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WELLPOINT SYSTEMS REPORTS 2008 FOURTH QUARTER AND YEAR END RESULTS

CALGARY, Alberta – April 27, 2009 – WellPoint Systems Inc., (“WellPoint” or the “Company”) (TSX-V:WPS), a leading provider of software and related solutions to the energy industry, today announced its financial results for the quarter and year ended December 31, 2008. All monetary values are in Canadian dollars unless otherwise indicated.

2008 Highlights

- Increased total revenue by 22.5% to \$35.3 million, compared with \$28.8 million in 2007;
- Increased non-Canadian revenue by \$6.5 million to \$26.9 million from \$20.4 million in 2007. This was primarily due to the BOLO acquisition completed in August 2007;
- Closed US\$15.2 million, US\$2.0 million and CDN\$2.7 million convertible secured debenture financings with Quorum Funding Corporation;
- Closed US\$2.0 million license sale to the Company’s new Middle East channel partner, QMENA, for WellPoint’s Microsoft Dynamics AX energy suite;
- Closed \$1.1 million convertible unsecured subordinated debenture financing with Raymond James Ltd.;
- Restructured the Company’s debt to extend the maturity dates of various convertible debentures from 2009 to 2010;
- Decreased working capital deficiency by \$15.6 million;
- Implemented several key management changes, including the promotion of Mr. Richard Slack, the former head of BOLO to the position of Chief Executive Officer of WellPoint. Mr. Slack had served as the Company’s chief operating officer, responsible for managing day-to-day operations, since May 2008. During this period Mr. Slack appointed a new management team that is focused on returning WellPoint to profitability. As part of this focus, the Company was recently reorganized to leverage cost savings across all business units;
- Restructured the operations of the Company to generate annual cost reductions of \$3.0 - \$4.0 million. The Company consolidated its R&D development center in Calgary with its head office to leverage synergies between product management, marketing, consulting and product development. The Company anticipates strong demand for its Dynamics AX platform based products and bringing these groups together will allow WellPoint to respond with greater speed to customer requirements;
- Brought to market the first phase of the Company’s complete end to end business solution in Energy Broker. The product was successfully implemented at a key lighthouse customer;
- Finished the integration of two of WellPoint’s major Microsoft AX products on a single platform;
- Passed the Software Solution Test for Microsoft Dynamics on the Energy Financial Management (EFM) software version 3.0.2.0. The Software Solution Test is a major





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requirement for Certified for Microsoft Dynamics® status, Microsoft's highest standard for partner-developed software. WellPoint's EFM solution is the only Oil & Gas Financial solution built on Dynamics AX to pass this milestone;

- Ranked 6th in the Over \$20 Million Group for Alberta Venture's 2009 Fast Growth 50 list, a ranking of Alberta's 50 fastest growing companies working in information technology, real estate development, and manufacturing, as well as business, financial and oilfield services. Rankings are based on growth in revenues, assets, profits, head count and other criteria over the past three years; and
- Received a ranking of number 28 on the Deloitte Technology Fast 50 and 249 on the Deloitte's Technology 500, as a result of a 696% revenue growth rate from 2003 to 2007.

"During the past year, WellPoint has brought together a new management team which brings years of experience in successfully building and running profitable companies," said Richard Slack, President and CEO of WellPoint Systems. "This team has focused on recalibrating the company to adapt to challenging market conditions. Our 2008 financial statements reflect these challenges which include several one-time write-offs related to our financings, goodwill, intangibles and deferred development costs. These items significantly impacted our 2008 results. Since these are non-recurring, we fully expect future results to improve substantially. We are optimistic about the future of the business and attribute our success to a dedicated team of highly skilled employees as well as a growing customer base."

"2008 was a year in which WellPoint was repositioned to focus on profitability and growth," said Mr. Charles V. Selby, Chairman of WellPoint's Board of Directors. "Although the Company has achieved many of its preliminary growth objectives – in large part through acquisition – the new management team has been chartered to improve operational efficiency in order to generate sustainable growth with profitability. We are confident that under management's direction, the Company has turned the corner and is making strong progress toward those goals."

