

Interim Consolidated Financial Statements
(Expressed in U.S. dollars)

WORKBRAIN CORPORATION

Three and six months ended June 30, 2005
(Unaudited)

WORKBRAIN CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS
 (Amounts in U.S. Dollars, In Thousands, Except Share Data)
 (Unaudited)

	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 41,203	\$ 30,165
Short-term investments	7,981	20,912
Accounts receivable, net of allowance for doubtful accounts of \$445 (December 31, 2004 - \$374)	18,124	12,410
Other	<u>6,115</u>	<u>3,780</u>
Total current assets	73,423	67,267
Property and equipment (note 2)	3,345	2,879
Other	591	-
Intangibles (note 3)	113	235
Goodwill (note 3)	<u>2,545</u>	<u>2,545</u>
Total assets	<u>\$ 80,017</u>	<u>\$ 72,926</u>
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	\$ 2,807	\$ 1,302
Accrued payroll	5,166	5,125
Accrued liabilities	1,991	1,213
Deferred revenue	14,109	12,852
Current portion of capital lease and other obligations (note 4)	1,482	778
Current portion of leasehold inducements	<u>49</u>	<u>54</u>
Total current liabilities	<u>25,604</u>	<u>21,324</u>
Long-term liabilities:		
Capital lease and other obligations, net of current portion (note 4)	1,630	1,064
Leasehold inducements, net of current portion	<u>-</u>	<u>24</u>
Total long-term liabilities	<u>1,630</u>	<u>1,088</u>
Total liabilities	<u>27,234</u>	<u>22,412</u>
Shareholders' equity:		
Common shares (note 5):		
Authorized - unlimited		
Issued and outstanding - 17,643,166 (December 31, 2004 - 17,416,290)	64,513	63,802
Contributed surplus	6,340	5,859
Deferred stock-based compensation	(2,120)	(2,240)
Cumulative translation adjustment	(127)	(127)
Deficit	<u>(15,823)</u>	<u>(16,780)</u>
Total shareholders' equity	<u>52,783</u>	<u>50,514</u>
Total liabilities and shareholders' equity	<u>\$ 80,017</u>	<u>\$ 72,926</u>
Commitments (note 6)		
Guarantees (note 7)		
Contingencies (note 8)		

See accompanying Notes to Interim Consolidated Financial Statements.
 These Unaudited Interim Consolidated Financial Statements should be read in conjunction with
 the 2004 annual Consolidated Financial Statements.

CANADIAN GAAP

WORKBRAIN CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in U.S. Dollars, In Thousands, Except Per Share Data)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Revenue:				
Licence	\$ 5,762	\$ 3,703	\$ 10,885	\$ 7,832
Service, maintenance and other	<u>16,302</u>	<u>9,177</u>	<u>32,154</u>	<u>15,370</u>
Total revenue	<u>22,064</u>	<u>12,880</u>	<u>43,039</u>	<u>23,202</u>
Cost of revenue:				
Licence	216	96	311	192
Service, maintenance and other	11,939	6,349	23,221	11,771
Cost of revenue accruals (recoveries), net	<u>—</u>	<u>—</u>	<u>—</u>	<u>(168)</u>
Total cost of revenue	<u>12,155</u>	<u>6,445</u>	<u>23,532</u>	<u>11,795</u>
Gross profit	<u>9,909</u>	<u>6,435</u>	<u>19,507</u>	<u>11,407</u>
Gross margin	44.9%	50.0%	45.3%	49.2%
Operating expenses:				
Sales and marketing	4,555	3,572	8,539	6,440
Research and development (note 9)	3,316	2,451	6,272	4,719
General and administrative	1,818	1,062	3,568	2,202
Amortization of acquisition-related intangibles	48	91	122	217
Amortization of stock-based compensation*	<u>320</u>	<u>320</u>	<u>600</u>	<u>549</u>
Total operating expenses	<u>10,057</u>	<u>7,496</u>	<u>19,101</u>	<u>14,127</u>
Income (loss) from operations	(148)	(1,061)	406	(2,720)
Interest income, net	<u>310</u>	<u>212</u>	<u>626</u>	<u>485</u>
Income (loss) before provision for income taxes	162	(849)	1,032	(2,235)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>75</u>	<u>—</u>
Net income (loss)	<u>\$ 162</u>	<u>\$ (849)</u>	<u>\$ 957</u>	<u>\$ (2,235)</u>
Net income (loss) per share (note 10):				
Basic	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	<u>\$ 0.05</u>	<u>\$ (0.13)</u>
Basic weighted average number of common shares outstanding	<u>17,622</u>	<u>16,751</u>	<u>17,554</u>	<u>16,698</u>
Diluted	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	<u>\$ 0.05</u>	<u>\$ (0.13)</u>
Diluted weighted average number of common shares outstanding	<u>18,042</u>	<u>16,751</u>	<u>17,989</u>	<u>16,698</u>

