

*Consolidated financial statements of*

**RMS SYSTEMS INC.**  
**(formerly C-Data Communications Inc.)**

*September 30, 2008*

*In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Corporation discloses that its auditors have not reviewed the unaudited consolidated interim financial statements for the period ended September 30, 2008.*

**RMS SYSTSMS INC. (formerly C-Data Communications Inc.)****Consolidated Balance Sheets****(Unaudited - prepared by management)**

	<b>September 30, 2008 \$</b>	<b>December 31, 2007 \$</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,532,994	99,584
Accounts receivable	469,819	485,733
Prepaid expenses	14,250	-
	<b>2,017,063</b>	<b>585,317</b>
INTANGIBLE ASSET (Note 3)	2,000,000	-
DEFERRED DEVELOPMENT (Note 4)	941,296	785,775
PROPERTY AND EQUIPMENT (Note 5)	602,786	168,974
	<b>5,561,145</b>	<b>1,540,066</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	1,088,649	759,844
Promissory note (Note 6)	505,000	-
Due to related parties (Note 7)	17,711	39,307
	<b>1,611,360</b>	<b>799,151</b>
CONVERTIBLE DEBENTURES (Note 8)	-	1,502,227
	<b>1,611,360</b>	<b>2,301,378</b>
<b>SHAREHOLDERS EQUITY</b>		
Equity instruments (Note 9)	5,735,227	404,752
Equity component of convertible debenture (Note 8)	-	61,649
Deficit	(1,785,442)	(1,227,713)
	<b>3,949,785</b>	<b>(761,312)</b>
	<b>5,561,145</b>	<b>1,540,066</b>

**RMS SYSTEMS INC. (formerly C-Data Communications Inc.)**  
**Consolidated Statements of Operations, Comprehensive Loss and Deficit**  
**(Unaudited - prepared by management)**

	For the three months ended September 30, 2008 \$	For the nine months ended September 30, 2008 \$
<b>REVENUE</b>		
Sales	<u>148,640</u>	<u>168,810</u>
<b>EXPENSES</b>		
General and administrative	341,663	679,643
Interest	43,527	139,721
Financing (Note 8)	9,907	19,813
Amortization	<u>138,338</u>	<u>190,182</u>
	<u>533,435</u>	<u>1,029,359</u>
<b>OTHER INCOME</b>		
Gain on forgiveness of debt (Note 3)	302,563	302,563
Interest	-	258
	<u>302,563</u>	<u>302,821</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	(82,232)	(557,728)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>(1,703,210)</u>	<u>(1,227,714)</u>
<b>DEFICIT, END OF PERIOD</b>	<u>(1,785,442)</u>	<u>(1,785,442)</u>
<b>LOSS PER SHARE (NOTE 9)</b>		
Basic and diluted	<u>(0.010)</u>	<u>(0.087)</u>

**RMS SYSTEMS INC. (formerly C-Data Communications Inc.)**  
**Consolidated Statements of Cash Flow**  
**(Unaudited - prepared by management)**

	For the three months ended September 30, 2008 \$	For the nine months ended September 30, 2008 \$
<b>CASH FLOW RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Net loss for the period	(82,232)	(557,728)
Adjustment for:		
Amortization	138,338	190,182
Accrued interest on convertible debenture	38,526	133,876
Gain on forgiveness of debt	(302,563)	(302,563)
Financing	9,907	19,813
	<u>(198,024)</u>	<u>(516,420)</u>
Changes in non-cash working capital		
Accounts receivable	(78,520)	(75,361)
Prepaid expenses	(8,000)	(8,000)
Accounts payable and accrued liabilities	158,505	93,232
	<u>(126,039)</u>	<u>(506,549)</u>
<b>INVESTING</b>		
Purchase of property and equipment	(181,819)	(694,145)
Deposit received pre-business combination	200,000	200,000
Cash acquired from business combination (Note 3)	1,316,243	1,316,243
Development expenditures	-	(105,543)
Changes in non-cash investing activities	-	(50,000)
	<u>1,334,424</u>	<u>666,555</u>
<b>FINANCING</b>		
Advances (repayment) from (to) related parties	(200,000)	38,404
Advance from promissory note	505,000	505,000
Proceeds from issuance of share capital	-	720,000
Proceeds from convertible debentures	-	10,000
	<u>305,000</u>	<u>1,273,404</u>
<b>INCREASE IN CASH</b>	<b>1,513,385</b>	<b>1,433,410</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>19,609</b>	<b>99,584</b>
<b>CASH, END OF PERIOD</b>	<b>1,532,994</b>	<b>1,532,994</b>

