symbility™

Symbility Solutions Inc.

Annual Audited Consolidated Financial Statements

December 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Symbility Solutions Inc.

We have audited the accompanying consolidated financial statements of Symbility Solutions Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Symbility Solutions Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 31, 2016

Symbility Solutions Inc.
Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	Note	As at December 31, 2015	As at December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	14	**6,553**	12,612
Accounts receivable	14	**7,127**	4,879
Prepaid expenses		**1,101**	704
Tax credits receivable	20	**849**	895
		15,630	19,090
Long-term assets			
Prepaid expenses		**19**	34
Security deposits		**123**	56
Property and equipment	5, 7	**691**	747
Intangible assets	5, 8, 9	**11,929**	8,657
Goodwill	5, 9	**10,763**	6,948
		39,155	35,532
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	**4,949**	5,136
Deferred revenue		**2,702**	2,135
		7,651	7,271
Long-term liabilities			
Accrued liabilities and other	14	**8**	64
Customer deposits		**346**	345
		8,005	7,680
Commitments	10		
Shareholders' equity		**31,150**	27,852
		39,155	35,532

See accompanying notes

On behalf of the Board:

(signed) "G. Scott Paterson"

G. Scott Paterson
Director

(signed) "R. Larry Binnion"

R. Larry Binnion
Director

Symbility Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except per share data)

	Note	For the years ended December 31, 2015	2014
Revenue			
Software and other	14	**23,550**	27,805
Professional services	14	**2,987**	-
Total revenue		**26,537**	27,805
Cost of sales			
Software and other		**6,014**	5,289
Professional services		**1,752**	-
Total cost of sales		**7,766**	5,289
Gross margin		**18,771**	22,516
Expenses			
Sales and marketing	12(e)	**11,945**	10,630
General and administration	12(e)	**7,157**	7,068
Research and development	12(e), 20	**4,067**	5,094
Depreciation, amortization, and foreign exchange	18	**363**	487
Transaction and restructuring	5, 21	**1,314**	143
		24,846	23,422
Loss before finance costs (income), net and income tax expense		**(6,075)**	(906)
Finance income, net	19	**(64)**	(148)
Income tax expense	11	**52**	75
Net loss and comprehensive loss for the year		**(6,063)**	(833)
Basic and diluted net loss and comprehensive loss per common share	13	**(0.03)**	(0.00)
Weighted average number of common shares outstanding			
Basic and diluted	13	**228,122,105**	208,597,825

See accompanying notes

Symbility Solutions Inc.

Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

	Note	Common shares	Warrants	Contributed surplus	Deficit	Total shareholders' equity
At January 1, 2014		48,224	235	12,063	(34,046)	26,476
Share issuance for services	12(a)	96	-	-	-	96
Share options exercised	12(a)	382	-	(170)	-	212
Restricted shares released	12(a)	1,102	-	(1,102)	-	-
Share issuance costs	12(a)	(2)	-	-	-	(2)
Broker warrants expired	12(f)	-	(235)	235	-	-
Stock-based compensation	12(e)	-	-	1,903	-	1,903
Net loss for the year		-	-	-	(833)	(833)
At December 31, 2014		49,802	-	12,929	(34,879)	27,852
Share issuance for services	12(a)	64	-	-	-	64
Share options exercised	12(a)	36	-	(18)	-	18
Share issuance in business combination	5, 12(a)	1,733	-	-	-	1,733
Warrants issuance in business combination	5, 12(f)	-	94	-	-	94
Share issuance for cash	12(b)	7,153	-	-	-	7,153
Share issuance costs	12(a)	(710)	-	-	-	(710)
Stock-based compensation	12(e)	-	-	1,009	-	1,009
Net loss for the year		-	-	-	(6,063)	(6,063)
At December 31, 2015		**58,078**	**94**	**13,920**	**(40,942)**	**31,150**

See accompanying notes

Symbility Solutions Inc.
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

	Note	For the years ended December 31, 2015	2014
Operating activities			
Net loss for the year		**(6,063)**	(833)
Items not affecting cash			
Stock-based compensation	12(e)	**1,009**	1,903
Shares issuance for services	12(a)	**64**	96
Depreciation and amortization	7, 8, 18	**3,372**	1,951
		(1,618)	3,117
Changes in non-cash working capital items			
Accounts receivable		**(1,387)**	(667)
Prepaid expenses		**(177)**	31
Tax credits receivable		**46**	(855)
Accounts payable and accrued liabilities		**(886)**	1,382
Deferred revenue		**(120)**	(897)
Customer deposits		**1**	-
Security deposits		**(63)**	(24)
Cash provided by (used in) operating activities		**(4,204)**	2,087
Investing activities			
Purchase of property and equipment	7	**(236)**	(386)
Purchase of intangible assets	8	**(112)**	(1,100)
Business combination	5	**(8,215)**	(354)
Cash used in investing activities		**(8,563)**	(1,840)
Financing activities			
Proceeds from issuance of common shares	12(b)	**7,153**	-
Proceeds from exercise of share options		**18**	212
Share issuance costs	5, 12(a)	**(710)**	(2)
Long-term finance lease payments		**(5)**	(45)
Cash provided by financing activities		**6,456**	165
Effect of exchange rate changes on cash and cash equivalents		**252**	27
Net increase (decrease) in cash and cash equivalents		**(6,059)**	439
Cash and cash equivalents, beginning of year		**12,612**	12,173
Cash and cash equivalents, end of year		**6,553**	12,612
Supplementary cash flow information	17		

See accompanying notes

1) Nature of operations and corporate information

Symbility Solutions Inc. (the "Corporation") develops and markets software designed to improve effectiveness and reduce costs of administration of claims in both the employee benefits and property and casualty insurance markets. The Corporation was incorporated under the Alberta Business Corporations Act on July 15, 1999 and commenced operations on January 1, 2000. The Corporation is a publicly traded company domiciled in Canada with common shares listed on the TSX Venture Exchange under the stock symbol “SY”.

The Corporation's registered office is located at 3400 First Canadian Centre, 350 - 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Corporation has executive and operating offices in Toronto, Ontario, and operating offices in Montreal, Québec; Hendersonville, Tennessee; Stuttgart, Baden-Württemberg, Germany; and Fareham, Hampshire, England.

The Corporation has five wholly owned subsidiaries, Symbility Health Inc. which is incorporated in the Province of Alberta, Canada; Symbility Solutions Corp. which is incorporated in the State of Delaware, United States; Symbility Solutions GmbH which is incorporated in the State of Bavaria, Germany; Symbility Solutions Limited which is incorporated in England and Wales; and BNOTIONS Inc. which is incorporated in the Province of Ontario, Canada. Symbility Health Inc. has a wholly owned subsidiary, Automated Benefits Ltd., incorporated in the Province of Alberta, Canada.

