

Consolidated Statements of Operations
(In thousands except per share data)

(Unaudited)	Three months ended June 30,		Six months ended June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue:				
License fees and services	\$ 5,668	\$ 5,359	\$ 11,293	\$ 10,104
Customer support	<u>4,081</u>	<u>4,270</u>	<u>8,166</u>	<u>8,368</u>
Total revenue	<u>9,749</u>	<u>9,629</u>	<u>19,459</u>	<u>18,472</u>
Costs of revenue and operating expenses:				
Costs of license fees and services, excluding depreciation and amortization	1,961	2,065	4,107	3,742
Costs of customer support, excluding depreciation and amortization	1,150	1,401	2,286	2,834
Sales and marketing	1,851	1,942	3,761	3,829
General and administrative	1,457	1,399	2,950	2,832
Product development	1,121	686	2,329	1,381
Depreciation	151	158	300	314
Amortization	<u>166</u>	<u>183</u>	<u>340</u>	<u>354</u>
Total costs of revenue and operating expenses	<u>7,857</u>	<u>7,834</u>	<u>16,073</u>	<u>15,286</u>
Income from operations	<u>1,892</u>	<u>1,795</u>	<u>3,386</u>	<u>3,186</u>
Other income (expense):				
Interest income	1	18	4	23
Interest expense	(22)	(161)	(61)	(418)
Foreign currency exchange loss	<u>(107)</u>	<u>(497)</u>	<u>(149)</u>	<u>(662)</u>
Other income (expense), net	<u>(128)</u>	<u>(640)</u>	<u>(206)</u>	<u>(1,057)</u>
Income before income taxes	1,764	1,155	3,180	2,129
Income tax expense	<u>322</u>	<u>53</u>	<u>566</u>	<u>58</u>
Net income	<u>\$ 1,442</u>	<u>\$ 1,102</u>	<u>\$ 2,614</u>	<u>\$ 2,071</u>
Basic income per common share	<u>\$ 0.14</u>	<u>\$ 0.11</u>	<u>\$ 0.26</u>	<u>\$ 0.21</u>
Diluted income per common share	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.24</u>	<u>\$ 0.21</u>
Weighted average basic shares outstanding	10,050	9,777	10,022	9,771
Weighted average diluted shares outstanding	10,753	9,976	10,673	9,912

Consolidated Balance Sheets

(In thousands)

(Unaudited)

	June 30, <u>2010</u>	December 31, <u>2009</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,174	\$ 5,369
Contract receivables, net	4,522	11,344
Unbilled work-in-progress	3,725	1,720
Prepaid and other current assets	<u>1,497</u>	<u>1,917</u>
Total current assets	18,918	20,350
Property and equipment, net	1,178	1,196
Amortizable intangible assets, net	1,429	1,864
Goodwill	21,422	22,295
Long-term restricted cash	50	50
Other long-term assets	<u>44</u>	<u>82</u>
Total assets	<u>\$ 43,041</u>	<u>\$ 45,837</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 26	\$ 357
Accounts payable and accrued liabilities	5,196	4,531
Unearned revenue	<u>7,013</u>	<u>10,688</u>
Total current liabilities	12,235	15,576
Long-term liabilities:		
Long-term debt and other obligations	22	1,535
Deferred foreign income taxes	<u>127</u>	<u>257</u>
Total liabilities	12,384	17,368
Stockholders' equity:		
Common stock	10	10
Additional paid-in capital	84,585	83,499
Accumulated other comprehensive loss	(4,252)	(3,242)
Accumulated deficit	<u>(49,686)</u>	<u>(51,798)</u>
Total stockholders' equity	<u>30,657</u>	<u>28,469</u>
Total liabilities and stockholders' equity	<u>\$ 43,041</u>	<u>\$ 45,837</u>

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands except per share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Non-GAAP net income and income per share data				
GAAP net income	\$ 1,442	\$ 1,102	\$ 2,614	\$ 2,071
Amortization of intangible assets	166	183	340	354
Stock-based compensation expense	249	225	496	426
Income tax adjustment for non-GAAP*	<u>(67)</u>	<u>(68)</u>	<u>(135)</u>	<u>(131)</u>
Non-GAAP net income	<u>\$ 1,790</u>	<u>\$ 1,442</u>	<u>\$ 3,315</u>	<u>\$ 2,720</u>
Diluted net income per share				
GAAP	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.24</u>	<u>\$ 0.21</u>
Non-GAAP	<u>\$ 0.17</u>	<u>\$ 0.14</u>	<u>\$ 0.31</u>	<u>\$ 0.27</u>
Shares used to compute diluted EPS	10,753	9,976	10,673	9,912

*The estimated income tax for non-GAAP net income is adjusted by the amount of additional expense that the Company would accrue if it used non-GAAP results instead of GAAP results in the calculation of its tax liability, taking into account in which tax jurisdiction each of the above adjustments would be made and the tax rate in that jurisdiction.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Adjusted EBITDA				
Net income	\$ 1,442	\$ 1,102	\$ 2,614	\$ 2,071
Depreciation	151	158	300	314
Amortization	166	183	340	354
Stock-based compensation expense	249	225	496	426
Interest expense and other (benefit), net	128	640	206	1,057
Income tax expense	<u>322</u>	<u>53</u>	<u>566</u>	<u>58</u>
Adjusted EBITDA	<u>\$ 2,458</u>	<u>\$ 2,361</u>	<u>\$ 4,522</u>	<u>\$ 4,280</u>