POOLSAFE

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# Management Discussion and Analysis

## June 30, 2019

### *Introduction*

The following interim Management Discussion & Analysis ("Interim MD&A") of Pool Safe Inc. (the "**Company**" or "**Pool Safe**") for the three-months and six-months ended June 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since the Management Discussion & Analysis ("Annual MD&A") for the fiscal period ended December 31, 2018.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited consolidated financial statements for the periods ended December 31, 2018, and December 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited consolidated interim condensed financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 27, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

During the year ended December 31, 2017, the Company became a reporting issuer in Ontario, British Columbia and Alberta as explained in the Overview section. The common shares of the Company are listed for trading on the TSX-Venture Exchange (the "**TSX-V**") under the trading symbol **POOL**.

### *Additional Information*

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

### *Overview*

Pool Safe was a privately held corporation, which was incorporated on October 27, 2011 pursuant to the *Business Corporations Act* (Ontario). Pool Safe was a privately held corporation until April 24, 2017, the date which Pool Safe completed its listing requirements and became publicly trading on the TSX-V.

The Company manufactures and sells a product known as the "PoolSafe", which functions as a multi-purpose safe, contains a solar-powered charger for USB compatible devices including phones, cameras and tablets as well as a server call-button and a beverage cooler and holders. The PoolSafe product is targeted towards the owners and operators of hotels, resorts, waterparks and cruise ships, and is designed to provide their ultimate consumers with security, convenience and guest services.

The PoolSafe is an exclusive product that will add safety, convenience and peace of mind for hotels, resorts, waterparks and cruise ship guests. Conveniently located inside Cabanas, by pool or beach lounge chairs and daybeds, the PoolSafe is a unique way of providing vacationers security for their valuables. The PoolSafe incorporates a solar panel that provides power for the integrated USB charging port for guests' electronic devices as well as for the waiter call system that connects the guests directly to food and beverage for orders and other guest needs.

Throughout the 2018-year, Pool Safe developed hardware and software technology which enables two-way communication between the PoolSafe, its data base gateway and the Cloud. As an IoT enabled device, the PoolSafe can collect usage information and deposit it into an archive in the Cloud, for audit purposes, data mining and potential monetization. For the Company's portfolio of revenue share partnerships, the PoolSafe's food and beverage long range, low power, wireless connectivity technology ("LoRa") facilitates a wider service coverage area. Unlike WiFi, which has a 100-foot range, the LoRa technology has a range of up to 1.2 kilometres, is embedded with the PoolSafe solutions, and does not require the property to add or make changes to their current infrastructure.

The Company earns revenues through direct sales of the PoolSafe as well as through a revenue-share partnership where there is no upfront capital cost to the Company's customers. With this, the Company also offers a DBS system, which is a touch screen application installed in the customers' food and beverage area. The touch screen alerts their staff when a guest has pressed the PoolSafe call button. Each PoolSafe is unique, thus enabling the Company's customers to respond directly to their own customer needs. The Company continues to develop its tablet and app product, an application that connects directly to the Point of Sale ("**POS**") system of the resort. This allows guests to place their own food and beverage orders directly as well as gain access to other amenities offered at the resort's location. The application is specific to each PoolSafe unit. The PoolSafe also provides for branding and customization opportunities. Each PoolSafe can be equipped with a branded lift-lid and a media wrap which will enable the Company to generate additional revenue while enhancing brand awareness.

### *Key Performance Indicators*

Key performance indicators that the Company uses to manage the business and evaluate its financial results and operating performance include new customers, net investment in equipment, revenues, average yields, operating expenses and net income. The Company evaluates its performance on these metrics by comparing the actual results and normalized results to management budgets, forecasts and prior period performance.

### *Recent Events*

On July 18, 2016, the Company entered into a letter of intent ("**LOI**") with Pounder Venture Capital Corp. ("**Pounder**") relating to a proposed business combination involving Pounder and Pool Safe. The transaction constituted an arm's-length qualifying transaction for Pounder, as defined in Policy 2.4 of the TSX Venture Exchange. The Company issued 1,786,923 common shares to acquire Pounder. The Company issued 1,704,892 common shares in settlement of $192,994 of Pounder liabilities assumed.