As at December 31, 2015, CoreLogic, Inc. and its affiliates (collectively "CoreLogic") own 67,739,821 common shares representing approximately 28% of the outstanding shares of the Corporation. Marshall & Swift/Boeckh ("MSB"), a wholly owned subsidiary of CoreLogic, is a related party as a result of a common significant shareholder (see note 6).

2) Basis of Presentation

a) Statement of compliance

These consolidated financial statements present the financial position, results of operations and cash flows of the Corporation for the year ended December 31, 2015 along with comparative results for the year ended December 31, 2014. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Corporation on March 31, 2016.

b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments, available for sale financial assets and business combinations, which have been measured at fair value.

c) Functional and presentation currency

The Canadian dollar is the functional and presentation currency of the Corporation. All currency amounts in these consolidated financial statements are presented in Canadian dollars and rounded to the nearest thousand, unless otherwise stated.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The most significant estimates made by management in the preparation of the Corporation's consolidated financial statements include estimates related to:

- the recoverability of long-lived assets including property and equipment, intangible assets and goodwill,
- determining fair value of share-based compensation;
- the estimated useful lives of assets; and
- tax provisions in each of the jurisdictions in which the Corporation operates.

The most significant judgments made by management in the preparation of the Corporation's consolidated financial statements include judgments related to:

- assessments about whether line items are sufficiently material to warrant separate presentation in the primary financial statements and, if not, whether they are sufficiently material to warrant separate presentation in the financial statement notes;
- identifying Cash Generating Units ("CGUs");
- the allocation of the Corporation's net assets, including shared corporate assets, to the Corporation's CGUs when determining their carrying amounts;
- identifying the operating segments of the Corporation; and
- determining the functional currency of the Corporation and its subsidiaries.

The significant assumptions that affect these estimates and judgments in the application of accounting policies are noted throughout these consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3) Significant accounting policies

The significant accounting policies set out below are applied consistently to the years presented in these consolidated financial statements.

a) Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Corporation and its wholly owned subsidiaries as at December 31, 2015 and 2014 and the results of these subsidiaries for the years then ended.

Subsidiaries are all those entities over which the Corporation has control. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. All intra-Corporation assets and liabilities, revenue, expenses and cash flows relating to transactions between subsidiaries of the Corporation are eliminated in full on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturity dates less than three months from the original date of purchase that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

c) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration paid, measured at the acquisition date fair value. Acquisition costs incurred are expensed in net income (loss) for the year. When the Corporation acquires a business, it assesses the fair value of the acquired assets and liabilities assumed for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

d) Intangible assets

The cost of intangible assets acquired in a business combination represents the fair value as at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired are comprised mainly of database licenses and customer relationships.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Customer relationships and backlog are amortized on a straight-line basis from six months to ten years. Database and technology licenses are amortized on a straight-line basis from two years to ten years. Computer software and computer software under finance lease are amortized on a straight-line basis at 30% per year.

An intangible asset which was initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income and comprehensive income when the asset is derecognized. The assets' residual values, useful lives, methods of amortization and the amortization charge is adjusted prospectively, if appropriate.

Intangible assets with indefinite lives consist of trademarks and patents which are not amortized, but subject to an annual impairment test. The impairment test for indefinite-life intangible assets is based on a comparison of their carrying value with their fair value.

e) Goodwill

Goodwill is initially measured at cost, being the excess of the consideration paid in a business combination over the fair value of the net identifiable assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Corporation's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually at December 31 or whenever events or changes in circumstances indicate that the carrying value might be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

f) Impairment of assets and non-financial assets

The Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market assessment of the time-value of money and the risks specific to the asset. The asset's carrying amount is reduced and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment is recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets that have an indefinite useful life, including goodwill, are not subject to amortization and are tested for impairment at least annually or more frequently if an indication of impairment exists. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognized in the consolidated statements of loss and comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs to dispose ("FVLCD") and value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (CGUs).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

g) Revenue recognition

The Corporation has three segments: Symbility Property which provides Software as a Service ("SaaS") technology to the property and casualty insurance industry; Symbility Health which provides SaaS technology in the health insurance industry, and Symbility Strategic Services which provides professional services to a broad range of industries.

Symbility Property derives its revenue from (i) subscription fees from customers accessing the Symbility Property cloud computing services, and (ii) professional services, which include programming services and training fees. Subscription revenue is driven by either the number of claims processed in a period, an annual fixed fee license or a combination of both. Claims revenue is invoiced and recognized in the month that a claim is initiated. Fixed fee licenses are invoiced in advance and recognized ratably over the period of the license. Most Symbility Property contracts are for a multi-year period. Professional services revenue is recognized as the services are performed on a percentage of completion basis.

Symbility Health derives its revenue from (i) transaction fees from customers accessing the Symbility Health cloud computing services, (ii) the resale of premium insurance products, and (iii) professional services, which include programming services based on the percentage of completion method. Transaction fees revenue is driven by the value of claims processed during a period. Claims revenue is invoiced and recognized in the month that a claim occurs. The resale of premium insurance products is invoiced monthly in advance and recognized ratably over the period of coverage.

Symbility Strategic Services derives its revenue from rendering of professional services, which include design and development of leading technologies in the area of mobile, the Internet of Things, Machine-to-machine, and wearables in different industries. Professional services revenue is recognized as the services are performed on a percentage of completion basis.

SaaS arrangements may involve the delivery of multiple services and products occurring at different points in time and/or over different periods of time. Revenue recognition for these arrangements is determined based on an evaluation of the individual elements of the arrangements. If the service or product delivered has stand-alone value to the customer and the fair value associated with the product or service can be measured reliably, the amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole. Otherwise, the entire arrangement is treated as one unit of accounting and revenue is deferred and recognized ratably over the remaining term of the contract, commencing when all elements are delivered.

h) Property and equipment

Property and equipment are recorded at original cost. Depreciation is provided for on a straight-line basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%
Equipment	30%
Leasehold improvements	Term of the lease

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income and comprehensive income when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation and the depreciation charge is adjusted prospectively, if appropriate.