Fourth Quarter Financial Review

Overall revenues for the fourth quarter of 2008 stayed relatively flat as compared with the fourth quarter of 2007. License revenue increased to \$1.7 million from \$1.2 million in 2007 which was primarily due to an increase in sales of WellPoint's BOLO product. Maintenance revenue grew to \$2.7 million in 2008 from \$2.3 million in 2007, an increase of 17%, due to growth in the Company's customer base. WellPoint now provides maintenance to 433 customers worldwide and continues to achieve maintenance and support customer retention rates of approximately 99%. Professional services revenue decreased by \$0.9 million in the fourth quarter of 2008 as compared with the same period of the prior year. Demand for professional services is significantly affected by the Company's license sales. During the third quarter of 2008 the Company experienced weak license sales which had a negative impact on the Company's fourth quarter professional services revenue. In 2007, the Company had a large implementation in





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South America. This implementation was predominately complete in the third quarter of 2008 which also contributed to the drop in the 2008 fourth quarter professional services revenue. Further impacting the professional services revenue was the extremely unstable general economic climate at the end of 2008 where customers chose to preserve cash and defer implementations and software enhancements.

Revenue from outside of Canada decreased to \$5.4 million in the fourth quarter of 2008 from \$5.7 million in 2007. This was primarily due to the completion of the large implementation in South America in the third quarter of 2008 partially offset by the increased revenues from BOLO.

Gross profit was \$4.3 million (55.7% of total revenue) compared with \$3.4 million (44.2% of total revenue) for the fourth quarter of 2007. The \$0.9 million (25.9%) increase in gross profit is attributed primarily to the Company's revenue mix. During the fourth quarter of 2008 compared with the same period of the prior year, the Company increased its sales of higher margin licenses and maintenance revenue by \$0.9 million and decreased its lower margin professional services revenue by the same amount. This shift in revenue mix resulted in an increase in both gross profit and gross margin.

SG&A decreased to \$2.7 million (35.7% of revenue) compared with \$2.9 million (37.6% of revenue) in the fourth quarter of 2007. The decrease in SG&A costs is a result of various cost optimization efforts implemented during the latter half of 2008 and the reversal of discretionary employee bonuses reflecting the current general economic conditions.

Facilities expenses decreased slightly to \$0.41 million compared with \$0.44 million in the third quarter of 2007. The decrease primarily relates to consolidation of the Company's offices in Calgary.

In 2008, the Company incurred research and development expenses of \$1.5 million (19.6% of revenue) compared with \$0.6 million (8.6% of revenue) for the comparable period in 2007. The increase is related to the research in connection with ongoing projects along with a decision to stop capitalizing expenses related to the Company's Microsoft Dynamics AX product lines as they no longer meet the criteria for capitalization. When combined with development expenditures capitalized in the fourth quarter, the Company invested \$1.9 million (24.5% of revenue) compared with \$1.7 million (22.5% of revenue) in the fourth quarter of 2007. The \$0.1 million increase is primarily attributable to investments in WellPoint Energy Broker including its integration with the WellPoint Energy Financial Management system, enhanced multicurrency functionality and additional investments made by the companies acquired in 2007, including investments in WellPoint EAM.





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WellPoint Systems is committed to enhancing its position as a leading provider of software and related solutions within the energy and natural resources industries. The Company will increase its investment in the development of new and innovative products utilizing the Microsoft AX Dynamics architecture. This investment is a fundamental requirement as WellPoint Systems continues to build products that meet the needs of its customers.

The Company also wrote-off \$0.6 million of deferred development costs relating to projects that no longer met the criteria for deferral.

Depreciation and amortization expenses decreased to \$0.4 million compared with \$1.2 million for the fourth quarter of 2007. The decrease primarily relates to the Company's decision to write-off a significant portion of its deferred development costs in the third quarter of 2008. Since these costs have been written off, there is no longer a requirement to amortize the expenses.

