

---

---

**Delrina Corporation  
1994 Annual Report**

The 1994 fiscal year  
has been excellent.  
New levels of success  
were achieved —  
from product  
introductions and  
reviews to customer  
satisfaction and  
revenues.



Howard Ross Library  
of Management

JAN - 6 1995

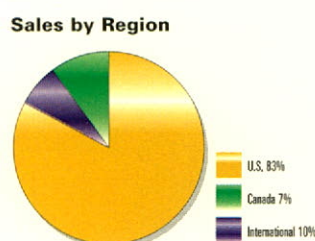
McGILL UNIVERSITY



McGill  
University  
Libraries

Howard Ross Library  
of Management

## Corporate Profile



Delrina Corporation, a world leader in PC fax and forms software, was founded in June 1988 by Dennis Bennie, Mark Skapinker, Bert Amato, and Lou Ryan. The Company is a high-profile Canadian success story and ranked among the fastest growing software companies in North America. Delrina's revenues have more than doubled each year, during the last two years.

The Company's business strategy is to establish technical and market leadership in niche markets with mass market appeal. To date, Delrina has shipped more than six million fax and forms products establishing a base that the Company can leverage to expand its business while addressing such key trends as: the increasing popularity of Windows; the widespread adoption of PC communications; the growing use of computers in the home; and, the maturation of the PC industry.

Delrina is organized into three product/service units. The Business Software unit is responsible for productivity software for business and mobile users—fax and data communications, forms and workflow products. The Consumer Software

unit manages licensed-based content software—primarily, to date, screen savers. The Communications Services unit was established recently to offer fee-for-service enhanced messaging services—like Fax Broadcast™ and Fax MailBox™—in conjunction with Delrina's communications software products.

Delrina has developed multiple distribution channels which sell both the business and consumer software products. A direct sales force targets large corporate and government customers and retail chains. As part of its push into global markets, Delrina's products are available in five major European languages (French, German, Italian, Spanish and Swedish) and additional language versions are planned. In addition to the U.S., Canada, U.K., France, and Germany, products are sold through distributors in 29 countries.

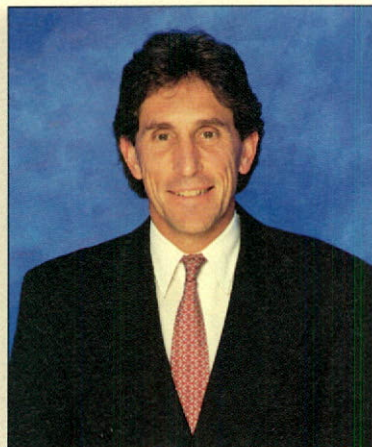
Delrina is traded on The Toronto Stock Exchange (symbol: DC) and NASDAQ National Market System (symbol: DENAF). The Company employs more than 500 persons with headquarters in Toronto, Canada, and sales and marketing offices in San Jose, CA, Washington, DC, Kirkland, WA, the U.K., France and Germany.

## Table of Contents

Chairman's Message .....	2
The Delrina Vision .....	4
Business Software .....	8
Communication Services .....	13
Consumer Software .....	14
Globalization .....	15
Financial Highlights .....	16
Management's Discussion and Analysis .....	17
Management's Report .....	21
Auditor's Report .....	21
Financial Statements .....	22
Notes to Consolidated Statements .....	25
Corporate Directory .....	31
Significant Highlights .....	32



## Chairman's Message



by Dennis Bennie,  
Chairman and CEO

It is my pleasure to report that fiscal 1994 was a milestone year measured in revenues, product introductions and enhanced levels of customer satisfaction. Two years ago we set a revenue target of \$100 million. We reached that goal two years ahead of our original plan.

This report marks the second consecutive year that Delrina has been able to sustain growth in excess of 100%. During the year, the *Software Industry Bulletin*, a U.S. market research publication, ranked Delrina among the five fastest growing software firms in North America.

The increasing popularity of WinFax,<sup>™</sup> together with the strong growth experienced from other product lines, has contributed to our record performance. In just three years, Delrina has managed to ship more than five million units of WinFax—that's one copy every six seconds. WinFax is, quite simply, one of the most successful software products in the history of the PC software industry.

This year was the most active in our six-year history resulting in an unprecedented number of product enhancements and introductions in multiple language versions. The products include Delrina FormFlow<sup>™</sup> 1.0, Delrina WinFax PRO<sup>™</sup> 4.0, Delrina Fax PRO<sup>™</sup> for Macintosh, Delrina WinComm PRO<sup>™</sup>, Delrina Communications Suite<sup>™</sup>, and the Delrina Intermission<sup>™</sup>, Opus'n Bill, and Far Side Screen Savers.

Key among these was WinFax PRO version 4.0 and FormFlow version 1.0, representing significant upgrades and recognized by the industry as breakthroughs in software development. In a recent review, PC Magazine said, "WinFax PRO 4.0 is less an upgrade than a revolution. It reinvents not only its own category, but telecommunications software as a whole by providing an integrated front end to three principal forms of digital communication."

During the year Delrina's products were recognized for excellence by numerous awards from industry associations and publications from around the world.

Delrina is also winning steady recognition for its electronic forms processing software, FormFlow. As this exciting new market gains in popularity over the next year, customers will begin to integrate e-mail and forms to build strategic workgroup applications. Market research indicates 80% of Fortune 1000 companies are planning to use a LAN-based workgroup application within the next two years.

Delrina has always ensured that its products will be complementary to Microsoft's and will be launching products that will take advantage of Microsoft's new offerings. We announced our intention to develop fax and forms products to support the next version of Microsoft® Windows<sup>™</sup>, code-named Chicago, and Microsoft Exchange<sup>™</sup>, a new enterprise messaging and information platform.

Delrina has gone through significant internal growth during the year as our sales have increased. Philosophically though, we have not changed our focus during this period—it remains product, product, product. My colleagues, Mark Skapinker and Bert Amato have continued to provide the necessary leadership to produce state-of-the-art products. Their dedication to product excellence has proliferated throughout every aspect of the Company's activities. It is their example and dedication to our original philosophy that has enabled Delrina to continue to measure success by the level of satisfaction our products provide our customers.

Our entire team continues to focus on understanding any and all changes taking place in software and hardware technology as well as the competitive environment. Our future products will



---

---

be designed with these changes in mind and will recognize growing opportunities in the convergence of the PC with the telecommunications industries.

This convergence is happening now and our success with fax and forms will allow us to capitalize on this phenomenon. Delrina is at the forefront of creating and marketing technology that will be an integral factor in the combination of these two exciting industries.

To leverage our WinFax success in global communications Delrina formed a new unit devoted to personal communications services and signed agreements with some of the world's leading telecommunications companies. The Company also introduced two enhanced messaging services—Fax Broadcast and Fax MailBox—used in conjunction with Delrina's WinFax software. With Fax Broadcast, users can send a fax to up to hundreds of recipients with a single call and, with Fax MailBox, users can receive and retrieve their faxes anywhere using a personal "800" number.

Delrina moved a step closer to enabling forms and data exchange between companies using fax. A new release of FormFlow was announced with Forms Data Interchange (FDI) that integrates the binary file transfer capabilities of WinFax PRO 4.0 with FormFlow to route forms and data as live documents. Users can now fill in a form and fax the electronic information as live data to other users anywhere in the world.

Electronic networks are ushering in an age of "electronic commerce," where commercial transactions are conducted electronically. More and more businesses are discovering that electronic commerce is a new and effective way of conducting business. We are in an excellent position to capitalize on this emerging market, given our understanding of electronic forms processing technologies.

Everyday, Delrina employees are on the front lines with many different kinds of customers, from distributors and hardware manufacturers, to users in business, government, and home. The investments made over the past few years to support the users of our products have paid off handsomely. We provide quality support to an ever-increasing number of customers at a level that significantly exceeds industry expectations. We now have millions of satisfied customers worldwide who make up one of our most valuable assets.

We've done our best to make it easy to do business with Delrina. Backed by our NASDAQ underwriting of \$40 million, over the next year we will continue building our research and development organization, increase emphasis on building relationships with larger corporate accounts, invest in international expansion, and enhance our sales and marketing efforts, while looking to control costs without sacrificing quality. We will also continue to foster an entrepreneurial spirit, working in a manner that is designed to empower employees.

The Company is at one of the most exciting crossroads in our history. Last year we described the culture and excitement at Delrina by saying, "we have only just begun." The pace of the previous year, dynamic change in our business and the excitement about the future allows me to continue to describe our business as, "we have only just begun."

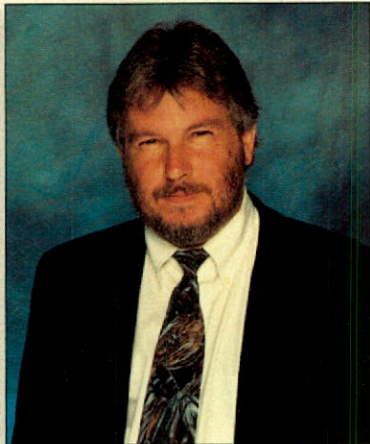


Dennis Bennie,  
Chairman and CEO



# The Delrina Vision:

*Today's Challenges,  
Tomorrow's Opportunities*



*by Mark Skapinker,  
President*

Delrina's success has been, and will continue to be, dependent on its ability to identify and understand the trends that will have the greatest impact on PC computing. Today, we strongly believe that there are four dominant trends that will have such an impact, and that our existing products are well positioned to not only take advantage of the emerging technologies, but will also continue to appeal to the mass market.

The four trends are: the increasing popularity of Windows; the widespread adoption of PC communications; the growing use of computers in the home; and the maturation of the PC industry.

## **Windows popularity – Chicago is real**

While PCs have been replacing mainframes in the workplace, this has only been true for personal productivity applications such as word processing and spreadsheets. But, with the release of Chicago, the codename for Microsoft's next release of the Windows operating system, developers will finally have a robust environment that can handle mission-critical applications.

The timing for the release of this new operating system is ripe. The installed PC network base in the business world continues to grow dramatically, resulting in the rapid acceptance and deployment of technologies as mainstream business applications such as electronic mail, electronic forms processing and other information sharing products like Lotus Notes™. And now that the trend in PC technology is moving toward improved reliability, power, standardization and service, we are starting to see even more mission-critical applications move to the desktop.

