



# SYMBILITY

**Symbility Solutions Inc.**

Interim Condensed Consolidated Financial Statements  
(Unaudited)

**Quarter ended June 30, 2016**

**Symbility Solutions Inc.**  
Interim Consolidated Statements of Financial Position  
(Unaudited - In thousands of Canadian dollars)

	<b>Note</b>	<b>As at</b>	
		<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	6,555	6,553
Accounts receivable	6	6,619	7,127
Prepaid expenses		773	1,101
Tax credits receivable		999	849
		<b>14,946</b>	<b>15,630</b>
<b>Long-term assets</b>			
Prepaid expenses and security deposits		169	142
Property and equipment		673	691
Intangible assets		10,815	11,929
Goodwill		10,763	10,763
		<b>37,366</b>	<b>39,155</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	4,857	4,949
Deferred revenue		2,599	2,702
		<b>7,456</b>	<b>7,651</b>
<b>Long-term liabilities</b>			
Accrued liabilities and other		20	8
Customer deposits		367	346
		<b>7,843</b>	<b>8,005</b>
<b>Shareholders' equity</b>	5	<b>29,523</b>	<b>31,150</b>
		<b>37,366</b>	<b>39,155</b>

See accompanying notes

**Symbility Solutions Inc.**

## Interim Consolidated Statements of Loss and Comprehensive Loss

*(In thousands of Canadian dollars, except per share data)*

	<b>Note</b>	<b>Three-month period ended June 30,</b>		<b>Six-month period ended June 30,</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>					
Software and other	6, 7	<b>7,219</b>	5,586	<b>14,078</b>	10,633
Professional services	6, 7	<b>1,446</b>	42	<b>2,498</b>	42
<b>Total revenue</b>	6, 7	<b>8,665</b>	5,628	<b>16,576</b>	10,675
<b>Cost of sales</b>					
Software and other		<b>1,744</b>	1,402	<b>3,259</b>	2,721
Professional services		<b>857</b>	24	<b>1,618</b>	24
<b>Total cost of sales</b>		<b>2,601</b>	1,426	<b>4,877</b>	2,745
<b>Gross profit</b>		<b>6,064</b>	4,202	<b>11,699</b>	7,930
<b>Expenses</b>					
Sales and marketing	5	<b>3,566</b>	2,896	<b>7,143</b>	5,375
General and administration	5	<b>2,018</b>	1,708	<b>4,024</b>	3,424
Research and development	5	<b>888</b>	1,159	<b>1,793</b>	2,266
Depreciation, amortization, and foreign exchange	9	<b>294</b>	63	<b>961</b>	183
Transaction and restructuring	3	-	768	-	1,025
		<b>6,766</b>	6,594	<b>13,921</b>	12,273
<b>Loss before finance income, net and income tax expense</b>		<b>(702)</b>	(2,392)	<b>(2,222)</b>	(4,343)
Finance income, net		<b>(3)</b>	(12)	<b>(9)</b>	(53)
Income tax expense		<b>19</b>	15	<b>26</b>	33
<b>Net loss and comprehensive loss for the period</b>		<b>(718)</b>	(2,395)	<b>(2,239)</b>	(4,323)
<b>Basic and diluted loss and comprehensive loss per common share</b>		<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.02)
<b>Weighted average number of common shares outstanding Basic and diluted</b>		<b>237,628,521</b>	226,966,582	<b>237,584,932</b>	218,557,265

See accompanying notes

**Symbility Solutions Inc.**

## Interim Consolidated Statements of Changes in Shareholders' Equity

*(Unaudited - In thousands of Canadian dollars)*

	Note	Common shares	Warrants	Contributed surplus	Deficit	Total shareholders' equity
<b>At December 31, 2014</b>		49,802	-	12,929	(34,879)	27,852
Share issuance for services		30	-	-	-	30
Share options exercised		36	-	(18)	-	18
Share issuance in business combination		1,733	-	-	-	1,733
Warrants issuance in business combination		-	65	-	-	65
Share issuance for cash		7,153	-	-	-	7,153
Share issuance costs		(729)	-	-	-	(729)
Stock-based compensation	5(d)	-	-	385	-	385
Net loss for the period		-	-	-	(4,323)	(4,323)
<b>At June 30, 2015</b>		58,025	65	13,296	(39,202)	32,184
<b>At December 31, 2015</b>		58,078	94	13,920	(40,942)	31,150
Share options exercised	5(a, c)	65	-	(30)	-	35
Restricted shares released	5(a, b)	320	-	(320)	-	-
Stock-based compensation	5(d)	-	-	577	-	577
Net loss for the period		-	-	-	(2,239)	(2,239)
<b>At June 30, 2016</b>		58,463	94	14,147	(43,181)	29,523

