

# **Migao Corporation**

## **Management Discussion and Analysis**

**First Quarter, Fiscal 2007  
Ended December 31, 2006**

Prepared by Management  
(Unaudited)

February 15, 2007

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Migao Corporation (the "Company" or "Migao") and the financial performance for the three months ended December 31, 2006. This discussion and analysis should be read in conjunction with the unaudited Interim Consolidated Financial Statements and related notes as at and for the period ended December 31, 2006 and the audited Consolidated Financial Statements and related notes as at and for the period ended September 30, 2006. Reference should also be made to the Company's filings with Canadian securities regulatory authorities which are available at [www.sedar.com](http://www.sedar.com).

All amounts are in Canadian dollars unless otherwise noted and prepared in accordance with Canadian Generally Accepted Accounting Policies.

At December 31, 2006, the Company had 29,165,370 common shares outstanding. At February 15, 2007, the Company has 29,337,120 common shares outstanding.

### **Forward-Looking Information**

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address Migao's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. You should not place undue reliance on these forward-looking statements. These statements reflect our current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results could differ materially from those anticipated in these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. The forward-looking statements made in this MD&A describe our expectations as at February 15, 2007.

For a description of material factors that could cause our actual results to differ materially from the forward-looking statements in this MD&A, please see the Risk Factors section starting on page 13.

## **Overview**

Migao, through its wholly owned subsidiaries (referred herewith as “Sichuan Migao”, “Guangdong Migao”, “Liaoning Migao”, “Shanghai Migao” and “Changchun Migao”), owns land and/or operates fertilizer production plants in various strategic locations in the People’s Republic of China (“PRC”) for the production and sales of specialty potash fertilizer (potassium nitrate and potassium sulphate), along with their by-products, to the Chinese domestic agricultural market. These fertilizers provide China’s economic crop (i.e. tobacco, fruit and vegetable) growers added opportunities for improving crop quality and increasing crop yield in an environmentally responsible manner, and contributing to the overall agricultural development of China.

China has few potash reserves and all are concentrated in the northwest where transportation costs to the economically developed eastern and southern coastal regions are prohibitive. Because of this shortage, the development of nitrogenous and phosphorous fertilizers in China has been rapid but the development of potash fertilizer has been slow, causing a usage imbalance. Migao is positioned to capitalize on the value added chemical fertilizer market in China.

## **Notable Event**

- In November 2006, Sichuan Migao and Guangdong Migao completed stage one of the Phase III and Phase II expansion projects, respectively. This provided an additional 20,000 tonnes of potassium nitrate annual production capacity to Sichuan Migao and an additional 40,000 tonnes of potassium sulphate annual production capacity to Guangdong Migao. Both expansions were put into production immediately after its completion. The stage two of the Guangdong Phase II expansion project was also completed in January 2007 by adding an additional 20,000 tonnes of potassium sulphate annual production capacity to the facility.

## Results of Operations

### Consolidated Results

The following table sets out the Company's consolidated results for the three months ended December 31, 2006, compared with the same period last year, and with the previous quarter.