On April 19, 2017, the Company issued 11,052,040 units for cash proceeds of $1,251,250 (proceeds net of broker cash fees of $48,394, and legal and other costs of $139,154, were $1,063,702). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately $0.18 for a period until April 18, 2019.

During 2018, the Company issued a $460,000 principal amount of unsecured convertible debentures (the "Debentures"). The Debentures bear interest at a rate of 10% per annum, calculated annually and matures on February 8, 2020 ($300,000), May 11, 2020 ($125,000) and June 21, 2020 ($35,000).

For Debentures with a face value of $310,000, each $0.11 of the principal amount of the Debentures is convertible into one Purchase Unit ("Unit"). Each Unit is exercisable to purchase one Common Share and one-half Common Share warrant at a price of $0.11 per Common Share for a period of two years following issuance.

Each full warrant can be exercised for one Common Share at a price of $0.15 for a period of two years following the issuance of the Note. The securities issued in connection with the loan are subject to a statutory four month hold period from the date of issuance. The Company issued 196,364 broker warrants in connection with these Debentures. Each broker warrant is exercisable into one share and one-half common share purchase warrant at a price of $0.11. Each full warrant can be exercised for one share at a price of $0.15. The broker warrants expire February 8, 2020.

For the Debentures with a face value of $150,000, each $0.11 of the principal amount is convertible into one share. This series of debentures were issued with 681,750 warrants. Each of these warrants is exercisable into one Common Share at a price of $0.15 for two years from the date if issuance of the debenture.

In May 2018, the Company signed a financing agreement with Commercial Funding Group ("**CFG**") which will enable the Company to build, deliver and install its IoT Connected PoolSafe product with revenue share partners around the world. The arrangement is intended to provide up-front capital to leverage product placement. In May 2019, the financing agreement was terminated.

During the three-month period ended September 30, 2018, the Company raised $395,011 via a private placement of 5,643,020 units. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of 12 cents for a period of 24 months following the closing date of the offering, subject to an acceleration right in favour of the Company. The Company paid a cash commissions and other expenses totaling $21,515 and granted 81,143 finder's warrants. Each finder's warrant entitling the holder thereof to acquire one unit at a price of 12 cents per unit for a period of 24 months following the closing date of the offering. The Company settled outstanding litigation via a share issuance of 3,400,000 at an ascribed value of $289,000. Legacy debt of $19,080 was also settled via a share issuance of 173,456 shares.

In November 2018, the Company closed the final tranche of $120,750 of its previously announced private placement through the issuance of 1,725,000 units. In connection with the closing of this tranche, the company paid certain eligible persons cash commissions totaling $4,991 and granted 80,800 finder's warrants to acquire common shares. Insiders of the Company subscribed to 1,525,000 units of this financing.

In April 2019, the Company completed a credit agreement with Intrexa Ltd. for a secured revolving credit facility of $1 million to be advanced in instalments. This facility enables the Company to access its working capital needs in a manner that is very shareholder friendly. No longer constrained by access to working capital, management will be able to actively move forward to conclude numerous revenue sharing opportunities with hotels, resorts and water parks around the world. The Company made draws of $272,800 against this facility in the June 2019 quarter.

Announced that it had signed three Florida based outdoor waterparks to three-year revenue share partnerships, for a total deployment of 83 PoolSafe units. These units were delivered and deployed in the June 2019 quarter. The strong development of the Florida market is important to the Company as its location and climate lends itself to an extended season of PoolSafe usage.

Sold 23 PoolSafe units to Maui Jack's, a premier waterpark in Virginia. The waterpark industry continues to be a very strong sales and revenue share vertical for the Company. According to Hotel & Leisure Advisors, LLC, there are over 1,150 waterparks in the North America, with the U.S. Midwest and Southern regions being home to the most waterparks with almost 800 facilities.

On August 6, 2019, the Company announced its intention to complete a private placement offering of up to 13 million units at a price of 10 U.S. cents per unit, with each unit being composed of one common share and one common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one common share, with each whole warrant exercisable into one warrant share at a price of 20 U.S. cents for a period of three years, subject to acceleration in certain circumstances.