Property and equipment acquired in acquisitions may be depreciated at higher rates depending on the age of the acquired assets.

i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

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

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

j) Income taxes

The asset and liability method is used for determining income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated tax recoverable or payable that would arise if assets and liabilities were recovered and settled as at the consolidated financial statement carrying amounts. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes to these tax rates are recognized in income in the period in which they occur. The amount of deferred tax assets recognized is limited to the amount that is more likely than not to be realized.

k) Loss per share

The computation of basic loss per share is based on the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated in a similar way to basic loss per share except that the weighted average number of common shares outstanding is increased to include additional shares assuming the exercise of stock options and warrants, if dilutive.

l) Stock-based compensation and other stock-based payments

The Corporation accounts for stock-based payments as equity-settled transactions where the fair value of options granted is charged to salary expense over the option vesting period, with the offsetting amount recognized in contributed surplus. For awards with graded vesting, each tranche of an award is considered a separate grant with a different vesting date and fair value. The fair value of each tranche is recognized over its respective vesting period. The fair value of each tranche is estimated at the date of grant using the Black-Scholes option pricing model incorporating assumptions regarding risk-free interest rates, dividend yield, expected volatility of the Corporation’s stock, and a weighted average expected life of the option. For each reporting period, the Corporation reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revision in the consolidated statements of changes in shareholders' equity with a corresponding adjustment to income.

m) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency. The functional currency of each entity within the Corporation is determined based on the currency of the primary economic environment in which that entity operates. Transactions in foreign currencies are initially recorded by the entities at their respective functional rates prevailing at the date of the transaction. Monetary items are translated into Canadian dollars at the exchange rate in effect as at the date of the consolidated statements of financial position and non-monetary items are translated as at the rate of exchange in effect when the assets were acquired or the obligation was incurred. Revenue and expenses are translated at the exchange rate in effect at the time of the transaction. Foreign exchange gains or losses are recorded in the consolidated statements of loss and comprehensive loss.

n) Investment tax credits

Assistance in the form of federal and provincial tax credits on research and development expenditures is recorded by the Corporation when there is reasonable assurance of collection. The Corporation accounts for investment tax credits relating to research and development expenses as a deduction in the consolidated statements of loss and comprehensive loss and those relating to capital expenditures as a reduction of the cost of the asset acquired.

o) Financial instruments

Financial assets and financial liabilities classified as held-for-trading are measured at fair value as at the consolidated statements of financial position dates with all realized and unrealized gains and losses resulting from the change in fair value included in income in the period in which they arise; these include cash and cash equivalents. Accounts receivable and other assets have been classified as loans and receivables, which are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest rate method less any impairment. Receivables are reduced by provisions for estimated bad debts which are determined by reference to past experience and expectations. Accounts payable and accrued liabilities, dividends payable to shareholders, debt and long-term debt have been classified as other financial liabilities which are accounted for on an amortized cost basis using the effective interest rate method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles.

The Corporation categorizes its fair value measurements according to a three-level hierarchy. The hierarchy priorities the inputs used by the Corporation's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 - Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4) New Standards, interpretations and amendments adopted by the Corporation

The following new accounting standards applied or adopted during the year ended December 31, 2015 had no material impact on the consolidated financial statements.

IFRS 8 Operating Segments ("IFRS 8")

The Annual Improvements to IFRSs 2010-2012 included amendments to IFRS 8. This standard has been amended to require (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segments are reported. These amendments are effective for annual periods beginning on or after July 1, 2014.

Future Accounting Policies

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9")

In July 2014, the IASB issued the final amendments to IFRS 9, which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation is in the process of evaluating the impact of these amendments on the Corporation's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Corporation is evaluating the effect that IFRS 15 will have on its consolidated financial statements, and related disclosures, as well as the transition method to apply the new standard.

IFRS 16 Leases

In 2016, the IASB issued IFRS 16, Leases, replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers ("IFRS 15") has been adopted. The Corporation is in the process of evaluating the impact that IFRS 16 may have on the Corporation's consolidated financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization ("IAS 16" and "IAS 38")

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. These amendments are not expected to have any impact on the consolidated financial statements as the Corporation has not used a revenue-based method to depreciate its non-current assets.

5) Business combinations

On September 30, 2014, the Corporation completed the acquisition of Haus360, a segment of Innovation Group Holdings GmbH's business (the "Acquisition"). Haus360 operates a business engaged in the license of the Corporation's estimating software and provides consulting services in Germany. Haus360 had a pre-existing relationship prior to the business combination as the exclusive reseller in Germany. Under the terms of the Acquisition Agreement, the Corporation acquired the Haus360 staff, contracts, prospects and terminated the pre-existing relationship. No other assets or liabilities were assumed. On September 30, 2014, the Corporation paid $354 for the Acquisition, a portion of which may be identified as associated with the pre-existing relationship in the final purchase equation.

(In thousands of Canadian dollars unless otherwise stated)

On March 31, 2015, the Corporation completed the purchase from The Innovation Group plc, representing customer contracts associated with its UK Innovation Symbility business (the "UK IS Acquisition"). UK Innovation Symbility operated a business engaged in the license of the Corporation's estimating software and provided consulting services in the United Kingdom. Under the terms of the Acquisition Agreement, the Corporation acquired the UK Innovation Symbility staff, contracts and prospects, and terminated the pre-existing relationship. No other assets or liabilities were assumed. On March 31, 2015, the Corporation paid $6,568 cash for the UK IS Acquisition which is a part of the Symbility Property segment.

On June 26, 2015, the Corporation completed the acquisition of a segment of Bogaroo Inc.'s business operating as BNOTIONS (the "BNOTIONS Acquisition"). BNOTIONS is a mobile strategy firm focused on the design and development of leading mobile applications in the area of mobile, the Internet of Things, Machine-to-machine, and wearables in Canada and the United States. Under the terms of the Acquisition Agreement, the Corporation acquired BNOTIONS staff, customer contracts and prospects, and certain assets and liabilities were assumed. On June 26, 2015, the Corporation paid $1,000 cash on closing, and up to $1,047 cash will be paid over the next 10 months. In addition, the Corporation issued 5,500,000 common shares with a fair value of $0.315 per common share for a total fair value of $1,733 and issued 1,000,000 warrants with a fair value of $0.094 per warrant share for a total fair value of $94 for the BNOTIONS Acquisition. This acquisition is a new segment, the Symbility Strategic Services segment.

The final purchase allocations are summarized below:

Fair value recognized on acquisition	**UK IS Acquisition**	**BNOTIONS Acquisition**	**Total**
Assets			
Accounts receivable	-	618	618
Prepaid expenses	160	14	174
Property and equipment	-	113	113
Trademarks	-	330	330
Customer relationships	5,650	-	5,650
Customer backlog	-	160	160
Liabilities			
Accounts payable and accrued liabilities	(14)	(40)	(54)
Deferred revenue	(170)	(195)	(365)
Net identifiable assets	5,626	1,000	6,626
Goodwill arising on acquisition	942	2,873	3,815
Purchase consideration	**6,568**	**3,873**	**10,441**

For the UK IS Acquisition, the Corporation identified intangible assets of $5,650 for customer relationships, which the Corporation expects to amortize over 10 years. Goodwill of $942 relates to workforce, expected synergies and other assets that are not individually identified and separately recognized in the Symbility Property segment. Goodwill is not expected to be deductible for tax purposes. For the year ended December 31, 2015, acquisition costs of $375 were accounted for as a period expense when the costs were incurred.

