

NexJ Systems Inc.

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

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Assets		
	\$	\$
Current assets:		
Cash and cash equivalents	11,575	18,298
Accounts receivable	10,223	7,853
Prepaid expenses and other assets	1,783	1,448
Total current assets	<u>23,581</u>	<u>27,599</u>
Non-current assets:		
Property and equipment	2,184	2,472
Intangible assets	733	1,756
Goodwill	2,617	2,617
Other assets	260	260
Total non-current assets	<u>5,794</u>	<u>7,105</u>
Total assets	<u>29,375</u>	<u>34,704</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	5,289	4,619
Deferred revenue	3,887	4,726
Provisions	183	121
Earn-out liability	280	678
Total current liabilities	<u>9,639</u>	<u>10,144</u>
Non-current liabilities:		
Accrued liabilities	613	391
Provisions	320	234
Deferred tax liability	-	16
Deferred revenue	-	238
Total non-current liabilities	<u>933</u>	<u>879</u>
Total liabilities	<u>10,572</u>	<u>11,023</u>
Shareholders' equity:		
Share capital	83,304	83,306
Share purchase loans	(3,622)	(3,622)
Contributed surplus	6,091	5,783
Deficit	(66,970)	(61,786)
Total shareholders' equity	<u>18,803</u>	<u>23,681</u>
Total liabilities and shareholders' equity	<u>29,375</u>	<u>34,704</u>

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 30,		Nine Months ended September 30,	
	2015	2014	2015	2014
Revenue:	\$	\$	\$	\$
License and subscription fees	1,436	639	3,973	2,207
Professional services	4,802	3,405	13,449	13,118
Maintenance and support	1,340	1,171	3,852	4,170
	<u>7,578</u>	<u>5,215</u>	<u>21,274</u>	<u>19,495</u>
Expenses*:				
Professional services	3,285	2,710	9,490	9,567
Research and development, net	2,130	2,378	6,740	7,522
Sales and marketing	1,421	1,595	4,605	4,886
General and administrative, net	2,079	2,310	6,720	5,879
Earn-out recovery	-	-	(398)	-
	<u>8,915</u>	<u>8,993</u>	<u>27,157</u>	<u>27,854</u>
Loss from operations:	(1,337)	(3,778)	(5,883)	(8,359)
Foreign exchange gain	139	398	591	455
Finance income	23	53	92	204
Finance costs	-	50	-	89
	<u>162</u>	<u>401</u>	<u>683</u>	<u>570</u>
Loss before income taxes	(1,175)	(3,377)	(5,200)	(7,789)
Income tax recovery				
Current	-	-	-	-
Deferred	-	-	(16)	-
Net Loss and comprehensive loss	<u>(1,175)</u>	<u>(3,377)</u>	<u>(5,184)</u>	<u>(7,789)</u>
Loss per share:				
Basic and diluted	<u>(0.06)</u>	<u>(0.17)</u>	<u>(0.25)</u>	<u>(0.38)</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>20,459</u>	<u>20,458</u>	<u>20,459</u>	<u>20,385</u>
*Share-based payment expense has been included in expenses as follows:				
Professional services	\$ 36	\$ 39	\$ 88	\$ 120
Research and development, net	43	25	127	42
Sales and marketing	16	6	44	43
General and administrative, net	15	10	49	49
	<u>\$ 110</u>	<u>\$ 80</u>	<u>\$ 308</u>	<u>\$ 254</u>

NexJ Systems Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)
(Unaudited)

Nine Months ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) operating activities:	\$	\$
Loss for the period:	(5,184)	(7,789)
Adjustments for:		
Depreciation and amortization	1,574	1,357
Share-based payment expense	308	254
Finance income	(92)	(204)
Finance costs	-	89
Deferred tax recovery	(16)	-
Foreign exchange gain	(426)	(310)
Earn-out recovery	(398)	-
Change in non-cash operating working capital:		
Accounts receivable	(2,370)	582
Prepaid expenses and other assets	(335)	303
Accounts payable and accrued liabilities and provisions	786	(1,419)
Deferred revenue	(1,077)	(1,308)
Net cash flows used in operating activities	(7,230)	(8,445)
Cash flows from (used in) financing activities:		
Repurchase of common shares	(2)	(218)
Repayment of bank indebtedness	-	(66)
Repayment of loan	-	(496)
Interest paid	-	(3)
Net cash flows used in financing activities	(2)	(783)
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(9)	(269)
Interest received	92	204
Net cash flows from (used in) investing activities	83	(65)
Effects of exchange rates on cash and cash equivalents	426	310
Decrease in cash and cash equivalents	(6,723)	(8,983)
Cash and cash equivalents, beginning of period	18,298	29,293
Cash and cash equivalents, end of period	\$ 11,575	\$ 20,310
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	\$ 254	\$ 13