<i>In thousands of Canadian dollars (except for % figures)</i>	<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>Q4 2006</b>	<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>Sales</b>	<b>21,731</b>	12,388	9,343	75%	15,434	6,297	41%
<b>Gross profit</b>	<b>4,674</b>	2,701	1,973	73%	3,626	1,048	29%
<b>Gross profit (% of sales)</b>	<b>21.5%</b>	21.8%	(0.3%)	(1%)	23.5%	(2%)	(8%)
<b>Selling expenses</b>	<b>980</b>	463	517	112%	592	388	65%
<b>Selling expenses (% of sales)</b>	<b>4.5%</b>	3.7%	0.8%	22%	3.8%	0.7%	18%
<b>G &amp; A</b>	<b>746</b>	278	468	168%	694	52	8%
<b>G &amp; A (% of sales)</b>	<b>3.4%</b>	2.2%	1.2%	55%	4.5%	(1.1%)	(24%)
<b>Professional</b>	<b>212</b>	151	61	40%	156	56	36%
<b>Professional (% of sales)</b>	<b>1.0%</b>	1.2%	(0.2%)	(17%)	1.0%	-	-
<b>Pre-operating costs</b>	-	125	(125)	(100%)	(125)	125	(100%)
<b>Pre-operating costs (% of sales)</b>	-	1.0%	(1.0%)	(100%)	(0.8%)	(0.8%)	(100%)
<b>Stock-based compensation</b>	<b>251</b>	-	251	NA	251	-	-
<b>Stock-based compensation (% of sales)</b>	<b>1.2%</b>	-	1.2%	NA	1.6%	(0.4%)	(25%)
<b>Other income</b>	<b>51</b>	2	49	2450%	10	41	410%
<b>Other income (% of sales)</b>	<b>0.2%</b>	0.02%	0.18%	900%	0.1%	0.1%	100%
<b>Income taxes</b>	<b>128</b>	-	128	NA	112	16	14%
<b>Income taxes (% of sales)</b>	<b>0.6%</b>	-	0.6%	NA	0.7%	(0.1%)	(14%)
<b>Effective tax rate (% of net income)</b>	<b>5.0%</b>	-	5.0%	NA	5.4%	(0.4%)	(7%)
<b>Net income</b>	<b>2,409</b>	1,686	723	43%	1,956	453	23%
<b>Net income (% of sales)</b>	<b>11.1%</b>	13.6%	(2.5%)	(18%)	12.7%	(1.6%)	(13%)
<b>Earnings per share (in Canadian dollars)</b>							
<b>Basic</b>	<b>0.0826</b>				0.0672		
<b>Diluted</b>	<b>0.0825</b>				0.0671		
<b>Weighted average number of common shares outstanding</b>							
<b>Basic</b>	<b>29,152,896</b>				29,111,921		
<b>Diluted</b>	<b>29,204,264</b>				29,152,184		

### Revenues

Revenues for the quarter ended December 31, 2006 increased by \$9.3 million (or 75%) and \$6.3 million (or 41%) compared with the same period last year and the previous quarter, respectively. The significant increase in revenue compared to the previous quarter is mainly due to the following factors: the completion in November 2006 of Guangdong Migao expansion which added 40,000 tonnes of potassium sulphate capacity annually, along with the Sichuan Migao expansion which added 20,000 tonnes of potassium nitrate capacity annually and the resumption of production after scheduled maintenance periods at two of the facilities during the previous quarter.

The following is a summary of the Company's facilities and production capacities as of December 31, 2006.

	<b>Core Product</b>	<b>Annual Capacity (tonnes)</b>	<b>By-Product</b>	<b>Annual Capacity (tonnes)</b>	<b>Production Commencement</b>
<b>Sichuan</b>					
- Phase I	Potassium Nitrate	20,000	Ammonium Chloride	11,200	December 2003
- Phase II	Potassium Nitrate	20,000	Ammonium Chloride	11,200	September 2004
- Phase III (Stage I)	Potassium Nitrate	20,000	Ammonium Chloride	11,200	November 2006
<b>Guangdong</b>					
- Phase I	Potassium Sulphate	40,000	Hydrochloric Acid	48,000	December 2004
- Phase II (Stage I)	Potassium Sulphate	40,000	Hydrochloric Acid	48,000	November 2006
<b>Liaoning</b>					
- Phase I	Potassium Sulphate	40,000	Hydrochloric Acid	48,000	December 2005
<b>Total</b>		180,000		177,600	

*Note: "Annual Capacity" denotes the design capacities of the facilities. Actual production has exceeded design capacities by 5 to 10 percent annually.*

The Company continues to see strong demand for its core products: potassium nitrate and potassium sulphate, as well as its by-products: ammonium chloride and hydrochloric acid.

