Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

NEXJ SYSTEMS INC.

Three and nine months ended September 30, 2016 and 2015
(Unaudited)

NEXJ SYSTEMS INC.

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

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 13,714	$ 14,699
Accounts receivable	14,516	8,274
Prepaid expenses and other assets	1,061	968
Assets held for distribution (note 11)	–	962
Total current assets	29,291	24,903
Non-current assets:		
Property and equipment	2,085	2,102
Goodwill	1,753	1,753
Other assets	260	260
Total non-current assets	4,098	4,115
Total assets	$ 33,389	$ 29,018
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,219	$ 5,424
Deferred revenue	10,794	4,382
Provisions (note 3)	167	223
Current portion of finance lease liability (note 4)	148	–
Liabilities held for distribution (note 11)	–	964
Total current liabilities	16,328	10,993
Non-current liabilities:		
Accrued liabilities	941	658
Provisions (note 3)	112	224
Finance lease liability (note 4)	198	–
Deferred revenue	285	304
Total non-current liabilities	1,536	1,186
Total liabilities	17,864	12,179
Shareholders' equity:		
Share capital (note 5)	82,736	83,094
Share purchase loans (note 5)	(3,622)	(3,622)
Contributed surplus (note 6)	7,002	6,293
Deficit	(70,591)	(68,926)
Total shareholders' equity	15,525	16,839
Total liabilities and shareholders' equity	$ 33,389	$ 29,018

See accompanying notes to the condensed interim consolidated financial statements.

NEXJ SYSTEMS INC.

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
		(Restated - note 11)		(Restated - note 11)
Revenue:				
License fees	$ 1,965	$ 1,329	$ 3,454	$ 3,699
Professional services	4,944	4,626	14,853	13,169
Maintenance and support	1,948	1,330	5,638	3,821
	8,857	7,285	23,945	20,689
Expenses*:				
Professional services	2,955	3,116	9,185	8,993
Research and development, net	1,843	1,633	5,920	5,137
Sales and marketing	1,195	1,142	3,384	3,672
General and administrative, net	1,519	1,737	4,736	5,616
Impairment of loan receivable and shared services (note 8)	466	–	1,460	–
	7,978	7,628	24,685	23,418
Income (loss) from operations	879	(343)	(740)	(2,729)
Foreign exchange gain (loss)	231	139	(674)	591
Finance income	15	23	50	92
	246	162	(624)	683
Income (loss) from continuing operations	1,125	(181)	(1,364)	(2,046)
Loss from discontinued operation (note 11)	–	(994)	(252)	(3,138)
Income (loss) for the period and comprehensive income (loss)	$ 1,125	$ (1,175)	$ (1,616)	$ (5,184)
Earnings (loss) per share (note 7):				
Basic from continuing operations	$ 0.06	$ (0.01)	$ (0.07)	$ (0.10)
Diluted from continuing operations	0.06	(0.01)	(0.07)	(0.10)
Basic and diluted from discontinued operation	–	(0.05)	(0.01)	(0.15)
Basic	0.06	(0.06)	(0.08)	(0.25)
Diluted	0.06	(0.06)	(0.08)	(0.25)
Weighted average number of common shares outstanding, in thousands (note 7):				
Basic	20,203	20,459	20,259	20,459
Diluted	20,393	20,459	20,259	20,459
*Share-based payment expense has been included in expenses as follows:				
Professional services	$ 49	$ 36	$ 217	$ 88
Research and development, net	64	43	259	127
Sales and marketing	10	16	40	44
General and administrative, net	63	15	261	49
	$ 186	$ 110	$ 777	$ 308

See accompanying notes to the condensed interim consolidated financial statements.

