

# NexJ Systems Inc.

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
<b>Assets</b>		
	\$	\$
Current assets:		
Cash and cash equivalents	29,293	46,263
Accounts receivable	7,246	9,513
Income taxes receivable	-	146
Prepaid expenses and other assets	1,727	992
Total current assets	<u>38,266</u>	<u>56,914</u>
Non-current assets:		
Property and equipment	3,014	3,869
Intangible assets	1,643	2,400
Goodwill	3,640	3,640
Other assets	260	260
Total non-current assets	<u>8,557</u>	<u>10,169</u>
Total assets	<u>46,823</u>	<u>67,083</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	4,677	7,318
Deferred revenue	5,021	5,069
Provisions	572	-
Total current liabilities	<u>10,270</u>	<u>12,387</u>
Non-current liabilities:		
Accrued liabilities	596	801
Provisions	742	428
Deferred revenue	212	268
Total non-current liabilities	<u>1,550</u>	<u>1,497</u>
Total liabilities	<u>11,820</u>	<u>13,884</u>
Shareholders' equity:		
Share capital	83,018	83,061
Share purchase loans	(3,622)	(3,622)
Contributed surplus	5,515	4,859
Deficit	(49,908)	(31,099)
Total shareholders' equity	<u>35,003</u>	<u>53,199</u>
Total liabilities and shareholders' equity	<u>46,823</u>	<u>67,083</u>

## NexJ Systems Inc.

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

	Three Months ended December		Fiscal year ended December	
	2013	2012	2013	2012
<b>Revenue:</b>	\$	\$	\$	\$
License fees	1,232	877	2,090	4,102
Net license reseller fees	96	219	199	219
Professional services	4,502	4,434	19,016	16,770
Maintenance and support	1,549	1,322	6,009	5,098
	<u>7,379</u>	<u>6,852</u>	<u>27,314</u>	<u>26,189</u>
<b>Expenses*:</b>				
Professional service costs	3,230	3,772	15,123	11,523
Research and development, net	2,691	3,789	13,448	14,900
Sales and marketing	1,731	2,259	8,251	8,398
General and administrative	3,150	2,248	10,165	8,868
	<u>10,802</u>	<u>12,068</u>	<u>46,987</u>	<u>43,689</u>
<b>Loss from operations:</b>	(3,423)	(5,216)	(19,673)	(17,500)
Foreign exchange gain (loss)	200	202	446	(213)
Finance income	82	161	418	612
Finance costs	-	(2)	-	(3)
	<u>282</u>	<u>361</u>	<u>864</u>	<u>396</u>
<b>Loss before income taxes</b>	(3,141)	(4,855)	(18,809)	(17,104)
Income tax recovery	-	(669)	-	(669)
<b>Net Loss and comprehensive loss</b>	<u>(3,141)</u>	<u>(4,186)</u>	<u>(18,809)</u>	<u>(16,435)</u>
<b>Loss per share:</b>				
Basic and diluted	<u>(0.15)</u>	<u>(0.21)</u>	<u>(0.92)</u>	<u>(0.83)</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic and diluted	<u>20,374</u>	<u>20,181</u>	<u>20,377</u>	<u>19,880</u>
<b>*Share-based payment expense has been included in expenses as follows:</b>				
Professional service costs	46	59	230	241
Research and development, net	53	82	193	389
Sales and marketing	(16)	16	108	60
General and administrative	30	76	164	375
	<u>113</u>	<u>233</u>	<u>695</u>	<u>1,065</u>

## NexJ Systems Inc.

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

Year ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash flows from (used in) operating activities:</b>	<b>\$</b>	<b>\$</b>
Loss for the period:	(18,809)	(16,435)
Adjustments for:		
Depreciation and amortization	1,946	1,256
Share-based payment expense	695	1,065
Finance income	(418)	(612)
Finance costs	-	3
Deferred tax recovery	-	(669)
Foreign exchange loss (gain)	(333)	85
Change in non-cash operating working capital:		
Accounts receivable	2,267	(2,612)
Prepaid expenses and other assets	(735)	3,147
Income tax receivable	146	-
Accounts payable and accrued liabilities and provisions	(1,962)	879
Deferred revenue	(104)	3,233
<b>Net cash flows used in operating activities</b>	<b>(17,307)</b>	<b>(10,660)</b>
<b>Cash flows from (used in) financing activities:</b>		
Obligations under capital leases	-	(41)
Exercise of employee stock options	25	70
Exercise of agent stock options	-	635
Repayment of share purchase loans	-	143
Repayment of bank indebtedness of Broadstreet Data Solutions Inc.	-	(1,083)
Repurchase of common shares	(107)	-
Interest paid	-	(3)
<b>Net cash flows used in financing activities</b>	<b>(82)</b>	<b>(279)</b>
<b>Cash flows from (used in) investing activities:</b>		
Purchase of property and equipment	(332)	(358)
Acquisition of Broadstreet Data Solutions Inc., net of cash acquired	-	(3,297)
Redemption of short-term investments	-	4,005
Interest received	418	612
<b>Net cash flows from investing activities</b>	<b>86</b>	<b>962</b>
Effects of exchange rates on cash and cash equivalents	333	22
Decrease in cash and cash equivalents	(16,970)	(9,955)
<b>Cash and cash equivalents, beginning of year</b>	<b>46,263</b>	<b>56,218</b>
<b>Cash and cash equivalents, end of year</b>	<b>29,293</b>	<b>46,263</b>
<b>Supplemental cash flow information:</b>		
Acquisition of property and equipment not yet paid for	2	-