Consolidated Financial Statements

Duncan Solutions, Inc.
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

Ernst & Young

Duncan Solutions, Inc.

Consolidated Financial Statements

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Contents

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Report of Independent Auditors

The Board of Directors
Duncan Solutions, Inc.

We have audited the accompanying consolidated balance sheets of Duncan Solutions, Inc. (the Company) as of June 30, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duncan Solutions, Inc. at June 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

November 7, 2012

Duncan Solutions, Inc.

Consolidated Balance Sheets

(All Amounts, Except Share Data, Stated in Thousands)

	June 30	
	2012	**2011**
Assets		
Current assets:		
Cash and cash equivalents	**$ 4,108**	$ 3,665
Trade and other receivables (net of allowance of $28 and $165 in 2012 and 2011, respectively)	**10,062**	8,807
Inventories	**2,598**	2,616
Prepaid and other current assets	**560**	591
Income taxes receivable	**242**	501
Related-party receivable	**364**	–
Total current assets	**17,934**	16,180
Non-current assets:		
Property, plant, and equipment, net	**7,126**	6,582
Intangible assets and goodwill, net	**23,428**	25,203
Restricted cash	**604**	592
Other financial assets	**450**	83
Total non-current assets	**31,608**	32,460
Total assets	**$ 49,542**	$ 48,640
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	**$ 2,543**	$ 2,527
Accrued liabilities and other payables	**2,495**	4,652
Unearned revenue	**1,062**	1,094
Revolving line of credit	**512**	512
Notes payable, current portion	**–**	21
Obligations under capital leases, current portion	**272**	74
Related-party liability	**–**	4,266
Total current liabilities	**6,884**	13,146
Non-current liabilities:		
Obligations under capital leases, non-current portion	**94**	160
Related-party liability	**–**	46,147
Deferred income taxes	**854**	448
Total liabilities	**7,832**	59,901
Stockholders' equity:		
Common stock; no par value; 20,000 shares authorized, issued, and outstanding	**–**	–
Additional paid-in capital	**66,373**	19,153
Retained deficit	**(24,663)**	(30,414)
Total stockholders' equity	**41,710**	(11,261)
Total liabilities and stockholders' equity	**$ 49,542**	$ 48,640

See accompanying notes.

Duncan Solutions, Inc.

Consolidated Statements of Operations

(All Amounts Stated in Thousands)

	Year Ended June 30	
	2012	**2011**
Revenue:		
Meters: single-space	**$ 2,523**	$ 2,285
Meters: multi-space	**1,194**	2,711
AutoCites, maintenance, and consumables	**4,189**	3,600
Spares	**2,405**	3,935
Service center	**35,016**	32,843
Outsourced services	**14,206**	10,341
Total revenue	**59,533**	55,715
Cost of revenue:		
Meters: single-space	**1,855**	1,494
Meters: multi-space	**525**	1,633
AutoCites, maintenance, and consumables	**783**	921
Spares	**1,109**	2,787
Service center	**20,465**	17,443
Outsourced services	**7,491**	8,715
Total cost of revenue	**32,228**	32,993
Gross profit	**27,305**	22,722
Operating expenses:		
Engineering and development	**2,612**	2,432
Customer operations	**1,753**	3,812
Sales and marketing	**3,600**	3,112
General and administrative	**11,954**	12,010
Information technology	**2,102**	2,118
Amortization of intangibles	**1,668**	1,914
Total operating expenses	**23,689**	25,398
Income (loss) from operations	**3,616**	(2,676)
Other income (expense):		
Foreign exchange gain (loss)	**3,017**	(10,859)
Interest and other expense	**(147)**	(75)
Total other income (expense)	**2,870**	(10,934)
Income (loss) before income tax	**6,486**	(13,610)
Tax expense (benefit)	**735**	(119)
Net income (loss)	**$ 5,751**	$ (13,491)

See accompanying notes.

Duncan Solutions, Inc.