As Chicago becomes established, we expect to see applications such as business accounting, banking and even insurance applications begin to appear on PCs. Cairo, the next scheduled version of Windows, should bridge

Windows NT™ and Chicago and has the potential to finally close any other gaps that remain.

In this scenario change will continue to be evolutionary. Only a few companies will buy Chicago early in its release because many users have been disappointed by the promise of Object Vision™, Windows NT and OS/2® and are likely to move to the new release only when it becomes proven technology, rather than just a technological promise.

Delrina however, has been a Chicago beta tester for some time, and is committed to developing applications to support the operating system. Indeed Microsoft has many challenges ahead of it with its next version of Windows. And, although it is difficult to be all things to all people, Chicago is already being positioned as a solution for small businesses, corporations, home offices, new computer users and power users. We are convinced that once the market realizes the new opportunities Chicago represents, it will take off and replace Windows 3.1.

## **PC communications**

Delrina believes that PC-based communications will be the next major opportunity for both software developers and users. In fact, convergence of the PC industry and the telephone industry is real and already upon us. As a case in point, consider how WinFax has grown from just a concept to a top-selling business application in just a few years.

Fax is the first area where the convergence between the PC and telephone industries has begun. In 1994, more fax modems will be sold than fax machines. Even so, most people are now just realizing that it is easier and more cost-effective to send and receive faxes using a computer than a fax machine. Since we first took all the uses of a fax machine and moved them to the computer, the development of PC fax software has itself been evolutionary.



Our initial challenge was to keep computerized faxing as simple and as easy to use as the fax machine. This was because we believed that fax machines gained universal acceptance as a result of the perception that they are not complicated devices.

We then started enhancing our PC fax software by using the power and programmability of the computer. We built in electronic phonebooks, Optical Character Recognition (OCR) to turn a fax into an editable form, electronic and automated dialing and redialing, and fax management tools. And although we've increased the overall functionality of the product dramatically, our challenge was, and still remains, to keep all functions as simple and easy-to-use as the fax machine. We believe that for years to come, the fax machine will remain our only true competition.

Recently Delrina has had the opportunity to expand fax into other areas of communications. We found that most data communications software was too complicated to use. The first move was to make sending an electronic or data file as easy as a fax. Both Delrina and Microsoft have shipped products recently that have achieved this. Now the formidable task will be to tackle other forms of communication.

Chicago has basic plumbing for communications that will minimize much of the complexity and allow us to focus on the applications involved in communications. Using standards like TAPI and MAPI, Chicago will have the basic building blocks for electronic communications. Instead of focusing on the infrastructure layer, this will allow software developers and users to focus on the real challenge—creating applications that take advantage of the new convergence. Here are some examples:

#### MESSAGING AND INTERNET

Traditionally, we have relied on many methods of messaging. These range

from the postal service and courier to the telephone, fax, and even Electronic Data Interchange (EDI) using electronic media. Delrina believes the largest and most significant technological opportunity is in electronic messaging. We expect to see the growth of electronic mail explode in the near future. Already we see e-mail addresses appearing on business cards, print and even television ads, the same way fax numbers started showing up just a few years ago.

The Company is skeptical about the overall growth of the Internet in its existing format for general business use. We do believe, however, that the largest growth of the Internet for business use will be as a transport for electronic mail. And Delrina has already started to develop specialized, easy-to-use software products that will make connecting to the mail section of Internet a simple task.

Wireless and cellular technology is also advancing rapidly and because prices keep dropping we will soon see software products that make sending e-mail, Internet mail, radio mail, and paging all within the average user's reach. There will be a multitude of solutions, from fax mailboxes and multimedia mailboxes, to personal communications devices. Delrina believes that with last year's wonder and this year's disappointment, small devices like the Apple Newton™ will finally go through major growth once messaging software and hardware can be better integrated.

#### ELECTRONIC COMMERCE

Until now EDI has only been successfully applied where one of the trading partners has been a very large corporation. With reliable communications plumbing, Chicago will open the door for mass market electronic commerce applications.

While EDI has dealt with the issues of security, database standardization, and accessibility, it has also introduced a



---

---

major objection to its widespread use—complexity. However, new standards in security such as RSA's public-private key encryption, more standardization in database technology through the likes of ODBC, the inherent ease of use in Windows and the availability of electronic mailbox technology will bring electronic commerce into the mainstream. Here again Delrina is well positioned, as it believes the new generation of electronic forms products in conjunction with Windows and Chicago will facilitate this trend.

#### **TELEPHONY**

Strangely, most people continue to have the perception that telephones are easy to use. That may be true for a home phone, but it's not true for most phones connected to a Private Branch Exchange (PBX). A good example includes the telephone system at Delrina. While it has all sorts of automated functions, the overwhelming majority of our staff do not know how to set up speed dialing. A lot of people share this experience. Think about how many times you call someone and ask to be transferred. Typically before the person transfers you they give you the caveat, "If I cut you off..." Most other services like conference calls are even more difficult to set up.

The first fundamental application in telephony will be the control of many of the powerful features of the telephone through the PC. From the PC we will be able to see who is calling before we answer the phone, organize a conference call or visually see what the speed dials are set to. After that, we will see new applications such as simple and advanced videoconferencing.

#### **The home market**

Delrina believes that the home market represents yet another tremendous opportunity. During the past year, we have seen a shift from kids asking for Nintendo™ to kids asking for PCs with

Windows. This has a great deal to do with the level of software products now shipping that harness the power of most home PCs. With multimedia becoming more prevalent, CD-ROM players cost effectively allow a great deal of information to be packed onto a single disk. CD-ROMs are wonderful because they can't be copied. As a result, they are the best answer to the rampant software piracy among home users.

As more people work at home, the communications revolution will make it easier for them to connect to their offices. As a result, the growth in home office computing will continue to increase and more software will be made especially for this market.

We expect other software for the home market will start appearing that not only caters to work at home, but education, communication or entertainment. We will see products that are written especially for a changing society.

#### **The maturation of the PC industry**

Delrina also believes that we will see more maturation of the PC industry. This has both positive and negative effects. On the negative side, we will see less of the excitement of previous years where it seemed that every Comdex brought a new revolutionary product that would change the world. Everything has become far more complex, new PC legacies have replaced old mainframe legacies and these need to be considered for any new application.

On the positive side, we will see fewer, more established companies, both hardware and software, that control the direction of the industry. This will result in products that are less faulty, more integrated, better supported, and better designed. These companies have begun to understand that the basics of every business apply to this industry. Service, continuity and reliability are absolutely critical.

---

---

Each of the trends that we've discussed are already starting to impact the industry. Attesting to this is the fact that all of the influential trade publications have already provided considerable editorial coverage on Chicago and the convergence of the telephone and PC industries, this will ultimately help shape the mass market's perception of, and initial buy-in to these emerging technologies. Also, new publications are coming to market that focus explicitly on home computing, which in turn will help drive the further popularization of home and home office computing products.

Delrina's product and service offerings are aligned extremely well with these trends. Other companies can only

talk about trends such as the convergence of the telephone industry and the PC industry and what they plan to do about it. Delrina, however, remains in a tremendous position as being one of the few companies that can actually claim that it has been, and will continue to be, not only living these trends but succeeding along the way.

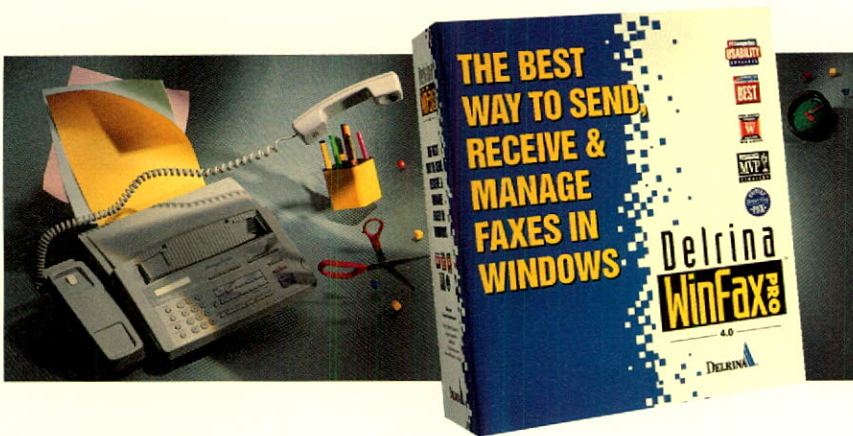


Mark Skapinker,  
President



## Business Software

Delrina's Business Software unit develops and markets highly practical productivity-enhancing software for the business user—whether it be for the corporate, government or home office user. This fiscal year, the division successfully released new versions of existing products, while at the same time broadening its overall product mix. Ultimately, this further secured Delrina's position as the worldwide leader in both fax and forms software.



Delrina entered the PC fax market in 1991 with WinFax. And with each new generation of WinFax, and its derivatives, Delrina has delivered award-winning, market-leading solutions that meet every PC-based fax communication need, from the novice to the power user. With over five million copies of WinFax in the market, Delrina has helped create the PC fax industry. Industry analysts further substantiate the tremendous market acceptance of Delrina's fax products by consistently reporting that the Company commands at least a 70% share in the PC fax market.

Market acceptance of WinFax is further exemplified by several significant milestones that the Company reached this fiscal year: WinFax was consistently ranked in the top 10 of the best-selling Windows business applications in the world. In fact, *PC Magazine* ranked WinFax PRO third on its top retail software list in August 1994.

Delrina WinFax PRO 4.0 clearly solidified the Company's market dominance in the PC fax industry. To develop this fourth generation product, Delrina

### Fax software

*"If the newest version of Delrina WinFax PRO doesn't get you to use your modem, then nothing will."*  
PC Computing, May 1994

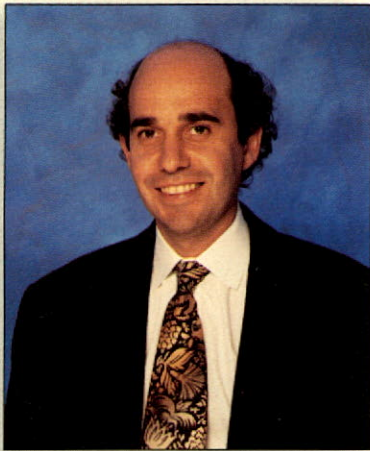
*"Like the best of the new generation of communications products, WinFax PRO 4.0 reflects the more complex realities of modern communication. Fortunately, it makes those complexities simple to deal with."*  
PC Magazine, May 1994

*"Overall, WinFax PRO is an excellent value: feature rich, fast, and slick—the fax equivalent of a top-of-the-line, do-it-all word processor."*  
Home Office Computing, August 1994



focused its efforts on obtaining user feedback and conducted extensive usability testing. Ultimately, the Company's challenge was to build on the simplicity that WinFax provided





**Bert Amato,**  
*Executive Vice-President and CTO*

*"Our research and development teams managed a record 100 plus development projects during the year."*

first-time PC fax users, while making the product even more powerful and expanding its messaging capabilities.

