

ONVIA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
	(Unaudited)	
	(in thousands, except share amounts)	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,043	\$ 14,301
Accounts receivable, net of allowance for doubtful accounts of \$32 and \$52	1,645	1,393
Prepaid expenses and other current assets	786	549
Reimbursable tenant improvements	147	2,663
Security deposits, current portion	<u>134</u>	<u>3,500</u>
Total current assets	15,755	22,406
LONG TERM ASSETS:		
Property and equipment, net of accumulated depreciation of \$2,782 and \$6,209	1,710	957
Security deposits, net of current portion	404	538
Internal use software, net of accumulated amortization of \$1,752 and \$1,079	4,447	1,838
Other assets	<u>7</u>	<u>2</u>
Total long term assets	<u>6,568</u>	<u>3,335</u>
TOTAL ASSETS	<u>\$ 22,323</u>	<u>\$ 25,741</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 853	\$ 2,220
Accrued expenses	1,491	1,335
Capital leases, current portion	82	113
Unearned revenue, current portion	8,979	9,096
Deferred rent, current portion	<u>61</u>	<u>3</u>
Total current liabilities	11,466	12,767
LONG TERM LIABILITIES:		
Capital leases, net of current portion	6	89
Unearned revenue, net of current portion	139	342
Deferred rent, net of current portion	<u>919</u>	<u>279</u>
Total long term liabilities	<u>1,064</u>	<u>710</u>
TOTAL LIABILITIES	12,530	13,477
STOCKHOLDERS' EQUITY:		
Preferred stock; \$.0001 par value: 2,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; \$.0001 par value: 11,000,000 shares authorized; 8,254,909 and 8,224,383 shares issued; and 8,246,828 and 8,207,465 shares outstanding	1	1
Treasury stock, at cost: 8,081 and 16,918 shares	(40)	(83)
Additional paid in capital	352,127	351,268
Accumulated deficit	<u>(342,295)</u>	<u>(338,922)</u>
Total stockholders' equity	<u>9,793</u>	<u>12,264</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 22,323</u>	<u>\$ 25,741</u>

ONVIA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) / INCOME (UNAUDITED)

	Three Months Ending December 31,		Twelve Months Ending December 31,	
	2008	2007	2008	2007
	(Unaudited) (In thousands)		(Unaudited) (In thousands)	
Revenue				
Subscription	\$ 4,699	\$ 4,651	\$ 18,090	\$ 17,824
Content license	584	589	2,239	2,442
Other	227	274	813	662
Total revenue	5,510	5,514	21,142	20,928
Cost of revenue	1,099	1,032	4,326	3,731
Gross margin	4,411	4,482	16,816	17,197
Operating expenses:				
Sales and marketing	3,445	3,163	12,300	11,728
Technology and development	749	1,261	3,818	4,411
General and administrative	1,087	1,290	4,505	4,199
Idle lease expense	-	-	-	(2,653)
Total operating expenses	5,281	5,714	20,623	17,685
Loss from operations	(870)	(1,232)	(3,807)	(488)
Other income, net	24	238	433	982
Net (loss) / income	\$ (846)	\$ (994)	\$ (3,374)	\$ 494
Unrealized (loss) / gain on available-for-sale securities	-	(8)	-	6
Comprehensive (loss) / income	\$ (846)	\$ (1,002)	\$ (3,374)	\$ 500
Basic net (loss) / income per common share	\$ (0.10)	\$ (0.12)	\$ (0.41)	\$ 0.06
Diluted net (loss) / income per common share	\$ (0.10)	\$ (0.12)	\$ (0.41)	\$ 0.06
Basic weighted average shares outstanding	8,243	8,199	8,230	8,087
Diluted weighted average shares outstanding	8,243	8,199	8,230	8,606

ONVIA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net (loss) / income	\$ (846)	\$ (992)	\$ (3,374)	\$ 494
Adjustments to reconcile net (loss) / income to net cash (used in) / provided by operating activities:				
Depreciation and amortization	416	783	1,530	2,015
Impairment of assets	-	-	97	45
Loss / (Gain) on sale of property and equipment	-	-	-	7
Stock-based compensation	161	254	718	927
Change in operating assets and liabilities:				
Accounts receivable	(449)	(496)	(252)	(578)
Prepaid expenses and other current assets	(130)	572	(237)	261
Other assets	14	10	35	17
Accounts payable	(317)	954	(1,368)	1,765
Accrued expenses	97	506	175	251
Idle lease accrual	-	(197)	-	(3,779)
Unearned revenue	365	104	(321)	598
Deferred rent	108	145	698	68
Net cash (used in) / provided by operating activities	(581)	1,643	(2,299)	2,091
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions to property and equipment	(10)	(215)	(1,578)	(345)
Proceeds from sales of property and equipment	-	-	3	-
Additions to internally developed software	(1,061)	(507)	(3,413)	(1,321)
Purchases of investments	-	-	-	(9,044)
Sales of investments	-	8,270	-	8,270
Maturities of investments	-	2	-	8,263
Reimbursable tenant improvements	-	(2,663)	2,516	(2,663)
Additions to security deposits	-	-	-	(538)
Return of security deposits	-	-	3,500	-
Net cash (used in) / provided by investing activities	(1,071)	4,887	1,028	2,622
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal payments on capital lease obligations	(30)	(25)	(113)	(49)
Proceeds from exercise of stock options and purchases under employee stock purchase plan	32	123	126	1,207
Net cash provided by financing activities	2	98	13	1,158
Net (decrease) / increase in cash and cash equivalents	(1,650)	6,628	(1,258)	5,871
Cash and cash equivalents, beginning of period	14,693	7,673	14,301	8,430
Cash and cash equivalents, end of period	\$ 13,043	\$ 14,301	\$ 13,043	\$ 14,301