**Selected Financial Information**

The table below summarizes key operating data for the last three fiscal years.

| | Year Ended December 31, 2018 $ | Year Ended December 31, 2017 $ | Six-Month Period Ended December 31, 2016 $ |
|---|---|---|---|
| Total revenue | 372,660 | 445,153 | 34,944 |
| Cost of sales | 285,511 | 354,882 | 52,665 |
| Operating costs | 1,083,685 | 1,362,471 | 238,373 |
| Net and comprehensive loss | (996,536) | (1,272,268) | (256,094) |
| | | | |
| Total assets | 977,314 | 641,048 | 532,721 |
| Total liabilities | 608,672 | 231,969 | 475,611 |
| Total equity | 368,642 | 409,105 | 57,110 |
| | | | |
| Shares outstanding, end of period | 65,251,239 | 54,309,763 | 39,765,908 |
| Weighted average shares outstanding | 57,030,627 | 50,006,376 | 39,681,040 |
| | | | |
| Net loss per share | (0.02) | (0.03) | (0.01) |

**Selected Quarterly Financial Information**

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

| Three Months Ended | Cash | Current Liabilities | Revenue | Net Loss | Loss Per Share | Weighted Average Shares Outstanding |
|---|---|---|---|---|---|---|
| June 30, 2019 | $ 35,896 | $ 567,834 | $ 130,560 | $ (221,386) | $ (0.003) | 65,251,239 |
| March 31, 2019 | 727 | 219,957 | 35,459 | (213,458) | (0.003) | 65,251,239 |
| December 31, 2018 | 146,838 | 195,548 | 55,262 | (203,631) | (0.003) | 64,182,489 |
| September 30, 2018 | 365,343 | 310,326 | 118,480 | (384,317) | (0.007) | 55,231,771 |
| June 30, 2018 | 710 | 195,577 | 108,102 | (220,502) | (0.004) | 54,309,763 |
| March 31, 2018 | 69,744 | 170,318 | 90,816 | (188,086) | (0.004) | 54,309,763 |
| December 31, 2017 | 68,003 | 231,943 | 136,063 | (246,541) | (0.005) | 54,309,763 |
| September 30, 2017 | 136,650 | 208,314 | 182,206 | (140,128) | (0.003) | 54,309,763 |

**Note:** Shares outstanding and earnings per share have been adjusted to reflect the share exchange ratio per the Pounder Venture Capital Corp. acquisition on April 18, 2017.

## Three-month periods ended June 30, 2019 and June 30, 2018

The net loss for the three-month period ended June 30, 2019 was $221,386 (June 30, 2018 - $220,502). Sales and margins in the most recent three-month period reflect a mix of direct sales of units and of receipts from revenue share assets. The Company continues to place PoolSafe units into service in revenue sharing opportunities, which is expected to translate into greater future sales.

The following table sets forth a summary of the Company's operating expenses by category for the three-month periods:

| | Three-Month Period Ended June 30, 2019 $ | Three-Month Period Ended June 30, 2018 $ |
|---|---|---|
| Selling, general and administrative | 118,854 | 110,000 |
| Stock-based compensation | 3,365 | 31,115 |
| Professional fees | 33,292 | 47,659 |
| Regulatory fees | 11,902 | 13,943 |
| Foreign exchange | (56) | (2,718) |
| Advertising and promotion | 23,960 | 309 |
| Depreciation | 495 | 530 |
| Interest on loan payable | 62,388 | 25,565 |
| | 254,200 | 226,403 |

Operating expenses were $254,200 for the three-month period ended June 30, 2019 (June 30, 2018 - $226,403). Cost reductions realized in stock-based compensation and professional fees were offset by increased interest charges from loans and leases, and by increased advertising.

Lower professional fees reflected less work on corporate issues.

**Six-month period ended June 30, 2019 compared to the six-month period ended June 30, 2018**

The net loss for the six-month period ended June 30, 2018 was $439,844 (June 30, 2018 - $408,588). The 2019 period was affected by interest on loans and leases. Reduced stock-based compensation and professional fees in 2019 were partly offset by increased advertising.