The direct result is that WinFax PRO 4.0 is the only fax software on the market that combines advanced faxing features such as functionality for mobile users and integration with popular e-mail systems with astonishing ease and usability. Another result is that the Company continues to enjoy sustained market growth and considerable upgrade revenue.

WinFax PRO 4.0's added features and product enhancements include a new streamlined, drag-and-drop interface, a customizable phonebook and an enhanced viewer which lets users clean up faxes or quickly rotate any faxes that have been received upside down.

As with its previous versions of WinFax, the industry responded enthusiastically with a number of prestigious awards including *PC Magazine's* Editor's Choice Award and *PC World's* Best Buy Award.

Contributing to the tremendous volume is the Company's OEM strategy. Specifically, Delrina continued to expand its strategic alliances with manufacturers of desktop and portable PCs and fax modems to bundle its OEM fax software with their products. Numerous manufacturers now include Delrina fax software with their products including: IBM,™ Compaq,™ Intel,™ and AST™ Research. This has resulted in expanded market share and gives the Company a continually growing audience for our products.

One business opportunity that Delrina identified last year was that a major percentage of WinFax PRO users were looking for a network fax product. And with most of the business world having Local Area Networks (LANs) installed, of which approximately 10% are

equipped with fax modems or fax servers, Delrina WinFax PRO for Networks™ further established inroads into companies of all sizes looking for integrated communications technology.

WinFax PRO for Networks is a cost-effective, flexible and expandable solution to provide multi-user access to a network's fax modem resources in an efficient and controlled fashion.

Designed to work with most popular network operating systems, WinFax PRO for Networks gives the customer the option of creating a fax solution without a dedicated fax server. In addition, the product offers comprehensive support for the most common electronic mail packages, enabling companies to bring their messaging capabilities closer together.

In order to reach out to an even broader customer base with its fax software offerings, Delrina successfully introduced Delrina Fax PRO for the Macintosh in the fiscal year. This product is designed for users in a market where Delrina realized there were no clear software leaders. Delrina Fax PRO offers a new breed of benefits to them. Following its tradition of usability, this new offering not only maintains all of the conveniences in fax software, but also supports the existing hardware in the market while providing added capabilities such as gray-scale rendering for exceptional on-screen and output quality. Released in October, Delrina Fax PRO for the Macintosh received *Home Office Computing's* 1993 Editor's Pick Award for Best Communications Product in the Fax Software category.





### Communications software

*"Finally – Powerful but simple Communications."*

*PC Computing, January 1994*

In a significant step to expand its leadership in PC communications, Delrina launched WinComm PRO, a product that allows users to go on-line easier than any other data communications product on the market.

WinComm PRO features predefined links to most popular on-line services including MCI Mail,<sup>™</sup> CompuServe,<sup>®</sup> GENie<sup>™</sup> and AT&T<sup>™</sup> Mail, and can be used to connect to mainframes and remote PCs. A powerful scripting language allows users to completely customize and automate communica-

tion sessions and an on-line virus detector checks for over 300 common viruses as files are downloaded.

The Company originally released WinComm PRO in October 1993 through the introduction of the Delrina Communications Suite, the first suite of its kind on the market. Delrina Communications Suite includes both WinFax PRO and WinComm PRO, or "best-of-breed" integrated fax and data communications functionality. The Suite allows both fax communications and data communications software to address the same fax modem hardware without the technical difficulties that normally occur with other fax and communications software.

Although the Suite is considered one of the Company's most successful new product introductions in its history, the tremendous success of WinComm PRO (as part of the Suite), coupled with the growing customer demand, inspired the Company to release a standalone version in March 1994. Positioned as the best terminal front-end in the market, WinComm PRO has gained increased awareness with more and more users switching to WinComm PRO from competitive products. To further encourage users to make the switch, Delrina offers an aggressive competitive upgrade from any data communications product to either WinComm PRO, or to the entire Suite.

In the year ahead, Delrina will focus its product development efforts on functionality that will also allow users to send, receive and manage Internet e-mail messages.





## Forms software

*"Delrina has not only outdone the competition, it has outdone itself."*  
PC Magazine March 29, 1994

*"Out of the box, Delrina's FormFlow packs the most value. It is priced below the competition, is simple to operate, and has extensive development tools for advanced users."*  
InfoWorld May 2, 1994



Delrina pioneered electronic forms software when it introduced PerForm™ in 1988. The Company has become the leader in the electronic forms processing market by offering solutions which respond to its customers' needs as they grapple with the challenge of reducing paperwork and maximizing productivity.

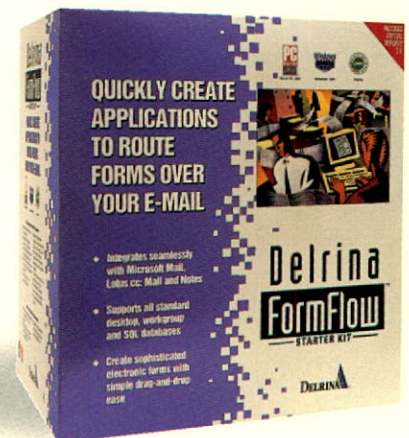
Last year, the Company correctly identified that the forms marketplace has evolved into two distinct audiences — the retail paper replacement market and the high-end forms processing, workgroup and enterprise-wide automation solutions market. Delrina

responded to this trend by introducing Delrina FormFlow, which addresses the needs of users looking for a high-end forms solution, while at the same time, maintaining its retail presence through the PerForm family of products.

The PerForm family, which includes DOS and Windows-based forms design and fill products, has become the standard by which all other forms software is measured. In fact, the Windows version, PerForm PRO Plus™ continues to receive praise from critics worldwide. And the product accumulated even more awards, adding to those it received when it was originally introduced last year.

Because Delrina dominated the lower end of the forms market, it focused its efforts in the fiscal year on further enhancing Delrina FormFlow from a technological, marketing and sales perspective—with the objective of dominating the high-end market and positioning the product as the cornerstone technology for companies that are looking toward practical and viable electronic commerce solutions.

Delrina FormFlow lets people with little or no programming experience, quickly create sophisticated forms applications with conditional logic and deploy them across their organization







**Lou Ryan,**  
*Executive Vice-President of  
World Sales*

*"Our sales programs are designed to make it easy for customers, whether in government, Fortune 500 companies, small businesses or Europe, to do business with Delrina."*

using their existing heterogeneous networks, e-mail systems and databases. It also provides an integrated Intelligent Forms Language™ (IFL™), which enables professional developers to get "under the hood" and design highly sophisticated applications when necessary. Delrina is also committed to supporting Microsoft's public/private folders, data replication and the forms registry in Microsoft Exchange which will let users track their forms across wide area networks.

In addition, FormFlow uses the Binary File Transfer (BFT) capabilities of WinFax PRO to let users send actual data files rather than the traditional bitmap images normally associated with faxing. As a result, customers are able to create viable and affordable alternative Electronic Data Interchange (EDI) solutions today.

This fiscal year FormFlow was recognized by the industry as the premiere high-end forms solution. In the May 2, 1994 issue of *InfoWorld*, FormFlow outscored all other forms products and was awarded the publication's Buyers Assurance Seal. Plus, FormFlow was awarded two *PC Magazine* Editors' Choice Awards in 1994 in two different

software categories — Electronic Forms and Workflow Automation. This is a first for the Company and a very rare occurrence in the industry.

With its forms product mix, Delrina continues to dominate the government market. The Company's forms software continues to be the de facto standard used by many departments of the United States Federal government. And, with FormFlow, Delrina is now able to further cultivate that market, as well as move into new market opportunities. For example, the Company has recruited over 80 value added resellers, each of whom are developing applications based on FormFlow technology to be sold to major corporations worldwide. In addition, Delrina expanded its Corporate Sales team to take advantage of the opportunities for FormFlow throughout corporate America.

The result of its sales and marketing efforts are substantial. Today, there are numerous pilot projects that corporations have initiated using FormFlow. Each project represents a substantial revenue stream for Delrina in the future as these corporations deploy their individual solutions on an enterprise-wide basis.



## Communication Services

Delrina's Communication Services unit was established this fiscal year in response to the projected growth in demand for enhanced communications services, the convergence of the PC and telecommunications services industries, and the opportunity to leverage the Company's installed base. Ultimately, the Company's goal is to position itself as a leading supplier of enhanced communication services that will enable desktop and mobile users to manage their fax, data and voice messages more easily and effectively.

Delrina's strategy is to focus on services that can be included in its current communications software offerings and marketed to its growing user base of PC fax and forms software. The Company has expanded the scope of its software products to include the ability to easily access its services, such as Delrina Fax Broadcast and Delrina Fax MailBox.

Industry sources estimate that the enhanced fax services market in the U.S. will grow from approximately \$240 million (U.S.) in 1993 to over \$1 billion (U.S.) in 1998. To capitalize on this trend, Delrina is making its services more readily available to all PC users by leveraging its existing distribution channels rather than the traditional method of direct corporate account selling.

The Company has formed relationships with telecommunications suppliers worldwide including MCI Telecommunications Corporation, Vodata Limited and Mobilcomm Nationwide Operations Incorporated. These companies will allow more reliable, affordable and easier access to services provided through Delrina software. In addition, these services will further differentiate Delrina's software products and create an additional revenue stream from the sale of such services.

