

Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue:				
License fees and services	\$ 5,136	\$ 4,662	\$ 19,779	\$ 11,074
Customer support	<u>4,982</u>	<u>4,914</u>	<u>19,673</u>	<u>15,268</u>
Total revenue	<u>10,118</u>	<u>9,576</u>	<u>39,452</u>	<u>26,342</u>
Costs of revenue and operating expenses:				
Costs of license fees and services,				
excluding depreciation and amortization	1,837	2,863	9,491	5,866
Costs of customer support				
excluding depreciation and amortization	1,335	1,785	6,579	7,070
Sales and marketing	2,401	1,633	9,643	4,412
General and administrative	1,391	2,116	6,818	5,085
Product development	863	182	1,921	1,066
Depreciation	320	341	1,443	1,152
Amortization	1,045	1,021	5,215	1,667
Restructuring and other expenses (recovery)	<u>(2)</u>	<u>(15)</u>	<u>(49)</u>	<u>(15)</u>
Total costs of revenue and operating expenses	<u>9,190</u>	<u>9,926</u>	<u>41,061</u>	<u>26,303</u>
Income (loss) from operations	<u>928</u>	<u>(350)</u>	<u>(1,609)</u>	<u>39</u>
Interest income	16	80	116	304
Interest expense	(406)	(289)	(1,636)	(301)
Other income (expense), net	<u>101</u>	<u>80</u>	<u>(172)</u>	<u>84</u>
Total other income (expense), net	<u>(289)</u>	<u>(129)</u>	<u>(1,692)</u>	<u>87</u>
Income (loss) before income taxes	639	(479)	(3,301)	126
Benefit from income taxes	<u>(324)</u>	<u>(310)</u>	<u>(501)</u>	<u>(298)</u>
Net income (loss)	<u>\$ 963</u>	<u>\$ (169)</u>	<u>\$ (2,800)</u>	<u>\$ 424</u>
Deemed dividend for beneficial conversion				
feature of Series B preferred stock	<u>-</u>	<u>3,306</u>	<u>-</u>	<u>3,306</u>
Net income (loss) available to				
common stockholders	<u>\$ 963</u>	<u>\$ (3,475)</u>	<u>\$ (2,800)</u>	<u>\$ (2,882)</u>
Basic income (loss) per common share	<u>\$ 0.05</u>	<u>\$ (0.20)</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>
Diluted income (loss) per common share	<u>\$ 0.05</u>	<u>\$ (0.20)</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>
Weighted average basic shares outstanding	18,878	17,647	18,695	16,307
Weighted average diluted shares outstanding	19,415	17,647	18,695	16,307

Consolidated Balance Sheets

(In thousands) (Unaudited)

December 31,
2005December 31,
2004**ASSETS**

Current assets:

Cash and cash equivalents	\$ 3,883	\$ 11,386
Current portion of restricted cash	-	100
Contract receivables, net	10,766	11,296
Unbilled work-in-progress	1,147	1,323
Prepaid and other current assets	<u>1,340</u>	<u>1,832</u>
Total current assets	17,136	25,937
Property and equipment, net	1,775	2,563
Intangible assets, net	13,350	19,993
Goodwill	34,176	37,698
Long-term restricted cash	300	300
Other long-term assets	<u>764</u>	<u>110</u>
Total assets	<u>\$ 67,501</u>	<u>\$ 86,601</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current portion of capital lease obligations	\$ 34	\$ 31
Current portion of long-term debt	1,000	4,880
Accounts payable and accrued liabilities	6,084	8,357
Payable to Tertio sellers	-	2,664
Deferred foreign income taxes	-	265
Unearned revenue	<u>9,654</u>	<u>13,083</u>
Total current liabilities	16,772	29,280

Long-term liabilities:

Capital lease obligations	71	125
Long-term debt	14,373	11,959
Deferred foreign income tax	<u>2,777</u>	<u>4,642</u>
Total liabilities	<u>33,993</u>	<u>46,006</u>

Preferred stock

	<u>11,281</u>	<u>11,281</u>
--	---------------	---------------

Stockholders' equity:

Common stock	16	16
Additional paid-in capital	67,891	67,765
Other comprehensive (loss) income	(2,419)	1,994
Accumulated deficit	<u>(43,261)</u>	<u>(40,461)</u>
Total stockholders' equity	<u>22,227</u>	<u>29,314</u>
Total liabilities and stockholders' equity	<u>\$ 67,501</u>	<u>\$ 86,601</u>