*Note:

The amortization of stock-based compensation relates to cost of revenue and operating expenses as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Amortization of stock-based compensation:				
Cost of revenue - service, maintenance and other	\$ 99	\$ 130	\$ 206	\$ 202
Sales and marketing	138	105	232	176
Research and development	20	22	37	45
General and administrative	<u>63</u>	<u>63</u>	<u>125</u>	<u>126</u>
	<u>\$ 320</u>	<u>\$ 320</u>	<u>\$ 600</u>	<u>\$ 549</u>

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WORKBRAIN CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in U.S. Dollars, In Thousands, Except Share Data)

(Unaudited)

	<u>Common Shares</u>		<u>Contributed Surplus</u>	<u>Deferred Stock-based Compensation</u>	<u>Cumulative Translation Adjustment</u>	<u>Deficit</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balances at December 31, 2003.....	16,632,104	\$ 60,905	\$ 2,058	\$ (180)	\$ (127)	\$ (15,727)	\$ 46,929
Issuance of common shares on stock options exercised.....	561,755	2,046	–	–	–	–	2,046
Issuance of common shares on warrants exercised.....	222,431	851	–	–	–	–	851
Cumulative impact of change in accounting policy.....	–	–	498	–	–	(498)	–
Deferred stock-based compensation.....	–	–	3,303	(3,303)	–	–	–
Amortization of stock-based compensation.....	–	–	–	1,243	–	–	1,243
Net loss.....	–	–	–	–	–	(555)	(555)
Balances at December 31, 2004.....	17,416,290	\$ 63,802	\$ 5,859	\$ (2,240)	\$ (127)	\$ (16,780)	\$ 50,514
Issuance of common shares on stock options exercised.....	222,926	699	–	–	–	–	699
Issuance of common shares on warrants exercised.....	3,950	12	–	–	–	–	12
Deferred stock-based compensation.....	–	–	481	(481)	–	–	–
Amortization of stock-based compensation.....	–	–	–	601	–	–	601
Net income.....	–	–	–	–	–	957	957
Balances at June 30, 2005.....	<u>17,643,166</u>	<u>\$ 64,513</u>	<u>\$ 6,340</u>	<u>\$ (2,120)</u>	<u>\$ (127)</u>	<u>\$ (15,823)</u>	<u>\$ 52,783</u>

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CANADIAN GAAP

WORKBRAIN CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in U.S. Dollars, In Thousands)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Cash flows from operating activities:				
Net income (loss)	\$ 162	\$ (849)	\$ 957	\$ (2,235)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:				
Depreciation	651	537	1,274	1,039
Amortization of acquisition-related intangibles	48	91	122	217
Amortization of stock-based compensation	320	322	601	553
Amortization of leasehold inducements	(14)	(16)	(29)	(29)
Foreign exchange loss	431	644	439	1,070
Change in operating assets and liabilities:				
Accounts receivable	(4,452)	(1,908)	(5,714)	(2,626)
Other assets	(1,589)	460	(2,236)	(501)
Accounts payable	(171)	449	1,505	310
Accrued payroll	1,839	1,122	41	307
Accrued liabilities	208	(659)	778	(568)
Deferred revenue	1,212	1,263	1,257	1,707
Net cash provided by (used for) operating activities ..	(1,355)	1,456	(1,005)	(756)
Cash flows from investing activities:				
Maturity (purchase) of short-term investments ..	6,988	2,221	12,931	(6,834)
Purchase of property and equipment	(714)	(633)	(1,509)	(1,422)
Net cash provided by (used for) investing activities ..	6,274	1,588	11,422	(8,256)
Cash flows from financing activities:				
Proceeds on issuance of common shares upon exercise of stock options	268	647	699	762
Proceeds on issuance of common shares upon exercise of warrants	—	—	12	—
Proceeds on sale and leaseback of property and equipment	494	681	786	681
Repayment of obligations under capital lease ...	(245)	(14)	(437)	(27)
Net cash provided by financing activities	517	1,314	1,060	1,416
Foreign exchange loss on cash held in foreign currency	(431)	(644)	(439)	(1,070)
Change in cash and cash equivalents	5,005	3,714	11,038	(8,666)
Cash and cash equivalents, beginning of period	36,198	25,147	30,165	37,527
Cash and cash equivalents, end of period	\$ 41,203	\$ 28,861	\$ 41,203	\$ 28,861
Supplemental cash flow information:				
Cash paid for:				
Interest	\$ 27	\$ 2	\$ 51	\$ 4
Non-cash investing and financing activities:				
Deferred stock-based compensation	\$ 326	\$ 436	\$ 481	\$ 3,319
Property and equipment and other assets financed by capital lease and other obligations	\$ 921	\$ 58	\$ 921	\$ —

