

Knova Software, Inc.
CONSOLIDATED BALANCE SHEETS
Amounts in thousands, except per share amounts

	September 30,	December 31,
	2005	2004
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$3,950	\$1,672
Marketable securities	5,399	9,266
Accounts receivable, less allowance for doubtful accounts	4,306	2,529
Prepaid expenses and other current assets	960	513
Total current assets	14,615	13,980
Non current assets		
Property and equipment		
Office furniture, equipment, and leasehold improvements	1,516	1,511
Computer equipment	4,983	4,830
Total property and equipment	6,499	6,341
Less accumulated depreciation	(6,169)	(5,890)
Property and equipment, net	330	451
Intangible assets	4,816	-
Goodwill	14,485	2,324
Other non current assets	156	198
Total non current assets	19,787	2,973
Total assets	\$34,402	\$16,953
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	1,657	1,693
Accrued compensation and benefits	839	407
Deferred revenue - licenses	271	379
Deferred revenue - services	4,591	2,720
Accrued restructuring charges	330	-
Current portion of capital lease obligations	44	34
Other current liabilities	995	572
Total current liabilities	8,727	5,805
Non current deferred revenue	178	323
Other non current liabilities	102	-
Capital lease obligations	44	61
Total liabilities	9,051	6,189
Total stockholders' equity	25,351	10,764
Total liabilities and stockholders' equity	\$34,402	\$16,953