Migao earns all of its revenues in Chinese Renminbi. Accordingly, reported revenues will fluctuate with changes in the exchange rate to Canadian dollars. The average exchange rate for the quarter ended December 31, 2006 was \$0.1449 to 1 Chinese Renminbi, respectively. The average exchange rate for the quarter ended December 31, 2005 was \$0.1453 to 1 Chinese Renminbi. The average exchange rate for the previous quarter ended September 30, 2006 was \$0.1407 to 1 Chinese Renminbi.

### Geographic Revenues

The Company earns virtually all of its revenues in the People's Republic of China, with only minor export sales. At the moment, there is no plan to expand into exporting products on a large scale, as the Chinese demand is far from satiated.

***Gross Profit***

Gross profit for the quarter ended December 31, 2006 increased by \$2.0 million (or 73%) and \$1.0 million (or 29%) compared with the same period last year and the previous quarter, respectively. The significant increase in gross profit compared to the previous quarter is mainly due to two factors: the expanded production capacities which were in place in November 2006, and the full resumption of production after scheduled maintenance which reduced production at two of the facilities during the previous quarter.

Gross margin as a percentage of sales for the quarter ended December 31, 2006 remained relatively unchanged compared to the same period last year and, however, decreased slightly by 2% to 21.5% (from 23.5%) compared with the previous quarter ended September 30, 2006. The decrease in gross margin compared to the previous quarter is mainly due to reduced sales of potassium sulphate in Liaoning Migao in granular form during the quarter ended December 31, 2006 compared to the previous quarter.

***General and Administrative Expenditures***

General and administrative expenditures for the quarter ended December 31, 2006 increased by \$0.5 million (or 168%) and \$0.05 million (or 8%) compared with the same period last year and the previous quarter, respectively. General and administrative expenditures as a percentage of sales for the quarter ended December 31, 2006 increased by 1.2% (from 2.2%) and decreased by 1.1% (from 4.5%) to 3.4% compared with the same period last year and the previous quarter, respectively.

General and administrative expenditures include finance, human resources and management staff as well as facilities expenses, supplies and equipment depreciation. These costs are, for the most part, fixed and therefore fluctuate to a much lesser extent in relation to revenues.

***Selling Expenditures***

Selling expenditures for the quarter ended December 31, 2006 increased by \$0.5 million (or 112%) and \$0.4 million (or 65%) compared with the same period last year and the previous quarter, respectively. Selling expenditures as a percentage of sales for the quarter ended December 31, 2006 increased by 0.8% (from 3.7%) and 0.7% (from 3.8%) to 4.5% compared with the same period last year and the previous quarter, respectively.

Selling expenditures also include transportation and related costs incurred for delivery of goods to customers and depreciation on capital assets used by the sales department.

***Earnings***

Net earnings for the quarter ended December 31, 2006 increased by \$0.7 million (or 43%) and \$0.5 million (or 23%) compared with the same period last year and the previous quarter, respectively. Net earnings as a percentage of sales for the quarter ended December 31, 2006 decreased by 2.5% (from 13.6%) and 1.6% (from 12.7%) to 11.1% compared with the same period last year and the previous quarter. The significant increase in net earnings compared to the previous quarter is mainly due to two factors: the expanded production capacities

which were in place in November 2006, and the full resumption of production after scheduled maintenance which reduced production at two of the facilities during the previous quarter.

### *Expansion Projects*

#### Guangdong Migao

With capital costs of \$3.4 million, Guangdong Migao completed its stage one of the Phase II potassium sulphate expansion project in November 2006, by adding additional 40,000 tonnes of potassium sulphate production capacity.

Stage two of the Phase II potassium sulphate project was also completed and put into production in January 2007, by adding an additional 20,000 tonnes of potassium sulphate production capacity. Therefore, the facility currently possesses an annual potassium sulphate production capacity of 100,000 tonnes and 120,000 tonnes of the associated by-product hydrochloric acid.