(In thousands of Canadian dollars unless otherwise stated)

For the BNOTIONS Acquisition, the Corporation identified intangible assets of $330 for trademarks, which the Corporation expects to have an indefinite life, and $160 for backlog, which the Corporation amortized over six months. Goodwill of $2,873 relates to workforce, expected synergies and other assets that are not individually identified and separately recognized in the Symbility Strategic Services segment. Goodwill is not expected to be deductible for tax purposes. For the year ended December 31, 2015, acquisition costs of $529 were accounted for as a period expense when the costs were incurred.

The Corporation's revenue, expenses, and amortization of intangible assets by acquisition for the year ended December 31, 2015, are as follow:

	UK IS Acquisition	BNOTIONS Acquisition	Total
Revenue	4,909	3,011	7,920
Expenses[1]	5,331	3,015	8,346
Net loss	(422)	(4)	(426)
Amortization of intangible assets	447	160	607

[1] Included intercompany license fee, stock-based compensation, amortization and depreciation, and income tax expense.

If the acquisitions had taken place at the beginning of the year, consolidated revenue would have been $29,511, expenses would have been $35,555, including intangible asset amortization expense of $3,272, and the net loss for the year ended December 31, 2015 would have been $6,044.

6) Related party transactions

A summary of the significant related party transactions is provided here:

On June 9, 2014, the Corporation issued 90,134 common shares with an estimated weighted average fair value of $0.36 per share for an aggregate value of $32 to the Directors of the Corporation for services provided from January to March 2014. On August 22, 2014, the Corporation issued 110,480 common shares with an estimated weighted average fair value of $0.30 per share for an aggregate value of $33 to the Directors of the Corporation for services provided from April to June 2014. On October 29, 2014, the Corporation issued 105,080 common shares with an estimated weighted average fair value of $0.29 per share for an aggregate value of $30 to the Directors of the Corporation for services provided from July to September 2014. The issuance of these common shares to the Directors was approved by the TSX Venture Exchange. The estimated fair value was determined based on the date of issuance.

On February 26, 2015, the Corporation issued 82,136 common shares with an estimated weighted average fair value of $0.37 per share for an aggregate value of $30 to the Directors of the Corporation for services provided from October to December 2014. The issuance of these common shares to the Directors was approved by the TSX Venture Exchange. The estimated fair value was determined based on the five-day weighted average closing share price at the quarter-end.

On April 24, 2015, the Corporation announced that it had completed a financing and issued 6,335,073 common shares with a price of $0.33 per share to CoreLogic for the exercise of its preemptive right under a certain security holder agreement dated April 10, 2012. Gross and cash proceeds from the exercise of the preemptive right was $2,091. The issuance of these common shares was approved by the TSX Venture Exchange.

(In thousands of Canadian dollars unless otherwise stated)

On July 21, 2015, the Corporation issued 95,185 common shares with an estimated weighted average fair value of $0.35 per share for an aggregate value of $33 to the Directors of the Corporation for services provided from January to March 2015. The issuance of these common shares to the Directors was approved by the TSX Venture Exchange. The estimated fair value was determined based on the five-day weighted average closing share price at the quarter-end.

For the year ended December 31, 2015, the Corporation expensed $2,086 (2014 - $2,368) for services under the services agreement, the database license agreement and for products resold by the Corporation under a reseller agreement with MSB. On May 31, 2015, the Corporation had provided termination notice for certain services under the services agreement and database license agreement to MSB which reduced expenses. For the year ended December 31, 2015, the Corporation earned $4 (2014 - $14) for services provided to MSB. As at December 31, 2015, the Corporation owed $130 (2014 - $155) to MSB, net of services provided.

For the year ended December 31, 2015, the Corporation expensed $71 (2014 - nil) for reimbursement of expenses for a joint marketing event. For the year ended December 31, 2015, the Corporation earned $238 (2014 - nil) for services. The Corporation entered into a reseller agreement and a statement of work with CoreLogic to provide certain services. As at December 31, 2015, the Corporation had receivables of $179 (2014 - nil) due from CoreLogic for services provided.

Compensation of key management personnel

Key management personnel includes the Chief Executive Officer, Chief Financial Officer, President of Symbility Health, Chief Executive Officer of BNOTIONS, Chief Technology Officer, Chief Strategy Officer, Chief Marketing Officer, Vice Presidents, and Directors. The compensation paid or payable to key management personnel is shown in the following table:

	For the years ended December 31,	
	2015	**2014**
Short-term remuneration and benefits	**2,931**	3,007
Stock-based payments	**508**	1,176
Total	**3,439**	4,183

Stock options held by key management personnel under the stock option plan to purchase ordinary shares have the following expiry dates and exercise prices:

Year of Issuance	Year of expiry	Range of exercise price	December 31, 2015	December 31, 2014
		$	Number outstanding	Number outstanding
2010	2020	0.11 - 0.20	**35,000**	184,466
2011	2021	0.22 - 0.26	**1,321,000**	1,321,000
2012	2022	0.34 - 0.46	**2,800,000**	2,800,000
2013	2023	0.45 - 0.50	**5,053,500**	5,053,500
2014	2024	0.31 - 0.38	**1,268,185**	1,268,185
2015	2025	0.27 - 0.35	**2,154,560**	-
Total			**12,632,245**	10,627,151

(In thousands of Canadian dollars unless otherwise stated)

On December 31, 2015, there were 526,000 restricted shares (2014 - nil) outstanding under the Canadian Restricted Share Plan to an officer of the Corporation.