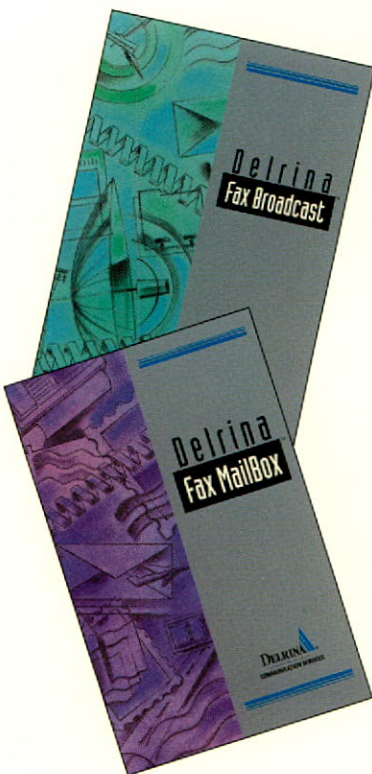
### Services

Delrina's first service offering, Delrina Fax Broadcast, was launched in November. It allows PC users to broadcast a fax message through an MCI Telecommunications Corporation host fax broadcast facility by using any industry standard modem and WinFax PRO 4.0 or Delrina Communications Suite software. Users can send a fax transmission to up to hundreds of recipients, virtually simultaneously, with a single toll-free call from their PC. Control of the distribution list is maintained on a real-time basis on the user's own PC, and broadcast faxes retain their original layout, formatting and quality.

The service is an efficient and cost-effective alternative to traditional methods of distributing printed information, such as the postal service, courier, office fax machine or existing fax broadcast services. Users can sign up to the service on a pay-as-you-use basis with billing made directly to a credit card or corporate account handled by Delrina.

Delrina's second service offering, which was launched in April, is Delrina Fax MailBox. It offers subscribers a "virtual" fax mailbox with their own 800 number, eliminating the need to leave their PCs running all the time or the need to maintain an additional phone line for their fax device. Delrina Fax MailBox receives and stores faxes until the subscriber decides to retrieve them. Subscribers can retrieve their faxes at any time directly into WinFax PRO, or by simply dialing into their mailbox by phone and forwarding all their faxes to any fax device.

Unlike other services, Delrina Fax MailBox allows users to retrieve faxes directly to their computer. The service also includes a voice messaging capability and options for international access and paging notification.





## Consumer Software

Delrina's Consumer Software unit was created when the Company purchased Amaze, Inc. in order to take advantage of the growing trend in content-based, consumer software. This fiscal year the Company established a foothold in this emerging market, and has set its sights on expanding the product line to include multimedia extensions.

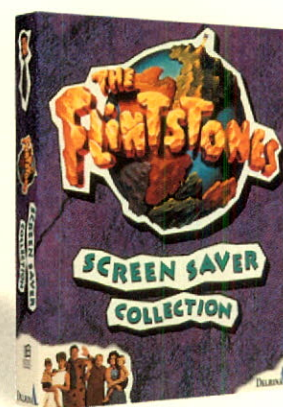
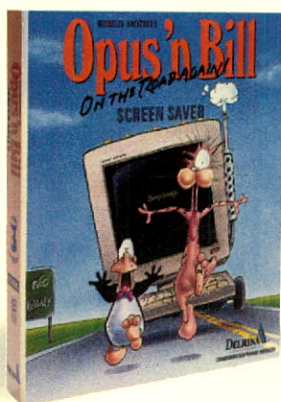
Delrina's strategy for its consumer software offerings is reflected in the design of its products. Essentially, the products are designed as two modules: a frame module which contains the "engine" of the product such as a planner, calendar or screen saver; and a theme pack which contains

the "content" such as cartoons, digitized photographs or other information. This strategy gives Delrina the opportunity to achieve revenue after an initial sale by offering additional theme packs to the user.

### Screen savers

At the heart of each screen saver product from the Delrina Consumer Software unit is the popular Intermission Screen Saver engine.

Available both for the Windows and Macintosh environments, Delrina successfully released several titles during the fiscal year including Berkeley Breathed's *Opus 'n' Bill*, Gary Larson's *The Far Side* and *The Flintstones*.™





# Globalization

In the previous fiscal year, Delrina set a goal of expanding its business outside of North America. This was to take advantage of the fact that the European market was primed for Delrina products. For example, the European business community was moving quickly to adopt PC fax communications as hardware prices for fax modems continued to decline. In addition, workflow automation was a key issue of businesses looking to improve efficiency and competitiveness.

During the fiscal year, Delrina expanded its overseas operations in the U.K., France and Germany. In addition, the Company established programs to localize products for various foreign markets.

The Company's results were substantial. By the end of the fiscal year, Delrina localized 11 new products in five languages, nearly double the number that was localized in the previous fiscal year. The company is managing the simultaneous release of some of its products throughout much of the world.

The impact of efforts was also enjoyed through a substantial increase in international revenue. By the end of the fiscal year, international sales (outside Canada and the United States)

accounted for approximately 10% of the Company's overall revenue. This represents a growth of 220%, as in the previous year international



sales accounted for only 3% of the Company's overall revenue.

This success has strengthened the Company's conviction that the key to future success overseas lies within its ability to fully understand the various country-specific trends and issues. Delrina's direct and growing involvement in these foreign markets allows the Company to reach the same level of success achieved in North America.





## Financial Highlights

(in thousands of Canadian dollars, except per share data, percentages and employees)

	Years ended June 30		
	1994	1993	1992
<b>For the year</b>			
Sales	\$ 101,113	\$ 47,938	\$ 18,485
Cost of sales	25,383	14,136	5,026
Research and development	5,311	1,867	2,312
Sales and marketing	33,586	18,373	8,799
Administrative and general	12,289	6,488	3,688
Amortization of acquired software	1,495	369	1,846
Purchased research and development	—	13,852	—
Foreign exchange (gain) loss	(2,850)	151	(532)
Income (loss) before income taxes	27,198	(6,652)	(1,931)
Net income (loss)	16,818	(9,711)	(2,002)
Net cash provided by operating activities	13,414	4,027	1,975
<b>At year end</b>			
Cash and short-term investments	\$ 62,449	\$ 18,415	\$ 7,995
Current assets	89,893	28,382	15,506
Total assets	106,525	38,029	19,747
Current liabilities	16,634	8,635	3,958
Total liabilities	17,275	9,972	3,958
Shareholders' equity	89,250	28,057	15,789
Working capital	73,259	19,747	11,548
<b>Common stock data - basic</b>			
Earnings (loss) per share	82¢	(57)¢	(14)¢
Book value per share	\$ 4.10	\$ 1.56	\$ 1.03
Shares used in computing net income per share	20,459	17,201	14,507
Shares outstanding at year end	21,793	17,944	15,333
<b>Financial ratios</b>			
Current ratio	5.4	3.3	3.9
Return on sales	16.6%	(20.3)%	(10.8)%
Return on average assets	23.3%	(33.4)%	(10.0)%
Return on average shareholders' equity	28.7%	(44.0)%	(11.9)%
Accounts receivable - days sales outstanding	61	48	88
<b>Growth percentages</b>			
Sales	111%	159 %	58 %
Net income	273%	(385)%	(14)%
Earnings (loss) per share	246%	(309)%	8 %
<b>Share price</b>			
High	\$ 31.20	\$ 12.40	\$ 4.75
Low	\$ 11.10	\$ 2.75	\$ 2.65
Closing	\$ 17.20	\$ 12.40	\$ 2.95
Average number of employees	438	223	105
Sales per employee	\$ 231	\$ 215	\$ 176



## Management's Discussion and Analysis of Financial Conditions and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by the Consolidated Financial Statements and related notes included elsewhere herein.

Historical results of operations, percentage relationships and any trends that may be inferred therefrom are not necessarily indicative of the operating results for any future period.

The following table sets forth, for the fiscal periods indicated, the percentages which selected income statement items bear to net revenues.

	Year ended June 30		
	1994 %	1993 %	1992 %
Revenue			
Sales	100.0	100.0	100.0
Other	1.3	1.4	3.9
Cost of sales	25.1	29.5	27.2
Gross margin	76.2	71.9	76.7
Research and development	6.7	4.7	22.5
Sales and marketing	33.2	38.3	47.6
Administrative and general	12.2	13.6	20.0
Foreign exchange (gain) loss	(2.8)	0.3	(2.9)
Purchased research and developmen	—	28.9	—
Provision for income taxes	10.3	6.4	0.4
Net income (loss)	16.6	(20.30)	(10.90)

### Net sales

The company operates in a single industry segment, the development and sale of computer software products. Net sales increased to \$101.1 million in 1994 from \$48.0 million in 1993 and \$18.5 million in 1992, representing annual increases of 111%, 159% and 58% in 1994, 1993 and 1992 respectively.

The sustained growth during the current fiscal year was primarily derived from fax and communication software sales. The company expects that such software will continue to account for a majority of the company's sales during the next fiscal year. A decline in the demand for these products as a result of competition, technological change or other factors would have a material adverse effect on the company's results of operations. Total sales have continued to grow primarily due to increased aggregate unit sales of the company's products as opposed to price increases.

The company is devoting substantial resources to the development of software products that are designed to operate on Microsoft Corporation's new operating system (code named "Chicago"), which is currently under development. Microsoft may incorporate basic or advanced utilities in Chicago that may decrease the

demand for certain of the company's products, including those currently under development. Further, should Microsoft incur delays in the development or release of Chicago, or if market acceptance is not achieved by Chicago, or should Delrina be unable to successfully, or in a timely manner develop products that function under Chicago, Delrina's future revenues would be adversely affected. In addition, as the timing of delivery of many products is dependent on Microsoft's delivery of Chicago, the company's ability to forecast its revenues could be adversely impacted until such time as Chicago is released.

In response to growing demand for enhanced communication services, the company began offering fax broadcast and fax mailbox services during the 1994 fiscal year. The company believes that these services will further differentiate its software products and will create an additional revenue stream from the sale of these services. As the company has just entered the communication services market, it has neither been a major supplier in this market nor has it previously competed with companies already in these businesses. Accordingly, there is uncertainty regarding customer acceptance of the company's services. These factors may increase the uncertainty of forecasting financial results.

The markets in which the company operates are highly competitive and subject to rapid changes in technology. The strategic directions of major PC hardware manufacturers and operating environment developers are also subject to change. The company competes with other software vendors for access to distribution channels, retail shelf space and the attention of customers. The company also competes with other software companies in its efforts to acquire software technology developed by third parties and in attracting qualified personnel. The company's strategy of bundling several products and/or services into a suite or bundled product may encourage competitors to bundle some or all of their products and offer them at a reduced price. These actions may result in increased price competition. Additionally, there can be no assurance that competitors will not develop or acquire products that are superior to the company's products or that they achieve greater market acceptance.