## Liquidity and Capital Resources

### *Cash and Working Capital*

The following table sets forth a summary of the Company's working capital position as of the dates presented:

| | **As at June 30, 2019 $** | **As at December 31, 2018 $** |
|---|---|---|
| Cash | 35,896 | 146,838 |
| Working capital | (414,994) | 219,045 |

The Company's principal source of liquidity as of June 30, 2019 was cash of $35,896 (December 31, 2018 - $146,838) and prepaids and receivables of $61,395 (December 31, 2018 - $129,675). The negative working capital at June 30, 2019 was mostly created by the convertible debentures, which mature within the next twelve months. While Management believes that the combination of debenture financings, and financing arrangement for future product sales leaves the Company with sufficient funds to meet its obligations and short-term working capital requirements, and to accomplish its short-term plans, the Company plans to continue to monitor closely its use of its available cash.

The Company may require substantial additional capital to fund additional growth in the business.

### *Other Assets (net)*

| | As at June 30, 2019 $ | As at December 31, 2018 $ |
|---|---|---|
| Long term lease | - | 44,754 |
| Patent and design costs | 214,152 | 222,994 |
| Equipment | 161,711 | 166,367 |
| Revenue share assets | 267,064 | 128,606 |
| | 642,927 | 562,721 |

Equipment represents manufacturing equipment and moulds. Revenue share assets are PoolSafe units placed into service on a revenue sharing basis. Patent and design costs increased in the 2018 year with the investment to develop a proprietary cloud-based audit system for the next generation product.

The Company placed 59 units into service late in the first quarter of 2019 and 102 units in late second quarter of 2019. These assets will represent the foundation of the Company's revenue and are expected to generate considerably greater per unit revenue going forward.

***Liabilities***

| | As at June 30, 2019 $ | As at December 31, 2018 $ |
|---|---|---|
| Trade payables and other | 159,527 | 154,115 |
| Deferred revenue | - | 10,797 |
| Obligation under capital lease | - | 66,710 |
| Current portion of debt | 408,307 | - |
| Long term portion of debt | 223,656 | 377,050 |
| | 791,490 | 608,672 |

In the six-month period ended June 30, 2019, trade payables and accruals increased with normal business. Deferred revenue represents advances on units to be shipped in the following quarter. Capital lease obligations were eliminated with the termination of the lease agreement in the second quarter of 2019. Debt increased with draws against the revolver credit facility. The current portion reflects the convertible debt payable in the next twelve months. Interest expense reflects accretion of the equity portion of the debenture and of warrants issued as a cost of debt, which reports as interest expense.

In 2018, cash was used to reduce trade payables and other liabilities. Also, shares were issued to satisfy $19,080 of liabilities. Other trade payable and accrual activity was normal course business. Debt repayments of $31,857 were made in 2018 as the balance of the loan was repaid. The Company entered a lease transaction in the amount of $78,000 during May 2018. Lease repayments of $11,290 were made in the period. This lease agreement was terminated in 2019. Long term debt increased as the Company issued a $460,000 principal amount of unsecured convertible promissory notes (the "Notes") in tranches of $300,000, $125,000, and $35,000. The Notes will bear interest at a rate of 10% per annum, calculated annually, paid out quarterly in arrears. The Notes are convertible into equity of the Company as described in the Recent Events section. The securities issued in connection with the loan are subject to a statutory four month hold period from the date of issuance. The proceeds of the Financing will be used for general working capital purposes.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, which is valued and classified as equity. The equity portion of these debts totals $30,300. The equity amount and costs of the issuances result in the carrying value of the debenture being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 22.2% discount rate. An amount of $30,195 was recorded as accretion interest expense on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2018.

***Common Shares***

| | As at June 30, 2019 $ | As at December 31, 2018 $ |
|---|---|---|
| Common shares | 3,168,566 | 3,074,649 |

During 2018 the Company:

- issued 5,643,020 units for net cash proceeds of $373,496 in September 2018.
- issued 173,456 shares at an ascribed value of $14,744 to settle $19,080 of debt in September 2018.
- issued 3,400,000 shares at an ascribed value of $289,000 to settle litigation in September 2018.
- issued 1,725,000 shares for net cash proceeds for $115,759 in November 2018.

The change in 2019 related to the value of expired warrants, which reverted to common shares on expiry.

**Outstanding Share Data**

As at June 30, 2019 and December 31, 2018 the Company had 65,251,239 common shares outstanding.