7) Property and equipment

	Furniture and fixtures	Computer equipment	Equipment	Leasehold improvements	Total
Cost					
At January 1, 2014	250	963	163	243	1,619
Additions	39	85	39	223	386
At December 31, 2014	289	1,048	202	466	2,005
Additions	18	180	16	17	231
Additions arising from business combination (see note 5)	30	75	8	-	113
Disposals	(6)	(389)	(13)	(30)	(438)
At December 31, 2015	**331**	**914**	**213**	**453**	**1,911**
Accumulated depreciation					
At January 1, 2014	141	620	90	93	944
Depreciation expense	34	174	39	67	314
At December 31, 2014	175	794	129	160	1,258
Depreciation expense	46	213	47	88	394
Disposals	(3)	(386)	(13)	(30)	(432)
At December 31, 2015	**218**	**621**	**163**	**218**	**1,220**
Net book value					
At December 31, 2014	114	254	73	306	747
At December 31, 2015	**113**	**293**	**50**	**235**	**691**

(In thousands of Canadian dollars unless otherwise stated)

8) Intangible assets

	Computer software	Trademarks and patent	Customer relationships and backlog	Database and technology licenses	Total
Cost					
At January 1, 2014	381	93	2,175	8,798	11,447
Additions	348	2	-	750	1,100
Additions arising from business combination (see note 5)	-	-	177	-	177
At December 31, 2014	729	95	2,352	9,548	12,724
Additions	97	13	-	-	110
Additions arising from business combination (see note 5)	-	330	5,810	-	6,140
Disposals	(76)	-	-	(750)	(826)
At December 31, 2015	**750**	**438**	**8,162**	**8,798**	**18,148**
Accumulated amortization					
At January 1, 2014	147	13	755	1,515	2,430
Amortization expense	134	-	502	1,001	1,637
At December 31, 2014	281	13	1,257	2,516	4,067
Amortization expense	214	-	1,256	1,508	2,978
Disposals	(76)	-	-	(750)	(826)
At December 31, 2015	**419**	**13**	**2,513**	**3,274**	**6,219**
Net book value					
At December 31, 2014	448	82	1,095	7,032	8,657
At December 31, 2015	**331**	**425**	**5,649**	**5,524**	**11,929**

The Corporation reviewed the useful life of a technology license and determined there was no future economic benefit from it and adjusted the amortization charge in the year to 100% of the remaining value and considered the asset disposed of in the year.

9) Impairment tests

The Corporation performed its annual impairment tests at December 31, 2015 in accordance with the accounting policy as described in note 3. The results of these tests are shown below.

Goodwill and intangible assets were allocated to the following CGUs or group of CGUs aggregated to the level that the goodwill and intangible assets are monitored by management:

Goodwill	**December 31, 2015**	**December 31, 2014**
Symbility Property	**7,890**	6,948
Symbility Strategic Services	**2,873**	-
	10,763	6,948

(In thousands of Canadian dollars unless otherwise stated)

Intangible assets	December 31, 2015	December 31, 2014
Symbility Property	**11,599**	8,657
Symbility Strategic Services	**330**	-
	11,929	8,657

The recoverable amount of each CGU, or group of CGUs, is determined based on VIU using discounted cash flow projection calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The key assumptions used for the VIU calculation at December 31, 2015 and December 31, 2014 were as follows:

December 31, 2015	5 Year Growth Rate	Perpetual Growth Rate	Pre-tax Discount Rate
Symbility Property	15% - 20%	3%	22%
Symbility Strategic Services	10%	3%	24%

There was no Symbility Strategic Services segment in 2014.

December 31, 2014	5 Year Growth Rate	Perpetual Growth Rate	Pre-tax Discount Rate
Symbility Property	(24%) - 25%	3%	23%

Goodwill and intangible assets

The growth rates used are consistent with forecasts developed by management based on historical experience and future anticipated results. The pre-tax discount rates used reflect the specific risks relating to the relevant CGUs or group of CGUs. Based on the impairment tests performed, the Corporation determined that the VIU and FVLCD of each of Symbility Property and Symbility Strategic Services was higher than the carrying value of its net assets.

(In thousands of Canadian dollars unless otherwise stated)

10) Commitments

Operating lease obligations

The Corporation has entered into operating leases on office space and equipment excluding commitments under the transition services agreement. These leases have remaining terms of between one and five years. Future minimum annual lease payments under operating leases are as follows:

	December 31, 2015	December 31, 2014
Within one year	**1,207**	419
After one year but not more than five years	**3,020**	1,027
More than five years	**-**	-
	4,227	1,446

For the year ended December 31, 2015, the Corporation has expensed $459 (2014 - $343) related to the operating leases.

Transition services agreement

The Corporation has entered into a four-year transition services agreement with MSB with a minimum annualized commitment of $796 (2014 - $962). The termination of the agreement is subject to the earlier of i) the time when no customers of the MSB claim business or the new claims business are using certain existing MSB products, ii) four (4) years following the effective date which is on April 10, 2012 and iii) portions of the agreement upon 90 days' notice. The minimum commitment for the 90 day notice period is included in the obligation above.

The Corporation entered into the database licence agreement which requires payment by the Corporation to MSB to maintain the currency of the database. This is a variable cost based on various factors but has no minimum commitment (see note 6).

Other commitments

The Corporation also has non-cancellable purchase obligations under supplier agreements, excluding the transition services agreement, totaling $176 (2014 - $179) to be paid over the next two years ending December 31, 2017.

Contingent claims

In the ordinary course of business, from time to time the Corporation is involved in various claims related to software, intellectual property rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Corporation's exposure to these claims to be material to these consolidated financial statements.

(In thousands of Canadian dollars unless otherwise stated)

11) Income taxes

The expense for the year can be reconciled to the accounting loss as follows:

The major components of income tax expense are as follows:

	For the years ended December 31, 2015	2014
Current income tax	**52**	75
Deferred tax		
Origination and reversal of temporary differences	**792**	(250)
Unrecognized benefit of deferred tax assets	**(792)**	250
	52	75

A reconciliation between tax expense and the product of accounting profit multiplied by Canada's domestic tax rate for the years ended December 31, 2015 and 2014 are as follows:

	For the years ended December 31, 2015	2014
Loss before income tax expenses	**(6,011)**	(758)
Income tax rate	**26.66%**	26.63%
Income tax expense	**(1,603)**	(202)
Effect of expenses that are not deductible (taxable) in determining taxable income	**863**	527
Unrecognized benefit of current year's losses and other	**792**	(250)
Total income tax expense	**52**	75

The 2015 statutory rate of 26.66% differs from the 2014 statutory rate of 26.63% because of enacted rate reductions in the Federal and Ontario income tax rates.

The Corporation offsets tax assets and tax liabilities if, and only if, it has a legal enforceable right to set off current tax assets and current tax liabilities or the deferred tax assets and deferred tax liabilities and they relate to taxes levied by the same tax authority.

The benefits of the following temporary differences have not been recognized in the consolidated financial statements:

	December 31, 2015	December 31, 2014
Scientific research and experimental development	**407**	3,083
Non-capital losses	**15,126**	13,754
Other	**5,855**	5,653
Net unrecognized temporary differences	**21,388**	22,490

(In thousands of Canadian dollars unless otherwise stated)

The Corporation also had approximately $1,984 of Canadian federal investment tax credits as at December 31, 2015, which under certain circumstances can be used to reduce income tax payable in future years.