The company estimates and maintains reserves for product returns. Product returns occur when the company introduces upgrades, new versions and discontinues products. In addition, competitive factors require the company to offer rights of return for products that distributors or retail stores are unable to sell. The company has set its reserves for returns in accordance with historical experience. Setting reserves involves making judgements about future competitive conditions and product life cycles. Those judgements involve evaluating information that often is unclear or in conflict. There can be no assurance that historical experience will be an accurate guide for the future because the rate of returns is primarily a function of the competitive state of the market in the future and thus, in large part, is a function of the actions of the company's competitors, which the company cannot anticipate.



Approximately 21%, 11% and 5%, or a total of 37% of the company's revenues in fiscal 1994, were from sales to three large customers. These customers tend to make the great majority of their purchases at the end of the fiscal quarter, in part because they are able or believe that they are able to negotiate lower prices and more favorable terms. This end-of-quarter buying pattern means that forecasts of quarterly financial results are particularly vulnerable to the risk that they will not be achieved, either because expected sales do not occur or because they occur at lower prices or on less favorable terms to the company. The company's customers also carry the products of the company's competitors, many of whom have greater financial resources than the company. These customers have limited capital to invest in inventory and their decisions to purchase the company's products and to give them critical shelf space, is partly a function of pricing, terms and special promotions offered by the company's competitors, over which the company has no control and which it cannot predict.

While the company expects to increase revenues in 1995, competition, the state of the economy and the factors discussed above could impact revenue growth.

### **Cost of sales and gross margin**

Cost of sales includes manufacturing expenses, the purchase and duplication of diskettes, production of technical manuals and associated materials, freight, provisions for obsolete inventory, plus, in most cases, royalties paid to software developers for the use of certain software technologies.

Cost of sales amounted to 25% of net sales in fiscal 1994 compared to 30% and 27% of net sales in fiscal 1993 and 1992 respectively. The improved gross margins achieved in fiscal 1994 primarily resulted from ongoing cost control efforts in production, particularly in the areas of diskette duplication, assembly, packaging and shipping and the negotiation of more favorable royalty agreements with some of our suppliers.

Sales mix affects costs since certain sales require the shipment of prepackaged disks and documentation, others require either minimal disks and documentation, or the customer is responsible for all reproduction expenses.

The microcomputer business software market has been subject to rapid changes that can be expected to continue. Future technology or market changes, including the release of Chicago, may cause certain products to become obsolete and may result in an increase in required inventory reserves and, therefore, reduced gross margins.

In future periods, the company expects that gross margins as a percentage of net sales will continue to be impacted by the sales mix and competition. Gross margins may also be impacted by the geographical distribution of sales. Management continues to take steps to improve gross margins, notwithstanding the continued competitive pricing pressure.

### **Research and development**

Research and development costs consist principally of personnel, facility and equipment costs required to conduct the company's development projects and contracted development efforts. The company capitalizes its internal software development costs in accordance with Canadian GAAP. During fiscal 1994, research and development expenses decreased to 9% of net sales from 10% for fiscal 1993 and 15% for fiscal 1992, although absolute spending increased 91%. The increase in research and development expenditures is attributable to the increase in the number of development projects that were undertaken. These projects resulted in new versions of current products and the launch of new products and services.

The market for the company's products is characterized by continuing technological change. Management believes that continued investment and support of research and development efforts must remain a priority in order to remain competitive and to maintain sales growth. Accordingly, the company anticipates that research and development expenses will increase in fiscal 1995 resulting from the completion of products scheduled for release, as well as additional resources being employed to translate and localize foreign-language versions of products. Additionally, the company intends to continue recruiting experienced software developers while at the same time considering the acquisition of complementary software businesses and technologies.

While the company believes its research and development expenditures will result in successful product introductions, the uncertain outcome of software development projects means that increased research and development efforts will not necessarily result in successful product introductions due to technical difficulties, market conditions, competitive products and other factors.

### **Sales and marketing**

Sales and marketing expenses include salaries, sales commissions, travel expenses and facility costs for the company's marketing, sales and customer support personnel. Programs aimed at increasing sales, such as advertising, trade shows and promotional programs designed for specific sales channels are also included. Sales and marketing expenses increased to \$33.5 million in fiscal 1994 from \$18.4 million and \$8.8 million in fiscal 1993 and fiscal 1992 respectively. On an annual basis these expenses decreased as a percentage of sales to 33% in 1994 from 38% and 48% in 1993 and 1992 respectively.

The increase in the amount spent on sales and marketing expense is primarily attributable to the promotion of new products and versions, the expansion of the company's sales and marketing force and an increase in corporate marketing activities.

The company believes substantial sales and marketing efforts are essential to achieve revenue growth and to



maintain and enhance its competitive position. Accordingly, with the continued expansion of its international operations, as well as the introduction of new and upgraded products, the company expects the expenses associated with these efforts to increase in dollar amount and to continue to constitute its most significant operating expense. There can be no assurance that these increased efforts will be successful.

### **Administrative and general**

Administrative and general expenses include the financial, information systems, human resources, legal and administrative operations of the company. Administrative and general expenses increased to \$12.2 million in 1994 from \$6.5 million in 1993 and \$3.7 million in 1992. On an annual basis, these expenses decreased as a percentage of sales to 12% in 1994 from 14% and 20% in 1993 and 1992 respectively.

Increased spending on administrative and general expenses was primarily attributable to the hiring of additional personnel and the implementation of systems associated with supporting the overall company infrastructure. Future growth of the company is expected to result in an increase in the dollar amount of administrative and general spending from current levels.

### **Purchased research and development**

In October 1992, the company acquired Amaze, Inc. a developer of content publishing software. A significant portion of the purchase price was allocated to purchased research and development, resulting in a charge of \$9.7 million to the company's operations in 1993. This charge is not deductible for income tax purposes.

In June 1993 the company successfully concluded the acquisition of certain strategic software technologies for a purchase price of \$4.4 million which have been incorporated into versions of the company's existing products. As the acquired technologies did not meet with the company's criteria for capitalization, \$4.2 million of the purchase price was allocated to purchased research and development and charged to operations during fiscal 1993.

### **Foreign exchange**

The company conducts business in various foreign currencies and is therefore subject to the transaction exposures that arise from foreign exchange rate movements between the dates that foreign currency transactions are recorded and the date that they are consummated. Approximately 93% of the company's total revenue in fiscal 1994, 90% in fiscal 1993 and 86% in fiscal 1992, were derived from sales in U.S. Dollars. The relatively weak Canadian dollar during the 1994 fiscal year resulted in substantial exchange gains of \$2.8 million in fiscal 1994 compared to a loss of \$0.2 million in fiscal 1993 and a gain of \$0.5 million in fiscal 1992. As the company expects that a significant portion of its net sales and operating income will continue to be contributed by U.S. and International operations,

fluctuations in exchange rates could impact the company's consolidated results of operations and financial condition in a particular quarter.

The effect of foreign currency exchange rate fluctuations versus the Canadian dollar is partly offset to the extent that expenses of the company are incurred and paid for in U.S. dollars. This has mitigated a portion of the company's exposure to foreign currency adjustments by substantially offsetting assets denominated in U.S. dollars with U.S. dollar liabilities. This acts as a natural hedge in mitigating the company's transaction exposure.

The company will continue to derive a large portion of its revenues in foreign currencies and will thus continue to be affected by changes in the Canadian dollar relative to the foreign currencies the company is trading in. The company is currently considering hedging some residual transaction exposure. There can be no assurance that these strategies will continue to be effective or that transaction losses can be minimized or forecasted accurately. The company does not hedge either its translation risk or its economic risk.

### **Income taxes**

The company's effective tax rate continued to vary from the statutory tax rate of 44%. An analysis of the difference between the Canadian statutory and the effective income tax rate is presented in *Note 5* to the consolidated financial statements.

The company has available material Investment Tax Credits (ITC's). These ITC's are used to reduce current and future federal taxes payable. The company expects that under current tax laws, it will continue to generate additional tax allowances and credits directly related to the company's ongoing research and development efforts.

### **Income and earnings per share**

The company's quarterly operating results have fluctuated as a result of a number of factors including overall trends in the economy, new product announcements and introductions by the company and its competitors, pricing, distributor ordering patterns, consumer buying patterns, product returns and reserves, expansion of the company's international operations, marketing expenditures, research and development expenditures and exchange rate fluctuations. Products are generally shipped as orders are received and, accordingly, the company has historically operated with little backlog. As a result, sales in any quarter are dependent on orders booked and shipped in that quarter. The company's business also has certain seasonal elements. Quarterly results in the future may be influenced by these or other factors, including possible delays in the shipment of new products and, accordingly, there may be significant variations in the company's quarterly operating results.

Due to the factors noted above, and other factors noted throughout this management discussion, the company's future earnings and stock price may be



subject to significant volatility, particularly on a quarterly basis. Any shortfall in sales or earnings from levels expected by securities analysts could have an immediate and significant adverse effect on the trading price of the company's common stock. The company typically receives and fulfills the majority of its orders within the same quarter, with a substantial portion occurring in the third month of the fiscal quarter. As a result, the company may not learn of a sales shortfall until late in the fiscal quarter, which could result in an even more immediate and adverse effect on the trading price of the company's common stock.

### **Legal proceedings**

The company has been involved in ongoing litigation to combat infringement of the intellectual property of a former division, Carolian, which division has since been sold. On February 12, 1993 the Ontario Court - General Division declined to grant a permanent injunction to the company and the defendants claimed damages. The defendants have not yet provided evidence of the basis for the calculation of the amount of damages claimed, which, if awarded, would be material. The company intends to appeal the decision of the court not to grant a permanent injunction to the company and to contest the amount of damages, if any, sustained by the defendants.

Given the importance of intellectual property for a technology company, from time to time, actions have been commenced against the company and certain of its affiliates, alleging misuse of certain confidential information, breach of trust and unlawful interference with the plaintiff's business relationships. The plaintiffs claims may include a request for an injunction which would, among other things, prevent the company from marketing any or all of its primary products or services. In each case the company retains counsel and vigorously contests the claim, and any request for an injunction

or damages. There is no such case at present, which the company, after consultation with its litigation counsel, believes it will not be able to successfully defend. However, in the event that in any such case the plaintiff succeeded in obtaining an injunction against the company, the injunction could, depending upon its terms, have a material, adverse effect on the company.