**RMS SYSTEMS INC. (formerly C-Data Communications Inc.)**  
**Notes to Consolidated Financial Statements**  
**September 30, 2008**  
**(Unaudited – prepared by management)**

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**1. NATURE OF OPERATIONS**

The Company was incorporated under the *Business Corporation's Act* (Alberta) on May 1, 2005. The Company has developed a web-based remote drilling data retrieval software solution. This software will allow oil companies to retrieve scientific measurement data in the field and communicate this data in real-time back to a central web-based data warehouse.

On September 29, 2008 the Company completed an amalgamation pursuant to which it amalgamated with Tiger-Cat Energy Ltd. and changed its name to RMS Systems Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The preparation of interim consolidated financial statements in conformity with Canadian generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management’s opinion, been properly prepared using careful judgment with reasonable limits of materiality. The interim consolidated financial statements contain disclosures, which are supplemental to the Company’s annual consolidated financial statements. Certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. The interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2007. The significant accounting policies follow that of the most recent annual consolidated financial statements except for the following:

The Company has adopted Section 1751 – “Interim Financial Statements” effective January 1, 2008 and as such, has not disclosed the comparative financial information as at September 30, 2007 and for the nine months ended September 30, 2007.

**Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, RigManager Services Ltd., Quatros Communications Ltd., BARB Projects Ltd. and CDHM Offshore Inc. All significant inter-company accounts and transactions have been eliminated.

**RMS SYSTEMS INC. (formerly C-Data Communications Inc.)**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments**

The Company adopted the following new CICA Handbook Sections, which were effective beginning January 1, 2008:

- Section 3862 – “Financial Instruments – Disclosures”, describes the required disclosure for the assessment of the significance of financial instruments for an entity’s financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, Financial Instruments – Presentation” replaced Section 3861, “Financial Instruments – Disclosure and Presentation”.
- Section 3863 – “Financial Instruments – Presentation”, establishes standards for presentation of financial instruments and non-financial derivatives.
- Section 1535 – “Capital Disclosures”, establishes standards for disclosing information about an entity’s capital and how it is managed. It describes the disclosure requirements of the entity’s objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.
- Section 3031 – “Inventories”, which replaces Section 3030. This section is harmonized with International Accounting Standards and provides additional guidance on the measurement and disclosure requirements for inventories. This new standard did not have an impact on the Company's financial statements.
- The CICA has amended Section 1400, “General Standards of Financial Statement Presentation”, which include requirements to assess and disclose the Company’s ability to continue as a going concern. The adoption of this new section did not have an impact on the financial statements

**Accounting Pronouncements**

- Section 3064 – “Goodwill and Intangible Assets”, will be adopted on January 1, 2009. These sections establish standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new Section on its financial statements but does not expect that the adoption of this new Section will have a material impact on its financial statements.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Accounting Change**

On February 13, 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("IFRS"). The Canadian Securities Administrators are in the process of examining changes to securities rules as a result of this initiative. The Company is continuing to monitor and assess the impact of the planned convergence of Canadian GAAP with IFRS and, at this time, the impact on the future financial position and results of operations is not reasonably determinable or estimable.

**3. BUSINESS COMBINATION**

On May 27, 2008, the Company entered into an Amalgamation Agreement pursuant to which the Company and Tiger-Cat Energy Ltd. ("Tiger-Cat") agreed to amalgamate (the "Amalgamation"). This Amalgamation Agreement was subsequently amended on July 29, 2008 (together the original agreement and amended agreement are herein referred to as the "Amalgamation Agreement"). Final closing of the amalgamation took place on September 29, 2008.