Interest expenses increased to \$1.0 million as compared with \$0.9 million for the fourth quarter of 2007. The increase primarily stems from the new financings in 2008 to retire the debt taken on as part of the 2007 acquisitions. As at December 31, 2008, the Company had notes payable, capital leases and convertible debt with a carrying value of approximately \$34.0 million with an effective annual interest rate of approximately 16.0%

Most of the Company's businesses are organized geographically so that many expenses are incurred in the same currency as the revenue generated, which mitigates some exposure to currency fluctuations. Following the acquisition of BOLO in 2007, the Company significantly increased its net liabilities denominated in United States dollars in connection with notes payable issued in connection with the acquisition along with US convertible debentures needed to complete the acquisition. The Company has not entered into any forward hedging contracts and therefore experiences gains and losses relating to foreign exchange. The loss for the three months ended December 31, 2008 was \$2.5 million (2007 – \$0.5 million gain).

During the fourth quarter of 2008, the Company renegotiated its debt with the Quorum Group of Companies ("Quorum") (as described below under Liquidity and Capital Resources). The debt renegotiation with Quorum resulted in a settlement of the debt for accounting purposes which required an immediate expensing of the financing costs associated with the Quorum debt as well as all future interest accretion costs to also be immediately expensed. As a result of these non-cash expenses, the Company recorded a \$6.3 million loss on the extinguishment of its convertible debentures.

The value of goodwill and intangible assets recorded as part of the iSoft acquisition were impaired at December 31, 2008. As a result, the Company recorded a non-cash goodwill





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impairment charge of \$3.2 million and write-down of intangible assets of \$0.6 million related to its iSoft acquisition in March, 2007.

For the fourth quarter of 2008 the tax recovery was \$0.8 million compared with a tax recovery of \$1.1 million in the same period of the prior year. The tax recovery is primarily as a result of the Company's operations in the US.

Due to the factors discussed above, the net loss for the fourth quarter of 2008 was \$14.0 million compared with a net loss of \$4.7 million for the fourth quarter of 2007. Basic and diluted net loss per share was (\$0.31) compared with a net loss per share of (\$0.12) for the fourth quarter of 2007.

Adjusted EBITDA loss was \$0.8 million compared with Adjusted EBITDA loss of \$1.6 million for the fourth quarter of 2007. The 2008 adjusted EBITDA loss was the result of the loss from operations which includes a significant investment with the ongoing development of the Dynamics AX product line. The EBITDA loss decreased by \$0.9 million primarily due to the \$0.9 million increase in the Company's gross profit.

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Revenues increased by 22.5% to \$35.3 million in 2008 compared with \$28.9 million in the same period in 2007. The increase was primarily the result of BOLO revenue of \$19.8 million in 2008. Substantially offsetting this increase is a decrease in license revenue in South America from 2007 levels.

Revenue from outside of Canada increased to \$26.9 million in 2008 from \$20.4 million in 2007. This was primarily due to the growth in US revenue following the 2007 acquisition of BOLO. This increase would have been even more substantial if not for the large license sale recognized in South America in 2007.

License revenue decreased to \$9.1 million from \$10.4 million in 2007. The decrease is the result of license revenues recognized in South America in 2007 not recurring in 2008. Partially offsetting this is the \$5.4 million of license revenue attributed to BOLO in 2008. Maintenance revenue increased to \$9.8 million in 2008 from \$6.6 million in 2007, an increase of 48.4% with a substantial portion of the increase attributed to BOLO. WellPoint now provides maintenance to 433 customers worldwide and continues to achieve maintenance and support customer retention rates of approximately 99%. Revenue from professional services increased to \$16.4 million from \$11.9 million in 2007, an increase of 38.5%. The substantial increase in professional services revenue is attributed primarily to the acquisition of BOLO and completion of the 2007 South American contract in Q3 of 2008.





