

NexJ Systems Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)
(Unaudited)

	September 30, 2014	December 31, 2013
Assets		
	\$	\$
Current assets:		
Cash and cash equivalents	20,310	29,293
Accounts receivable	6,706	7,246
Prepaid expenses and other assets	1,578	1,727
Total current assets	28,594	38,266
Non-current assets:		
Property and equipment	2,666	3,014
Intangible assets	1,916	1,643
Goodwill	4,504	3,640
Other assets	260	260
Total non-current assets	9,346	8,557
Total assets	37,940	46,823
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	4,594	4,677
Deferred revenue	4,105	5,021
Provisions	119	572
Contingent consideration	641	-
Total current liabilities	9,459	10,270
Non-current liabilities:		
Accrued liabilities	451	596
Provisions	264	742
Deferred revenue	-	212
Deferred tax liability	16	-
Total non-current liabilities	731	1,550
Total liabilities	10,190	11,820
Shareholders' equity:		
Share capital	83,300	83,018
Share purchase loans	(3,622)	(3,622)
Contributed surplus	5,769	5,515
Deficit	(57,697)	(49,908)
Total shareholders' equity	27,750	35,003
Total liabilities and shareholders' equity	37,940	46,823

NexJ Systems Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in thousands of Canadian dollars, except per share amounts)
(Unaudited)

	Three Months ended September,		Six Months ended September,	
	2014	2013	2014	2013
Revenue:	\$	\$	\$	\$
License and subscription fees	639	336	2,207	961
Professional services	3,405	4,757	13,118	14,514
Maintenance and support	1,171	1,530	4,170	4,460
	<u>5,215</u>	<u>6,623</u>	<u>19,495</u>	<u>19,935</u>
Expenses*:				
Professional service costs	2,710	3,573	9,567	11,893
Research and development, net	2,378	3,326	7,522	10,756
Sales and marketing	1,595	1,412	4,886	6,519
General and administrative, net	2,310	2,101	5,879	7,017
	<u>8,993</u>	<u>10,412</u>	<u>27,854</u>	<u>36,185</u>
Loss from operations:	(3,778)	(3,789)	(8,359)	(16,250)
Foreign exchange gain (loss)	398	(80)	455	246
Finance income	53	90	204	336
Finance costs	50	-	89	-
	<u>401</u>	<u>10</u>	<u>570</u>	<u>582</u>
Loss before income taxes	(3,377)	(3,779)	(7,789)	(15,668)
Income taxes	-	-	-	-
Net Loss and comprehensive loss	<u>(3,377)</u>	<u>(3,779)</u>	<u>(7,789)</u>	<u>(15,668)</u>
Loss per share:				
Basic and diluted	<u>(0.17)</u>	<u>(0.19)</u>	<u>0.38</u>	<u>0.77</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>20,458</u>	<u>20,378</u>	<u>20,385</u>	<u>20,372</u>

*Share-based payment expense has been included in expenses as follows:

Professional service costs	39	59	120	184
Research and development, net	25	5	42	140
Sales and marketing	6	34	43	124
General and administrative, net	10	39	49	134
	<u>80</u>	<u>137</u>	<u>254</u>	<u>582</u>

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Condensed Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

(Unaudited)

Nine Months ended Septmeber 30, 2014 and 2013

	2014	2013
Cash flows from (used in) operating activities:	\$	\$
Loss for the period:	(7,789)	(15,668)
Adjustments for:		
Depreciation and amortization	1,357	1,366
Share-based payment expense	254	582
Finance income	(204)	(336)
Finance costs	89	-
Foreign exchange gain (loss)	(310)	(190)
Change in non-cash operating working capital:		
Accounts receivable	582	675
Prepaid expenses and other assets	303	(874)
Income taxes receivable	-	146
Accounts payable and accrued liabilities and provisions	(1,419)	(2,863)
Deferred revenue	(1,308)	(1,036)
Net cash flows used in operating activities	(8,445)	(18,198)
Cash flows from (used in) financing activities:		
Repurchase of common shares	(218)	-
Repayment of bank indebtedness	(66)	-
Repayment of loan	(496)	-
Exercise of employee stock options	-	25
Interest paid	(3)	-
Net cash flows from (used in) financing activities	(783)	25
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(269)	(332)
Interest received	204	336
Net cash flows from (used in) investing activities	(65)	4
Effects of exchange rates on cash and cash equivalents	310	190
Decrease in cash and cash equivalents	(8,983)	(17,979)
Cash and cash equivalents, beginning of period	29,293	46,263
Cash and cash equivalents, end of period	20,310	28,284
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	13	-