#### Sichuan Migao

With capital costs of \$3.9 million, Sichuan Migao completed its stage one of the Phase III potassium nitrate project in November 2006, by adding additional 20,000 tonnes of potassium nitrate production capacity. Therefore, the facility currently possesses an annual potassium nitrate production capacity of 60,000 tonnes and 33,600 tonnes of the associated by-product ammonium chloride.

Stage two of the Phase III potassium nitrate project, which will add an additional 20,000 tonnes of potassium nitrate capacity, is scheduled to be completed during the last quarter of fiscal 2007 (the three months ending September 30, 2007).

#### Liaoning Migao

With capital costs of \$1.5 million, Liaoning Migao upgraded its existing facility to enable the granulation of potassium sulphate and purification of hydrochloric acid.

Granular fertilizer possesses the following advantageous attributes:

- better physical properties;
- remains free-flowing even after prolonged storage;
- better and easier transportability;
- more uniform distribution pattern when applied to soil; and
- facilitates mechanical application to soil.

During the last 20 years, the world fertilizer market has experienced a rapid growth in the use of granular fertilizers, notably in urea, ammonium phosphate, potash and compound fertilizer. In developed countries, such as the USA, granular potash fertilizer accounts for approximately 50% of the entire potash fertilizer production. In China, however, granular fertilizer is relatively new although demand is growing; hence this

considerable gap between demand and supply in granular potash fertilizer market represents tremendous market potential.

Installing hydrochloric acid purification processes at the Liaoning Migao facility to upgrade the industrial product currently produced into pharmaceutical grade product will improve the Company's economic opportunity such that the hydrochloric acid may be used in medical and other high-end areas. By accessing markets outside of our industrial grade customer base, we expect to realize increases to the selling price of our hydrochloric acid product.

The granular potassium sulphate and purification of hydrochloric acid project by Liaoning Migao will improve the quality of our products and profit margin as well as diversify sales opportunity. Such practice may be similarly adopted by our other facilities in Guangdong Migao, Sichuan Migao, and future production sites.

### **Liquidity and Capital Resources**

*(in thousands of Canadian dollars except for ratios)*                      **December 31, 2006**                      **September 30, 2006**

	<b>December 31, 2006</b>	<b>September 30, 2006</b>
<b>Current Ratio</b>	1.97 : 1	2.89 : 1
<b>Cash</b>	7,773	16,316
<b>Working Capital</b>	16,234	19,362
<b>Total Assets</b>	69,151	57,087
<b>Total Debt</b>	16,665	10,228
<b>Total Equity</b>	52,486	46,859
<b>Debt to Equity Ratio</b>	0.32 : 1	0.22 : 1

#### ***Cash Position***

Cash and cash equivalents totalled \$7.8 million as of December 31, 2006, representing a decrease of \$8.5 million compared with the balance as of September 30, 2006. This decrease is a result of \$5.4 million of cash outflow for operations, \$7.1 million of cash outflow for the construction of Guangdong Migao and Sichuan Migao expansion projects, payments for land use rights for Shanghai Migao and Changchun Migao and additions to plants and equipment in all facilities, offset by the \$4 million cash inflow from bank loans, related party advances and proceeds from exercise of underwriters' compensation options.

Migao has approximately \$3.5 million of land use rights payable. These payables may come due in the second quarter of fiscal 2007.

***Working Capital***

Working capital was \$16.2 million as of December 31, 2006, representing a decrease of \$3.1 million compared with September 30, 2006. This decrease is primarily attributable to the \$3.5 million increase in bank indebtedness.

***Plant and Equipment, Construction in Progress, Land Use Rights***

Plant and equipment net of accumulated depreciation and amortization was \$22.6 million at December 31, 2006 compared with \$13.5 million as of September 30, 2006. This increase is due to the completion of the stage one of the Sichuan Migao and Guangdong Migao expansion projects.

