23)	3
Net change in non-cash working capital (note 14)	(29)	(647)	87	(1,038)
	<u>4,613</u>	<u>1,116</u>	<u>10,754</u>	<u>2,898</u>
Investing activities				
Disposal of (additions to) short term investments	-	-	34,787	(33,359)
Proceeds from disposal of property and equipment	-	24	-	35
Additions to property and equipment	(619)	(283)	(1,632)	(615)
Additions to other assets	(63)	(57)	(160)	(102)
	<u>(682)</u>	<u>(316)</u>	<u>32,995</u>	<u>(34,041)</u>
Financing activities				
Repayment of obligations under capital leases	(56)	(68)	(196)	(186)
Issuance of common shares	3	88	176	39,691
Share issuance costs	-	-	-	(3,802)
	<u>(53)</u>	<u>20</u>	<u>(20)</u>	<u>35,703</u>
Effect of foreign currency exchange rates on cash and cash equivalents	<u>(5,785)</u>	<u>22</u>	<u>(7,998)</u>	<u>1,350</u>
Increase (decrease) in cash and cash equivalents during the period	<u>(1,907)</u>	<u>842</u>	<u>35,731</u>	<u>5,910</u>
Cash and cash equivalents — Beginning of period	<u>45,675</u>	<u>8,384</u>	<u>8,037</u>	<u>3,316</u>
Cash and cash equivalents — End of period (note 14b)	<u><u>43,768</u></u>	<u><u>9,226</u></u>	<u><u>43,768</u></u>	<u><u>9,226</u></u>

See accompanying notes to interim consolidated financial statements.

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

1. THE COMPANY

RuggedCom Inc. (the Company) was incorporated under the provisions of the Business Corporations Act (Ontario) on February 22, 2001. The Company designs and manufactures industrial strength network hardware.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain disclosures normally included in annual consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles are not provided. These consolidated financial statements have been prepared following accounting principles consistent with those used in the annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended March 31, 2008, except as disclosed in note 3. The results of the operations for the interim period are not necessarily indicative of the results of operations for any other interim period or a full fiscal period.

New accounting pronouncements

The Canadian Institute of Chartered Accountants (CICA) has issued Section 3064, Goodwill and Intangible Assets to replace Section 3062, Goodwill and Intangible Assets and section 3450 Research and Development Costs. Section 3064 establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets to converge with international financial reporting. This standard is effective for fiscal years beginning on or after October 1, 2008 and will be adopted by the Company effective April 1, 2009. The Company is in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, The Canadian Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canada's current generally accepted accounting principles for publicly accountable profit-oriented enterprises effective January 1, 2011. The Company is presently considering the effect these standards will have on its financial statements.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Inventories

Effective April 1, 2008, the Company has adopted the new recommendations from the CICA Handbook Section 3031, Inventories. The new standard clarifies the definition of "cost" to include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. As a result, companies are required to systematically allocate fixed and variable production overhead that are incurred in converting materials into finished goods. The allocation of fixed production overhead is based on normal production capacity of the production facilities. In addition, the standard requires companies to assess the recoverability of inventory costs in comparison to net realizable value. Declines in replacement cost below carrying values for raw material inventories do not require writedowns if the finished goods in which they will be incorporated are expected to be sold at or above cost. The adoption of this standard did not result in a change from the Company's existing policy.

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

3. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Capital Disclosures

Effective April 1, 2008, the Company has adopted CICA Handbook Section 1535, Capital Disclosures. This new guidance establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires the disclosure of an entity's objectives, policies and processes for managing capital and information regarding an entity's compliance or non-compliance with any capital requirements. This standard affects disclosure only. Refer to note 16, "Capital Disclosures".

Financial Instruments

Effective April 1, 2008, the Company has adopted CICA Handbook Sections 3862, Financial Instruments: Disclosure, and 3863, Financial Instruments: Presentation. These new standards establish additional presentation and disclosure requirements including the significance of financial instruments to the Company's position and performance and discussion regarding the nature and extent of risks surrounding the Company's financial instruments. This standard affects disclosure only. Refer to note 17, "Financial Instruments".

