

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	-	962
Total current assets	<u>29,291</u>	<u>24,903</u>
Non-current assets:		
Property and equipment	2,085	2,102
Goodwill	1,753	1,753
Other assets	260	260
Total non-current assets	<u>4,098</u>	<u>4,115</u>
Total assets	<u>33,389</u>	<u>29,018</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	5,219	5,424
Deferred revenue	10,794	4,382
Provisions	167	223
Current portion of finance lease liability	148	-
Liabilities held for distribution	-	964
Total current liabilities	<u>16,328</u>	<u>10,993</u>
Non-current liabilities:		
Accrued liabilities	941	658
Provisions	112	224
Finance lease liability	198	-
Deferred revenue	285	304
Total non-current liabilities	<u>1,536</u>	<u>1,186</u>
Total liabilities	<u>17,864</u>	<u>12,179</u>
Shareholders' equity:		
Share capital	82,736	83,094
Share purchase loans	(3,622)	(3,622)
Contributed surplus	7,002	6,293
Deficit	(70,591)	(68,926)
Total shareholders' equity	<u>15,525</u>	<u>16,839</u>
Total liabilities and shareholders' equity	<u>33,389</u>	<u>29,018</u>

NexJ Systems Inc.

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

	Quarter ended September,		Nine Months ended September,	
	2016	2015 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾
	(Restated)		(Restated)	
	\$	\$	\$	\$
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
	<u>8,857</u>	<u>7,285</u>	<u>23,945</u>	<u>20,689</u>
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	466	-	1,460	-
	<u>7,978</u>	<u>7,628</u>	<u>24,685</u>	<u>23,418</u>
Income (loss) from operations:	879	(343)	(740)	(2,729)
Foreign exchange gain (loss)	231	139	(674)	591
Finance income	15	23	50	92
	<u>246</u>	<u>162</u>	<u>(624)</u>	<u>683</u>
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 and comprehensive income (loss):	<u>1,125</u>	<u>(1,175)</u>	<u>(1,616)</u>	<u>(5,184)</u>
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)
Weighted average number of common shares outstanding, in thousands:				
Basic	20,203	20,459	20,259	20,459
Diluted	<u>20,393</u>	<u>20,459</u>	<u>20,259</u>	<u>20,459</u>
*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
	<u>186</u>	<u>110</u>	<u>777</u>	<u>308</u>

⁽¹⁾As of January 25, 2016, the Healthcare business unit was spun-off as a new corporation; the net of revenue and expenses for Healthcare have been presented as part of the loss from discontinued operation for the quarter and nine months ended September 30, 2016 and 2015.

NexJ Systems Inc.

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

	Nine Months ended September 30,	
	2016 ⁽¹⁾	2015 ⁽¹⁾ (Restated)
Cash flows from (used in) operating activities:	\$	\$
Loss for the period:	(1,616)	(5,184)
Adjustments for:		
Impairment of loan receivable and shared services	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)
	<u>1,368</u>	<u>(3,810)</u>
Net cash flows used in discontinued operation	<u>(270)</u>	<u>(3,420)</u>
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	<u>(524)</u>	<u>(2)</u>
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(168)	(9)
Advances to NexJ Health Inc.	(1,460)	-
Distribution, net of cash	(40)	-
Interest received	50	92
Net cash flows from (used in) investing activities	<u>(1,618)</u>	<u>83</u>
Effects of exchange rates on cash and cash equivalents	<u>59</u>	<u>426</u>
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	<u>13,714</u>	<u>11,575</u>
Supplemental cash flow information:		
Acquisition of property and equipment not yet paid for	57	254
Acquisition of property and equipment under finance lease	<u>444</u>	<u>-</u>

⁽¹⁾The nine months ended September 30, 2016 and 2015 figures have been presented for the classification of the Healthcare business as a discontinued operation.