NEXJ SYSTEMS INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars and shares)
(Unaudited)

Nine months ended September 30, 2016	Common shares Number*	Amount	Share purchase loans*	Contributed surplus	Deficit	Total shareholders' equity
Balance, January 1, 2016	20,208	$ 83,094	$ (3,622)	$ 6,293	$ (68,926)	$ 16,839
Comprehensive loss	–	–	–	–	(1,616)	(1,616)
Distribution (note 2(b))	–	–	–	–	(49)	(49)
Share-based payment expense (note 6(a))	–	–	–	777	–	777
Exercise of employee stock options (note 6(a))	117	213	–	(68)	–	145
Repurchase of common shares (note 5(b))	(268)	(571)	–	–	–	(571)
Balance, September 30, 2016	20,057	$ 82,736	$ (3,622)	$ 7,002	$ (70,591)	$ 15,525

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements (note 6) are not recognized as outstanding until such time as payments are received on the loan balances. At September 30, 2016, 950 common shares were legally issued and outstanding to employees in connection with these agreements and included in the total number of outstanding common shares of 21,007.

Nine months ended September 30, 2015	Common shares Number*	Amount	Share purchase loans*	Contributed surplus	Deficit	Total shareholders' equity
Balance, January 1, 2015	20,459	$ 83,306	$ (3,622)	$ 5,783	$ (61,786)	$ 23,681
Comprehensive loss	–	–	–	–	(5,184)	(5,184)
Share-based payment expense (note 6(a))	–	–	–	308	–	308
Repurchase of common shares (note 5(b))	(2)	(2)	–	–	–	(2)
Balance, September 30, 2015	20,457	$ 83,304	$ (3,622)	$ 6,091	$ (66,970)	$ 18,803

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements (note 6) are not recognized as outstanding until such time as payments are received on the loan balances. At September 30, 2015, 950 common shares were legally issued and outstanding to employees in connection with these agreements and included in the total number of outstanding common shares of 21,407.

See accompanying notes to the condensed interim consolidated financial statements.

NEXJ SYSTEMS INC.

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

	Nine months ended September 30, 2016	2015
		(Restated - note 11)
Cash flows from (used in) operating activities:		
Loss for the period	$ (1,616)	$ (5,184)
Adjustments for:		
Impairment of loan receivable and shared services (note 8)	1,460	–
Depreciation and amortization	644	1,386
Share-based payment expense	777	308
Finance income	(50)	(92)
Foreign exchange gain	(59)	(426)
Loss from discontinued operation	252	3,138
Change in non-cash operating working capital:		
Accounts receivable	(6,168)	(2,583)
Prepaid expenses and other assets	(97)	(352)
Accounts payable and accrued liabilities and provisions	(147)	1,057
Deferred revenue	6,372	(1,062)
	1,368	(3,810)
Net cash flows used in discontinued operation (note 11)	(270)	(3,420)
Net cash flows from (used in) operating activities	1,098	(7,230)
Cash flows from (used in) financing activities:		
Repurchase of common shares	(571)	(2)
Proceeds from exercise of stock options	145	–
Payment of finance lease liability	(98)	–
Net cash flows used in financing activities	(524)	(2)
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(168)	(9)
Advances to NexJ Health Inc. (note 8)	(1,460)	–
Distribution, net of cash	(40)	–
Interest received	50	92
Net cash flows from (used in) investing activities	(1,618)	83
Effects of exchange rates on cash and cash equivalents	59	426
Decrease in cash and cash equivalents	(985)	(6,723)
Cash and cash equivalents, beginning of period	14,699	18,298
Cash and cash equivalents, end of period	$ 13,714	$ 11,575
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid	$ 57	$ 254
Acquisition of property and equipment under finance lease (note 4)	444	–

See accompanying notes to the condensed interim consolidated financial statements.

1. Reporting entity:

NexJ Systems Inc. (the "Company") is incorporated in Canada with its corporate headquarters located at 10 York Mills Road, Suite 700, Toronto, Ontario M2P 2G4.

The Company is a provider of enterprise customer management solutions to the financial services industry.

2. Basis of preparation:

(a) Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014.

