



News Release

WELLPOINT SYSTEMS REPORTS RECORD REVENUE AND NET INCOME FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2009

CALGARY, Alberta – March 8, 2010 – 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, 2009. All monetary values are in Canadian dollars unless otherwise indicated.

Fourth Quarter and Year Financial Highlights

In thousands (CDN\$)	Three Months Ended December 31		\$ Change	Year Ended December 31		\$ Change
	2009	2008	2008 - 2009	2009	2008	2008 - 2009
Revenue	7,717	7,693	24	36,755	35,309	1,446
Gross Profit	5,315	4,284	1,031	25,934	19,683	6,251
Adjusted EBITDA	1,785	(773)	2,558	9,347	(4,111)	13,458
Net Income	(503)	(14,007)	13,504	3,187	(27,659)	30,846
Adjusted EBITDA per share	0.03	(0.01)	0.04	0.16	(0.07)	0.23
Net Income per share	(0.01)	(0.31)	0.30	0.07	(0.60)	0.67

“2009 was a solid year for WellPoint as we made great progress toward our goals of strengthening our foundations and building for the future,” said Mr. Richard Slack, President and CEO of WellPoint Systems. “Our strong results were driven by three key factors: commercialization and market launch of our new WellPoint Dynamics AX Energy Suite solutions; continued sales of our BOLO and IDEAS products to U.S. and global customers; and the ongoing and dedicated support of our employees. We now look forward to continuing this momentum into 2010 and beyond.”

2009 Business Highlights

- Increased net income for the year ended December 31, 2009 by \$30.8 million to \$3.2 million, compared with a net loss of (\$27.7) million for the same period in 2008;
- Improved net income per share to \$0.07 compared to a loss of (\$0.60);
- Increased Adjusted EBITDA⁽¹⁾ for 2009 by \$13.5 million to \$9.3 million, compared with an Adjusted EBITDA loss of (\$4.1) million in 2008;
- WellPoint’s Energy Broker commodity trading and risk management solution was selected by a marquee customer;
- Received a US\$3.3 million (CDN\$3.6 million) indemnity payment from Export Development Canada (“EDC”);
- Redeemed \$1.3 million (net) of convertible debentures that came due;
- Delivered US\$2.0 million of license sale for WellPoint’s Microsoft Dynamics AX solutions to a new Middle Eastern channel partner, QMENA.





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- Released WellPoint Integrated Suite (WIS) 5.2 which included enhancements to Energy Broker and Energy Financial Management. This release series blends the Enterprise Asset Management product line with the WIS products such that a customer can purchase a fully-integrated system on the AX 2009 platform;
- Released AX EAM 5.0 on AX 2009, setting the stage for asset intensive companies to take advantage of core AX capabilities such as role-based user experience, business intelligence, workflow and requisitions;
- Released BOLO 9.0 which included enhancements to BOLO's Multicurrency, Asset Tracking, Revenue, Land, and Production Accounting features;
- Released IDEAS 5.0 which updated the product to Visual Basic 6, added a Report Wizard and included an Advanced AFE module to provide project management controls; and
- Released the WellPoint Intelligent Dashboard which gives users easy point and click access to critical industry and company data.

Fourth Quarter Financial Review

Revenues for the fourth quarter of 2009 remained flat compared with the fourth quarter of 2008. Net loss for the fourth quarter of 2009 was (\$0.5) million compared to a net loss of (\$14.0) million for the fourth quarter of 2008. Basic and diluted net loss per share was (\$0.01) compared with a net loss per share of (\$0.31) for the fourth quarter of 2008.

Adjusted EBITDA was \$1.8 million compared to an Adjusted EBITDA loss of (\$0.8) million for the fourth quarter of 2008. The \$2.6 million increase in Adjusted EBITDA was the result of the reduced operating costs and increased gross profit. Basic and fully diluted Adjusted EBITDA per share was \$0.03 compared with an Adjusted EBITDA loss per share of (\$0.01) for the fourth quarter of 2008.

License revenue increased to \$3.1 million during the fourth quarter ended December 31, 2009 from \$1.7 million in 2008. The growth over 2008 is due to large sales of both Energy Broker and BOLO in the fourth quarter of 2009 and to stronger economic conditions compared to the fourth quarter of 2008. Maintenance revenue declined to \$2.5 million in 2009 from \$2.7 million in 2008. The decline is entirely attributed to changes in the US dollar exchange rate. Professional services revenue decreased by \$1.2 million in the fourth quarter of 2009 compared with the same period of the prior year due to a number of factors, including the Company's decision to partner with various value added resellers (VARs) to provide professional services for the Company's AX products, declines in foreign exchange rates and a decrease in the demand for BOLO professional services as a result of smaller license deals in early 2009.

Gross profit was \$5.3 million (69% of total revenue) compared with \$4.3 million (56% of total revenue) for the fourth quarter of 2008. The \$1.0 million increase in gross profit is attributed to the Company's changing revenue mix. During the fourth quarter of 2009 the Company increased





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its sales of higher margin license and maintenance revenue by \$1.4 million and decreased its lower margin professional services revenue by a similar amount compared with the same period of the prior year.