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Gross profit was \$19.7 million (55.7% of total revenue) compared with \$17.4 million (60.4% of total revenue) for 2007. The \$2.3 million increase in gross profit dollars is attributable to the 2007 acquisitions. However, gross profit as a percentage of sales, decreased 4.7%. This decrease in gross profit percentage is consistent with the decrease in higher margin license revenue, increases in lower margin professional services revenue and due to having attained higher margins in 2007 as a result of the large South American license sale.

SG&A expenses increased to \$14.1 million (40.0% of revenue) compared with \$11.4 million (39.7% of revenue) in the twelve months of 2007. The increase primarily relates to the full year affect of the acquisitions of 2007 along with higher expenses relating to bad debts in 2008 and restructuring charges of \$1.1 million; partially offsetting the increase are lower commissions and administrative expenses that were associated with the large South American contract recorded in 2007 that did not recur in 2008. During the second half of 2008, the Company initiated various cost optimization strategies that are anticipated to reduce SG&A costs by \$3.0 - \$4.0 million per year. Further, due to the negative general economic climate, the Company took additional steps in 2009 to reduce SG&A expenses by rolling back salaries at its North American operations by 10%.

Facilities expenses increased to \$1.7 million compared with \$1.4 million in 2007. The increase primarily relates to the 2007 acquisitions.

In 2008, the Company incurred research and development expenses of \$5.3 million (15.0% of revenue) compared with \$1.6 million (5.6% of revenue) in 2007. The increase is primarily related to the research in connection with ongoing projects undertaken by the companies acquired in 2007 and the inability of the Company to continue capitalizing certain R&D expenses as they no longer meet the GAAP criteria for capitalization. When combined with development expenditures capitalized in the year, the Company invested \$8.1 million (22.9% of revenue) compared with \$4.7 million (16.1% of revenue) in 2007. The \$3.5 million increase is primarily attributable to investments in WellPoint Energy Broker including its integration with the WellPoint Energy Financial Management system, enhanced multicurrency functionality and additional investments made by the companies acquired in 2007, including investments in WellPoint Energy Asset Management.

Depreciation and amortization expenses increased to \$3.9 million compared with \$2.8 million in 2007. The increase primarily relates to the amortization of intangibles purchased as part of the acquisitions completed in 2007.

Interest expenses increased to \$3.8 million as compared with \$1.8 million for 2007. The increase primarily stems from the new financings in 2008 and the convertible debentures related to the BOLO and iSoft acquisitions. As at December 31, 2008, the Company had notes payable and





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convertible debt with a carrying value of approximately \$34.0 million with an effective annual interest rate of approximately 16.0%

The foreign exchange loss for 2008 was \$3.5 million (2007 – \$1.6 million gain).

For the year ended December 31, 2008 the tax recovery was \$0.8 million compared with tax recovery of \$0.4 million in 2007. The tax recovery is primarily as a result of the Company's operations in the US.

The net loss for the year ended December 31, 2008 was \$27.7 million compared with a loss of \$3.7 million for the same period in 2007. Basic and diluted net loss per share was (\$0.60) compared with a loss per share of (\$0.09) in 2007. The net loss and decreased earnings per share are attributed to the factors discussed above.

Adjusted EBITDA loss was (\$4.1) million compared with Adjusted EBITDA of \$0.1 million for 2007. The 2008 Adjusted EBITDA loss was the result of a onetime restructuring charge of \$1.1 million and research and development spending of \$8.1 million. A significant portion of the Company's research and development spending is dedicated to the ongoing development of the Dynamics AX product line.