The notes presented in these condensed interim consolidated financial statements include, in general, only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the years ended December 31, 2015 and 2014.

These condensed interim consolidated financial statements were approved by the Board of Directors on October 27, 2016.

(b) Plan of Arrangement:

On January 25, 2016, the Company, NexJ Health Inc. and NexJ Health Holdings Inc., a newly incorporated company, completed a Plan of Arrangement (the "Arrangement") pursuant to the Canada Business Corporations Act. Upon the effective time of the Arrangement, the Company's shareholders received one new common share of the Company and one common share of NexJ Health Holdings Inc. for each common share of the Company held immediately prior to the Arrangement becoming effective.

2. Basis of preparation (continued):

The assets and liabilities which were distributed to the Company's shareholders in connection with the spin-off of the Healthcare business on January 25, 2016 pursuant to the Arrangement comprised cash of $9, accounts receivable of $296, prepaid expenses and other assets of $145, property and equipment of $40, intangible assets of $548, accounts payable and accrued liabilities of $432 and deferred revenue of $557.

The Company accounted for the distribution in accordance with International Financial Reporting Interpretations Committee 17, Distribution of Non-Cash Assets to Owners, which requires the assets being distributed to be recognized at fair value. The Company used significant judgments related to the fair value measurement of assets and liabilities distributed pursuant to the Arrangement. The estimates required management to exercise judgment concerning valuation approaches and methods, estimates of future cash flows, and discount rates. The distribution of $49 was charged to deficit on January 25, 2016.

(c) Basis of presentation:

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary (together referred to as the "Company"). Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements. These condensed interim consolidated financial statements have been prepared mainly under the historical cost basis, except for cash-settled deferred share units, which are measured at fair value. Other measurement bases used are described in the applicable notes.

(d) Recently adopted accounting pronouncements:

These condensed interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014, with the exception of the following new accounting standards which the Company adopted and are effective commencing January 1, 2016:

- Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations; and

- Amendments to IAS 38, Intangible Assets, and IAS 16, Property, Plant and Equipment.

(Expressed in thousands of Canadian dollars, except per share amounts)

2. Basis of preparation (continued):

Refer to the 2015 annual audited consolidated financial statements for a brief description of each accounting pronouncement amendment. The adoption of these accounting standards did not have a significant impact on the condensed interim consolidated financial statements for the three and nine months ended September 30, 2016.

3. Provisions:

Lease-exit charges:

	Nine months ended September 30, 2016	2015
Balance, beginning of period	$ 447	$ 355
Provisions made	–	351
Provisions used	(168)	(203)
Balance, end of period	$ 279	$ 503

In November 2013, the Company vacated a portion of its leased office premises and recognized a liability for the discounted future lease payments to which the Company is committed less expected future sublease income as the vacated office facility no longer had any operating business activities. The Company further revised its estimated liability at March 31, 2014 based on securing a subtenant for the sublease, which commenced in July 2014.

In June 2015, the Company vacated another portion of its leased office premises and secured a subtenant for the vacated space. During the nine months ended September 30, 2015, the Company recognized a liability of $351 and the charge was recognized as a general and administrative expense, in the condensed interim consolidated statements of comprehensive income (loss), for the discounted future lease payments to which the Company is committed less the expected future sublease income per the sublease agreement as the vacated office facility no longer had any operating business activities.

(Expressed in thousands of Canadian dollars, except per share amounts)

3. Provisions (continued):

During the three months and nine months ended September 30, 2016, the Company applied $305 and $895 (2015 - $297 and $628) of rent paid, respectively, offset by rental income received under the sublease arrangement of $249 and $727 (2015 - $157 and $425), respectively, relating to the vacated portion of its leased office premises against the provision recorded in the condensed interim consolidated statements of financial position.

4. Finance lease liability:

During the three months ended March 31, 2016, the Company entered into a finance lease for the purchase of computer hardware in the amount of $444. This lease is repayable in monthly payments of $12, with no imputed interest and maturing in 2019.