As at December 31, 2015, the Corporation has the following Federal investment tax credits available to reduce future Federal taxes payable, Federal and Ontario non-capital losses available for carry forward, U.S. non-capital losses available for carry forward and Ontario research and development tax credits which will expire as follows:

Year	Canadian Federal Investment tax credits	Canadian Federal and Ontario Non-capital loss carry forwards	U.S. Federal Loss carry forwards	Ontario Research and Development tax credits
2023	2	-	-	-
2024	29	-	-	-
2025	74	-	-	-
2026	115	1,684	-	-
2027	313	2,829	-	-
2028	364	1,087	242	-
2029	352	974	316	26
2030	314	908	-	38
2031	291	1,150	-	14
2032	44	2,502	-	2
2033	86	422	-	-
2034	-	1,978	-	-
2035	-	865	167	-
	1,984	14,399	725	80

The Corporation has Quebec non-capital losses of $10,980 (2014 - $10,099) and Germany non-capital losses of $nil (2014 - $62) available for carry forward. The Corporation is subject to federal and provincial income taxes, as well as U.S., Germany, and United Kingdom taxes. Tax laws are complex and can be subject to different interpretations. The Corporation has prepared its tax provision on the interpretations of tax law which it believes represents the probable outcome. The Corporation may be required to change its provision for income taxes if the tax authorities ultimately are not in agreement with the Corporation's interpretation.

The Corporation has not recorded a deferred tax asset on its taxable temporary differences. The Corporation has determined that the recognition of its net deferred tax assets does not meet the criteria of recognition being "probable". This assessment is based on management's estimates of future taxable income.

(In thousands of Canadian dollars unless otherwise stated)

12) Shareholders' equity

(a) Issued capital

Authorized
Unlimited common shares, no par value
Unlimited preferred shares, no par value

Issued (excluding Restricted Shares described below)

	Common shares	
	#	**$**
Share Capital Balance - January 1, 2014	205,486,334	48,224
Shares issued for services rendered	305,694	96
Share options exercised	1,331,133	382
Restricted Shares released	2,900,321	1,102
Share issuance costs	-	(2)
Share Capital Balance - December 31, 2014	210,023,482	49,802
Shares issued for services rendered	177,321	64
Share options exercised	164,466	36
Shares issued in business combination (note 5)	5,500,000	1,733
Shares issued for cash	21,676,073	7,153
Share issuance costs	-	(710)
Share Capital Balance - December 31, 2015	237,541,342	58,078

As at December 31, 2015, there were 2,000,000 (2014 - nil) Restricted Shares outstanding in addition to the above share capital.

(b) Share issuance for cash

On April 23, 2015, the Corporation announced that it had completed the closing of its public offering of 15,341,000 common shares with a price of $0.33 per share. In addition, on April 24, 2015, the Corporation announced that it had completed a financing and issued 6,335,073 common shares with a price of $0.33 per share to CoreLogic for the exercise of its preemptive right under a certain security holder agreement dated April 10, 2012. Gross proceeds from the public offering and exercise of the preemptive right were $7,153 resulting in cash proceeds of $6,774, net of issuance costs. The issuance of these common shares was approved by the TSX Venture Exchange.

(c) Restricted Share Plans

On June 10, 2015, the shareholders approved the 2015 Canadian Restricted Share Plan (the "2015 Canadian RS Plan") and the 2015 United States Restricted Share Plan (the "2015 United States RS Plan") (collectively, the "2015 RSA Plans"). Awards granted pursuant to the 2015 RSA Plans shall not exceed 2,000,000 common shares.

(In thousands of Canadian dollars unless otherwise stated)

The 2015 RSA Plans provide that the Restricted shares ("RS") issued to Participants (as such term is defined in the RSA Plans) under the 2015 RSA Plans will be subject to forfeiture over a period to be specified in the applicable RS Agreement, beginning June 26, 2015 and ending on June 26, 2018. The vesting criteria were set by the Board of Directors and are set forth in the applicable RS Agreement. Each RS grant shall be composed of three tranches. The risk of forfeiture with respect to 50% of the RS, unless earlier terminated or forfeited in accordance with the RS Plans, shall lapse on the first anniversary of the date of grant. The risk of forfeiture with respect to 25% of the RS, unless earlier terminated or forfeited in accordance with the RS Plans, shall lapse on each of the second and third anniversaries of the date of grant.

The 2015 Canadian RS Plan includes an escrow arrangement, which provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the 2015 Canadian RS Plan, the restrictions on each RS shall be lifted and one common share for each such RS shall be released from Escrow (as such term is defined in the 2015 Canadian RS Plan) and delivered to the Participant.

On June 26, 2015, 2,000,000 RSA were issued under the 2015 Canadian RS Plan. As at December 31, 2015, there were 2,000,000 RSA outstanding and the weighted average remaining contractual life for the RSA outstanding is 2.49 years.

The following table summarizes activity related to the 2015 RSA Plan for the year ended December 31, 2015:

	December 31, 2015
	Restricted Shares outstanding #
Balance - beginning of year	**-**
Granted	**2,000,000**
Forfeited	**-**
Released	**-**
Balance - end of year	**2,000,000**

The stock-based compensation expense for the 2015 Restricted Share Plans for the year ended December 31, 2015 was $219 , and is included in the total stock-based compensation (see note (e)).

(d) Stock option plan

The Corporation has a stock option plan (the “Plan”), which provides that the Board of Directors may grant from time to time, at its discretion, stock options to purchase common shares of the Corporation to directors, senior officers, employees, and consultants. The number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. In addition, the number of common shares reserved for issuance to any one person in any 12-month period shall not exceed 5% of the issued and outstanding common shares. There are additional restrictions on the number of options that may be granted to insiders. The exercise price shall be determined by the Board of Directors, but shall not be lower than the lowest price permitted by the TSX Venture Exchange.

(In thousands of Canadian dollars unless otherwise stated)

The exercise price of the stock options is greater than or equal to the closing market price of the underlying shares on the date before the options were granted. For employee stock options, the contractual term of options is ten years and the vesting period is at a rate of 1/3 on each of the 12, 24 and 36 month anniversary of the date of the grant or upon achievement of specific performance targets. For non-employee stock options, the contractual term of options is ten years and the vesting period varies with the term of the option contract.

The Corporation uses the Black-Scholes option pricing model to estimate the fair value of the options granted based on the following weighted average assumptions:

	For the years ended December 31,	
	2015	**2014**
Risk-free interest rate	**1.15%**	1.93%
Expected life	**6 years**	6 years
Volatility	**86%**	103%
Expected dividends	**Nil**	Nil
Weighted average		
Share price	**$0.34**	$0.36
Exercise price	**$0.34**	$0.36
Fair value	**$0.24**	$0.29

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which also may not necessarily be the actual outcome.