Pursuant to the Amalgamation Agreement each Tiger-Cat shareholder received one common share ("Amalco Share") of the amalgamated corporation ("Amalco") for each 2.98 common shares of Tiger-Cat held. Each former shareholder of the Company received one Amalco Share for each one common share of the Company held.

The principal amount owing on \$1,529,212 of the Convertible Debentures issued by the Company was converted to common shares resulting in the issuance of 6,920,332 common shares and all interest on these Convertible Debentures was forgiven by agreement of the parties. A total of \$2,500 of the principal amount owed on the C-Data Convertible Debentures (plus accrued interest) was repaid by cash.

Upon completion of the Amalgamation a total of 11,406,655 common shares were issued to the former shareholders of Tiger-Cat and a total of 15,156,060 common shares were issued to the former C-Data shareholders. Subsequent to the Amalgamation, the Company had outstanding 26,562,715 common shares.

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**3. BUSINESS COMBINATION (Continued)**

The acquisition is not a non-arms length acquisition and will be accounting for using the purchase method with C-Data being the acquirer and purchase price being allocated based on the fair value of the assets acquired and liabilities assumed of Tiger-Cat:

	\$
Current assets	1,538,218
Current liabilities	(587,732)
Working capital deficiency	<u>950,486</u>
Intangible asset	2,000,000
Property, plant and equipment	<u>8,800</u>
Net assets acquired at fair value	<u>2,959,286</u>
Purchase price	
-value attributed to shares issued (Note 8)	2,951,586
-value attributed to warrants issued (Note 8)	<u>7,700</u>
	<u>2,959,286</u>

Pursuant to Section 184 of the Alberta Business Corporations Act, as part of the Amalgamation holders of Tiger-Cat common shares were entitled to exercise rights of dissent in respect of the business combination and, provided the combination became effective, to be paid fair value for such shares by Tiger-Cat, such fair value to be determined as of the close of business on the last business day before the day on which the resolution from which the dissent is made.

Three shareholders holding an aggregate of 4,070,735 Tiger-Cat common shares (equivalent to 1,366,017 of Amalco common shares) have dissented to the combination. As the dissenting shareholders effectively forfeited their shares pursuant to their dissent action, their shares have been removed from the number of shares issued and outstanding and an estimated amount of \$400,000 was accrued. Following the end of the quarter, in accordance with Section 184, the Company made an offer to the dissenting shareholder, representing the Company's determination of the fair value of the Tiger-Cat shares held as of the determination date (being September 15, 2008). The determination of the fair value is currently scheduled to be heard by a Justice of the Alberta Court of Queen's Bench during the first quarter of 2009.

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**3. BUSINESS COMBINATION (Continued)**

In June 2007 Tiger-Cat completed the sale of its wholly owned Australian subsidiary, Bronco Energy Pty. Ltd. (“Bronco”) (and thereby the sale of its interests in certain Australian lands) to Santos Ltd. (“Santos”) for a sale price of AUD\$10.53 million. This sale price was made up of three payments. AUD\$2,531,220 (approximately CAD\$2,276,000) was paid on June 25, 2007. The second payment in the amount of AUD\$3 million is not payable unless and until Santos’ share of production of the proven plus probable reserves from its interest in the lands would be 100 PJ (approximately 95 Bcf). The third payment in the amount of AUD\$5 million is not payable unless and until Santos’ share of production of the proven plus probable reserves from its interest in the lands would be 200 PJ (approximately 190 Bcf). The conditions for the second and third payments were not met as of September 30, 2008. As a result, although drilling activities have occurred on the lands, the Company has treated these payments as being contingent and therefore a value of approximately \$2,000,000 has been placed upon them. The Company has not finalized its estimate of the fair value of the contingent consideration.

The allocation of the purchase price will be finalized after the business combination has been completed and the fair value of the assets and liabilities (including contingent consideration) has been determined, and accordingly the above allocation is subject to change.

