

NexJ Systems Inc.

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

	June 30, 2016	December 31, 2015
Assets		
	\$	\$
Current assets:		
Cash and cash equivalents	11,040	14,699
Accounts receivable	8,075	8,274
Prepaid expenses and other assets	1,511	968
Assets held for distribution	-	962
Total current assets	<u>20,626</u>	<u>24,903</u>
Non-current assets:		
Property and equipment	2,209	2,102
Goodwill	1,753	1,753
Other assets	260	260
Total non-current assets	<u>4,222</u>	<u>4,115</u>
Total assets	<u>24,848</u>	<u>29,018</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	4,605	5,424
Deferred revenue	4,052	4,382
Provisions	223	223
Current portion of finance lease liability	148	-
Liabilities held for distribution	-	964
Total current liabilities	<u>9,028</u>	<u>10,993</u>
Non-current liabilities:		
Accrued liabilities	849	658
Provisions	112	224
Finance lease liability	234	-
Deferred revenue	-	304
Total non-current liabilities	<u>1,195</u>	<u>1,186</u>
Total liabilities	<u>10,223</u>	<u>12,179</u>
Shareholders' equity:		
Share capital	83,146	83,094
Share purchase loans	(3,622)	(3,622)
Contributed surplus	6,817	6,293
Deficit	(71,716)	(68,926)
Total shareholders' equity	<u>14,625</u>	<u>16,839</u>
Total liabilities and shareholders' equity	<u>24,848</u>	<u>29,018</u>

NexJ Systems Inc.

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

	Quarter ended June,		Six Months ended June,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
	(Restated)		(Restated)	
Revenue:	\$	\$	\$	\$
License fees	422	1,321	1,489	2,370
Professional services	4,788	4,584	9,909	8,543
Maintenance and support	1,790	1,281	3,690	2,491
	<u>7,000</u>	<u>7,186</u>	<u>15,088</u>	<u>13,404</u>
Expenses*:				
Professional services	3,004	3,175	6,230	5,877
Research and development, net	1,848	1,638	4,077	3,504
Sales and marketing	1,038	1,349	2,189	2,530
General and administrative, net	1,455	2,074	3,217	3,879
Impairment of loan receivable	353	-	994	-
	<u>7,698</u>	<u>8,236</u>	<u>16,707</u>	<u>15,790</u>
Loss from operations:	(698)	(1,050)	(1,619)	(2,386)
Foreign exchange gain (loss)	(32)	(174)	(905)	452
Finance income	17	29	35	69
	<u>(15)</u>	<u>(145)</u>	<u>(870)</u>	<u>521</u>
Loss from continuing operations:	(713)	(1,195)	(2,489)	(1,865)
Loss from discontinued operations	-	(1,152)	(252)	(2,144)
Loss for the period and comprehensive loss	<u>(713)</u>	<u>(2,347)</u>	<u>(2,741)</u>	<u>(4,009)</u>
Loss per share:				
Basic and diluted from continuing operations	(0.04)	(0.06)	(0.13)	(0.09)
Basic and diluted from discontinued operation	-	(0.05)	(0.01)	(0.11)
Basic and diluted	(0.04)	(0.11)	(0.14)	(0.20)
Weighted average number of common shares outstanding:				
Basic and diluted	<u>20,275</u>	<u>20,459</u>	<u>20,287</u>	<u>20,459</u>
*Share-based payment expense has been included in expenses as follows:				
Professional service	67	25	168	52
Research and development, net	81	52	195	85
Sales and marketing	13	21	30	27
General and administrative, net	80	19	198	34
	<u>241</u>	<u>117</u>	<u>591</u>	<u>198</u>

⁽¹⁾As of January 25, 2016, the Healthcare business unit was spun-off as a new corporation; the net of revenue and expenses for Healthcare have been presented as part of the loss from discontinued operation for the quarter and six months ended June 30, 2016 and 2015.

NexJ Systems Inc.

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

	Six Months ended June 30,	
	2016 ⁽¹⁾	2015 ⁽¹⁾
		(Restated)
Cash flows from (used in) operating activities:	\$	\$
Loss for the period:	(2,741)	(4,009)
Adjustments for:		
Impairment of loan receivable	994	-
Depreciation and amortization	430	926
Share-based payment expense	591	198
Finance income	(35)	(69)
Foreign exchange loss (gain)	251	(246)
Loss from discontinued operation	252	2,144
Change in non-cash operating working capital:		
Accounts receivable	273	(321)
Prepaid expenses and other assets	(548)	(69)
Accounts payable and accrued liabilities and provisions	(770)	749
Deferred revenue	(656)	(1,189)
	(1,959)	(1,886)
Net cash flows used in discontinued operation	(270)	(2,592)
Net cash flows used in operating activities	(2,229)	(4,478)
Cash flows from (used in) financing activities:		
Repurchase of common shares	(159)	-
Proceeds from exercise of stock options	144	-
Payment of finance lease liability	(62)	-
Net cash flows used in financing activities	(77)	-
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(103)	(13)
Advances to NexJ Health Inc.	(994)	-
Distribution, net of cash	(40)	-
Interest received	35	69
Net cash flows from investing activities	(1,102)	56
Effects of exchange rates on cash and cash equivalents	(251)	246
Decrease in cash and cash equivalents	(3,659)	(4,176)
Cash and cash equivalents, beginning of period	14,699	18,298
Cash and cash equivalents, end of period	11,040	14,122
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	30	39
Acquisition of property and equipment under finance lease	444	-

⁽¹⁾The six months ended June 30, 2016 and 2015 figures have been presented for the classification of the Healthcare business as a discontinued operation.