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WORKBRAIN CORPORATION

Notes to Interim Consolidated Financial Statements

(Amounts in U.S. Dollars, Tabular Amounts in Thousands, Except Share and Per Share Data)
 Three and six months ended June 30, 2005
 (Unaudited)

Workbrain Corporation (the "Company") develops, markets, implements, and supports software that helps large organizations optimally deploy and manage their workforces. The Company's solutions automate workforce management processes, such as labour forecasting, employee schedule optimization, time and attendance, workforce analytics and employee self-service. The Company markets and sells its products through both direct and indirect channels, primarily in North America and Europe.

1. Significant accounting policies:

a) Basis of presentation:

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and are presented in U.S. dollars. The notes presented in these interim consolidated financial statements include only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all matters disclosed in the Company's annual audited consolidated financial statements. They should be read in conjunction with the audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2004.

These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

The information furnished reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. The operating results for the three and six months ended on June 30, 2005 are not necessarily indicative of the results expected for any succeeding quarter or the entire fiscal year ending on December 31, 2005.

b) Foreign currency translation:

The U.S. dollar is the Company's functional currency. Balances of the Company denominated in currencies other than the U.S. dollar have been translated into U.S. dollars. On the interim consolidated balance sheets, monetary items have been translated into U.S. dollars at exchange rates prevailing at the balance sheet dates and non-monetary items have been translated at historical exchange rates. Amounts included in the Company's interim consolidated statements of operations have been translated at the average exchange rates for the periods, except for depreciation and amortization, which have been translated at historical rates. Exchange gains and losses resulting from the translation of amounts into U.S. dollars are reflected in the interim consolidated statements of operations in the period in which they occurred.

Foreign exchange gains (losses) included in the net income (loss) for the three and six months ended June 30, 2005 and 2004 were as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Cost of revenue - service, maintenance and other	\$ (179)	\$ (287)	\$ (87)	\$ (575)
Sales and marketing	(43)	(49)	(62)	(125)
Research and development.....	(85)	(152)	(36)	(305)
General and administrative.....	10	102	53	62
	<u>\$ (297)</u>	<u>\$ (386)</u>	<u>\$ (132)</u>	<u>\$ (943)</u>

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Notes to Interim Consolidated Financial Statements

(Amounts in U.S. Dollars, Tabular Amounts in Thousands, Except Share and Per Share Data)
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 (Unaudited)

2. Property and equipment:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Computer equipment.....	\$ 3,466	\$ 2,988
Office furniture and equipment	1,706	1,764
Computer software.....	1,239	854
Leasehold improvements.....	<u>285</u>	<u>239</u>
	6,696	5,845
Less: Accumulated depreciation.....	<u>(3,351)</u>	<u>(2,966)</u>
Total property and equipment	<u>\$ 3,345</u>	<u>\$ 2,879</u>

At June 30, 2005, the cost and accumulated depreciation of assets under capital lease included above were \$2,247,000 and \$1,018,000, respectively (December 31, 2004 - \$1,848,000 and \$493,000).

3. Intangibles and goodwill:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Customer relationships.....	\$ 325	\$ 325
Developed technology.....	408	408
Purchased in-process research and development.....	<u>205</u>	<u>205</u>
	938	938
Less: Accumulated amortization	<u>(825)</u>	<u>(703)</u>
Total intangibles.....	113	235
Goodwill	<u>2,545</u>	<u>2,545</u>
Total intangibles and goodwill.....	<u>\$ 2,658</u>	<u>\$ 2,780</u>

4. Capital lease and other obligations:

The following are the Company's minimum payments under non-cancellable capital leases and other obligations:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
2005	\$ 630	\$ 862
2006	1,558	783
2007	1,045	341
2008	<u>90</u>	<u>-</u>
	3,323	1,986
Less: Amounts representing interest (at an effective interest rate of 6%).....	<u>(211)</u>	<u>(144)</u>
Balance of capital lease and other obligations.....	3,112	1,842
Less: Current portion	<u>(1,482)</u>	<u>(778)</u>
Capital lease and other obligations, net of current portion	<u>\$ 1,630</u>	<u>\$ 1,064</u>

The Company has agreements in place for a non-committed lease line of credit for up to \$4,122,000 (Cdn. \$5,052,000) with the equipment finance arm of a Canadian chartered bank to finance selected property and equipment purchases. At June 30, 2005, a total of \$2,160,000 (Cdn. \$2,647,000) had been drawn by the Company under the line at fixed interest rates of approximately 6% for terms of 24 to 36 months. Under the agreements, advances bear interest at fixed or floating benchmark rates plus 2%. Capital lease obligations are secured by the equipment that has been financed.

