

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2005</b>	<b>2004</b>
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$6,731	\$1,672
Marketable securities	5,461	9,266
Accounts receivable, less allowance for doubtful accounts	6,442	2,529
Prepaid expenses and other current assets	781	513
Total current assets	19,415	13,980
Non current assets		
Property and equipment		
Office furniture, equipment, and leasehold improvements	1,518	1,511
Computer equipment	5,166	4,830
Total property and equipment	6,684	6,341
Less accumulated depreciation	(6,319)	(5,890)
Property and equipment, net	365	451
Intangible assets	4,604	-
Goodwill	14,485	2,324
Other non current assets	123	198
Total non current assets	19,577	2,973
Total assets	\$38,992	\$16,953
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	1,636	1,693
Accrued compensation and benefits	1,003	407
Deferred revenue - licenses	1,572	379
Deferred revenue - services	5,114	2,720
Accrued restructuring charges	261	-
Current portion of capital lease obligations	39	34
Line of credit - short term	3,600	-
Other current liabilities	795	572
Total current liabilities	14,020	5,805
Non current deferred revenue	182	323
Other non current liabilities	89	-
Capital lease obligations	35	61
Total liabilities	14,326	6,189
Total stockholders' equity	24,666	10,764
Total liabilities and stockholders' equity	\$38,992	\$16,953