Sales, General & Administrative expenses (“SG&A”) decreased to \$2.2 million (28% of revenue) compared with \$2.7 million (36% of revenue) in the fourth quarter of 2008. The 2008 SG&A costs were negatively impacted by severance costs and high bad debt expenses. The decrease in 2009 costs compared with 2008 is also the result of various cost reduction efforts implemented during the latter half of 2008 and in 2009 in response to the negative general economic climate. Further impacting the comparison between the Company’s 2008 and 2009 costs is the decision by the Company to stop capitalizing research and development costs in 2009 as projects no longer meet the criteria for capitalization. In 2008, a portion of the Company’s SG&A costs were allocated to research and development and capitalized.

In the fourth quarter of 2009, the Company incurred research and development expenses of \$1.2 million (15% of revenue) compared with \$1.5 million (20% of revenue) for the comparable period in 2008. The decrease in current research and development is related to cost reduction efforts implemented during the latter half of 2008 partly offset by a decision to stop capitalizing research and development expenses as they no longer meet the criteria for capitalization. The Company is committed to and continued to invest in research and development projects with the same vigor as in 2008.

“WellPoint Systems is committed to enhancing its position as a leading provider of software and related solutions within the energy and natural resources industries,” said Mr. Slack. “The Company continues to increase its investment in the development of new and innovative products utilizing the Microsoft Dynamics AX architecture, as well as continued support and enhancement of the IDEAS and BOLO product lines. This investment in R&D is a fundamental requirement as WellPoint Systems continues to build products that meet the evolving needs of its customers.”

Interest expenses increased to \$1.5 million as compared with \$1.0 million for the fourth quarter of 2008. The increase primarily stems from the new financings in 2008. As of December 31, 2009, the Company had notes payable, capital leases and convertible debt with a carrying value of approximately \$32.1 million.

2009 Financial Review

Revenues increased by 4% to \$36.8 million in 2009 compared with \$35.3 million in the same period in 2008. The net income for the year ended December 31, 2009 was \$3.2 million compared to a net loss of (\$27.7) million for the same period in 2008. Basic and diluted net income per share was \$0.07 compared to a loss per share of (\$0.60) in 2008. The net income and increased earnings per share are attributed to the factors discussed above.

Adjusted EBITDA increased by \$13.5 million to \$9.3 million compared with an Adjusted EBITDA loss of (\$4.1) million in 2008. Basic and fully diluted EBITDA per share was \$0.20 compared to





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an Adjusted EBITDA loss per share of (\$0.08). The significant increase in 2009 Adjusted EBITDA and Adjusted EBITDA per share is a result of the increased gross profit and reduced operating expenses as discussed above.

Revenue from outside of Canada increased by \$5.8 million compared with the same period in the prior year. This was primarily due to the growth in international revenue from the QMENA license sale and the EDC insurance indemnity payment which, were partially offset by decreases in South American revenue due to the completion of a South American contract in Q3 of 2008.

License revenue increased to \$14.4 million from \$9.1 million in 2008, primarily the result of license revenues from the US\$2.0 million QMENA sale in the first half of 2009 and the US\$3.3 million EDC insurance indemnity payment. Maintenance revenue increased to \$10.9 million in 2009 from \$9.8 million in 2008, an increase of 11%, with a substantial portion of the increase attributed to a South American customer whose implementation was completed in the fourth quarter of 2008 and subscribed to our maintenance program in the current year. Revenue from professional services decreased to \$11.5 million from \$16.4 million in 2008, attributable primarily to the completion of a South American contract in Q3 of 2008. Further impacting professional services revenue is the continued instability in the general economic climate with customers choosing to preserve cash and defer implementations and software enhancements until conditions improve, along with the Company's decision to outsource certain AX implementations to VARS.

Gross profit was \$25.9 million (71% of total revenue) compared with \$19.7 million (56% of total revenue) for 2008. The \$6.3 million (32%) increase in gross profit is attributable to the increase in higher margin license and maintenance revenue and a decrease in lower margin professional services revenue.

SG&A expenses decreased by \$4.1 million (29%) to \$10.0 million (27% of revenue) compared with \$14.1 million (40% of revenue) in 2008. The decrease primarily relates to the various cost optimizations implemented in the autumn of 2008 along with higher expenses relating to bad debts and restructuring charges in 2008. Further impacting the comparison between the Company's 2008 and 2009 SG&A costs is the decision by the Company to stop capitalizing research and development costs in 2009 as the projects no longer met the criteria for capitalization. In 2008, a portion of the Company's SG&A costs were allocated to research and development and capitalized. Had these costs not been capitalized in 2008, the comparative change in SG&A would have been even greater.

In 2009, the Company's research and development expenses of \$5.4 million (15% of revenue) were virtually unchanged compared with \$5.3 million (15% of revenue) for the comparable period in 2008. During the latter half of 2008, research and development expenses were reduced in response to the general economic conditions. In 2009, this was offset by a decision to stop capitalizing research and development expenses as they no longer meet the criteria for capitalization. The Company is committed to and continued to invest in research and





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development projects with the same vigor as in 2008.