The Company has also entered into lending agreements to finance the acquisition of other assets. Repayment terms with respect to these financings have been reflected in the above table.

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 (Unaudited)

5. Common shares:

a) Authorized:

Unlimited number of common shares without par value.

b) Transactions:

June 30, 2005:

The Company issued 222,926 and 3,950 common shares to stock option and warrant holders for consideration of \$699,000 and \$12,000, respectively, under stock option and warrant exercises.

December 31, 2004:

The Company issued 561,755 and 222,431 common shares to stock option and warrant holders for consideration of \$2,046,000 and \$851,000, respectively, under stock option and warrant exercises.

c) Stock option plan:

The Company's stock option plan (the "Plan") was implemented to encourage ownership of the Company by directors, officers, employees and consultants of the Company and its subsidiaries. The maximum number of common shares which may be set aside for issuance under the Plan is 2,740,000 shares, provided that the Board of Directors of the Company has the right, from time to time, to increase such number subject to the approval of the shareholders of the Company when required by law or regulatory authority. Generally, options issued under the Plan vest over a three to five-year period. Any option granted which, for any reason, is cancelled or terminated prior to its exercise, will become available for grant under the Plan. In accordance with the Plan, the exercise price of options is based on the quoted market price of the Company's common shares on the date of grant.

Options may be granted under the Plan to be exercised during a period of up to 10 years from the date of grant, subject to earlier termination upon the optionee ceasing to be a director, officer, employee or consultant of the Company or one of its subsidiaries, as applicable. Options issued under the Plan are non-transferable. During 2003, the Company extended the term of all outstanding stock options granted to employees from four years to seven years.

d) Continuity of options issued under the Plan:

A summary of the status of the Plan as of June 30, 2005 and December 31, 2004, and the changes during the periods then ended is presented below:

	<u>June 30, 2005</u>		<u>December 31, 2004</u>	
	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of period	1,296,753	\$ 7.13	1,641,402	\$ 4.74
Granted	171,000	13.63	391,183	10.91
Exercised	(222,926)	3.14	(561,755)	3.65
Forfeited	<u>(54,180)</u>	9.44	<u>(174,077)</u>	6.87
Outstanding, end of period	<u>1,190,647</u>	\$ 9.10	<u>1,296,753</u>	\$ 7.13
Options exercisable, end of period	<u>464,752</u>	\$ 6.20	<u>538,854</u>	\$ 3.95
Weighted average per share fair value of options granted during the period		\$ 3.59		\$ 4.84

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All options granted during the period ended June 30, 2005 and December 31, 2004 were granted with exercise prices equal to the fair value of the common shares at the grant date.

e) Summary of the balances of options issued under the Plan:

Range of exercise prices	Options Outstanding			Options Exercisable		
	Number Outstanding at June 30, 2005	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at June 30, 2005	Weighted Average Exercise Price	
\$ 0.94	2,208	1.77	\$ 0.94	2,208	\$ 0.94	
3.13 - 4.03	336,177	3.14	3.69	278,500	3.61	
5.18 - 7.25	209,398	5.36	6.19	70,480	6.03	
10.57 - 14.89	<u>642,864</u>	5.23	12.90	<u>113,564</u>	12.75	
\$ 0.94 - 14.89	<u>1,190,647</u>	4.65	\$ 9.10	<u>464,752</u>	\$ 6.20	

f) Warrants issued:

As at June 30, 2005, there are warrants outstanding exercisable into 37,596 common shares (December 31, 2004 - 37,596) upon the payment of \$4.03 per share by the holder of the warrants. The warrants have expiry dates ranging from June 30, 2007 to December 31, 2008. The Company may be required to issue additional warrants that are exercisable for up to 21,226 common shares.

All of these warrants were unexercised at June 30, 2005.

g) Employee stock ownership plan:

In the first quarter of 2005, the Company implemented an Employee Stock Ownership Plan (the "ESOP") to encourage full-time permanent employees to invest in shares of the Company, and to allow the Company to provide shares as an incentive to employees. Participants in the ESOP contribute a specified percentage of their base salary through payroll deductions. The ESOP administrator uses these deductions to purchase shares on the open market. Semi-annually, the Company makes a contribution of 30% of the employee's contribution (net of all withdrawals) during the prior 6-month period, with which funds the administrator purchases additional shares on the open market on behalf of the participants. The Company accrues its contribution as compensation expense during the period earned by participants. The contributions accrued for the three and six months ended June 30, 2005 amounted to \$25,000 and \$45,000, respectively.