Consolidated Statements of Stockholders' Equity

(All Amounts Stated in Thousands)

Years Ended June 30, 2012 and 2011

	Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity
Balance as of June 30, 2010	$ 18,678	$ (16,923)	$ 1,755
Stock compensation expense	475	–	475
Net loss	–	(13,491)	(13,491)
Balance as of June 30, 2011	19,153	(30,414)	(11,261)
Capital contribution	**46,688**	**–**	**46,688**
Stock compensation expense	**532**	**–**	**532**
Net income	**–**	**5,751**	**5,751**
Balance as of June 30, 2012	**$ 66,373**	**$ (24,663)**	**$ 41,710**

See accompanying notes.

Duncan Solutions, Inc.

Consolidated Statements of Cash Flows

(All Amounts Stated in Thousands)

	Year Ended June 30	
	2012	**2011**
Operating activities		
Net income (loss)	**$ 5,751**	$ (13,491)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Add back non-cash items:		
Depreciation	**2,183**	2,345
Amortization	**1,775**	1,914
Loss on disposal of fixed assets	**41**	–
Deferred income tax expense	**406**	158
Unrealized foreign exchange	**(3,017)**	10,859
Stock compensation expense	**532**	475
Changes in operating assets and liabilities:		
Trade and other receivables	**(1,255)**	(988)
Inventory	**18**	254
Prepaid expenses	**31**	132
Income taxes receivable	**259**	(501)
Other assets	**(367)**	206
Trade payables	**16**	(1,681)
Accrued liabilities and other payables	**(757)**	(1,395)
Unearned revenue	**(32)**	87
Net cash provided by (used in) operating activities	**5,584**	(1,626)
Investing activities		
Purchase of property, plant, and equipment	**(2,768)**	(1,755)
Contingent payments on previously acquired business	**(1,400)**	(2,640)
Cash used in investing activities	**(4,168)**	(4,395)
Financing activities		
Payments to related party, net	**(1,072)**	(509)
Proceeds from line of credit, net	**–**	262
Proceeds from notes payable and capital lease obligations	**209**	272
Restricted cash	**(12)**	638
Principal payments on notes payable and capital lease obligations	**(98)**	(765)
Net cash used in financing activities	**(973)**	(102)
Net increase (decrease) in cash	**443**	(6,123)
Cash at the beginning of the year	**3,665**	9,788
Cash at the end of the year	**$ 4,108**	$ 3,665
Cash paid for:		
Income taxes	**$ 43**	$ 546
Interest	**$ 39**	$ 22

See accompanying notes.

1. Summary of Significant Accounting Policies

Business Activity

Duncan Solutions, Inc. (the Company) is a manufacturer of handheld citation issuance computers and parking meters and a licensed collection agency providing receivables management and citation processing services to municipalities for their parking citation enforcement efforts.

Duncan Solutions, Inc. is a wholly owned subsidiary of Duncan Solutions, Ltd. The parent company and the Company provide on-street parking and enforcement equipment and services to local municipalities, universities, and other institutions. The Company is a leader in parking technology solutions and services and offers a unique end-to-end integrated technology suite. The Company's solutions are focused on providing improved regulatory control and greater overall profitability for on-street parking sites.

Duncan Solutions, Inc. is organized into business units, based on product/service offering and geography, as discussed below in the Basis of Consolidation paragraph.

The Company's collection agency serves a variety of clients, with the largest concentration of revenues derived from financial institutions and governmental entities. Citation processing services provided to municipalities include data entry of citations, payment processing, mailing of notices to violators, and customer service. The Company also sells the parking meters and the equipment necessary to physically issue citations. Finally, the Company has contracted with a few cities to provide complete management of the parking infrastructure, enforcement, processing, and collection.

Basis of Consolidation

The consolidated financial statements of Duncan Solutions, Inc. include the accounts of Duncan Solutions, Inc.; Professional Account Management, LLC (PAM); Borso's Engineering, Inc.; Duncan Parking Technologies, Inc.; Enforcement Technology, Inc.; and Law Enforcement Systems, Inc. (LES). In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses, and profit and losses resulting from intercompany transactions between the consolidated companies have been eliminated in full.

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through November 7, 2012, and concluded that no recognized or non-recognized subsequent events have occurred since June 30, 2012.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to be passed to the buyer at the time of delivery of the goods to the customer.

Rendering of Services

Where the contract outcome can be measured reliably, revenue is recognized when the Company has a right to be compensated for the services and the stage of completion can be reliably measured.

Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1. Summary of Significant Accounting Policies (continued)

Operating lease payments are recognized as an expense in the consolidated statements of operations on a straight-line basis over the lease term.

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Company, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in the consolidated statements of operations.

Capitalized lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Certain cash balances are restricted in accordance with the Company's lending and other banking arrangements and due to certain municipal requirements.

Trade and Other Receivables

Trade accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories, which consist of stock materials and supplies, are stated at the lower of cost (first-in, first-out method) or market. The majority of the inventory is comprised of raw materials and finished goods.

Costs incurred in bringing each product to its present location and condition are accounted for on a first-in, first-out basis:

- Raw materials – Purchase costs
- Finished goods and work-in-progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Inventories consist of:

	2012	**2011**
Raw materials	**$ 2,559**	$ 2,530
Finished goods and work-in-progress	**39**	86
	$ 2,598	$ 2,616

Income Tax

The Company accounts for income taxes pursuant to the liability method. Accordingly, the current or deferred tax consequences of a transaction are measured by applying the provision of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred income taxes are provided for temporary differences between the income tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

1. Summary of Significant Accounting Policies (continued)

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies, as appropriate, in making this assessment.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalization when the cost of replacing the part is incurred. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement only if it is eligible for capitalization. Depreciation expense is recognized on a straight-line basis over the economic useful lives of the assets. Amortization from assets recorded under capital leases is included with depreciation expense.

The assets' residual values, useful lives, and amortization methods are reviewed and adjusted, if appropriate, at each financial year-end. When events or changes in circumstances indicate that the carrying value of property, plant, and equipment may be impaired, the Company compares the undiscounted future cash flows attributable to the asset to its carrying value. If the undiscounted cash flows are less than the carrying value, the fair value is compared to the carrying value and any impairment is recognized.

Intangible Assets and Goodwill

Goodwill and other intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. Other intangible assets are amortized over their useful lives and are subject to annual impairment tests. There was no impairment of intangible assets recognized in the years ended June 30, 2012 and 2011.

Advertising

The Company recognizes advertising expenses as incurred. Advertising expenses for the years ended June 30, 2012 and 2011, were $232 and $201, respectively.

1. Summary of Significant Accounting Policies (continued)

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in cost of revenue.

Warranty Arrangements

The Company's products generally carry explicit warranties that extend from six months to two years based on terms that are generally accepted in the marketplace. The Company estimates the exposure for warranties outstanding and accrues for them accordingly.

Research and Development Expenses

The Company recognizes research and development expenses for new products as incurred. Research and development expenses for the years ended June 30, 2012 and 2011, were $2,439 and $2,273, respectively. These amounts are presented within the general and administrative category within the operating expenses section of the consolidated statements of operations.

Concentration of Credit Risk

The Company maintains its cash balance in financial institutions where, at times, the cash balance may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company provides its services to various customers and municipalities. Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Based on the Company's assessment of the credit history, with customers having outstanding balances and current relationships with them, it has been concluded that losses on balances outstanding at year-end would be immaterial.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

Litigation and Contingencies

The Company is involved in various claims and legal actions arising out of the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have an adverse effect on the Company's consolidated financial condition, results of operations, or cash flows.

During fiscal year 2012, the Company settled litigation it initiated against a customer to recover lost revenues due to the customer's violation of certain terms of the services agreement. An independent arbitrator ruled in favor of the Company and the Company received $940 as compensation for losses incurred. This amount was recorded as revenue within outsourced services in fiscal year 2012.

2. Business Combinations

Acquisition of Law Enforcement Systems, Inc.

On September 25, 2008, the Company acquired 100% of the shares of LES, a New York corporation whose primary business is the collection of outstanding parking fines and fees for tollway violations. The operating results of LES are included in the Company's consolidated financial statements from the acquisition date.

The acquisition agreement included provisions for additional payments to the former owners based upon the achievement of certain earnings before interest, taxes, depreciation, and amortization (EBITDA) targets for 12-month periods ended November 30, 2009, 2010, and 2011. Contingent consideration paid was $1,400 and $2,640 during fiscal years 2012 and 2011, respectively. Of the total contingent consideration paid during 2011, $2,143 was accrued and added to goodwill during fiscal year 2010 and $497 was paid and added to goodwill in the fiscal year 2011. During fiscal year 2011, the Company also accrued (in accrued liabilities and other payables) and added to goodwill the final payment due to the former owners of $1,400, which was paid in fiscal year 2012. These payments are accounted for as additional purchase consideration and, thus, were added to goodwill in each year.