Total future lease payments as at September 30, 2016 are as follows:

Less than 1 year	$ 148
Between 1 and 5 years	198
	$ 346

5. Share capital:

(a) The Company entered into a non-binding retention bonus agreement dated March 28, 2011 with certain employees and officers ("Exercise Persons"), pursuant to which each Exercise Person was allocated a retention bonus in the amount of their respective share purchase loan, which could vest in a future period at the sole discretion of the Company and may be paid in instalments over a three-year period. For the three and nine months ended September 30, 2016, the Company expensed nil (2015 - nil and $79) relating to these retention bonuses for certain Exercise Persons. The amounts paid to the Exercise Persons under these bonus arrangements are not required to be used to repay the share purchase loans.

5. Share capital (continued):

(b) The Company has repurchased its common shares through the following Normal Course Issuer Bids ("NCIB"):

(i) In August, 2016, the Company applied to the Toronto Stock Exchange ("TSX") for NCIB, which was accepted by the TSX on August 20, 2016, for purchases of its common shares through all available markets and/or alternative trading systems, including the facilities of the TSX. Pursuant to the NCIB, the Company proposes to purchase on the open market through the facilities of the TSX or alternative Canadian trading systems. The NCIB is valid for one year and the maximum number of common shares which can be purchased until August 23, 2017, pursuant to the NCIB, aggregated to 1,000,000 common shares, representing approximately 4.7% of the number of common shares issued and outstanding as of August 15, 2016.

During the three and nine months ended September 30, 2016, the Company repurchased and cancelled 177,200 of its common shares through trades on the TSX for an aggregate purchase price of $370, which was recorded as a reduction of share capital.

(ii) The Company had an NCIB in place from August 24, 2015 to August 23, 2016, pursuant to which the Company could, pursuant to the NCIB, purchase its common shares aggregated to 1,000,000 common shares, representing approximately 4.7% of the number of common shares issued and outstanding as of August 12, 2015, through all available markets and/or alternative trading systems, including the facilities of the TSX.

During the three and nine months ended September 30, 2016, the Company repurchased and cancelled 21,134 and 90,700 (2015 - 1,500 and 1,500), respectively, of its common shares through trades on the TSX for an aggregate purchase price of $43 and $201 (2015 - $2 and $2), respectively, which was recorded as a reduction of share capital.

6. Share-based payment arrangements:

At September 30, 2016, the Company had the following share-based payment arrangements:

(a) Stock option plan:

The total share-based payment expense and the amount credited to contributed surplus for the three and nine months ended September 30, 2016 was $186 and $777, respectively (2015 - $110 and $308).

On December 1, 2015, the Company modified its stock options plan to cancel and regrant options to existing employees. The cancellation and regrant of options to employees was subject to shareholder approval which was received at the special shareholder meeting held on January 13, 2016. The Company also allowed the employees to accelerate the vesting of their outstanding and unvested options issued prior to December 1, 2015 and exercise such options up to the date of the special shareholder meeting of January 13, 2016. Subsequent to that date, the original vesting period was automatically reinstated. During the nine months ended September 30, 2016 up to the special shareholder meeting of January 13, 2016, 109,125 issued options were accelerated and exercised. Due to the acceleration and exercise of the options, an additional nil and $19 was recorded as share-based payment expense for the three and nine months ended September 30, 2016.