Construction in progress was \$1.3 million at December 31, 2006 compared with \$6.2 million as of September 30, 2006. The decrease is due to the accounting reclassifications due to the completion of the stage one of the Sichuan Migao and Guangdong Migao expansion projects.

Land use rights net of accumulated amortization was \$12.4 million at December 31, 2006 compared with \$7.8 million as of September 30, 2006. The increase is mainly due to the acquisition of land use rights in Shanghai and Changchun.

***Contractual Obligation Summary***

- Purchase contracts for raw materials and supplies in the amount of \$0.5 million exist as of December 31, 2006. They were entered into in the normal course of business.
- Commitments on capital expenditures in the amount of \$1.2 million exist as of December 31, 2006. They were entered into in the normal course of business.

**Capital Structure**

The Company is authorized to issue an unlimited number of common shares and unlimited number of preference shares, each common share providing the holder with one vote. As of February 15, 2007, there were:

- 29,337,120 common shares outstanding.
- 1,165,000 stock option outstanding, with exercise price of \$2.85, and weighted average contractual life of 4.38 years. None of the stock options are exercisable as of February 15, 2007.
- 3,051,475 warrants outstanding, with exercise price of \$3.70, exercisable before May 18, 2008.
- 381,961 agent compensation options outstanding, with exercise price of \$2.85 per compensation unit. Each compensation unit consists of one common share of the Company and one-half warrant. Each whole warrant entitles the agent to purchase one common share at \$3.70 before May 18, 2008.

## **Off-Balance Sheet Arrangement**

The Company does not have any 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 Migao including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

## **Transactions with Related Parties**

As of December 31, 2006, amount due to Liaoning Yongcheng Economic and Trade Development Co. Ltd. ("LYEDC") was \$888,964. LYEDC and the Company are ultimately controlled by the same shareholder. The funds were advanced throughout the last three years in order to finance the operation of the Subsidiaries and head office operation.

## **Proposed Transactions**

On February 6, 2007, the Company announced that it has entered into a bought deal private placement financing with a syndicate of underwriters co-led by Research Capital Corporation and CIBC World Markets Inc. and including Clarus Securities Inc., Jennings Capital Inc. and Canaccord Adams Inc., to issue by way of private placement 4,820,000 Units of Migao at a price of \$4.15 per Unit for aggregate gross proceeds of \$20,003,000 (the "Offering"). The Company has granted the underwriters the option to purchase up to an additional 1,205,000 Units at a price of \$4.15 per Unit, for additional gross proceeds of up to \$5,000,750, the option being exercisable at any time prior to 48 hours before closing. Each Unit will consist of one common share of Migao and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share, at a price of \$5.30 per common share, for a period of 24 months from the closing of the Offering. The Offering is scheduled to close on or about February 22, 2007 and is subject to normal approvals and customary conditions for a bought deal private placement. Proceeds of the Offering will be used to fund the expansion of the Company's fertilizer manufacturing capacity, for working capital and for general corporate purposes. The Units offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

Migao is not a party to any proposed transaction, other than the aforesaid, that may have an effect on the financial condition, results of operations or cash flows or proposed asset or business acquisition or disposition.

## **Critical Accounting Policies**

This MD&A should be read in conjunction with the Company's unaudited Consolidated Financial Statements for the three month period ended December 31, 2006 and notes thereto. To aid in understanding the Company's financial reporting its critical accounting policies are described below. Accounting policies are

critical if they rely on a substantial amount of judgement in their application or if they result from a choice between accounting alternatives and that choice has a material impact on reported results or financial position.