4. REVOLVING DEMAND FACILITY

The Company has a \$1,000 Canadian dollar revolving demand facility with a major Canadian financial institution. Funds drawn against this facility bear interest at prime rate. The use of the revolving demand facility has been restricted by \$96 United States dollars as security for a guarantee. The bank has a first ranking on \$1,000 Canadian of term deposits and bank balances. As at December 31, 2008, there was no balance drawn against the facility.

5. ACCOUNTS RECEIVABLE

	December 31, 2008	March 31, 2008
	\$	\$
Trade receivables	7,697	6,659
Allowance for doubtful accounts	(37)	(57)
	<u>7,660</u>	<u>6,602</u>

6. INVENTORIES

	December 31, 2008	March 31, 2008
	\$	\$
Raw materials	5,055	3,371
Finished goods	34	75
	<u>5,089</u>	<u>3,446</u>

Included in cost of goods sold is \$82 (2007 - \$176, 9 month 2008 - \$208, 2007 - \$328) recognized as an expense in the period as a provision for the writedown of any losses of inventories.

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

7. CAPITAL STOCK

Authorized

Unlimited number of Class A Shares

Unlimited number of common shares

Issued	December 31, 2008	March 31, 2008
	\$	\$
11,800,276 (March 31, 2008 - 11,717,268) common shares	46,718	46,384
	<hr/>	<hr/>
	Number	Amount
	of shares	\$
Balance, March 31, 2008	11,717,268	46,384
Issued for options exercised (a)	21,112	103
Balance, June 30, 2008	<hr/>	<hr/>
	11,738,380	46,487
Issued for options exercised (b)	59,227	224
Balance, September 30, 2008	<hr/>	<hr/>
	11,797,607	46,711
Issued for options exercised (c)	2,669	7
Balance, December 31, 2008	<hr/>	<hr/>
	11,800,276	46,718

(a) Common shares issued for options vested and exercised in the period were 21,112 at a weighted average share price of \$2.74 (\$2.76 Canadian).

(b) Common shares issued for options vested and exercised in the period were 59,227 at a weighted average share price of \$1.96 (\$2.04 Canadian).

(c) Common shares issued for options vested and exercised in the period were 2,669 at a weighted average share price of \$1.22 (\$1.48 Canadian).

8. CONTRIBUTED SURPLUS

The following table presents the reconciliation of contributed surplus:

	2008	2007
	\$	\$
Balance, March 31	684	1,344
Stock based compensation expense	172	100
Conversion of preferred shares	-	(798)
Stock options exercised	(46)	(113)
Balance, June 30	<hr/>	<hr/>
	810	533
Stock based compensation expense	164	103
Stock options exercised	(108)	(14)
Balance, September 30	<hr/>	<hr/>
	866	622
Stock based compensation expense	139	108
Stock options exercised	(4)	(50)
Balance, December 31	<hr/>	<hr/>
	1,001	680

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the reconciliation of accumulated other comprehensive income (loss):

	2008	2007
	\$	\$
Balance, March 31	2,018	(54)
Unrealized foreign currency gain for the period	331	569
Balance, June 30	<u>2,349</u>	<u>515</u>
Unrealized foreign currency gain (loss) for the period	(2,365)	3,171
Balance, September 30	<u>(16)</u>	<u>3,686</u>
Unrealized foreign currency gain (loss) for the period	(7,067)	164
Balance, December 31	<u><u>(7,083)</u></u>	<u><u>3,850</u></u>

10. CONTINGENT LIABILITIES

The Company has been named in several lawsuits. In management's view, these claims are without merit and should not have a material adverse effect on the consolidated financial position of the Company. Although no assurances can be made as to the ultimate outcome, no provision has been made for a loss in these interim consolidated financial statements. Losses, if any, will be recorded in the consolidated statements of earnings and retained earnings (deficit), and comprehensive income (loss) in the period that such losses are determinable.