The following table outlines the activity for stock options for the nine months ended September 30, 2016 and 2015:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	(000s)		(000s)	
Outstanding, beginning of period	2,102	$ 1.67	1,406	$ 4.80
Granted	44	2.05	819	1.25
Exercised	(117)	1.23	–	–
Cancelled	(114)	1.97	(347)	3.54
Outstanding, end of period	1,915	1.68	1,878	3.48
Exercisable, end of period	1,059	$ 1.75	1,062	$ 4.81

6. Share-based payment arrangements (continued):

At September 30, 2016, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding	Weighted average remaining contractual life
	(000s)	(years)
$1.00 - $2.00	1,516	5.84
$2.01 - $3.00	297	4.45
$3.01 - $3.70	102	3.44
	1,915	5.49

(b) Deferred share units ("DSUs"):

The Company grants DSUs to the independent members of the Board of Directors as their annual remuneration for the services rendered as directors on the Company's board. These DSUs vest immediately and can only be settled in cash and will be paid when the board member is no longer rendering service to the Company. Accordingly, the Company has treated these arrangements as cash-settled awards and has recorded the changes in the fair value of the award in the condensed interim consolidated statements of comprehensive income (loss) using the Company's share price as at September 30, 2016. The amount of the award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout. The following table outlines the activity for the DSUs for the nine months ended September 30, 2016 and 2015:

	2016		2015	
	Number	Amount	Number	Amount
	(000s)		(000s)	
Outstanding, beginning of period	296	$ 521	233	$ 290
Granted	97	200	116	200
Exercised	–	–	(53)	(102)
Changes in fair value of the award	–	84	–	88
Outstanding, end of period	393	$ 805	296	$ 476

6. Share-based payment arrangements (continued):

As at September 30, 2016, the total liability for these DSUs was $805 (2015 - $476) which was included in non-current liabilities on the condensed interim consolidated statements of financial position.

7. Earnings (loss) per share:

The following table sets forth the calculation of basic and diluted loss per share:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Numerator:				
Income (loss) from continuing operations	$ 1,125	$ (181)	$ (1,364)	$ (2,046)
Loss from discontinued operation	–	(994)	(252)	(3,138)
Income (loss) for the period	1,125	(1,175)	(1,616)	(5,184)
Denominator:				
Weighted average number of shares, in thousands:				
Basic	20,203	20,459	20,259	20,459
Diluted	20,393	20,459	20,259	20,459
Earnings (loss) per share:				
Basic from continuing operations	$ 0.06	$ (0.01)	$ (0.07)	$ (0.10)
Diluted from continuing operations	0.06	(0.01)	(0.07)	(0.10)
Basic and diluted from discontinued operation	–	(0.05)	(0.01)	(0.15)
Basic	0.06	(0.06)	(0.08)	(0.25)
Diluted	0.06	(0.06)	(0.08)	(0.25)

During the three and nine months ended September 30, 2016 and 2015, there were nil and 225 (2015 - nil and nil) weighted average outstanding stock options excluded from the computation of diluted earnings (loss) per share.

8. Related party transactions:

(a) Interim loan agreement:

Pursuant to the Arrangement, the Company entered into an interim loan agreement with NexJ Health Inc. that provides that the Company will advance funds to NexJ Health Inc. as required from time to time up to a maximum of $1,000; the loan bears annual interest at prime rate, as published by the Royal Bank of Canada. The Company advanced $994 as of September 30, 2016. The loan receivable is repayable on the date of the closing of a rights offering or other such financing by NexJ Health Inc., or such later date as agreed to by the parties. Management evaluated the recoverability of the loan, including the financial position of NexJ Health Inc. as at September 30, 2016 and concluded that it is impaired and recorded a provision of nil and $994 in the condensed interim consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2016.

(b) Shared services agreement:

Pursuant to the Arrangement, the Company also entered into a shared services agreement with NexJ Health Inc. under which the Company will continue to provide services and support functions relating to facilities, human resources, finance and IT services for a monthly fee agreed upon between the parties. The Company has charged $170 and $466, respectively, for these services for the three and nine months ended September 30, 2016. Management evaluated the recoverability of these charges, including the financial position of NexJ Health Inc. as at September 30, 2016 and concluded it is impaired and recorded a provision of $466 and $466 in the condensed interim consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2016.

