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# AliphCom Financial Statements

Year Ended  
December 31, 2011

Preliminary and Unaudited

**AliphCom**

**Balance Sheet**

(\$s in 000s)

**Preliminary and Unaudited**

	<u>12/31/11</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash & Equivalents	\$ 77,066
Restricted Cash	-
Accounts receivable and other receivables	18,689
Inventory	14,175
Prepays and other current assets	2,341
Total current assets	112,271
Property and equipment, net	5,538
Other assets	7,399
<b>TOTAL ASSETS</b>	<u>\$ 125,208</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>Current liabilities:</b>	
Accounts payable	29,865
Accrued expenses	25,329
Deferred revenues	3,109
Other current liabilities	15,127
Total current liabilities	73,430
<b>TOTAL LIABILITIES</b>	73,430
<b>Stockholders' equity:</b>	
Common stock, preferred stock, & add'l paid in capital	165,321
Retained earnings (retained loss)	(113,552)
Accumulated other comprehensive income (loss)	9
<b>TOTAL EQUITY</b>	51,778
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 125,208</u>

UNAUDITED

**AliphCom**

**Income Statement**

Preliminary and unaudited  
(\$s in 000s)

	<b>FY 2011</b>
Net revenue	\$ 128,876
Cost of goods sold	122,081
COGS depreciation and amortization	1,602
Total cost of goods sold	123,683
Gross profit	5,193
Gross margin (%)	4.0%
Selling and marketing	24,989
General and administrative	18,639
Research and development	30,353
Depreciation and amortization	1,832
Total operating expenses	75,813
Operating loss	(70,620)
Operating margin (%)	-54.8%
Stock based compensation	(1,160)
Interest income (expense)	5
Other income (expense)	(141)
Income before provision for income taxes	(71,916)
Provision for income taxes	66
Net loss	\$ (71,982)
Net margin (%)	-55.8%

UNAUDITED

**AliphCom**

**Statement of Cash Flows**

(\$s in 000s)

Preliminary and Unaudited

	<b>Fiscal Year</b>
	<b>12/31/2011</b>
<b>Cash Flow From Operating Activities</b>	
Net income/loss	\$ (71,982)
Depreciation & amortization	3,434
Share-based compensation expense	1,160
Effects of exchange rate changes on monetary assets and liabilities	9
Changes in operating assets and liabilities:	
Accounts receivable	(11,736)
Inventory	1,062
Other current assets and non-current assets	(6,176)
Accounts payable	8,495
Deferred revenue	(269)
Other current and non-current liabilities	23,987
Net cash used in operating activities	(52,016)
<b>Cash flow from investing activities</b>	
Capital expenditures	(6,154)
Net cash used in investing activities	(6,154)
<b>Cash Flow From Financing Activities</b>	
Proceeds from option and warrant exercises	664
Proceeds from issuance of common stock	11,846
Proceeds from issuance of preferred stock	93,733
Net cash provided by financing activities	106,243
Net increase in cash and cash equivalents	48,073
Cash and cash equivalents at beginning of period	28,993
<b>Cash and cash equivalents at end of period</b>	<b>\$ 77,066</b>

UNAUDITED