### **Liquidity and capital resources**

Working capital, which consists principally of cash and short-term investments, was \$73.3 million at June 30, 1994, compared to \$19.7 million at June 30, 1993. Cash and short-term investments increased \$44.0 million to \$62.4 million at June 30, 1994. A substantial portion of the company's cash and short-term investments are invested in high grade discount commercial paper. The two primary sources of cash flow in fiscal 1994 were \$13.4 million of cash generated by operations and \$40.2 million in net proceeds from the issuance of 1.5 million common shares by way of a public offering in February 1994. This increase was partially offset by cash used for investing activities, including \$6.4 million to purchase property and equipment, \$1.6 million to acquire complementary software technologies and the investment of \$3.5 million in capitalized software.

The company has a \$2.0 million line of credit with a Canadian chartered bank, which may be used from time to time to facilitate short-term cash flow. At June 30, 1994, there were no borrowings outstanding under this credit facility.

The company's principal commitments at June 30, 1994, consisted of obligations under operating leases.

The company believes its financial reserves and funds provided by ongoing operations will be sufficient to satisfy its current anticipated cash requirements for fiscal 1995.



---

---

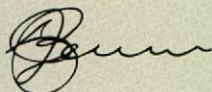
## Management's Report

The consolidated financial statements and other financial information in this annual report were prepared by the management of Delrina Corporation, reviewed by the Audit Committee and approved by the Board of Directors.

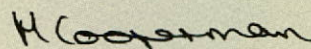
Management is responsible for the preparation of the consolidated financial statements and believes that they fairly present the company's financial condition and results of operations in accordance with generally accepted accounting principles. Management has included in the company's consolidated financial statements amounts based on estimates and judgements that it believes are reasonable under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance, at appropriate cost, that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately on the company's books and records.

Price Waterhouse, our auditors, have audited the company's consolidated financial statements in accordance with generally accepted auditing standards and they provide an objective, independent review of the fairness of reported operating results and financial position. Their report outlines the scope of their examination and their opinion.



*Dennis Bennie,  
Chairman of the Board  
and Chief Executive Officer*



*Michael Cooperman,  
Chief Financial Officer  
and Secretary-Treasurer*

## Auditor's Report

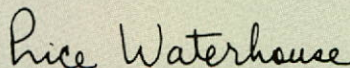
August 5, 1994

### To the Shareholders of Delrina Corporation

We have audited the consolidated balance sheets of Delrina Corporation as at June 30, 1994 and 1993 and the consolidated statements of operations, deficit and changes in financial position for the years ended June 30, 1994, 1993 and 1992. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1994 and 1993 and the results of its operations and the changes in its financial position for the years ended June 30, 1994, 1993 and 1992 in accordance with generally accepted accounting principles.



*Chartered Accountants,  
Toronto, Canada*



## Consolidated Balance Sheets

(in thousands of Canadian dollars)

	June 30	
	1994	1993
<b>Assets</b>		
Current		
Cash and short-term investments	\$ 62,449	\$ 18,415
Accounts receivable	21,210	6,981
Inventories	3,671	1,516
Deposits and prepaid expenses	2,157	1,335
Deferred income taxes	406	135
	89,893	28,382
Capital assets (Note 3)	7,579	2,843
Acquired software products	1,844	1,727
Deferred development costs	4,801	3,558
Note receivable (Note 4)	709	676
Investment tax credits recoverable	1,699	843
	\$ 106,525	\$ 38,029

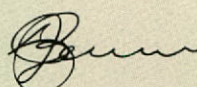
## Liabilities

Current		
Accounts payable and accrued liabilities	\$ 14,777	\$ 8,274
Income taxes payable	1,857	361
	16,634	8,635
Deferred income taxes	641	1,337

<b>Shareholders' Equity</b> (Note 6)	89,250	28,057
	\$ 106,525	\$ 38,029

Commitments and contingent liabilities (Notes 10 and 11)

Approved by the Board



Dennis Bennie,  
Director



Michael Cooperman,  
Director



## Consolidated Statements of Operations

(in thousands of Canadian dollars except per common share data)

	Years ended June 30		
	1994	1993	1992
<b>Revenue</b>			
Sales	\$ 101,113	\$ 47,938	\$ 18,485
Other	1,299	646	723
	102,412	48,584	19,208
<b>Cost of sales</b>	25,383	14,136	5,026
	77,029	34,448	14,182
<b>Expenses</b>			
Research and development	5,311	1,867	2,312
Sales and marketing	33,586	18,373	8,799
Administrative and general	12,289	6,488	3,688
Amortization of acquired software	1,495	369	1,846
Purchased research and development	—	13,852	—
Foreign exchange (gain) loss	(2,850)	151	(532)
	49,831	41,100	16,113
Income (loss) before income taxes	27,198	(6,652)	(1,931)
Income taxes (Note 5)	10,380	3,059	71
Net income (loss) for the year	\$ 16,818	\$ (9,711)	\$ (2,002)
Earnings (loss) per common share (Note 9)	82¢	(57)¢	(14)¢
Fully diluted earnings per share (Note 9)	76¢	—	—

## Consolidated Statements of Deficit

(in thousands of Canadian dollars)

	Years ended June 30		
	1994	1993	1992
Deficit, beginning of year	\$ (16,762)	\$ (6,612)	\$ (4,573)
Net income (loss) for the year	16,818	(9,711)	(2,002)
Share issue expenses (net of income taxes: \$1,356; 1993: \$328; 1992: \$28)	(1,702)	(439)	(37)
Deficit, end of year	\$ (1,646)	\$ (16,762)	\$ (6,612)



## Consolidated Statements of Changes in Financial Position

(in thousands of Canadian dollars)

	Years ended June 30		
	1994	1993	1992
<b>Operating activities</b>			
Net income (loss) for the year	\$ 16,818	\$ (9,711)	\$ (2,002)
Amortization of acquired software	1,495	369	1,846
Amortization of capital assets	1,619	733	416
Amortization of deferred development costs	2,301	744	1,186
Deferred income taxes	388	2,118	29
Gain on disposal of division	—	(13)	—
Purchased research and development included under investing activities	—	13,852	—
Changes in noncash working capital and other components net of amounts included under acquisition of subsidiary			
Accounts receivable	(14,229)	(2,443)	(542)
Inventories	(2,155)	(407)	(95)
Deposits and prepaid expenses	(822)	(746)	(295)
Deferred support fees	—	(139)	(47)
Accounts payable and accrued liabilities	6,504	(801)	1,531
Income taxes payable/recoverable	1,495	471	(52)
Cash provided by operating activities	13,414	4,027	1,975
<b>Investing activities</b>			
Purchase of capital assets	(6,355)	(1,937)	(1,033)
Purchase of acquired software	(1,612)	(4,367)	(144)
Deferred development costs (net of investment tax credits recognized of \$811; 1993: 1,339; 1992: Nil)	(3,544)	(2,391)	(1,589)
Investment tax credits recoverable	(856)	(843)	—
Note receivable	(33)	(506)	—
Acquisition of subsidiary	—	(5,533)	(135)
Proceeds on disposal of division	—	489	—
Cash used in investing activities	(12,400)	(15,088)	(2,901)
<b>Financing activities</b>			
Issue of common shares for cash	2,662	965	125
Issue of common shares by public offering (net of related costs of \$3,058; 1993: Nil)	40,188	—	—
Issue of common shares to acquire technology in process	—	3,739	—
Issue of special warrants – for cash (net related costs of Nil; 1993: \$766; 1992: \$65)	—	11,702	(65)
Issue of common shares to acquire subsidiary	—	5,075	135
Repayment of loan receivable from director	170	—	—
Cash provided by financing activities	43,020	21,481	195
Increase (decrease) in cash during the year	44,034	10,420	(731)
Cash and short-term investments, beginning of year	18,415	7,995	8,726
Cash and short-term investments, end of year	\$ 62,449	\$ 18,415	\$ 7,995



---

---

## Notes to Consolidated Financial Statements

### 1. Significant accounting policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following accounting policies:

#### *Basis of consolidation*

The consolidated financial statements include the accounts of the company and its subsidiaries. Acquisitions are accounted for using the purchase method.

#### *Revenue recognition*

Revenue from the sale of products is recognized at the time of the shipment to the customer and is net of discounts and allowances for estimated future returns.

#### *Capital assets*

Capital assets are stated at cost. Amortization is provided on computer equipment using the straight-line basis over five years. Amortization is provided on office equipment and furniture and fixtures using the diminishing balance basis at the rates of 30% and 20% per annum, respectively. Leasehold improvements are amortized using the straight-line basis over the terms of the respective leases.

#### *Inventories*

Finished goods are valued at the lower of cost and net realizable value. Components on hand are valued at the lower of cost and replacement cost.

#### *Acquired software products*

Acquired software products are stated at cost and amortized on the straight-line basis over a period of three years.

#### *Research and development costs*

When management determines that a new product is technologically feasible, costs relating to further development of that product, are deferred until commercial production commences. These costs are then amortized on a straight-line basis over three years, which is the estimated average sales life of the products.

Research costs are expensed as incurred.

#### *Translation of foreign currency transactions*

Assets, liabilities, revenues and expenses arising from foreign currency transactions are recorded in Canadian dollars at the exchange rate in effect at the date of the transaction.

Monetary assets and liabilities outstanding at the balance sheet date, which are denominated in a foreign currency, are adjusted to reflect the exchange rate in effect at the balance sheet date. Exchange gains or losses arising from the translation are included in operations.

#### *Comparative figures*

Certain comparative figures for 1993 and 1992 have been reclassified in order to conform to the current year's presentation.

### 2. Acquisitions

On October 23, 1992, the company issued 1,749,890 common shares, with a market value of \$5,074,681, to acquire Amaze, Inc., developers of daily planner and content publishing software. The purchase price has been allocated to assets of \$12,614,145, less liabilities of \$7,539,464. The acquisition has been accounted for using the purchase method and results of operations have been included in the consolidated financial statements from October 23, 1992.

A significant portion of the purchase price was allocated to purchased research and development, resulting in a charge to the company's operations of \$9,686,288. This charge is not deductible for tax purposes.

During fiscal 1992, the company acquired all the shares of a private corporation for a purchase price of \$135,000, satisfied by the issue of 45,000 common shares of the company's capital stock. All of the purchase price was allocated to computer software rights acquired, being the sole asset of that corporation.