The terms of the agreements in (a) and (b) above and the related amounts being charged were agreed upon by the parties.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Financial instruments and capital management:

(a) Classification and fair values of financial instruments:

The following table sets out the Company's classification and carrying amount, together with the fair value, for each type of financial asset and financial liability as at September 30, 2016 and December 31, 2015:

	September 30, 2016		December 31, 2015	
Classification	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Held-for-trading:				
Cash equivalents	$ 7,563	$ 7,563	$ 6,277	$ 6,277
Loans and receivables:				
Accounts receivable	14,516	14,516	8,274	8,274
Assets held for distribution	–	–	222	222
Financial liabilities:				
Other financial liabilities:				
Accounts payable and accrued liabilities	6,160	6,160	6,082	6,082
Provisions	279	279	447	447
Finance lease liability	346	346	–	–
Liabilities held for distribution	–	–	427	427

The carrying values of cash equivalents, accounts receivable, assets held for distribution, accounts payable and accrued liabilities and provisions and liabilities held for distribution approximate their fair values due to the short-term nature of these financial instruments. The carrying value of the finance lease liability approximates its fair value based on the borrowing rates currently available to the Company.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Financial instruments and capital management (continued):

Fair value measurements:

The Company provides disclosure of the three level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

In the tables below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date. Financial assets measured at fair value as at September 30, 2016 and December 31, 2015 in the condensed interim consolidated financial statements are summarized below:

September 30, 2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 7,563	$ –	$ –	$ 7,563
Financial liabilities:				
Provisions	$ –	$ –	$ 279	$ 279
Finance lease liability	–	346	–	346

December 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 6,277	$ –	$ –	$ 6,277
Financial liabilities:				
Provisions	$ –	$ –	$ 447	$ 447

There were no transfers of financial assets during the periods between any of the levels.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Financial instruments and capital management (continued):

(b) Market risk:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of these risks as at September 30, 2016:

(i) Credit risk:

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company's credit risk is primarily attributable to its accounts receivable. The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors.

The following table summarizes the number of customers that individually comprise greater than 10% of total revenue or total accounts receivable and their aggregate percentage of the Company's total revenue and accounts receivable:

	Revenue	
	Number of customers	% of total
Three months ended September 30, 2016	3	71
Nine months ended September 30, 2016	3	68
Three months ended September 30, 2015	4	72
Nine months ended September 30, 2015	3	61

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Financial instruments and capital management (continued):

	Accounts receivable	
	Number of customers	% of total
As at September 30, 2016	4	92
As at December 31, 2015	3	75

(ii) Liquidity risk:

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and the issuance of equity. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that the Company has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's financial liabilities comprise accounts payable and accrued liabilities. Given the Company's available cash and other liquid resources as compared to its liabilities, management assesses the Company's liquidity risk to be low.

(iii) Foreign exchange risk:

The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar and Australian dollar. Currently, the Company does not enter into foreign exchange contracts to manage this exposure, but may do so in the future. The Company has foreign currency exposure with respect to cash equivalents, accounts receivable and accounts payable denominated in U.S. dollars and Australian dollars. It is also exposed to foreign currency risk on revenue and expenses where it invoices or procures in U.S. dollars and Australian dollars. During the three and nine months ended September 30, 2016, the Company recorded a foreign exchange gain (loss) of $231 and $(674) (2015 - $139 and $591), respectively. At September 30, 2016, U.S. dollar-denominated net monetary assets totalled approximately U.S. $13,777 (2015 - U.S. $5,428). At September 30, 2016, Australian dollar-denominated net monetary assets totalled approximately AUD $460 (2015 - AUD $8,286).

9. Financial instruments and capital management (continued):

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $1,854 due to the fluctuation and this would be recorded in the condensed interim consolidated statements of comprehensive income (loss).

(iv) Interest rate risk:

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash equivalents. The impact of change in interest rates is not expected to be significant.

(c) Capital management:

The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus and deficit.