Outlook

During 2008, the Company has invested significant capital and management resources to integrate the BOLO and iSoft acquisitions into WellPoint Systems. In 2009, with the acquisitions now in place, the Company will focus on increasing its net income and Adjusted EBITDA and expects to advance on many fronts, through the following initiatives:

- Establishing deeper partnerships across the globe, including expanded and new agent relationships in international markets. In 2009, the Company particularly intends to focus its activities on increasing market share and driving revenue from opportunities primarily in the North American and Middle Eastern markets;
- Increasing sales and marketing of WellPoint Energy Broker in the North American and Middle Eastern markets and WellPoint EAM and WellPoint EFM solutions worldwide;
- Continuing development and marketing of BOLO and Ideas to increase market share;
- Continuing development of the WellPoint EAM, WellPoint EFM, and WellPoint Energy Broker solutions to expand functionality as well as integration with best practices in the computer software industry; and
- Increasing operational efficiencies.





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The Company will also record revenue from the agreement the Company signed on December 24, 2008 with Quorum MENA Limited ("QMENA"), for a license sale of US\$2.0 million. The agreement with QMENA requires the Company to deliver the software in 2009 depending on when certain other conditions are met. The Company has already delivered half of the software in Q1 2009 and anticipates delivering the other half in Q2 2009.

Although the Company anticipates it will continue to post net losses in 2009, the Company anticipates posting improved Adjusted EBITDA in 2009. The Company will be in a net loss position primarily as a result of non-cash interest accretion on its convertible debentures. As such, investors may choose to use Adjusted EBITDA as an indicator of future earning potential and value.

The information contained in this news release is in summary form and should be read in conjunction with the Company's audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2008. Those documents are available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

Notes

(1) "EBITDA" is a financial measure that does not have any standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and may not be comparable to similar measures presented by other companies. EBITDA is a measure of the Company's operating profitability. EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, assets are amortized or how results are taxed in various jurisdictions. Adjusted EBITDA is Standardized EBITDA¹, excluding foreign exchange gains primarily related to the US dollar denominated debt of the Company and can vary significantly depending on exchange rate fluctuations, which are beyond the control of the Company, and write downs of deferred development and intangible costs, goodwill impairment, financing costs, stock based compensation, fees and expenses on settlement of debt and losses on extinguishment of debt and after deducting the annual amount invested in respect of deferred development costs, which, with the implementation of International Financial Reporting Standards in the year ended December 31, 2011, will generally be required to be expensed on an annual basis.

(2) "Gross Profit" is a financial measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Gross profit is provided to assist investors in determining WellPoint's ability to generate earnings from the sales of its products and services. Gross profit is calculated by subtracting direct expenses from revenue.

About WellPoint Systems Inc.

WellPoint provides premier software and related services for managing critical operations within the energy industry. As a Microsoft Gold Certified Partner since 2005, WellPoint is the only Independent Software Vendor (ISV) and Microsoft Dynamics partner dedicated to the energy





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sector. It is breaking new ground with the creation of a more comprehensive, integrated energy software suite based on existing Microsoft ERP technology that utilizes state-of-the-art Dynamics AX® and .NET architectures. WellPoint also provides software and services under the BOLO, IDEAS International and iSoft brands.

Founded in 1997, Calgary-based WellPoint Systems also has major operations in Denver, CO, Houston, TX, Livingston, NJ, Tampa, FL, Tunis, Tunisia and Pretoria, South Africa. WellPoint is publicly traded on the TSX Venture Exchange under the symbol WPS.

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This document contains forward-looking statements. Some forward looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. The statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. The Company's actual results could differ materially from those currently anticipated due to a number of factors, including, but not limited to, successful integration of structural changes, including restructuring plans, acquisitions, technical or manufacturing or distribution issues, the competitive environment for the Company's products, the degree of market penetration of the Company's products, and other factors set forth in reports and other documents filed by the Company with Canadian securities regulatory authorities from time to time.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.



Deloitte. 2008
Technology Fast 500

Deloitte.
Technology Fast 50
2008

WELLPOINT SYSTEMS INC.