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6. Commitments:

Future minimum lease payments under non-cancellable operating leases, as of June 30, 2005, are as follows:

2005	\$ 593
2006	1,147
2007	939
2008	674
2009	614
Thereafter	<u>681</u>
Total minimum lease payments	<u>\$ 4,648</u>

Rent expense for the three and six months ended June 30, 2005 was \$331,000 and \$702,000, respectively (June 30, 2004 - \$349,000 and \$728,000). The Company is also responsible for certain common area costs at its various leased premises.

7. Guarantees:

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. Historically, the Company has made no payments relating to these indemnifications, and the Company is not subject to any pending litigation on this matter.

8. Contingencies:

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. While management currently believes the amount of ultimate liability, if any, with respect to these actions will not materially affect the financial position, results of operations, or liquidity of the Company, the ultimate outcome of any litigation is uncertain. Were an unfavourable outcome to occur, the impact could be material to the Company.

The Company does not believe that it is probable that a liability has been incurred nor does it believe that the amount of any loss can be reasonably estimated. Accordingly, no liability has been accrued for these matters.

9. Research and development expenses:

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Gross research and development expenses	\$ 3,498	\$ 2,488	\$ 6,454	\$ 4,794
Less: Investment tax credits realized	(182)	(37)	(182)	(75)
Net research and development expenses	<u>\$ 3,316</u>	<u>\$ 2,451</u>	<u>\$ 6,272</u>	<u>\$ 4,719</u>

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10. Net income (loss) per share:

The following table presents a reconciliation of the numerators and denominators used in the calculations of the basic and diluted net income (loss) per share:

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net income (loss):				
Basic and diluted net income (loss).....	\$ <u>162</u>	\$ <u>(849)</u>	\$ <u>957</u>	\$ <u>(2,235)</u>
Weighted average number of common shares outstanding:				
Common shares.....	17,622	16,751	17,554	16,698
Effect of stock options issued	394	–	409	–
Effect of warrants outstanding	<u>26</u>	<u>–</u>	<u>26</u>	<u>–</u>
Diluted	<u>18,042</u>	<u>16,751</u>	<u>17,989</u>	<u>16,698</u>
Net income (loss) per share:				
Basic	\$ <u>0.01</u>	\$ <u>(0.05)</u>	\$ <u>0.05</u>	\$ <u>(0.13)</u>
Diluted.....	\$ <u>0.01</u>	\$ <u>(0.05)</u>	\$ <u>0.05</u>	\$ <u>(0.13)</u>

For the three and six months ended June 30, 2004, stock options and warrants outstanding were not included in the calculation of diluted loss per share because the Company had a loss for those periods and to do so would have been anti-dilutive.

11. Related party transactions:

The Company has entered into certain transactions in the normal course of business with a law firm, a partner of which is a director of the Company. During the three months and six months ended June 30, 2005, the total expense incurred by the Company from such law firm for legal services and other services aggregated to \$19,000 and \$59,000, respectively (2004 - \$15,000 and \$64,000, respectively).

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12. Segmented information:

The Company reviewed its operations and determined that it operates in a single reportable operating segment, the workforce management software market. The single reportable operating segment derives its revenue from the sale of software solutions, including related services, training and hardware. The following information provides the required enterprise-wide disclosures:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Revenue by geographic location:				
United States	\$ 17,422	\$ 11,396	\$ 35,510	\$ 20,692
United Kingdom	3,093	820	4,493	1,421
Canada	759	664	1,262	1,089
Asia Pacific	790	—	1,774	—
	<u>\$ 22,064</u>	<u>\$ 12,880</u>	<u>\$ 43,039</u>	<u>\$ 23,202</u>

Revenue is attributed to geographic locations based on the location of the external customer.

	June 30,	December 31,
	2005	2004
Property and equipment by geographic location:		
Canada	\$ 3,174	\$ 2,731
United States	128	148
United Kingdom	43	—
	<u>\$ 3,345</u>	<u>\$ 2,879</u>

Substantially all intangibles and goodwill recognized in the interim consolidated financial statements are held by one of the Company's Canadian subsidiaries.

During the six months ended June 30, 2005, no customers of the Company accounted for 10% or more of revenue (June 30, 2004 - one customer accounted for 10.7% of revenue).

13. Reclassification:

The Company has reclassified certain prior period information to conform to the current period presentation.