11. EARNINGS PER COMMON SHARE

The following is a reconciliation of basic and diluted earnings per common share:

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
Net earnings attributable to common shareholders	\$ 3,982	\$ 1,357	\$ 8,910	\$ 2,575
Accretion	-	-	-	148
Dilutive net earnings attributable to common shareholders	<u>\$ 3,982</u>	<u>\$ 1,357</u>	<u>\$ 8,910</u>	<u>\$ 2,723</u>
Common shares outstanding — beginning of period	11,763,504	11,412,488	11,717,268	5,345,717
Weighted average number of common shares issued in the period	<u>34,931</u>	<u>97,572</u>	<u>43,401</u>	<u>4,278,741</u>
Basic weighted average number of common shares	11,798,435	11,510,060	11,760,669	9,624,458
Effect of dilutive securities, stock options and warrants	<u>452,911</u>	<u>776,193</u>	<u>535,776</u>	<u>853,751</u>
Diluted weighted average diluted common shares outstanding — end of period	<u><u>12,251,346</u></u>	<u><u>12,286,253</u></u>	<u><u>12,296,445</u></u>	<u><u>10,478,209</u></u>

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

12. SEGMENTED INFORMATION

The Company manages its operations and determines its sales segments on a geographic and industry basis. Segments are defined as components for which information is available and is regularly evaluated by the chief operating decision maker or decision making group.

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
Sales by region	\$	\$	\$	\$
North America	6,668	4,805	19,165	12,635
Latin America	1,427	547	2,739	1,869
Asia Pacific	3,122	1,660	8,933	3,609
Europe, Middle East and Africa	4,604	3,300	12,120	9,600
Total	<u>15,821</u>	<u>10,312</u>	<u>42,957</u>	<u>27,713</u>

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
Sales by industry	\$	\$	\$	\$
Electric Power (Utilities)	10,694	6,961	28,658	18,724
Transportation Systems	1,579	1,268	5,464	3,930
Industrial Processes	2,001	1,237	5,743	2,960
Military	1,497	784	2,976	1,863
Other	50	62	116	236
Total	<u>15,821</u>	<u>10,312</u>	<u>42,957</u>	<u>27,713</u>

The following table details our sales allocated by region among countries exceeding 10%:

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
Canada	11.3%	11.4%	11.2%	8.3%
United States of America	30.7%	35.3%	33.3%	37.7%

All material assets are held in Canada.

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

13. ECONOMIC DEPENDENCY AND CONCENTRATION OF CREDIT RISK

In the three month period ended December 31, 2008, the Company had sales to two customers which accounted for 20% of total sales (2007 - 24%). In the nine month period ended December 31, 2008, the Company had sales to two customers which accounted for 22% of total sales (2007 - 23%). These two customers represent 25% (2007 - 38%) of the accounts receivable.

14. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Accounts receivable	(565)	(1,814)	(2,369)	(1,733)
Prepaid expenses and other	(3)	(354)	804	(285)
Inventories	(1,557)	(457)	(2,326)	(630)
Accounts payable and accrued liabilities	746	1,177	1,794	2,253
Income taxes payable	1,347	801	2,146	(643)
Deferred income	3	-	38	-
	<u>(29)</u>	<u>(647)</u>	<u>87</u>	<u>(1,038)</u>

(b) Cash and cash equivalents

	December 31, 2008	December 31, 2007
	\$	\$
Cash	6,821	5,197
Cash equivalents	36,947	4,029
	<u>43,768</u>	<u>9,226</u>

(c) Supplemental disclosures

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Interest paid	9	23	38	101
Income taxes paid	443	159	1,882	1,427

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

15. INCOME TAXES

	3 month period ended December 31, 2008	3 month period ended December 31, 2007	9 month period ended December 31, 2008	9 month period ended December 31, 2007
	\$	\$	\$	\$
Earnings before income taxes	5,964	2,416	13,418	4,434
Income taxes at statutory rate (33% (2007 - 35%))	1,952	857	4,327	1,578
Permanent differences	66	58	186	201
Effect of rate changes	(21)	134	46	134
Other	(15)	10	(51)	(54)
	1,982	1,059	4,508	1,859
	1,982	1,059	4,508	1,859