**4. DEFERRED DEVELOPMENT**

	<b>September 30,</b>	December 31,
	<b>2008</b>	2007
	\$	\$
Accumulated costs, beginning of period	<b>785,775</b>	417,100
Additional costs deferred during the period	<b>155,543</b>	550,448
Expenses on test project (revenues)	-	10,227
Investment tax credits accrued	<b>(50,000)</b>	(192,000)
Write-down of investment tax credits	<b>157,000</b>	-
Accumulated amortization	<b>(107,022)</b>	-
Deferred development costs, end of period	<b>941,296</b>	785,775

General and administrative expenses in the approximate amount of \$155,000 (December 31, 2007 - \$550,000) have been capitalized into deferred development costs.

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**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
<u>September 30, 2008</u>			
Equipment	580,993	53,697	527,296
Computer hardware & software	187,007	144,112	42,895
Leasehold improvements	36,217	3,622	32,595
	<u>804,217</u>	<u>201,431</u>	<u>602,786</u>
<u>December 31, 2007</u>			
Computer hardware & software	273,253	104,279	168,974

During the nine months ended September 30, 2008, the Company settled \$185,972 of its trade accounts payable for \$nil and as a result, there was a gain on the forgiveness of debt in the amount of \$185,972, which was recorded against property and equipment.

**6. PROMISSORY NOTE**

The principal amount of \$500,000 is unsecured, bears interest at 12% per annum and is due on October 29, 2008. This amount has been subsequently repaid.

**7. DUE TO RELATED PARTIES**

Of the amounts due to related parties, \$17,711 are unsecured, non-interest bearing and have no fixed terms of repayment.

**8. CONVERTIBLE DEBENTURES**

The Company issued various convertible debentures that bear interest at 8% per annum, compounded annually, with maturity dates ranging from June 30, 2008 to December 31, 2008 secured under a general security agreement. During the period, the Company repaid \$2,500 of the convertible debentures and converted the remaining \$1,529,212 of principle into 6,930,332 common shares of the Company. These debentures were all issued to shareholders, officers and directors of the Company.

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**8. CONVERTIBLE DEBENTURES (Continued)**

A reconciliation of the Company's convertible debentures is as follows.

	<b>September 30, 2008</b>	December 31, 2007
	\$	\$
Balance, beginning of period	<b>1,502,227</b>	868,701
Debt component	<b>10,000</b>	634,712
Equity component	<b>(328)</b>	(20,915)
Accretion	<b>19,813</b>	19,729
Repayment of convertible debenture (Note 8)	<b>(2,500)</b>	-
Converted into common shares	<b>(1,529,212)</b>	-
	<b>-</b>	<b>1,502,227</b>

The equity component was valued using the residual valuation of equity component method, using a discount rate of 12%, with terms varying between 1 year to 2.2 years. This amount has been adjusted to share capital due to the conversion of the debentures.

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**9. EQUITY INSTRUMENTS**

Unlimited number of common voting shares

*Issued*

	<u>Number of Shares</u>	<u>Amount \$</u>
<b>Common shares</b>		
Balance at December 31, 2007	4,354,728	404,752
Issued for cash	<b>31,000</b>	<b>10,000</b>
Private placement for cash	<b>3,550,000</b>	<b>710,000</b>
Conversion of related party loans	<b>300,000</b>	<b>60,000</b>
Conversion of convertible debentures	<b>6,920,332</b>	<b>1,529,212</b>
Issued for business combination (Note 3)	<b>11,406,655</b>	<b>2,951,586</b>
Equity component (Note 8)	-	<b>61,977</b>
Balance at September 30, 2008	<u><b>26,562,715</b></u>	<u><b>5,727,527</b></u>
<b>Common share purchase warrants</b>		
Balance at December 31, 2007	-	-
Issued	<b>100,000</b>	<b>7,700</b>
Balance at September 30, 2008	<u><b>100,000</b></u>	<u><b>7,700</b></u>
<b>Total equity instruments at September 30, 2008</b>		<u><u><b>5,735,227</b></u></u>
Total equity instruments at December 31, 2007		<u><u>404,752</u></u>

*Private placements*

On January 31, 2008, the Company issued 31,000 shares for total consideration of \$10,000. On May 15, 2008, the Company issued 3,550,000 common shares of the Company for total consideration of \$710,000.