## Notes to Consolidated Financial Statements

### 3. Capital assets

	Cost	Accumulated amortization	1994	Net June 30 1993
	(In thousands of Canadian dollars)			
Computer equipment	\$ 6,117	\$ 1,570	\$ 4,547	\$ 2,039
Office equipment	2,057	622	1,435	354
Furniture and fixtures	1,161	204	957	258
Leasehold improvements	909	269	640	192
	\$ 10,244	\$ 2,665	\$ 7,579	\$ 2,843

Amortization amounted to \$1,619 in 1994; \$733 in 1993 and \$416 in 1992

### 4. Note receivable

During March 1993, the Company disposed of its Carolan division. There were no significant gains or losses resulting from the sale. The proceeds of the sale of \$630,000 are due in December 1996. This amount is fully secured and is interest free. The amount has been discounted and has been included with a loan receivable from the former director of \$170,000 also due in December 1996, to arrive at the amount shown in the balance sheet.

### 5. Income taxes

	Years ended June 30		
	1994	1993	1992
	(In thousands of Canadian dollars)		
Current	\$ 9,994	\$ 941	\$ 42
Deferred	386	2,118	29
	\$ 10,380	\$ 3,059	\$ 71

The income tax provision reported differs from the amount computed by applying the combined Canadian Federal and Provincial statutory rate to income (loss) before taxes. The reasons for this difference and the related tax effects are as follows:

	Years ended June 30		
	1994	1993	1992
	(In thousands of Canadian dollars)		
Statutory tax rate	44.34%	44.34%	44.34%
Expected income tax provision (recovery)	\$ 12,060	\$ (2,950)	\$ (857)
Purchased research and development not tax deductible	—	6,142	—
Amortization of acquired software not deductible	298	164	819
Provincial research and development allowance	(547)	(131)	(70)
Differences in tax rates of other countries	(981)	—	—
Non-capital tax loss	(166)	—	—
Other	(284)	(166)	179
	\$ 10,380	\$ 3,059	\$ 71

The company computes and records income taxes currently payable based upon the determination of taxable income which may differ from pretax accounting income. Differences arise from recording in pretax accounting income, transactions which enter into the determination of taxable income in another period. The tax effect of these timing differences is recognized by adjustment of the provision for income taxes.

During the year, the company recognized the benefit of approximately \$2,702,000; 1993: \$1,300,000 of investment tax credits resulting from research and development expenditures. Of this amount, approximately \$1,892,000; 1993: \$670,000 has been recognized in the income statement, and the balance has been recorded as a reduction of deferred development costs.

### 6. Shareholders' equity

	June 30	
	1994	1993
	(In thousands of Canadian dollars)	
Capital Stock:		
Authorized		
Unlimited number of common and preference shares		
Issued		
Common shares	\$ 90,896	\$ 32,520
Special warrants	—	12,469
	\$ 90,896	\$ 44,989
Loan receivable from director	—	(170)
Deficit	(1,646)	(16,762)
Shareholders' equity	\$ 89,250	\$ 28,057



## Notes to Consolidated Financial Statements

### 6. Shareholders' equity (continued)

A summary of the changes during the years in issued and fully paid common shares is as follows:

	Number of shares	Amount (In thousands of Canadian dollars)
Balance June 30, 1991	11,129,860	\$ 9,758
1,335,506 series A preference shares converted into common shares	1,335,506	1,923
2,700,000 special warrants converted into common shares	2,700,000	10,800
Issued for cash during the year on the exercise of options	123,080	125
Issued on acquisition of subsidiary	45,000	135
Balance June 30, 1992	15,333,446	22,741
Issued for cash during the year on the exercise of options	483,696	716
Issued for services rendered during the year	77,407	249
Issued on acquisition of a subsidiary	1,749,890	5,075
Issued on acquisition of research and development	299,141	3,739
Balance June 30, 1993	17,943,580	32,520
1,750,000 warrants converted into common shares	1,750,000	12,469
1,500,000 common shares issued by public offering	1,500,000	43,246
Issued for cash during the year on the exercise of options	577,495	2,369
Issued for cash during the year pursuant to the employee share purchase plan	6,355	141
Other shares issued during the year	15,500	151
Balance June 30, 1994	21,792,930	\$ 90,896

On February 24, 1994, the company issued by way of a public offering 1,500,000 common shares for US\$32,062,500 (Cdn\$43,245,900)

On March 3, 1993, the company issued by way of private placement 1,750,000 special warrants for \$12,468,750. Each special warrant entitled the holder thereof to acquire one common share of the company, without payment of any additional amount at the time of the exercise. The special warrants were exercised on July 5, 1993.

On April 25, 1991, the company issued by way of private placement 2,700,000 special warrants for \$10,800,000. Each special warrant entitled the holder thereof to acquire one common share of Delrina, without payment of any additional amount at the time of exercise. The special warrants were all exercised in fiscal 1992 and 2,700,000 common shares issued.

Under a share option arrangement, options are outstanding to directors, senior officers, and employees entitling the holders to purchase an aggregate of 1,838,907; 1993: 1,774,301; 1992: 1,293,500 common shares from treasury at prices ranging from \$1.25 to \$28.75 per share. These options expire at various dates from January 1995 to May 1999.

The company has employee stock purchase plans for both its Canadian and U.S. employees, meeting certain eligibility criteria. Under these plans, employees may purchase shares of the Company's common stock, subject to certain limitations, at 10% less than the average fair market value as defined in the plans. A total of 20,000 and 3,000 shares have been reserved for issuance under the Canadian and U.S. plans respectively.

### 7. Information by geographic area

The company operates within one dominant segment, the development and sale of computer software products.

	Canadian Operations	U.S. Operations	International Operations	Eliminations	Consolidated
<b>Year ended June 30, 1994</b>					
Net revenues:					
Customers	\$ 7,569	\$ 83,894	\$ 9,650	\$ —	\$ 101,113
Intercompany	7,872	2,042	3,776	(13,690)	—
Total	15,441	85,936	13,426	(13,690)	101,113
Operating income	13,788	12,537	873	—	27,198
Identifiable assets	66,447	36,255	3,823	—	106,525
Liabilities	9,951	5,633	1,691	—	17,275
Translation gain (loss)	—	168	(67)	—	101



## Notes to Consolidated Financial Statements

### 7. Information by geographic area (continued)

	Canadian Operations	U.S. Operations	International Operations	Eliminations	Consolidated
<b>Year ended June 30, 1993</b>					
Net revenues:					
Customers	\$ 8,252	\$ 38,253	\$ 1,433	\$ —	\$ 47,938
Intercompany	20,443	214	—	(20,657)	—
Total	28,695	38,467	1,433	(20,657)	47,938
Operating income (loss)	7,380	211	(247)	(144)	7,200
Purchased research and development	—	—	—	—	(13,852)
Loss before income taxes					(6,652)
Identifiable assets	24,513	12,868	792	(144)	38,029
Liabilities	6,821	2,965	186	—	9,972
Translation loss	—	(433)	(118)	—	(551)
<b>Year ended June 30, 1992</b>					
Net revenues:					
Customers	\$ 4,873	\$ 13,399	\$ 213	\$ —	\$ 18,485
Intercompany	8,069	—	—	(8,069)	—
Total	12,942	13,399	213	(8,069)	18,485
Operating loss	(1,466)	(225)	(30)	(210)	(1,931)
Identifiable assets	14,638	5,103	213	(207)	19,747
Liabilities	1,916	1,799	243	—	3,958
Translation gain	—	198	136	—	334

### 8. Major customers

In fiscal 1994 two customers accounted for approximately 21% and 11% of sales respectively. In fiscal 1993, one customer accounted for approximately 16% of sales. In 1992, three customers accounted for approximately 16%, 13% and 11% of sales respectively.

### 9. Earnings (loss) per common share

The earnings (loss) per common share has been calculated using the weighted average number of common shares outstanding during the year. The 1,750,000 special warrants have been included in the calculation of the loss per share for 1993. For fiscal 1993 and 1992 the exercising of stock options would be antidilutive.

### 10. Commitments

The company is committed to payments under operating leases as follows:

(In thousands of Canadian dollars)

1995	\$ 1,588
1996	1,368
1997	1,208
1998	728
1999	764
2000 through to 2005	2,368

### 11. Contingent liabilities

In June 1993, a claim was made against the company for damages suffered by the claimants as a result of an interim injunction, initially obtained in 1986, against the plaintiffs which prevented their disposition of certain intellectual property. Since the lawsuit has not yet been finally adjudicated, neither management nor the company's legal counsel is able to make a reasonable estimate of the liability, if any, which might result from this action. Any settlement or judgement resulting from this lawsuit may be material, and if so, will be accounted for as a prior period adjustment.

The company is a party to various legal proceedings arising from the normal course of business activities. Although occasional adverse decisions or settlements may be reached, management currently believes that the disposition of these matters will not have a material adverse impact.

The company intends to vigorously defend itself in all of the aforementioned lawsuits, and although an unfavourable outcome could occur in one or more cases, the final resolution of these lawsuits, individually or in the aggregate, is currently not expected to have a material adverse effect on the financial position as reported in the accompanying financial statements.



## Notes to Consolidated Financial Statements

### 12. Canadian and United States accounting policy differences

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). In certain aspects GAAP as applied in the United States differs from Canadian GAAP.

#### *Consolidated Balance Sheets*

Costs related to the issue of shares and special warrants under US GAAP are recorded as a reduction of the proceeds from issue, rather than a charge to deficit under Canadian GAAP.

Share Capital and Deficit per the financial statements are reconciled to US GAAP as follows:

	June 30	
	1994	1993
	(In thousands of Canadian dollars)	
Share capital (per Financial Statements)	\$ 90,896	\$ 44,989
Costs related to issue of shares and warrants	(2,569)	(867)
Share capital (per US GAAP)	88,327	44,122
Deficit (per Financial Statements)	(1,646)	(16,762)
Costs related to issue of shares and warrants	2,569	867
Retained Earnings (Deficit) (per US GAAP)	923	(15,895)

Under Canadian GAAP, cash and cash equivalents include only short-term investments with original maturities of three months or less, whereas under Canadian GAAP cash and short-term investments include short-term investments having maturities extending to twelve months.

