

# NexJ Systems Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

(Unaudited)

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
<b>Assets</b>		
	\$	\$
Current assets:		
Cash and cash equivalents	34,282	46,263
Accounts receivable	6,631	9,513
Income taxes receivable	146	146
Prepaid expenses and other assets	1,613	992
Total current assets	<u>42,672</u>	<u>56,914</u>
Non-current assets:		
Property and equipment	3,672	3,869
Intangible assets	2,022	2,400
Goodwill	3,640	3,640
Other assets	260	260
Total non-current assets	<u>9,594</u>	<u>10,169</u>
Total assets	<u>52,266</u>	<u>67,083</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	4,180	7,318
Deferred revenue	4,752	5,069
Total current liabilities	<u>8,932</u>	<u>12,387</u>
Non-current liabilities:		
Accrued liabilities	565	801
Provisions	987	428
Deferred revenue	-	268
Total non-current liabilities	<u>1,552</u>	<u>1,497</u>
Total liabilities	<u>10,484</u>	<u>13,884</u>
Shareholders' equity:		
Share capital	83,099	83,061
Share purchase loans	(3,622)	(3,622)
Contributed surplus	5,291	4,859
Deficit	(42,986)	(31,099)
Total shareholders' equity	<u>41,782</u>	<u>53,199</u>
Total liabilities and shareholders' equity	<u>52,266</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 June,		Six Months ended June,	
	2013	2012	2013	2012
<b>Revenue:</b>				
	\$	\$	\$	\$
License fees	192	1,525	575	2,174
Net license reseller fees	-	-	50	-
Professional services	4,993	4,321	9,757	8,624
Maintenance and support	1,592	1,273	2,930	2,457
	<u>6,777</u>	<u>7,119</u>	<u>13,312</u>	<u>13,255</u>
<b>Expenses*:</b>				
Professional service costs	4,020	2,558	8,320	5,237
Research and development, net	3,559	3,646	7,430	7,358
Sales and marketing	2,445	2,165	5,107	4,227
General and administrative	2,291	2,318	4,916	4,496
	<u>12,315</u>	<u>10,687</u>	<u>25,773</u>	<u>21,318</u>
<b>Loss from operations:</b>	(5,538)	(3,568)	(12,461)	(8,063)
Foreign exchange gain	216	300	328	132
Finance income	109	141	246	298
Finance costs	-	(1)	-	(2)
	<u>325</u>	<u>440</u>	<u>574</u>	<u>428</u>
<b>Loss before income taxes</b>	(5,213)	(3,128)	(11,887)	(7,635)
Income taxes	-	-	-	-
<b>Net Loss and comprehensive loss</b>	<u>(5,213)</u>	<u>(3,128)</u>	<u>(11,887)</u>	<u>(7,635)</u>
<b>Loss per share:</b>				
Basic and diluted	<u>(0.26)</u>	<u>(0.16)</u>	<u>(0.58)</u>	<u>(0.39)</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic and diluted	<u>20,369</u>	<u>19,811</u>	<u>20,368</u>	<u>19,814</u>
<b>*Share-based payment expense has been included in expenses as follows:</b>				
Professional service costs	68	64	126	127
Research and development, net	73	108	134	222
Sales and marketing	50	88	90	166
General and administrative	32	95	95	210
	<u>223</u>	<u>355</u>	<u>445</u>	<u>725</u>

## NexJ Systems Inc.

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

Six Months ended June 30, 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:	(11,887)	(7,635)
Adjustments for:		
Depreciation and amortization	896	572
Share-based payment expense	445	725
Finance income	(246)	(298)
Finance costs	-	2
Foreign exchange gain	(238)	(91)
Change in non-cash operating working capital:		
Accounts receivable	2,882	(5,148)
Prepaid expenses and other assets	(621)	270
Investment and other tax credits receivable	-	(381)
Accounts payable and accrued liabilities and provisions	(3,062)	401
Deferred revenue	(585)	4,890
<b>Net cash flows used in operating activities</b>	<b>(12,416)</b>	<b>(6,693)</b>
<b>Cash flows from (used in) financing activities:</b>		
Obligations under capital leases	-	(35)
Exercise of employee stock options	25	47
Exercise of agent stock options	-	635
Repayment of share purchase loans	-	143
Interest paid	-	(2)
<b>Net cash flows from financing activities</b>	<b>25</b>	<b>788</b>
<b>Cash flows from (used in) investing activities:</b>		
Purchase of property and equipment	(74)	(155)
Redemption of short-term investments	-	4,005
Interest received	246	298
<b>Net cash flows from investing activities</b>	<b>172</b>	<b>4,148</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>238</b>	<b>154</b>
<b>Decrease in cash and cash equivalents</b>	<b>(11,981)</b>	<b>(1,603)</b>
<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>34,282</b>	<b>54,615</b>
<b>Supplemental cash flow information:</b>		
Acquisition of property and equipment not yet paid for	247	76