

Angoss Software Corporation
Consolidated Balance Sheets
(stated in Canadian dollars)

As at	<u>August 31, 2012 (unaudited)</u>	<u>November 30, 2011 (audited)</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 215,448	\$ 1,439,478
Restricted investments	-	35,709
Accounts receivable	1,338,849	1,696,037
Prepaid expenses and other assets	270,925	233,119
Assets of discontinued operations	-	33,966
Total current assets	1,825,222	3,438,309
Plant and Equipment, net	376,581	412,298
Intangibles, net	895,102	661,296
Total assets	\$ 3,096,905	\$ 4,511,903
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 1,088,915	\$ 1,301,856
Revolving line of credit	418,175	-
Dividends payable on preferred shares	11,208	11,208
Current portion of lease inducement	-	10,689
Current portion of long-term debt	-	1,888,000
Current portion of term loan	328,767	-
Current portion of finance leases	125,537	103,209
Deferred revenue	3,589,148	3,464,497
Liabilities of discontinued operations	-	27,880
Total current liabilities	5,561,750	6,807,339
Term loan	419,662	-
Deferred revenue	67,664	36,506
Finance leases	45,878	110,551
Lease inducement	133,689	-
Preferred shares	1,130,918	1,081,450
Total liabilities	7,359,561	8,035,846
Shareholders' equity		
Capital stock	3,027,701	3,027,701
Contributed surplus	962,376	900,992
Deficit	(8,252,733)	(7,452,636)
Total shareholders' equity	(4,262,656)	(3,523,943)
	\$ 3,096,905	\$ 4,511,903

Angoss Software Corporation
Consolidated Statements of Loss and Comprehensive Loss
(unaudited, stated in Canadian dollars)

For the period ended	Three months ended August 31,		Nine months ending August 31,	
	2012	2011	2012	2011 [note 19]
	\$		\$	
Revenue	\$ 1,787,885	\$ 1,696,175	\$ 5,018,322	\$ 5,344,546
Operating expenses				
Sales and marketing	997,644	1,005,141	2,977,413	2,739,067
General and administration	493,057	412,139	1,610,929	1,233,960
Research and development, net	202,339	154,267	609,637	1,030,925
	1,693,040	1,571,547	5,197,979	5,003,952
Income before the following	94,845	124,628	(179,657)	340,594
Termination benefits	-	-	-	(60,625)
Amortization of capital assets	(67,300)	(89,000)	(149,168)	(256,430)
Amortization of intangible assets	(57,033)	(28,374)	(149,333)	(32,820)
Interest expense	(37,093)	(29,776)	(106,479)	(90,997)
Interest accretion on Preferred shares	(17,414)	-	(49,468)	-
Dividend expense on Preferred shares	(33,624)	-	(100,874)	-
Foreign exchange gain (loss)	18,694	28,960	(3,734)	(106,022)
Stock based compensation	(27,000)	(38,913)	(61,384)	(193,745)
Loss from continuing operations	(125,925)	(32,475)	(800,097)	(400,045)
Loss from discontinued operations		-	(60,479)	-
Net (loss) and comprehensive (loss) for the period	(125,925)	(92,954)	(800,097)	(1,978,788)
Basic and diluted (loss) earnings per share	\$ (0.01)	\$ (0.20)	\$ (0.08)	\$ (0.23)
Weighted average number of shares outstanding				
Basic	10,280,836	8,034,640	10,280,836	8,034,640
Diluted	10,280,836	8,034,640	10,280,836	8,034,640

Angoss Software Corporation
Consolidated Statement of Changes in Shareholders' Equity
(unaudited, stated in Canadian dollars)

	Capital Stock	Contributed surplus	Total	Deficit
Balance at December 1, 2010	\$1,813,106	\$806,834	\$2,619,940	(\$4,647,614)
Share-based compensation	-	64,898	64,898	-
Loss for the period	-	-	-	(1,978,788)
Shares issued	628,851		628,851	
Balance at August 31, 2011	\$2,441,957	\$871,732	\$3,313,689	(\$6,626,402)

	Capital Stock	Contributed surplus	Total	Deficit
Balance at December 1, 2011	\$3,027,701	\$900,992	\$3,928,693	(\$7,452,636)
Share-based compensation	-	61,384	61,384	-
Income/Loss for the period	-	-	-	(800,097)
Balance at August 31, 2012	\$3,027,701	\$962,376	\$3,990,077	(\$8,252,733)

Angoss Software Corporation
Consolidated Statements of Cash Flows
(unaudited, stated in Canadian dollars)

For the period ended	Three months ended August 31,		Nine months ending August 31,	
	2012	2011	2012	2011
OPERATING ACTIVITIES				
Net (loss) and comprehensive loss for the period from continuing operations	\$ (125,925)	\$ (32,475)	\$ (800,097)	\$ (400,045)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Unrealized foreign exchange loss (gain)	(35,584)	(12,946)	(46,681)	97,551
Interest accretion on Preferred shares	17,414	-	49,468	-
Amortization of capital assets	67,300	89,000	149,168	256,430
Amortization of intangible assets	57,033	28,374	149,333	32,820
Stock-based compensation	27,000	38,913	61,384	193,745
	7,238	110,866	(437,425)	180,501
Changes in non-cash working capital balances				
Decrease (increase) in restricted investments	-	(1,109)	35,709	221,991
(Increase) decrease in accounts receivable	(81,584)	(431,431)	336,783	544,114
(Increase) decrease in prepaid expenses and other assets	32,501	14,629	(37,806)	50,947
Increase (decrease) in accounts payable and accrued liabilities	47,920	(45,243)	(212,941)	(261,085)
(Decrease) in deferred revenue	132,937	(27,994)	155,809	(976,109)
(Decrease) in lease inducement	-	(6,964)	(10,689)	(28,342)
Cash (used) provided by operating activities	139,012	(387,246)	(170,560)	(267,983)
Investment in intangible assets	(136,546)	(210,998)	(383,139)	(221,293)
Purchase of plant and equipment	(25,822)	(24,205)	(113,451)	(312,279)
Cash used in investing activities	(162,368)	(235,203)	(496,590)	(533,572)
Revolving line of credit, net of repayments	(84,943)	-	453,880	-
Term debt	-	-	(1,888,000)	-
Lease inducement	52,450	-	133,689	-
Finance leases - net	(34,125)	(31,820)	(42,345)	43,115
Term loan, net of repayments	(92,757)	-	779,284	(267,857)
Issuance of private placement common shares	-	-	-	500,004
Cash provided (used) by financing activities	(159,375)	(31,820)	(563,492)	275,262
Effect of foreign exchange rate fluctuations on cash and cash equivalents	(5,356)	6,268	526	(69,592)
Cash provided (used) by continuing operations	(188,087)	(648,001)	(1,230,116)	(595,885)
Cash provided (used) by discontinued operations	-	(48,876)	6,086	(307,328)
Net increase (decrease) in cash during the period	(188,087)	(696,877)	(1,224,030)	(903,213)
Cash and cash equivalents, beginning of period	403,534	1,119,210	1,439,478	1,325,546
Cash and cash equivalents, end of period	\$ 215,448	\$ 422,333	\$ 215,448	\$ 422,333
Supplemental cash flow information				
Preferred dividends paid	\$ 33,624	-	\$ 100,874	-
Interest paid	\$ 30,314	\$ 30,015	\$ 90,585	\$ 102,517