

Angoss Software Corporation

Consolidated Balance Sheets

(unaudited, stated in Canadian dollars)

As at	February 29, 2012	November 30, 2011	December 1, 2010
ASSETS			
Current			
Cash and cash equivalents	\$ 1,109,511	\$ 1,439,478	\$ 1,325,546
Restricted investments	34,558	35,709	335,000
Accounts receivable	1,353,060	1,696,037	2,021,389
Prepaid expenses and other assets	265,314	233,119	368,113
Assets of discontinued operations	-	33,966	-
Total current assets	2,762,443	3,438,309	4,050,048
Plant and Equipment, net	380,617	412,298	566,586
Goodwill	-	-	415,000
Intangibles, net	730,735	661,296	1,348,725
Total assets	\$ 3,873,795	\$ 4,511,903	\$ 6,380,359
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	\$ 1,285,922	\$ 1,301,856	\$ 1,580,646
Revolving line of credit	770,252	-	-
Dividends payable on preferred shares	11,208	11,208	-
Current portion of lease inducement	-	10,689	41,819
Current portion of long-term debt	-	1,888,000	1,980,379
Current portion of term loan	328,867	-	214,286
Current portion of finance leases	118,402	103,209	156,586
Deferred revenue	3,411,306	3,464,497	4,236,185
Liabilities of discontinued operations	-	27,880	-
Total current liabilities	5,925,957	6,807,339	8,209,901
Term loan	569,148	-	53,571
Deferred revenue	32,813	36,506	72,295
Finance leases	73,628	110,551	60,640
Lease inducement	-	-	11,626
Preferred shares	1,096,860	1,081,450	-
Total liabilities	7,698,406	8,035,846	8,408,033
Commitments and Contingencies			
Shareholders' equity			
Capital stock	3,027,701	3,027,701	1,813,106
Contributed surplus	913,587	900,992	806,834
Deficit	(7,765,899)	(7,452,636)	(4,647,614)
Total shareholders' equity	(3,824,611)	(3,523,943)	(2,027,674)
	\$ 3,873,795	\$ 4,511,903	\$ 6,380,359

Angoss Software Corporation
Consolidated Statements of Loss and Comprehensive Loss

(unaudited, stated in Canadian dollars)

For the period ended	Three months ended	
	February 29, 2012	February 28, 2011
Revenue	\$ 1,590,945	\$ 1,808,848
Operating cost and expenses		
Sales and marketing	964,985	794,723
General and administration	536,997	410,264
Research and development, net	209,893	427,431
	1,711,875	1,632,418
Income before the following	(120,930)	176,430
Amortization of capital assets	(44,852)	(79,367)
Amortization of intangible assets	(40,980)	(3,092)
Interest expense	(35,038)	(32,049)
Interest accretion on Preferred shares	(15,410)	-
Dividend expense on Preferred shares	(33,625)	-
Foreign exchange gain (loss)	(9,833)	(95,638)
Stock based compensation	(12,595)	(5,909)
Loss from continuing operations	(313,263)	(39,625)
Loss from discontinued operations	-	(220,910)
Net (loss) and comprehensive (loss) for the period	(313,263)	(260,535)
Basic and diluted (loss) earnings per share	\$ (0.03)	\$ (0.03)

Weighted average number of shares outstanding

Basic	10,280,836	7,491,908
Diluted	10,280,836	7,491,908

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	-	5,909	5,909	-
Loss for the period	-	-	-	(260,535)
Shares issued	500,004	-	500,004	-
Balance at February 28, 2011	\$2,313,110	\$812,743	\$3,125,853	(\$4,908,149)

	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	-	12,595	12,595	-
Income/Loss for the period	-	-	-	(313,263)
Balance at February 29, 2012	\$3,027,701	\$913,587	\$3,941,288	(\$7,765,899)

Angoss Software Corporation
Consolidated Statements of Cash Flows

(unaudited, stated in Canadian dollars)

For the period ended	<u>Three months ended</u>	
	February 29, 2012	February 28, 2011
OPERATING ACTIVITIES		
Net (loss) and comprehensive loss for the period		
from continuing operations	\$ (313,263)	\$ (39,625)
Adjustments to reconcile net loss to net cash		
provided by (used in) operating activities		
Unrealized foreign exchange loss (gain)	14,321	101,504
Interest accretion on Preferred shares	15,410	-
Amortization of capital assets	44,852	79,367
Amortization of intangible assets	40,980	3,092
Stock-based compensation	12,595	5,909
	<u>(185,105)</u>	<u>150,247</u>
Changes in non-cash working capital balances		
Decrease (increase) in restricted investments	1,151	86,309
(Increase) decrease in accounts receivable	323,291	801,198
(Increase) decrease in prepaid expenses and other assets	(32,195)	61,466
Increase (decrease) in accounts payable and accrued liabilities	(15,934)	(252,902)
(Decrease) in deferred revenue	(56,884)	(630,385)
(Decrease) in lease inducement	(10,689)	(10,689)
Cash (used) provided by operating activities	<u>23,635</u>	<u>205,244</u>
Investment in intangible assets	(110,419)	(3,092)
Purchase of capital assets	(13,171)	(133,526)
Cash used in investing activities	<u>(123,590)</u>	<u>(136,618)</u>
Revolving line of credit, net of repayments	783,346	-
Term debt	(1,888,000)	-
Capital leases - net	(21,730)	(25,461)
Term loan, net of repayments	913,282	(53,571)
Issuance of private placement common shares	-	500,004
Cash provided (used) by financing activities	<u>(213,102)</u>	<u>420,972</u>
Effect of foreign exchange rate fluctuations on cash and cash equivalents	<u>(22,996)</u>	<u>(70,917)</u>
Cash provided (used) by continuing operations	<u>(336,053)</u>	<u>418,681</u>
Cash provided (used) by discontinued operations	<u>6,086</u>	<u>(258,452)</u>
Net increase (decrease) in cash during the period	<u>(329,967)</u>	<u>160,229</u>
Cash and cash equivalents, beginning of period	1,439,478	1,325,546
Cash and cash equivalents, end of period	<u>\$ 1,109,511</u>	<u>\$ 1,485,775</u>
Supplemental cash flow information		
Preferred dividends paid	\$ 33,625	-
Interest paid	\$ 27,288	\$ 33,472