

# NexJ Systems Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

(Unaudited)

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
<b>Assets</b>		
	\$	\$
Current assets:		
Cash and cash equivalents	39,224	46,263
Accounts receivable	7,619	9,513
Income taxes receivable	146	146
Prepaid expenses and other assets	1,601	992
Total current assets	<u>48,590</u>	<u>56,914</u>
Non-current assets:		
Property and equipment	3,663	3,869
Intangible assets	2,211	2,400
Goodwill	3,640	3,640
Other assets	260	260
Total non-current assets	<u>9,774</u>	<u>10,169</u>
Total assets	<u>58,364</u>	<u>67,083</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	5,781	7,318
Deferred revenue	4,399	5,069
Total current liabilities	<u>10,180</u>	<u>12,387</u>
Non-current liabilities:		
Accrued liabilities	562	801
Provisions	875	428
Deferred revenue	-	268
Total non-current liabilities	<u>1,437</u>	<u>1,497</u>
Total liabilities	<u>11,617</u>	<u>13,884</u>
Shareholders' equity:		
Share capital	83,061	83,061
Share purchase loans	(3,622)	(3,622)
Contributed surplus	5,081	4,859
Deficit	(37,773)	(31,099)
Total shareholders' equity	<u>46,747</u>	<u>53,199</u>
Total liabilities and shareholders' equity	<u>58,364</u>	<u>67,083</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 March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Revenue:</b>	<b>\$</b>	<b>\$</b>
License fees	383	649
Net license reseller fees	50	-
Professional services	4,764	4,303
Maintenance and support	1,338	1,184
	<u>6,535</u>	<u>6,136</u>
<b>Expenses*:</b>		
Professional service costs	4,300	2,679
Research and development, net	3,871	3,712
Sales and marketing	2,662	2,062
General and administrative	2,624	2,178
	<u>13,457</u>	<u>10,631</u>
<b>Loss from operations:</b>	<b>(6,922)</b>	<b>(4,495)</b>
Foreign exchange gain (loss)	112	(168)
Finance income	136	156
Finance costs	-	(1)
	<u>248</u>	<u>(13)</u>
<b>Loss before income taxes</b>	<b>(6,674)</b>	<b>(4,508)</b>
Income taxes	-	-
<b>Net Loss and comprehensive loss</b>	<b>(6,674)</b>	<b>(4,508)</b>
<b>Loss per share:</b>		
Basic and diluted	<u>(0.33)</u>	<u>(0.23)</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic and diluted	<u>20,368</u>	<u>19,692</u>
<b>*Share-based payment expense has been included in expenses as follows:</b>		
Professional service costs	59	63
Research and development, net	61	114
Sales and marketing	39	78
General and administrative	63	115
	<u>222</u>	<u>370</u>

# NexJ Systems Inc.

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

Three Months ended March 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:	(6,674)	(4,508)
Adjustments for:		
Depreciation and amortization	452	289
Share-based payment expense	222	370
Finance income	(136)	(156)
Finance costs	-	1
Foreign exchange loss	42	122
Change in non-cash operating working capital:		
Accounts receivable	1,894	(9,458)
Prepaid expenses and other assets	(609)	560
Investment tax credits receivable	-	(84)
Accounts payable and accrued liabilities and provisions	(1,376)	338
Deferred revenue	(938)	5,746
<b>Net cash flows used in operating activities</b>	<b>(7,123)</b>	<b>(6,780)</b>
<b>Cash flows from (used in) financing activities:</b>		
Obligations under capital leases	-	(17)
Exercise of employee stock options	-	16
Exercise of agent stock options	-	635
Repayment of share purchase loans	-	105
Interest paid	-	(1)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>738</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(10)	(13)
Redemption of short-term investments	-	3,986
Interest received	136	-
<b>Net cash flows from (used in) investing activities</b>	<b>126</b>	<b>3,973</b>
Effects of exchange rates on cash and cash equivalents	(42)	(40)
Decrease in cash and cash equivalents	(7,039)	(1,953)
<b>Cash and cash equivalents, beginning of period</b>	<b>46,263</b>	<b>56,218</b>
<b>Cash and cash equivalents, end of period</b>	<b>39,224</b>	<b>54,265</b>
<b>Supplemental cash flow information:</b>		
Acquisition of property and equipment not yet paid for	47	143