(All Dollar Amounts Stated in Thousands)

3. Property, Plant, and Equipment

The major categories of property, plant, and equipment at June 30, 2012 and 2011, are summarized as follows at cost:

	Depreciable Lives	2012	2011
Computer software and equipment (1)	3-5 years	**$ 12,421**	$ 10,174
Furniture and fixtures	5-10 years	**682**	573
Office equipment	5-7 years	**4,285**	4,310
Assets under construction	N/A	**120**	98
Leasehold improvements	3-40 years	**223**	218
Gross		**17,731**	15,373
Accumulated depreciation		**(10,605)**	(8,791)
Net property, plant, and equipment		**$ 7,126**	$ 6,582

(1) Includes $482 and $272 of leased property under capital leases in 2012 and 2011, respectively.

The Company recognized depreciation expense of $225 and $408 related to capitalized software in 2012 and 2011, respectively.

4. Intangible Assets

	2012	2011
Identifiable intangibles		
Customer contracts (net of accumulated amortization of $8,281 and $6,708 in 2012 and 2011, respectively)	**$ 3,299**	$ 4,872
Trademarks (net of accumulated amortization of $1,338 and $1,136 in 2012 and 2011, respectively)	**833**	1,035
Net carrying amount	**4,132**	5,907
Goodwill	**19,296**	19,296
	$ 23,428	$ 25,203
Cost (gross carrying amount)	**$ 33,047**	$ 33,047
Accumulated amortization	**(9,619)**	(7,844)
Net carrying amount	**$ 23,428**	$ 25,203

(All Dollar Amounts Stated in Thousands)

4. Intangible Assets (continued)

The carrying value of goodwill and identifiable intangibles of $23,428 predominately represents goodwill and identifiable intangibles associated with the Enforcement Technology, Inc. and Borso's Engineering, Inc. businesses, which were acquired during the year ended June 30, 2005; PAM and Duncan Parking Technologies, Inc. businesses, which were acquired during the year ended June 30, 2006; and LES, which was acquired during the fiscal year ended June 30, 2009.

Identifiable intangible assets such as customer contracts and trademarks were acquired through business combinations. These intangible assets have been determined to have finite useful lives ranging from 5 to 10 years for customer contracts and 5 to 10 years for trademarks.

	2013	2014	2015	2016	2017
Estimated amortization expense over the next five years:					
Annual total	$ 1,430	$ 1,091	$ 914	$ 208	$ –

Goodwill is tested for impairment annually. The recoverable amount of the operations has been determined based on a fair value less cost to sell calculation using cash flow projections based on financial budgets and projections prepared by management. Management has sought to provide their best estimate of the growth in both the market and the Company's share of the market. Given the high projected growth rates, management believes the actual performance will need to be closely monitored and incorporated into future assessments of the recoverable amount.

5. Related-Party Transactions

The Company has a related-party receivable (liability) with its parent company, Duncan Solutions, Ltd., in the amount of $364 and $(50,413) at June 30, 2012 and 2011, respectively, primarily for financing the purchase of certain businesses (PAM; Duncan Parking Technologies, Inc.; Borso's Engineering, Inc.; Enforcement Technology, Inc.; and LES) and general operating needs.

The change during 2012 is due to a conversion of $46,688 of the related-party liability into equity in addition to cash payments made of $1,072 on the short-term portion and a favorable foreign currency gain of $3,017 (comprised of $112 foreign currency gain on the short-term related-party liability and a $2,905 foreign currency gain on long-term related-party liability, which were realized before the conversion to equity as a capital contribution).

(All Dollar Amounts Stated in Thousands)

5. Related-Party Transactions (continued)

The change during 2011 is due to payments made of $509 on the short-term portion offset by an unfavorable foreign currency loss of $10,859 (comprised of $812 foreign currency loss on short-term related-party liability and $10,047 foreign exchange loss on long-term related-party liability).