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development to enhance existing product offerings, as well as, develop new ones, undertake selective acquisitions and provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

In managing its capital structure, the Company takes into consideration various factors, including the growth of its business and related infrastructure and the up-front cost of taking on new customers.

The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and shareholders' equity. The Company does not have any externally imposed capital requirements.

(Expressed in thousands of Canadian dollars, except per share amounts)

10. Segment reporting:

The Company has determined that it operates as a single reportable operating segment for purposes of making operating decisions and assessing performance. The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these condensed interim consolidated financial statements.

In 2015, the Company evaluated its operational performance based on two reportable segments, Financial Services and Healthcare. Since the Healthcare business was spun off effective January 25, 2016, the results of the Healthcare business have been presented as a discontinued operation in the condensed interim consolidated statements of comprehensive income (loss) for the period from January 1, 2016 to January 24, 2016 and the comparatives have been restated to show the discontinued operation separately from continuing operations. Refer to note 11 for the discontinued operation disclosures.

The Company's revenue by geographic areas is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
United States of America	$ 5,509	$ 3,756	$ 12,112	$ 9,098
Canada	191	495	936	2,597
Europe	2,741	1,498	8,712	1,838
Asia Pacific	416	1,536	2,185	7,156
	$ 8,857	$ 7,285	$ 23,945	$ 20,689

Virtually all of the Company's assets are located in Canada and virtually all of the Company's expenses are incurred in Canada.

(Expressed in thousands of Canadian dollars, except per share amounts)

11. Discontinued operation:

On December 10, 2015, the Company, NexJ Health Inc. and NexJ Health Holdings Inc., a newly incorporated company, entered into the Arrangement, pursuant to which by way of a court-approved plan of Arrangement, voted on by the shareholders at the special meeting of the shareholders on January 13, 2016, the Company spun out the assets and liabilities of the Healthcare business to NexJ Health Holdings Inc. in exchange for common shares. The Company then distributed the common shares in NexJ Health Holdings Inc. to the Company's shareholders, such that the Company's shareholders received one common share of NexJ Health Holdings Inc. for every common share held in the Company. The effective date of the distribution was January 25, 2016.

The following is a summary of results of the discontinued operation for the period from January 1, 2016 to January 24, 2016 with the prior periods restated accordingly:

(a) Results of discontinued operation:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenue:				
License and subscription fees	$ –	$ 107	$ 35	$ 274
Professional services	–	176	8	280
Maintenance and support	–	10	2	31
	–	293	45	585
Expenses:				
Professional services	–	168	42	496
Research and development, net	–	498	123	1,604
Sales and marketing	–	280	48	934
General and administrative	–	341	84	1,103
Earn-out recovery	–	–	–	(398)
	–	1,287	297	3,739
Income taxes:				
Deferred tax recovery	–	–	–	(16)
Loss from discontinued operation	$ –	$ (994)	$ (252)	$ (3,138)

(Expressed in thousands of Canadian dollars, except per share amounts)

11. Discontinued operation (continued):

(b) Cash flows from (used) in discontinued operation:

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash flows from (used in) discontinued operation:		
Loss for the period	$ (252)	$ (3,138)
Adjustments for:		
Depreciation and amortization	30	188
Earn-out recovery	–	(398)
Deferred tax recovery	–	(16)
Change in non-cash operating working capital:		
Accounts receivable/payable	(74)	213
Prepaid expenses and other assets	4	17
Accounts payable and accrued liabilities and provisions	2	(271)
Deferred revenue	20	(15)
Net cash flows used in discontinued operation	$ (270)	$ (3,420)

(c) Effect of disposal on the financial position:

	September 30, 2016	December 31, 2015
Assets held for distribution:		
Cash and cash equivalents	$ –	$ 14
Accounts receivable	–	222
Prepaid expenses and other assets	–	148
Intangible assets	–	578
	$ –	$ 962
Liabilities held for distribution:		
Accounts payable and accrued liabilities	$ –	$ 427
Deferred revenue	–	537
	$ –	$ 964