Cash and short-term investments per the financial statements is reconciled to US GAAP as follows

	June 30		
	1994	1993	1992
	(In thousands of Canadian dollars)		
Cash and short-term investments (per financial statements)	\$ 62,449	\$ 18,415	\$ 7,995
Short-term investments	(41,479)	—	(5,838)
Cash and cash equivalents (per US GAAP)	\$ 20,970	\$ 18,415	\$ 2,157

Other disclosure

#### *Allowance for doubtful accounts*

Included in Accounts Receivable are allowances for doubtful accounts of \$664,000; 1993: \$590,000

#### *Accounts Payable*

Included in Accounts Payable are the following amounts:

	June 30	
	1994	1993
	(In thousands of Canadian dollars)	
Trade payables	\$ 10,954	\$ 12,720
Accrual for employee performance incentives	2,405	—
Accrual for acquisition of software	—	620
Amount owing on acquisition of subsidiary	—	785

#### *Consolidated Statements of Operations*

Reconciliation of net income between accounting principles generally accepted in Canada and the United States

	Years ended June 30		
	1994	1993	1992
	(In thousands of Canadian dollars)		
Net income (loss) as reported	\$ 16,818	\$ (9,711)	\$ (2,002)
Adjustments relating to the liability method of accounting for income taxes (i)	330	—	—
Net income in accordance with US GAAP	\$ 17,148	\$ (9,711)	\$ (2,002)
Earnings (loss) per common share	84¢	(57)¢	(14)¢
Fully diluted earnings per share	77¢	—	—

(i) In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for income Taxes." This standard requires a change from the deferral method to the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are recognized for the differences between the financial statement carrying amounts and the respective tax basis of assets and liabilities (temporary differences) at the enacted tax rates. Differences between the financial statements carrying amounts and the respective tax basis of assets and liabilities result more frequently from differences in timing of income and expense recognition.

The cumulative transition adjustment related to the adoption of SFAS No. 109 is an increase in net income of \$330,000.



## Notes to Consolidated Financial Statements

### 12. Canadian and United States accounting policy differences (continued)

At June 30, 1994, deferred tax assets and liabilities are as follows:

	Assets	Liabilities
	(In thousands of Canadian dollars)	
Accounting provisions not deductible for tax purposes	\$ 1,813	\$ —
Capital cost allowance in excess of amortization	—	353
Deferred development costs	—	2,085
Investment tax credits	—	1,620
Net operating loss carry forwards	320	—
Share issue costs	1,361	—
Acquired software	659	—
	\$ 4,153	\$ 4,058

Net income and income taxes by location are as follows:

	Canadian	Foreign	Total
	(In thousands of Canadian dollars)		
Net income	\$ 13,788	\$ 13,410	\$ 27,198
Taxation			
Current	3,692	6,300	9,992
Deferred	1,793	(1,735)	58
	\$ 5,485	\$ 4,565	\$ 10,050

#### Consolidated Statements of Changes in Financial Position

Under Canadian GAAP, all important aspects of financing and investing activities should be disclosed in the statement of changes in financial position, while under US GAAP, important aspects of financing and investing activities that do not result in cash flows should be excluded from the statement and disclosed separately.

The following transactions which did not result in cash flows would have been excluded from the financing and investing activities in the statements of changes in financial position under US GAAP:

In fiscal 1992, 45,000 common shares were issued, at a value of \$135,000, to acquire all the shares of a private corporation.

In fiscal 1993, 1,749,890 common shares, at a value of \$5,074,681 were issued to acquire all the shares of a corporation and 299,141 common shares, at a value of \$3,739,263 were issued to acquire research and development.

The statement of changes in financial position per the financial statements is reconciled to US GAAP as follows:

	Years ended June 30		
	1994	1993	1992
	(In thousands of Canadian dollars)		
Operating activities (per financial statements)	\$ 13,414	\$ 4,027	\$ 1,975
Book overdraft	—	—	(425)
Operating activities (per US GAAP)	13,414	4,027	1,550
Investing activities (per financial statements)	(12,400)	(15,088)	(2,901)
Acquired research and development	—	3,739	—
Acquisition of subsidiary	—	5,075	135
Net sales of short-term investments	(41,479)	5,838	3,313
Investing activities (per US GAAP)	(53,879)	(436)	547
Financing activities (per financial statements)	43,020	21,481	195
Issue of common shares to acquire research and development	—	(3,739)	—
Issue of common shares to acquire subsidiary	—	(5,075)	(135)
Financing activities (per US GAAP)	43,020	12,667	60
Increase in cash during year (per US GAAP)	2,555	16,258	2,157
Cash and cash equivalents, beginning of year (per US GAAP)	18,415	2,157	—
Cash and cash equivalents, end of year (per US GAAP)	\$ 20,970	\$ 18,415	\$ 2,157
Payment of taxes	\$ 6,554	\$ 94	\$ —



## Corporate Directory and Shareholder Information

### CORPORATE OFFICERS

Dennis Bennie  
*Chairman of the Board and CEO*  
*Delrina Corporation*

Mark Skapinker  
*President*  
*Delrina Corporation*

Albert Amato  
*Executive Vice-President and CTO*  
*Delrina Corporation*

Lou Ryan  
*Executive Vice-President of*  
*World Sales*  
*Delrina Corporation*

Michael Cooperman  
*Chief Financial Officer*  
*Secretary – Treasurer*  
*Delrina Corporation*

### BOARD OF DIRECTORS

Dennis Bennie  
*Chairman of the Board and CEO*  
*Delrina Corporation*

Mark Skapinker  
*President*  
*Delrina Corporation*

Albert Amato  
*Executive Vice-President and CTO*  
*Delrina Corporation*

Michael Cooperman  
*Chief Financial Officer*  
*Secretary – Treasurer*  
*Delrina Corporation*

George Clute  
*Partner, Olympic*  
*Venture Partners*

Peter Farlinger  
*Private Investor*

### CORPORATE HEADQUARTERS

Delrina Corporation  
895 Don Mills Road  
500-2 Park Centre  
Toronto, Ontario  
Canada M3C 1W3  
Tel: (416) 441-3676  
Fax: (416) 441-0333

### PRINCIPAL OFFICES

**France**  
41 Avenue Edouard Vaillant  
92100 Boulogne, France  
Tel: 33.1.46.94.80.40  
Fax: 33.1.46.94.80.49

**Germany**  
Tölzer Str. 1a  
D-82031 Grünwald  
Deutschland  
Tel: +49/89/64 19 22-0  
Fax: +49/89/64 19 22-99

**United Kingdom**  
6 Elstree Gate  
Elstree Way, Borehamwood  
Hertfordshire, England WD6 1JD  
Tel: 44 (0)181-207-3163  
Fax: 44 (0)181-207-5316

**United States**  
6830 Via Del Oro  
Suite 200  
San Jose, California  
95119-1353  
Tel: (408) 363-2345  
Fax: (408) 363-2340

8180 Greensboro Drive,  
Suite 1025  
McLean, VA 22102  
Tel: (703) 883-0180  
Fax: (703) 883-0544

11810-115th Avenue NE  
Kirkland, WA 98034-6923  
Tel: (206) 820-7007  
Fax: (206) 823-0568

### AUDITORS

Price Waterhouse  
Toronto, Canada

### TRANSFER AGENT

Notices regarding change of address, requests for supplemental mailings, transfer of shares, or lost share certificates should be sent to:

The R-M Trust Company  
393 University Avenue, 5th Floor  
Toronto, Ontario  
Canada M5C 2W9  
Tel: (416) 813-4500

### LEAD BANKERS

The Toronto Dominion Bank  
Toronto, Canada

Bank of America  
San Jose, U.S.A.

### INVESTOR RELATIONS

Persons interested in being placed on the Company's mailing list to receive information on earnings and other events should direct inquiries to:

Investor Relations Department  
Delrina Corporation  
895 Don Mills Road  
500-2 Park Centre  
Toronto, Ontario  
Canada M3C 1W3  
Tel: (416) 441-3676  
Fax: (416) 441-0333

### EXCHANGE LISTING

The common shares of Delrina Corporation are listed on The Toronto Stock Exchange (Trade Symbol: DC) and Nasdaq (Trade Symbol: DENAF)

### ANNUAL MEETING

The Annual Meeting of shareholders of Delrina Corporation will be held on Tuesday, October 18, 1994, at 10:00 a.m. at the Glenn Gould Studio Auditorium, Canadian Broadcasting Centre, 250 Front Street West, Toronto, Ontario. Shareholders and others are invited to attend.



Printed in Canada on recycled paper. The cover and text stocks are 50% recycled containing 10% post-consumer waste and are oxygen and elemental chlorine free.

Microsoft is a registered trademark, and Windows, Windows NT and Microsoft Exchange, are trademarks of Microsoft Corporation. Object Vision is a trademark of Borland International. OS/2 and IBM are registered trademarks of IBM Corporation. Lotus Notes is a trademark of Lotus Development Corporation. Apple Newton is a trademark of Apple Computer Inc. Compaq is a registered trademark of Compaq Computer Corporation. Intel is a registered trademark of Intel Corporation. AST Research is a registered trademark of AST Research Inc. GENie is a registered trademark of General Electric Corporation. MCI Mail is a registered trademark of MCI Communications Corporation. CompuServe is a registered trademark of CompuServe Inc. AT&T Mail is a registered trademark of American Telephone & Telegraph Corporation. Nintendo is a registered trademark of Nintendo Ltd. The Flintstones is a registered trademark of Hanna-Barbera Productions Inc. All other product, service and feature names herein are trademarks owned by Delrina (Canada) Corporation or its affiliates.



## Significant Highlights

### Delrina WinFax PRO



1994



1994



1993



1993

### Delrina WinFax PRO for Networks



1993



1993

### Delrina Fax PRO for Macintosh



1993

### Delrina FormFlow



1994  
*Workflow*



1994  
*High End Forms*



1994  
*Electronic Forms*



1993  
*Electronic Forms*

### Opus'n Bill Screen Saver



1994—MacUser  
*Best New Desktop Diversion*

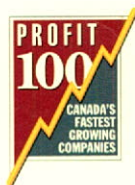


1994

### BusinessWeek

*Best New Product  
of 1993*

### Delrina Corporation – 1994



Canadian Advanced Technology Association  
*Award of Distinction  
Outstanding Product Achievement*

Delrina Corporation is a member of:  
American Electronics Association  
Software Publishers Association  
Business Forms Management Association  
Electronic Mail Association









895 Don Mills Rd., 500-2 Park Centre, Toronto, ON, Canada M3C 1W3, Tel. (416) 441-3676 Fax (416) 441-0333  
6830 Via Del Oro, Suite 200, San Jose, CA, USA 95119-1353, Tel. (408) 363-2345 Fax (408) 363-2340