6. Operating Leases

The Company leases various equipment and office space under non-cancelable operating leases expiring at various dates over the next seven years. Minimum lease payments for the next five years and thereafter are as follows:

2013	$	1,138
2014		892
2015		648
2016		607
2017 and thereafter		1,613
	$	4,898

Total rental payments for the years ended June 30, 2012 and 2011, were $1,230 and $1,192, respectively.

7. Income Taxes

The Company's provision for income taxes consists of the following:

	2012		**2011**	
Current	**$**	**329**	$	(277)
Deferred		**406**		158
Provision (benefit) for income taxes	**$**	**735**	$	(119)

The provision (benefit) for income taxes as reported differs from the application of domestic federal and state statutory rates primarily as the result of the benefit from the net operating loss is offset by an increase in a corresponding valuation allowance, as well as various permanent and temporary differences.

(All Dollar Amounts Stated in Thousands)

7. Income Taxes (continued)

Significant components of deferred tax assets and liabilities are as follows:

	2012	2011
Deferred tax assets:		
Allowance for doubtful accounts	**$ 13**	$ 58
Accrued vacation	**11**	88
Inventories	**375**	334
Accrued other	**449**	367
Accrued warranty	**5**	66
Intangible assets	**1,519**	1,225
Operating loss and contribution carryforwards	**7,460**	5,314
Foreign exchange loss	**44**	456
Valuation allowance	**(5,449)**	(5,529)
Total deferred tax assets	**4,427**	2,379
Deferred tax liabilities:		
Other	**(6)**	(31)
Depreciation	**(1,498)**	(1,493)
Intangibles	**(3,777)**	(1,303)
Total deferred tax liabilities	**(5,281)**	(2,827)
Net deferred tax liabilities	**$ (854)**	$ (448)

The net current and non-current components of deferred taxes included in the consolidated balance sheets are as follows:

	2012	**2011**
Net current deferred tax assets	**$ 730**	$ 825
Net long-term deferred tax assets	**3,865**	4,256
Valuation allowance	**(5,449)**	(5,529)
Net deferred tax liability	**$ (854)**	$ (448)

At June 30, 2012, the Company has federal net operating loss carryforwards with a tax benefit of approximately $6,342, which expire between 2024 and 2032, and various state net operating loss carryforwards with a tax benefit of $1,001, which expire between 2023 and 2032. The Company also has certain credit and contribution carryforwards of $117.

8. Equity Option Plan

The Company has adopted the Duncan Solutions, Ltd. Stock Option Plan (the Plan). The Plan provides for the granting of equity options in Duncan Solutions, Ltd. to employees as approved by the Board of Directors of Duncan Solutions, Ltd.

There were 875 options granted during the year ended June 30, 2012, and 8,385 outstanding at June 30, 2012.

There were 8,025 options granted during the year ended June 30, 2011, and 7,875 outstanding at June 30, 2011.

Total compensation cost incurred for the Plan included in general and administrative expense was $532 and $475 for the years ended June 30, 2012 and 2011, respectively.

9. Defined-Contribution Plan

The Company participates in a multi-employer 401(k) plan (the 401(k) Plan). The 401(k) Plan provides for a company match to participant contributions.

Total compensation cost incurred for the 401(k) Plan was $315 and $242 for the years ended June 30, 2012 and 2011, respectively.

10. Line of Credit and Notes Payable

Revolving Line of Credit

The Company entered into a revolving credit agreement with Bank of America, dated December 14, 2010, providing for funds to be used for working capital purposes. The borrowing limit is $6,000. The annual interest rate of BBI LIBOR Daily Floating Rate Plus 3% annum is paid monthly. The agreement is secured by a continuing security agreement and outstanding accounts receivable. The amount borrowed on the line-of-credit agreement was $512 at June 30, 2012. The agreement will expire on February 15, 2013.

Equipment Financing Term Notes Payable

The Company had a note with a bank for the purchase of computer equipment for $363. The outstanding balances were paid in full in fiscal year 2012.

(All Dollar Amounts Stated in Thousands)

11. Capital Leases

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2012.

Year ending June 30:

Year ending June 30:		
2013	$	306
2014		65
2015		28
2016		5
Total minimum lease payments		404
Less amount representing interest		38
Present value of net minimum lease payments[a]	$	366

[a]Reflected in the balance sheet as current and non-current obligations under capital leases of $272 and $94, respectively.

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