### ***Basis of Presentation***

These unaudited interim consolidated financial statements (the “financial statements”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) and include the accounts of the Company and its subsidiaries in the PRC. These interim financial statements have been prepared by the management of the Company using the same accounting policies and methods as the most recently audited financial statements of Migao. These financial statements do not contain all disclosures required by Canadian GAAP for annual financial statements, and accordingly, the financial statements should be read in conjunction with the audited financial statements of Migao for the year ended September 30, 2006. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period’s presentation.

### ***Cash Equivalents***

For the purpose of the combined statements of cash flows, the Company considers cash equivalents to be cash and highly liquid investments with original maturities of three months or less.

### ***Inventory***

Raw materials are valued at the lower of cost and replacement cost. Finished goods are valued at the lower of cost and net realizable value. The cost of finished goods comprises direct materials and, where applicable, direct labour costs and overhead costs. Cost is determined using the weighted-average method. Net realizable value represents the anticipated selling price less all further costs for distribution.

### ***Plant and Equipment***

Plant and equipment are recorded at cost. Amortization is provided over the expected useful lives of the plant and equipment with a 10% residual value using the following methods and annual rates:

Building and improvements	-	20 years straight line
Machinery and equipment	-	10 years straight line
Vehicles	-	5 years straight line
Office equipment	-	5 years straight line

### ***Construction in Progress***

Construction in progress represents properties under construction and is stated at cost. Construction in progress is not amortized until such time as the assets are completed and put into operational use.

***Land Use Rights***

Land use rights are recorded at cost and are amortized over 50 years to 70 years, which are the terms of the land use rights set by the Chinese government.

***Impairment of Long-lived Assets***

Long-lived assets held for use are reviewed for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. When the carrying value is not recoverable from future cash flows on an undiscounted basis and the carrying value exceeds the assets' fair value, an impairment loss is recorded for the excess of carrying value over fair value.

***Income Taxes***

The Company uses the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on income tax assets and liabilities is reflected in operations in the period in which the change occurs. Valuation allowances are established when necessary to reduce future tax assets to the amount expected to be realized.

***Revenue Recognition***

Revenue is recognized when goods are shipped and all significant risks and rewards of ownership passed to the customer with collection of revenue reasonably assured.

***Foreign Exchange***

The Company's functional currency is the Chinese Renminbi ("RMB") and its reporting currency is the Canadian dollar. The accounts of the Company are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at the year-end rate of exchange. Revenues and expenses are translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction. Exchange gains and losses from foreign currency translations are recorded in shareholders' equity as a cumulative translation adjustment.

***Measurement Uncertainty***

The preparation of financial statements in conformity 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Accounting policy change***

Effective October 1, 2006, the Company implemented the new CICA accounting sections: 3855 (Financial Instruments – Recognition and Measurement), 3865 (Hedges), and 1530 (Comprehensive Income). These new accounting policy changes have been implemented prospectively with no restatement of comparative financial statements, except as noted below.

Comprehensive income includes net income and other comprehensive income. It is defined as the change in equity (net assets) of a company during the period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during the period except those resulting from investments by owners and distributions to owners. The only item included in other comprehensive income is the foreign currency translation of self-sustaining foreign operations. As a result, the previously recorded currency translation account on the consolidated balance sheets' shareholders' equity section has been eliminated and included as "accumulative other comprehensive income" in shareholders' equity. Furthermore, the gain (or loss) from translating the Company's self-sustaining foreign operations is now recorded as other comprehensive income. Prior years financial statements have been restated to reflect this change. The Company's earnings per share presented on the consolidated statements of income is based upon its net income and not comprehensive income.

The adoption of sections 3855 and 3865 had no impact on the Company's financial statements.

**Financial Instruments and Other Instruments**

Migao is not a party to any financial instrument, as the term is defined in National Instrument 51-102F1, paragraph 1.14.

**Risk Factors**

The Company is exposed to a variety of risks in the normal course of operations. In the Management Information Circular of HK Migao dated April 10, 2006, it provided a detailed review of the risks that could affect its financial condition, results of operations or business and that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.