For the Qualifying Transaction, each Pool Safe common share outstanding at March 31, 2017 and December 31, 2016, being 1,420,211 common shares, were exchanged for 39,765,908 shares in Pounder. In addition, debt of $192,994 was converted into 1,704,892 shares in Pounder. Gross proceeds of approximately $1.25 million were raised through the issue of units and subscription receipts. These units and subscription receipts were exchanged for 11,038,040 shares and 5,519,020 warrants in Pounder. Broker warrants were also issued to Echelon Wealth Partners Inc. pursuant to the financing, which are exercisable into 427,476 units, with each unit comprising one common share in Pounder and a one half of one common share purchase warrant in Pounder. Immediately prior to the Qualifying Transaction, Pounder's issued and outstanding share capital consisted of 1,786,923 common shares.

Shares existing at the date of this MD&A and comparative shares at June 30, 2019 and December 31, 2018, are as follows:

| | August 27, 2019 | June 30, 2019 | December 31, 2018 |
|---|---|---|---|
| Shares Outstanding | 65,251,239 | 65,251,239 | 65,251,239 |
| Warrants | 7,724,067 | 7,724,067 | 10,677,563 |
| Shares reserved for issuance on conversion of Convertible debentures and related warrants | 5,590,909 | 5,590,909 | 5,590,909 |
| Options | 5,350,000 | 5,350,000 | 5,350,000 |
| Total | 83,916,215 | 83,916,215 | 86,869,711 |

***Related Party Transactions***

The following is a summary of the Company's related party transactions during the six-month periods ended June 30, 2019 and June 30, 2018, and outstanding as of those dates:

On November 26, 2018, the Company issued 1,725,000 units for gross proceeds of $120,750. Insiders purchased 1,525,000 of these units.

Of the total of $460,000 of convertible debentures issued in 2018, $150,000 was issued to executive officers and directors of the Company.

***Key Management Compensation***

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

| | **June 30, 2019** | **June 30, 2018** |
|---|---|---|
| Short-term employee benefits, including salaries and fees | $ 128,077 | $ 125,000 |
| Stock-based compensation | 18,394 | 59,575 |
| Sub-contractors | - | - |
| | $ 146,471 | $ 184,575 |

***Change of Director***

On March 15, 2018, D. Campbell Deacon resigned from the Board of Directors and was replaced by Russel H. McMeekin. On August 15, 2018 Mohammed Alhadi resigned from the Board of Directors and was replaced by Robert Pratt.

**Critical Accounting Policies and Estimates**

The Company's significant accounting policies are disclosed in Note 3 to the financial statements for the period ended June 30, 2019. Certain of these policies require the use of estimates or assumptions that in some cases may relate to matters that are inherently uncertain. The Company did not adopt any new significant accounting policies or estimates during this quarter.

***Financial Instruments and Other Instruments***

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

**Dependence on Key Employees**

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

**Capital Management**

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the manufacture, distribution, and sale of the "PoolSafe". The Board does not establish quantitative return on capital criteria for Management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management in the period ended June 30, 2019. The Company is not currently subject to externally imposed capital requirements.

### *Off-Balance Sheet Arrangements*

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

### *Risk Management*

The Company has risk management processes in place to monitor, evaluate and manage the principal risks it assumes in conducting its business activities. These risks include credit, liquidity, interest rate, and various sources of operational risk. The Company's approach to the management of risk has not changed.

### *Outlook and Economic Conditions*

The Company's principal objective is a continuation of managed growth developing quality new business opportunities while maintaining high development standards. The Company is well positioned to capitalize on market opportunities and to meet increased competition through its experienced management and staff, coupled with its substantial capital and borrowing capacity. We continue to look for opportunities to introduce new product development.

## Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or the date specified in such statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

This MD&A contains forward-looking statements with respect to Pool Safe under the headings "Business Update", "Liquidity", and "Outlook". These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements, in particular, present financial market uncertainty. The Company has assumed that financing alternatives remain available, albeit with terms that are not as attractive as was the case prior to the current worldwide financial market uncertainty. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time that they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. Except as required by law, the Company does not intend, and assumes no obligation, to update the forward-looking statements contained herein.