

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

(Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue:				
License fees and services	\$ 5,621	\$ 5,611	\$ 21,561	\$ 20,324
Customer support	<u>4,191</u>	<u>4,409</u>	<u>16,635</u>	<u>17,497</u>
Total revenue	<u>9,812</u>	<u>10,020</u>	<u>38,196</u>	<u>37,821</u>
Costs of revenue and operating expenses:				
Costs of license fees and services, excluding depreciation and amortization	1,916	1,713	7,642	7,816
Costs of customer support, excluding depreciation and amortization	1,257	1,398	5,543	6,103
Sales and marketing	1,835	2,114	7,696	8,500
General and administrative	1,359	1,735	5,737	5,676
Product development	1,230	797	3,530	3,607
Depreciation	158	176	632	847
Amortization	<u>184</u>	<u>234</u>	<u>732</u>	<u>1,363</u>
Total costs of revenue and operating expenses	<u>7,939</u>	<u>8,167</u>	<u>31,512</u>	<u>33,912</u>
Income from operations	<u>1,873</u>	<u>1,853</u>	<u>6,684</u>	<u>3,909</u>
Other income (expense):				
Interest income	1	16	25	161
Interest expense	16	(274)	(547)	(1,171)
Other income	-	57	-	57
Loss on extinguishment of debt	-	-	-	(290)
Foreign currency exchange gain (loss)	<u>(138)</u>	<u>552</u>	<u>(574)</u>	<u>823</u>
Other income (expense)	<u>(121)</u>	<u>351</u>	<u>(1,096)</u>	<u>(420)</u>
Income before income taxes	1,752	2,204	5,588	3,489
Income tax expense	<u>327</u>	<u>399</u>	<u>764</u>	<u>560</u>
Net income	<u>\$ 1,425</u>	<u>\$ 1,805</u>	<u>\$ 4,824</u>	<u>\$ 2,929</u>
Basic income per common share	<u>\$ 0.14</u>	<u>\$ 0.19</u>	<u>\$ 0.49</u>	<u>\$ 0.30</u>
Diluted income per common share	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ 0.48</u>	<u>\$ 0.30</u>
Weighted average basic shares outstanding	9,927	9,718	9,816	9,695
Weighted average diluted shares outstanding	10,507	9,798	10,145	9,878

Consolidated Balance Sheets

(In thousands)

(Unaudited)

	December 31, <u>2009</u>	December 31, <u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,369	\$ 5,783
Contract receivables, net	11,344	11,484
Unbilled work-in-progress	1,720	1,910
Prepaid and other current assets	<u>1,917</u>	<u>1,309</u>
Total current assets	20,350	20,486
Property and equipment, net	1,196	1,277
Amortizable intangible assets, net	1,864	2,374
Goodwill	22,295	20,811
Long-term restricted cash	50	100
Other long-term assets	<u>82</u>	<u>363</u>
Total assets	<u>\$ 45,837</u>	<u>\$ 45,411</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 357	\$ 2,021
Accounts payable and accrued liabilities	4,531	5,218
Unearned revenue	<u>10,688</u>	<u>11,445</u>
Total current liabilities	15,576	18,684
Long-term liabilities:		
Long-term debt and other obligations	1,535	6,344
Deferred foreign income taxes	<u>257</u>	<u>441</u>
Total liabilities	17,368	25,469
Stockholders' equity:		
Common stock	10	10
Additional paid-in capital	83,499	81,824
Accumulated other comprehensive loss	(3,242)	(5,270)
Accumulated deficit	<u>(51,798)</u>	<u>(56,622)</u>
Total stockholders' equity	<u>28,469</u>	<u>19,942</u>
Total liabilities and stockholders' equity	<u>\$ 45,837</u>	<u>\$ 45,411</u>

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands except per share data)

(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
Non-GAAP net income and income per share data				
GAAP net income	\$ 1,425	\$ 1,805	\$ 4,824	\$ 2,929
Amortization of intangible assets	184	234	732	1,363
Stock-based compensation expense	215	194	864	839
Income tax adjustment for non-GAAP*	<u>(70)</u>	<u>(68)</u>	<u>(268)</u>	<u>(312)</u>
Non-GAAP net income	<u>\$ 1,754</u>	<u>\$ 2,165</u>	<u>\$ 6,152</u>	<u>\$ 4,819</u>
Diluted net income per share				
GAAP	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ 0.48</u>	<u>\$ 0.30</u>
Non-GAAP	<u>\$ 0.17</u>	<u>\$ 0.22</u>	<u>\$ 0.61</u>	<u>\$ 0.49</u>
Shares used to compute diluted EPS	10,507	9,798	10,145	9,878

*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 December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
Adjusted EBITDA				
Net income	\$ 1,425	\$ 1,805	\$ 4,824	\$ 2,929
Depreciation	158	176	632	847
Amortization	184	234	732	1,363
Stock-based compensation expense	215	194	864	839
Interest expense and other (benefit), net	121	(351)	1,096	420
Income tax expense	<u>327</u>	<u>399</u>	<u>764</u>	<u>560</u>
Adjusted EBITDA	<u>\$ 2,430</u>	<u>\$ 2,457</u>	<u>\$ 8,912</u>	<u>\$ 6,958</u>