16. CAPITAL DISCLOSURES

In the management of capital, the Company includes shareholders' equity, excluding accumulated other comprehensive income. The Company manages its capital to ensure that financial flexibility is present to increase shareholder value through organic growth and selective acquisitions, as well as to allow the Company to respond to changes in economic or marketplace conditions. At this time the Company is not utilizing its debt facility as part of its capital management program nor has it paid dividends to its shareholders. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

17. FINANCIAL INSTRUMENTS

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following categories: held for trading, held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. The following table summarizes information regarding the carrying values of the Company's financial instruments.

Classification	December 31, 2008	March 31, 2008
	\$	\$
Held to maturity (1)	36,947	40,690
Loans and receivables (2)	7,660	6,602
Other financial liabilities (3)	5,127	4,196

(1) Includes cash equivalents and short term investments

(2) Includes accounts receivable

(3) Includes accounts payable and accrued liabilities

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

17. FINANCIAL INSTRUMENTS (continued)

Fair value

The carrying values of cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its cash equivalents and short-term investments. The Company is also exposed to interest rate fluctuations with respect to the use of its bank revolving credit facility which bears interest at floating rates. Management does not believe the impact from the interest rate risk would be significant. Recognized interest income for the Company's cash equivalents and short-term investments for the three month period ended December 31, 2008 was \$312 (2007 - \$507), and for the nine month period ended December 31, 2008 was \$1,168 (2007 - \$1,024).

Credit risk

Financial instruments that subject the Company to concentrations of credit risk principally consist of cash equivalents, short-term investments and accounts receivable.

The Company minimizes the credit risk of cash equivalents and short-term investments by depositing with only reputable financial institutions and investing only in securities that meet minimum credit ratings as stipulated by the Company's investment policy.

Credit risk associated with accounts receivable is minimized by the Company's program of credit evaluations of customers with limits on the amount of credit extended. Credit risk is further minimized through the large diversified customer base, which is engaged in various industry segments and geographical regions as outlined in note 12. These specific industry segments and geographical regions may be affected by economic factors, which may impact accounts receivable. Management does not believe that any single industry segment or geographical region represents significant credit risk. Provisions against losses from bad debts are estimated according to credit risk, historical trends and other information. Credit risk concentration is disclosed in note 13. Credit terms with customers normally range between 30 to 90 days. As at December 31, 2008, \$296 was over 90 days and of this amount, \$37 was allowed for and \$203 was collected after the period end. None of the amounts outstanding have been challenged by the customers and the Company continues to conduct business with them. Accordingly, management has no reason to believe that this balance is not fully collectible in the future.

Currency risk

The Company enters into transactions in multiple currencies and is subject to gains and losses due to fluctuations between those currencies. A substantial portion of the Company's revenue is earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the United States dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company intends to continue to expand operations internationally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place.

RuggedCom Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of United States dollars except for "Number of Shares" and "Per share amounts")

(unaudited)

17. FINANCIAL INSTRUMENTS (continued)

If the Canadian dollar had depreciated 5 percent against the United States dollar at December 31, 2008, with all other variables held constant, the impact of the foreign currency change on the Company's United States denominated financial instruments would lead to an additional after tax net income of \$209 for the three months ended December 31, 2008. If the Canadian dollar had appreciated 5 percent against the United States dollar at December 31, 2008, with all other variables held constant, the impact of the foreign currency change on the Company's United States denominated financial instruments would lead to a decrease of after tax net income of \$209 for the three months ended December 31, 2008.

For the three month period ended December 31, 2008, general and administrative expenses included a foreign exchange gain of \$595 (2007 - loss of \$112). For the nine month period ended December 31, 2008, general and administrative expenses included a foreign exchange gain of \$787 (2007 - loss of \$116).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and by maintaining sufficient cash and cash equivalents in excess of anticipated needs.