The following table summarizes activity related to stock options for the years ended December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Stock options outstanding	**Weighted average exercise price**	**Stock options outstanding**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Balance – beginning of year	**16,839,701**	**0.42**	15,963,399	0.41
Granted	**4,524,560**	**0.34**	3,184,935	0.36
Exercised	**(164,466)**	**0.11**	(1,331,133)	0.16
Forfeited	**(688,619)**	**0.36**	(291,394)	0.44
Expired	**(1,128,881)**	**0.44**	(686,106)	0.42
Balance – end of year	**19,382,295**	**0.40**	16,839,701	0.42
Exercisable – end of year	**12,889,425**	**0.43**	10,666,179	0.41

The weighted average remaining contractual life for the stock options outstanding as at December 31, 2015 is 7.57 years (2014 – 7.99 years). The weighted average share price of options exercised during the year ended December 31, 2015 was $0.33 (2014 – $0.34).

(In thousands of Canadian dollars unless otherwise stated)

The following table summarizes information about the Corporation's stock options outstanding as at December 31, 2015 and 2014:

Range of exercise price $	December 31, 2015 Number outstanding	December 31, 2014 Number outstanding
0.11 - 0.19	**370,000**	534,466
0.20 - 0.29	**1,937,800**	1,557,800
0.30 - 0.39	**7,199,495**	3,939,935
0.40 - 0.49	**3,990,000**	4,515,000
0.50	**5,885,000**	6,292,500
	19,382,295	16,839,701

(e) Stock-based compensation

The total stock-based compensation expense for the Stock Option Plan and the Restricted Share Plans for the year ended December 31, 2015 was $1,009 (2014 – $1,903), with a corresponding credit to contributed surplus.

Stock-based compensation	For the years ended December 31, 2015	2014
Cost of sales	**187**	-
Sales and marketing	**424**	670
General and administration	**276**	791
Research and development	**122**	442
Total	**1,009**	1,903

(f) Warrants

On June 26, 2015, the Corporation issued 1,000,000 warrants to seller of BNOTIONS as part of the acquisition (see note 5). Each warrant is exercisable to purchase one common share at $0.40 per warrant for a period of three years from the closing date. On June 26, 2015, the fair value of warrants was $94. As at December 31, 2015, there were 1,000,000 warrants outstanding. The weighted average remaining contractual life for the warrants outstanding as at December 31, 2015 is 2.49 years.

	For the year ended December 31, 2015
Risk-free interest rate	**0.64%**
Expected life	**3 years**
Volatility	**55%**
Expected dividends	**Nil**
Share price	**$0.32**
Exercise price	**$0.40**
Fair value	**$0.09**

(In thousands of Canadian dollars unless otherwise stated)

13) Loss per share

	For the years ended December 31, 2015	2014
Net loss attributable to common shareholders (numerator)	**(6,063)**	(833)
Weighted average number of common shares outstanding (denominator)		
Basic and diluted	**228,122,105**	208,597,825
Basic and diluted loss per common share, in Canadian dollars	**(0.03)**	(0.00)

The conversion of outstanding stock options and warrants has not been included in the calculation of diluted loss per share as to do so would have been anti-dilutive.

14) Financial Instruments and Risk Management

Fair value

Financial assets and liabilities classified as held-for-trading are measured at fair value at the consolidated balance sheet date with all realized and unrealized gains and losses resulting from the change in fair value included in income in the period in which they arise; these include cash and cash equivalents. Accounts receivable and other assets, loans receivable, prepaid expenses and other assets have been classified as loans and receivables, which are accounted for on an amortized cost basis using the effective interest rate method. Accounts payable and accrued liabilities, deferred revenue, finance lease obligations and customer deposits have been classified as other financial liabilities which are accounted for on an amortized cost basis using the effective interest rate method.

Risks arising from financial instruments and risk management

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

Risk management is the responsibility of the corporate finance function. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors.

Market risk and foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Corporation's income or the value of its financial instruments.

The Corporation's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products and services to customers invoiced in foreign currencies and the purchase of services invoiced in foreign currencies.

(In thousands of Canadian dollars unless otherwise stated)

The Corporation's accounts receivable and accounts payable by foreign currency as at December 31, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Accounts receivable		
U.K. pound sterling	**36%**	37%
European Euro	**3%**	12%
U.S. dollars	**13%**	11%
Accounts payable		
U.S. dollars	**14%**	21%

The Corporation's revenue and expenses by foreign currency for the years ended December 31, 2015 and 2014 are as follows:

	For the years ended December 31,	
	2015	**2014**
Revenue		
U.K. pound sterling	**22%**	14%
U.S. dollars	**39%**	63%
Expenses		
U.S. dollars	**34%**	33%

During the year ended December 31, 2015, a 1% appreciation (depreciation) in the U.S. dollar to the Canadian dollar foreign exchange rate, with all else being equal, would have affected net income by $4 (2014 - $11), and a 1% appreciation (depreciation) in the U.K. pound sterling to the Canadian dollar foreign exchange rate, with all else being equal, would have affected net income by $11 (2014 - $59).

The Corporation's exposure to foreign currency changes for all other currencies is not material.

Credit risk

As at December 31, 2015, the largest amounts due from one customer accounted for 12% of the Corporation's total accounts receivable (2014 - one customer - 39%). Subsequent to December 31, 2015, this customer has paid the full account balance.

The following table sets out details of the aging of accounts receivable that are outstanding and related allowance for doubtful accounts:

	December 31, 2015	December 31, 2014
Current	**5,237**	3,209
31 - 60 days	**1,302**	373
61 - 90 days	**94**	344
Over 91 days	**564**	997
Less: allowance for doubtful accounts	**(70)**	(44)
Total accounts receivable, net	**7,127**	4,879

(In thousands of Canadian dollars unless otherwise stated)

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss within other operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated statements of loss and comprehensive loss.

The movement in the Corporation's allowance for doubtful accounts for the years ended December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
Balance – beginning of year	**44**	29
Additions	**63**	125
Recovered	**(24)**	(64)
Written off	**(13)**	(46)
Balance – end of year	**70**	44

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Corporation achieves this by maintaining sufficient cash and cash equivalents, managing cash from operations and through the raising of equity financing. As at December 31, 2015, the Corporation was holding cash and cash equivalents of $6,553 (2014 - $12,612).

15) Management of capital

The Corporation defines capital that it manages as the aggregate of its shareholders' equity and interest-bearing debt. The Corporation's objectives when managing capital are to ensure that it can provide products and services to its customers and returns to its shareholders.

