

NexJ Systems Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

(Unaudited)

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Assets		
	\$	\$
Current assets:		
Cash and cash equivalents	28,284	46,263
Accounts receivable	8,838	9,513
Income taxes receivable	-	146
Prepaid expenses and other assets	1,866	992
Total current assets	<u>38,988</u>	<u>56,914</u>
Non-current assets:		
Property and equipment	3,402	3,869
Intangible assets	1,833	2,400
Goodwill	3,640	3,640
Other assets	260	260
Total non-current assets	<u>9,135</u>	<u>10,169</u>
Total assets	<u>48,123</u>	<u>67,083</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	4,794	7,318
Deferred revenue	4,301	5,069
Provisions	304	-
Total current liabilities	<u>9,399</u>	<u>12,387</u>
Non-current liabilities:		
Accrued liabilities	586	801
Provisions	-	428
Deferred revenue	-	268
Total non-current liabilities	<u>586</u>	<u>1,497</u>
Total liabilities	<u>9,985</u>	<u>13,884</u>
Shareholders' equity:		
Share capital	83,099	83,061
Share purchase loans	(3,622)	(3,622)
Contributed surplus	5,428	4,859
Deficit	(46,767)	(31,099)
Total shareholders' equity	<u>38,138</u>	<u>53,199</u>
Total liabilities and shareholders' equity	<u>48,123</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 September		Nine Months ended September	
	2013	2012	2013	2012
Revenue:				
	\$	\$	\$	\$
License fees	283	1,051	858	3,225
Net license reseller fees	53	-	103	-
Professional services	4,757	3,712	14,514	12,336
Maintenance and support	1,530	1,319	4,460	3,776
	<u>6,623</u>	<u>6,082</u>	<u>19,935</u>	<u>19,337</u>
Expenses*:				
Professional service costs	3,573	2,401	11,893	7,638
Research and development, net	3,326	3,865	10,756	11,223
Sales and marketing	1,412	1,912	6,519	6,139
General and administrative	2,101	2,125	7,017	6,621
	<u>10,412</u>	<u>10,303</u>	<u>36,185</u>	<u>31,621</u>
Loss from operations:	(3,789)	(4,221)	(16,250)	(12,284)
Foreign exchange gain (loss)	(80)	(547)	246	(415)
Finance income	90	154	336	452
Finance costs	-	-	-	(2)
	<u>10</u>	<u>(393)</u>	<u>582</u>	<u>35</u>
Loss before income taxes	(3,779)	(4,614)	(15,668)	(12,249)
Income taxes	-	-	-	-
Net Loss and comprehensive loss	<u>(3,779)</u>	<u>(4,614)</u>	<u>(15,668)</u>	<u>(12,249)</u>
Loss per share:				
Basic and diluted	<u>(0.19)</u>	<u>(0.23)</u>	<u>(0.77)</u>	<u>(0.62)</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>20,378</u>	<u>19,814</u>	<u>20,372</u>	<u>19,814</u>
*Share-based payment expense has been included in expenses as follows:				
Professional service costs	59	54	184	181
Research and development, net	5	85	140	307
Sales and marketing	34	(122)	124	44
General and administrative	39	90	134	300
	<u>137</u>	<u>107</u>	<u>582</u>	<u>832</u>

NexJ Systems Inc.

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

Nine Months ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from (used in) operating activities:	\$	\$
Loss for the period:	(15,668)	(12,249)
Adjustments for:		
Depreciation and amortization	1,366	850
Share-based payment expense	582	832
Finance income	(336)	(452)
Finance costs	-	2
Foreign exchange loss (gain)	(190)	198
Change in non-cash operating working capital:		
Accounts receivable	675	(3,654)
Prepaid expenses and other assets	(874)	2,857
Income tax receivable	146	-
Accounts payable and accrued liabilities and provisions	(2,863)	(876)
Deferred revenue	(1,036)	3,617
Net cash flows used in operating activities	(18,198)	(8,875)
Cash flows from (used in) financing activities:		
Obligations under capital leases	-	(41)
Exercise of employee stock options	25	47
Exercise of agent stock options	-	635
Repayment of share purchase loans	-	143
Interest paid	-	(2)
Net cash flows from financing activities	25	782
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(332)	(275)
Redemption of short-term investments	-	4,005
Interest received	336	452
Net cash flows from investing activities	4	4,182
Effects of exchange rates on cash and cash equivalents	190	(135)
Decrease in cash and cash equivalents	(17,979)	(4,046)
Cash and cash equivalents, beginning of period	46,263	56,218
Cash and cash equivalents, end of period	28,284	52,172
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	-	51