*Stock split*

On January 31, 2008, the shares of the Company split 3.1 shares for every one share of the Company.

*Conversion of related party loans*

On May 15, 2008, the Company converted \$60,000 of related party loans in exchange for 300,000 common shares of the Company.

*Conversion of convertible debentures*

On September 29, 2008, in conjunction with the business combination (Note 3), the Company converted \$1,529,212 of its convertible debentures into 6,920,332 common shares of the Company.

**RMS SYSTEMS INC. (formerly C-Data Communications Inc.)**  
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**9. SHARE CAPITAL (Continued)**

*Warrants*

On September 29, 2008 the company issued 100,000 common share purchase warrants to its financial advisor. These warrants entitle the holder to acquire up to 100,000 common shares of the Company at a price of \$0.179 per common share. These warrants expire on September 29, 2010. An amount of \$7,700 was recorded for the value of the warrants issued. The fair value of the warrants at \$0.077 per warrant was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (\$ nil), expected volatility 78%, risk-free interest rate (2.0%), and weighted average life of 2 years.

*Diluted loss per share*

The weighted average number of shares used in calculating net loss per share is as follows.

	Three months ended September 30, 2008	Nine months ended September 30, 2008
Weighted average common shares outstanding – basic and diluted	8,434,934	6,403,110

**10. RELATED PARTY TRANSACTION**

Except as disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions:

During the period, the Company accrued \$133,876 (December 31, 2007 - \$91,038) of interest on the convertible debentures.

These are in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties and represents actual values charged to the related parties.

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**11. SUPPLEMENTAL CASH FLOW DISCLOSURE**

For the nine months ended September 30, 2008, there have been no cash taxes or interest paid.

*Business combination*

During the period ended September 30, 2008, the Company completed a business combination (Note 3) for common shares of the Company.

*Gain on forgiveness of debt*

During the period ended September 30, 2008, the Company accrued \$133,876 in interest for the convertible debentures. On September 29, 2008, interest in the amount of \$302,563 on the convertible debentures was forgiven in conjunction with the business combination (Note 3).

*Conversion of related party loans*

On May 15, 2008, the Company converted \$60,000 of related party loans in exchange for 300,000 common shares of the Company.

*Conversion of convertible debentures*

On September 29, 2008, in conjunction with the business combination (Note 3), the Company converted \$1,529,212 of its convertible debentures into 6,920,332 common shares of the Company.

**12. FINANCIAL AND CAPITAL MANAGEMENT**

All financial instruments are initially recognized at fair value on the balance sheet. The Company has classified each financial instrument into one of the following categories: held-for-trading (assets and liabilities), loans and receivables, financial assets available-for-sale, financial assets held-to-maturity, and other financial liabilities.

Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities "held-for-trading" are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax. Financial assets "held-to-maturity: "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Cash is classified as "held-for-trading. Accounts receivable is classified as "loans and receivables". Bank indebtedness, accounts payable and accrued liabilities, due to related parties, and convertible debentures are designated as "other financial liabilities".

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**12. FINANCIAL AND CAPITAL MANAGEMENT (Continued)**

The Company is exposed to financial risk in a range of financial instruments including accounts receivable and accounts payable. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

*Liquidity Risk*

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As variables change, liquidity risks may necessitate the Company to conduct equity issues or obtain project debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

*Capital Risk*

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements.

The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable and growth in net income and funds flow. The Company defines capital as total equity less total debt.

*Credit Risk*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. During the nine month period ended September 30, 2008 there was no impairment provision required on any of the financial assets of the Company. The Company does have a concentration of credit risk as a significant portion of the Company's receivables are from the government for investment tax credits and from one customer.

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**12. FINANCIAL AND CAPITAL MANAGEMENT (Continued)**

*Currency Risk*

Currency risk will impact the value of the financial assets and liabilities on the balance sheet at September 30, 2008. Changes in the U.S. to Canadian, and Australian to Canadian exchange rate, will impact the realization of certain assets and payment of certain liabilities.