As at December 31, 2015, total managed capital was $31,150 (2014 - $27,857) comprised of shareholders' equity of $31,150 (2014 - $27,852) and interest-bearing debt of $nil (2014 - $5), which is included in accounts payable and accrued liabilities.

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions and operating results. The Corporation, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances.

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy and objectives with respect to capital risk management remained unchanged for the year ended December 31, 2015.

16) Segmented information

The Corporation has three reportable segments which offer different products and services: Symbility Property, Symbility Health, and Symbility Strategic Services.

- Symbility Property (property and casualty software) provides powerful, accurate and easy-to-use claims processing and estimating software for property and casualty insurers.
- Symbility Health (group insurance software) provides an advanced and practical software solution to a network of employee benefits brokers and third party administrator partners in the adjudication of health and dental claims.
- Symbility Strategic Services (mobile application software) designs and develops leading technologies in the area of mobile, the Internet of Things, Machine-to-machine, and wearables to different industries.

Revenue is generated from external customers in Canada, the United States, and other countries outside of North America.

During the year ended December 31, 2015, no customer accounted for more than 10% of the Corporation's revenue (2014 - two customers - $4,301 and $9,393 - these customers were in the Symbility Property segment).

(In thousands of Canadian dollars unless otherwise stated)

In the following tables, the Corporation discloses segment results, which are reconciled to the consolidated results reported in accordance with IFRS. The Symbility Health, Symbility Property and Symbility Strategic Services columns represent the segment results of each such operating segment. The Other column adds in those line items that are managed on a consolidated basis only: interest expense and other income (expense) – net, and cash and cash equivalents. This column also eliminates any intersegment transactions included in each segment.

	For the year ended December 31, 2015				
	Symbility Health	**Symbility Property**	**Symbility Strategic Services**	**Other**	**Total**
Revenue					
Software and other	5,351	18,199	-	-	23,550
Professional services	-	-	3,011	(24)	2,987
Total revenue	5,351	18,199	3,011	(24)	26,537
Cost of sales					
Software and other	2,426	3,588	-	-	6,014
Professional services	-	-	1,752	-	1,752
Total cost of sales	2,426	3,588	1,752	-	7,766
	2,925	14,611	1,259	(24)	18,771
Expenses	3,477	20,130	1,263	(24)	24,846
Segment loss before finance income, net and income tax expense	(552)	(5,519)	(4)	-	(6,075)
Finance income, net	-	-	-	(64)	(64)
Income tax expense	-	52	-	-	52
Segment net loss	(552)	(5,571)	(4)	64	(6,063)
As at December 31, 2015					
Operating assets	2,313	25,985	4,304	-	32,602
Assets not allocated to segments					
Cash and cash equivalents	-	-	-	6,553	6,553
Total operating assets	2,313	25,985	4,304	6,553	39,155
Carrying value of intangible assets	44	11,555	330	-	11,929
Carrying value of goodwill	-	7,890	2,873	-	10,763
Total liabilities	1,489	5,606	910	-	8,005
Additions to property and equipment, intangible assets and goodwill	10	6,881	3,518	-	10,409

(In thousands of Canadian dollars unless otherwise stated)

There was no Symbility Strategic Services segment in 2014.

	For the year ended December 31, 2014			
	Symbility Health	**Symbility Property**	**Other**	**Total**
Revenue				
Software and other	4,648	23,157	-	27,805
Total revenue	4,648	23,157	-	27,805
Cost of sales				
Software and other	2,184	3,105	-	5,289
Total cost of sales	2,184	3,105	-	5,289
	2,464	20,052	-	22,516
Expenses	3,275	20,147	-	23,422
Segment loss before finance income, net and income tax expense	(811)	(95)	-	(906)
Finance income, net	-	-	(148)	(148)
Income tax expense	-	75	-	75
Segment net loss	(811)	(170)	148	(833)
As at December 31, 2014				
Operating assets	1,821	21,099	-	22,920
Assets not allocated to segments				
Cash and cash equivalents	-	-	12,612	12,612
Total operating assets	1,821	21,099	12,612	35,532
Carrying value of intangible assets	50	8,607	-	8,657
Carrying value of goodwill	-	6,948	-	6,948
Total liabilities	1,518	6,162	-	7,680
Additions to property and equipment, intangible assets and goodwill	26	1,814	-	1,840

Geographic Information

The Corporation's revenue and non-current assets by geographic areas as at December 31, 2015 and 2014, and for the years then ended, are as follows:

	Revenue for the years ended December 31,		Non-current assets as at December 31,	
	2015	**2014**	**2015**	**2014**
Canada	**9,217**	5,717	**9,790**	8,201
United States	**10,381**	17,422	**7,265**	7,895
International	**6,939**	4,666	**6,470**	346
Total	**26,537**	27,805	**23,525**	16,442

(In thousands of Canadian dollars unless otherwise stated)

17) Supplementary cash flow information

	For the years ended December 31, 2015	2014
Interest paid	**-**	5
Interest received	**74**	151
Income taxes paid	**65**	17

18) Depreciation, amortization, and foreign exchange

	For the years ended December 31, 2015	2014
Depreciation and amortization	**608**	467
Foreign exchange (gain) loss, net	**(245)**	20
Total	**363**	487

19) Finance income and costs

	For the years ended December 31, 2015	2014
Interest income on cash and cash equivalents	**44**	153
Other finance and other income	**20**	-
Total finance income and other income	**64**	153
Total finance costs	**-**	5
Finance income, net	**64**	148

20) Scientific research and experimental development tax credits and grants

For the year ended December 31, 2015, the Corporation has recorded investment tax credits and employment credits from Développement des affaires électroniques of $363 (2014 - $709), net of preparation and consulting fees to apply for these credits, and reduced research and development expenditures by this amount. As at December 31, 2015, the Corporation had $849 (2014 - $895) of tax credits receivable. During the year of 2015, the Corporation has received tax credits of $461 (2014 - $nil).

The Corporation has accumulated $1,984 (2014 - $1,898) of non-refundable investment tax credits, which can be carried forward to reduce future federal income taxes payable that will begin to expire in 2023.

21) Restructuring cost

For the year ended December 31, 2015, the Corporation had recorded restructuring cost of $410 (2014 - nil). Restructuring costs are related to a re-alignment of resources (both personnel and real estate) to better match the sources of revenue following recent acquisitions in Europe, the reduction of revenue in the United States, and to match resources with revenue in the Health segment. Included in restructuring costs are severance cost for terminated employees and termination of certain services under the four-year transition services agreement with MSB.

22) Comparative consolidated financial statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 consolidated financial statements.