Interest expenses increased to \$6.0 million as compared with \$3.8 million for 2008. The increase primarily stems from the new financings in 2008 and the refinancing of the Company's debentures at the end of 2008. As at December 31, 2009, the Company had notes payable and convertible debt with a carrying value of approximately \$32.1 million.

Outlook

In 2009, the Company focused on increasing its net income and Adjusted EBITDA. In 2010, the Company will continue its focus on net income and Adjusted EBITDA while at the same time investing in growing recognition of the Company's solutions and brand through increased investments in sales and marketing. The Company will continue to expand or undertake the following initiatives:

- Establish deeper partnerships across the globe, including expanded and new agent relationships in international markets. In 2010, the Company particularly intends to focus its activities on increasing market share and driving revenue from opportunities primarily in the North American, Middle Eastern and other international markets;
- Increase sales and marketing of WellPoint's Microsoft Dynamics AX solution - WellPoint Energy Suite – to North American market and global markets;
- Increase investment in sales, focusing on a solution sales approach versus a product-based approach in order to provide improved value to our customers;
- Continue development and marketing of BOLO and IDEAS in their target markets to increase market share;
- Continue development and marketing of the WellPoint Energy Suite solutions to expand functionality and better conform with best practices in the computer software industry; and
- Increase sales and marketing of the WellPoint AX EAM solution to broad-based manufacturers through partner channels.

The Company anticipates a healthy growth in revenues during 2010. However, due to a new focus on solution sales (which have a longer sales cycle and resulting larger revenue impact) and expansion of the Company's sales and marketing footprint, the Company does not anticipate seeing its revenue grow until the latter half of 2010.

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





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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.

⁽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.





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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 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.

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WELLPOINT SYSTEMS INC.

Consolidated Balance Sheets
December 31, 2009 and 2008
(in thousands of dollars)

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 505	\$ 406
Accounts receivable	3,189	3,532
Prepaid expenses	333	746
	<u>4,027</u>	<u>4,684</u>
Property and equipment	920	1,106
Deferred development costs	1,386	2,119
Intangible assets	10,999	15,384
Goodwill	21,091	24,442
Future income taxes	1,133	132
	<u>\$39,556</u>	<u>\$47,867</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ -	\$ -
Accounts payable and accrued liabilities	3,275	5,719
Current income tax liability	83	106
Deferred revenue	2,062	4,876
Other deferred credits	55	55
Notes payable	5,472	99
Current portion of capital lease obligations	61	46
Convertible debentures	8,880	1,358
	<u>19,888</u>	<u>12,259</u>
Long term notes payable	-	6,005
Capital lease obligations	63	58
Other deferred credits	23	77
Convertible debentures	17,658	26,476
	<u>37,632</u>	<u>44,875</u>
Shareholders' equity:		
Share capital	14,621	14,497
Contributed surplus	2,009	1,624
Convertible debentures	8,863	8,996
Accumulated other comprehensive income (loss) (note 14)	(887)	3,744
Deficit	(22,682)	(25,869)
	<u>(23,569)</u>	<u>(22,125)</u>
Total shareholders' equity	<u>1,924</u>	<u>2,992</u>
	<u>\$ 39,556</u>	<u>\$ 47,867</u>





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WELLPOINT SYSTEMS INC.

Consolidated Statements of Operations and Deficit
(in thousands of dollars, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2009	2008	2009	2008
Revenue				
License	\$ 3,096	\$ 1,674	\$14,426	\$ 9,057
Maintenance	2,511	2,667	10,862	9,825
Professional services	2,110	3,353	11,467	16,427
	7,717	7,694	36,755	35,309
Direct costs	2,402	3,410	10,821	15,626
Gross profit	5,315	4,284	25,934	19,683
Expenses:				
Sales, general and administrative	2,168	2,743	10,035	14,137
Interest	1,485	1,036	5,983	3,857
Research and development	1,181	1,505	5,361	5,285
Depreciation and amortization	831	370	3,380	3,786
Foreign exchange (gain) loss	(351)	2,463	(2,866)	3,502
Facilities	324	407	1,443	1,734
Financing and amortization of debt and note payable issue costs	42	(174)	245	216
Loss on extinguishment of debt component of convertible debt	-	6,372	-	6,372
Write down of deferred development costs	-	590	-	4,817
Goodwill impairment	-	3,208	-	3,208
Fees and expenses on settlement of long term note payable	-	-	-	615
Write down of intangible assets	-	578	-	578
	5,680	19,098	23,581	48,107
Net income before income taxes	(365)	(14,814)	2,353	(28,424)
Income taxes				
Current	96	(508)	187	(211)
Future	42	(298)	(1,021)	(554)
	138	(807)	(834)	(765)
Net income (loss)	(503)	(14,007)	3,187	(27,659)
Deficit, beginning of period	(22,179)	(17,518)	(25,869)	(3,866)
Gain on extinguishment of equity component of convertible debt	-	5,656	-	5,656
Deficit, end of period	\$(22,682)	\$(25,869)	\$(22,682)	\$(25,869)
Net gain (loss) per share Basic and diluted	\$(0.01)	\$(0.31)	\$0.07	\$(0.06)