Consolidated Balance Sheets

December 31, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 405,931	\$ -
Accounts receivable	3,531,851	7,584,610
Prepaid expenses	745,862	273,930
Fair value of foreign exchange risk management contracts	-	176,000
	4,683,644	8,034,540
Property and equipment	1,106,449	1,038,175
Deferred development costs	2,118,586	4,753,447
Intangible assets	15,383,723	16,599,520
Goodwill	24,442,074	19,916,094
Future income taxes	131,656	-
	\$47,866,132	\$50,341,766
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ -	\$ 1,204,188
Accounts payable and accrued liabilities	5,717,886	4,841,221
Current income tax liability	106,096	419,231
Deferred revenue	4,876,343	2,144,633
Other deferred credits	54,558	54,558
Current portion of long term notes payable	98,574	15,980,281
Current portion of capital lease obligations	45,791	-
Convertible debentures	1,358,019	6,605,733
	12,257,267	31,249,845
Long term notes payable	6,004,527	4,877,299
Capital lease obligations	57,829	-
Other deferred credits	77,292	131,850
Convertible debentures	26,476,034	377,311
Future income tax liability	-	422,079
	44,872,949	37,058,384
Shareholders' equity:		
Share capital	14,497,433	14,497,433
Warrants/compensation options	-	1,058,050
Contributed surplus	1,624,415	760,828
Convertible debentures	8,995,967	1,222,922
Accumulated other comprehensive income (loss)	3,744,213	(389,856)
Deficit	(25,868,845)	(3,865,985)
	(22,124,632)	(4,255,841)
Total shareholders' equity	2,993,183	13,283,392
	\$47,866,132	\$ 50,341,776

WELLPOINT SYSTEMS INC.

Consolidated Statements of Operations and Retained Earnings (deficit) (unaudited)

	Three months ended		Twelve months ended	
	December 31		December 31	
	2008	2007	2008	2007
Revenue				
License	\$ 1,673,669	\$ 1,203,315	\$ 9,057,250	\$ 10,349,437
Maintenance	2,667,059	2,278,119	9,824,351	6,622,307
Professional services	3,352,639	4,225,565	16,427,182	11,862,377
	7,693,367	7,706,999	35,308,783	28,834,121
Direct costs	3,409,650	4,302,656	15,625,997	11,408,070
Gross profit	4,283,717	3,404,343	19,682,786	17,426,051
Expenses:				
Sales, general and administrative	2,742,649	2,900,770	14,137,099	11,442,474
Loss on extinguishment of debt component of convertible debt	6,372,126	-	6,372,126	-
Research and development	1,505,148	663,545	5,284,996	1,610,787
Write down of deferred development costs	590,037	528,512	4,816,600	528,512
Interest	1,035,518	870,182	3,856,744	1,844,382
Depreciation and amortization	370,470	1,154,430	3,786,469	2,769,395
Foreign exchange loss (gain)	2,463,476	(527,978)	3,502,088	(1,634,246)
Goodwill impairment	3,207,626	1,605,036	3,207,626	1,605,036
Facilities	407,114	436,977	1,734,339	1,367,474
Fees and expenses on settlement of long term note payable	-	-	614,505	-
Write down of intangible assets	578,405	-	578,405	-
Financing and amortization of debt and note payable issue costs	(174,527)	1,612,821	215,947	1,948,322
	19,098,042	9,244,295	48,106,944	21,482,136
Net income before income taxes	(14,814,325)	(5,839,952)	(28,424,158)	(4,056,085)
Income taxes				
Current	(508,741)	621,439	(211,141)	621,439
Future	(297,943)	(1,762,398)	(553,735)	(1,003,706)
	(806,684)	(1,140,959)	(764,876)	(382,267)
Net loss	(14,007,641)	(4,698,993)	(27,659,282)	(3,673,818)
Retained earnings (deficit), beginning of period	(17,517,626)	833,008	(3,865,985)	(192,167)
Gain on extinguishment of equity component of convertible debt	5,656,422	-	5,656,422	-
Deficit, end of period	\$(25,868,845)	\$(3,865,985)	\$(25,868,845)	\$(3,865,985)
Net loss per share				
Basic and diluted	\$ (0.31)	\$ (0.12)	\$ (0.60)	\$ (0.09)