*See accompanying notes*

**Symbility Solutions Inc.**  
Interim Consolidated Statements of Cash Flows  
(Unaudited - In thousands of Canadian dollars)

	Note	Three-month period ended		Six-month period ended	
		June 30,		June 30,	
		2016	2015	2016	2015
<b>Operating activities</b>					
Net loss for the period		(718)	(2,395)	(2,239)	(4,323)
Items not affecting cash					
Stock-based compensation	5(d)	304	127	577	385
Shares issuance for services		-	-	-	30
Depreciation and amortization		684	700	1,378	1,259
		<b>270</b>	<b>(1,568)</b>	<b>(284)</b>	<b>(2,649)</b>
Changes in non-cash working capital items					
Accounts receivable		1,244	222	54	(170)
Prepaid expenses		196	(17)	279	17
Tax credits receivable		(82)	(100)	(150)	(200)
Accounts payable and accrued liabilities		(473)	(806)	454	(60)
Deferred revenue		(848)	(382)	(52)	(327)
Customer deposits		21	-	21	-
		<b>58</b>	<b>(1,083)</b>	<b>606</b>	<b>(740)</b>
<b>Cash provided by (used in) operating activities</b>		<b>328</b>	<b>(2,651)</b>	<b>322</b>	<b>(3,389)</b>
<b>Investing activities</b>					
Purchase of property and equipment		(115)	(26)	(200)	(136)
Recovery (Purchase) of intangible assets		3	(30)	(46)	(81)
Security deposits		-	-	-	1
Business combination	3	(100)	(1,000)	(400)	(7,592)
<b>Cash used in investing activities</b>		<b>(212)</b>	<b>(1,056)</b>	<b>(646)</b>	<b>(7,808)</b>
<b>Financing activities</b>					
Proceeds from issuance of common shares		-	7,153	-	7,153
Proceeds from exercise of share options		35	18	35	18
Long-term finance lease payments		(2)	(1)	(2)	(2)
Share issuance costs		-	(728)	-	(729)
<b>Cash provided by financing activities</b>		<b>33</b>	<b>6,442</b>	<b>33</b>	<b>6,440</b>
Effect of exchange rate changes on cash and cash equivalents		26	(4)	293	38
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>175</b>	<b>2,731</b>	<b>2</b>	<b>(4,719)</b>
Cash and cash equivalents, beginning of period		6,380	5,162	6,553	12,612
<b>Cash and cash equivalents, end of period</b>		<b>6,555</b>	<b>7,893</b>	<b>6,555</b>	<b>7,893</b>
<b>Supplementary cash flow information</b>	8				

See accompanying notes

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*June 30, 2016*

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#### **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 June 30, 2016, 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") is a wholly owned subsidiary of CoreLogic, and a related party as a result of a common significant shareholder (See note 4).

#### **2) Significant accounting policies**

##### **(a) Statement of compliance**

These interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2016 of the Corporation were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2015, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Accordingly, these interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2016 should be read together with the annual consolidated financial statements for the year ended December 31, 2015.

The timely preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the interim condensed consolidated financial statements.

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*June 30, 2016*

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These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") of the Corporation on August 17, 2016.

#### **(b) New standards, interpretations and amendments adopted by the Corporation**

The following new accounting standard, which was applied or adopted during the three-month and six-month periods ended June 30, 2016, had no material impact on the unaudited interim condensed 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 do not have any impact on the consolidated financial statements as the Corporation has not used a revenue-based method to depreciate its non-current assets.

#### **(c) Changes in accounting policies not yet adopted**

The following accounting pronouncements issued by the IASB were not effective as at June 30, 2016. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation's consolidated financial statements:

##### ***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.

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*June 30, 2016*

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#### ***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 ("IFRS 16")***

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.

### **3) Business combinations**

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 over the next 10 months. As at June 30, 2016, all cash payments have been made. 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.



## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

#### 4) Related party transactions

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

For the three-month and six-month periods ended June 30, 2016, the Corporation expensed \$712 and \$1,218, respectively (June 30, 2015 - \$673 and \$1,231) for services under the services agreement, the database license agreement and for products resold by the Corporation under a reseller agreement with MSB. For the three-month and six-month periods ended June 30, 2016, the Corporation earned \$nil and \$nil, respectively, (June 30, 2015 - \$nil and \$4) for services provided to MSB. As at June 30, 2016, the Corporation owed \$369 (December 31, 2015 - \$130) to MSB, net of services provided.

For the three-month and six-month periods ended June 30, 2016, the Corporation earned \$113 and \$207 (June 30, 2015 - \$nil and \$nil) for services provided to CoreLogic. As at June 30, 2016, the Corporation had receivables of \$36 (December 31, 2015 - \$179) 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 BNATIONS, 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:

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Short-term remuneration and benefits	828	705	1,698	1,388
Share-based payments	142	91	281	241
<b>Total</b>	<b>970</b>	<b>796</b>	<b>1,979</b>	<b>1,629</b>

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

Issuance date	Expiry date	Exercise price	June 30, 2016	December 31, 2015
		\$	Number outstanding	Number outstanding
2010	2020	0.20	35,000	35,000
2011	2021	0.22 - 0.26	572,600	1,321,000
2012	2022	0.34 - 0.46	2,570,000	2,800,000
2013	2023	0.45 - 0.50	4,352,500	5,053,500
2014	2024	0.31 - 0.38	1,080,685	1,268,185
2015	2025	0.27 - 0.35	2,007,060	2,154,560
2016	2026	0.26 - 0.33	1,104,360	-
<b>Total</b>			<b>11,722,205</b>	<b>12,632,245</b>

On June 30, 2016, there were 263,000 restricted shares (December 31, 2015 - 526,000) outstanding under the Canadian Restricted Share Plan to an officer of the Corporation.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

#### 5) 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	
	#	\$
<b>Share Capital Balance - December 31, 2015</b>	237,541,342	58,078
Share options exercised	133,333	65
Restricted Shares released	1,000,000	320
<b>Share Capital Balance - June 30, 2016</b>	<b>238,674,675</b>	<b>58,463</b>

As at June 30, 2016, there were 1,000,000 (December 31, 2015 - 2,000,000) Restricted Shares outstanding in addition to the above.

##### (b) 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.

As at June 30, 2016, there were 1,000,000 (December 31, 2015 - 2,000,000) RSA outstanding and the weighted average remaining contractual life for the RSA outstanding is 1.99 years (December 31, 2015 - 2.49 years).

For the three-month and six-month periods ended June 30, 2016, the stock-based compensation expenses were \$122 and \$226, respectively (June 30, 2015 - \$6 and \$6), and is included in the total stock-based compensation (see note d).

The following table summarizes activity related to the 2015 RSA Plans for the six-month period ended June 30, 2016:

	June 30, 2016
	<b>Restricted Shares</b>
	<b>outstanding</b>
	<b>#</b>
Balance - beginning of period	2,000,000
Released	(1,000,000)
Balance - end of period	<b>1,000,000</b>

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

#### (c) 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 Corporation used the Black-Scholes option valuation model to estimate the fair value of the options granted based on the following weighted average assumptions for three-month and six-month periods ended June 30, 2016 and June 30, 2015:

	Three-month period ended June 30		Six-month period ended June 30	
	2016	2015	2016	2015
Risk-free interest rate	1.01%	1.14%	1.04%	1.14%
Expected life	6.0 years	6.0 years	6.0 years	6.0 years
Volatility	76%	86%	76%	86%
Expected dividends	Nil	Nil	Nil	Nil
Weighted average				
Share price	\$0.31	\$0.34	\$0.30	\$0.34
Exercise price	\$0.33	\$0.35	\$0.32	\$0.35
Fair value	\$0.20	\$0.25	\$0.20	\$0.25

The following table summarizes activity related to stock options for the six-month period ended June 30, 2016 and for the twelve-month period ended December 31, 2015:

	June 30, 2016		December 31, 2015	
	Stock options outstanding #	Weighted average exercise price \$	Stock options outstanding #	Weighted average exercise price \$
Balance – Beginning of period	19,382,295	0.40	16,839,701	0.42
Granted	1,549,360	0.32	4,524,560	0.34
Exercised	(133,333)	0.27	(164,466)	0.11
Forfeited	(415,835)	0.35	(688,619)	0.36
Expired	(2,002,732)	0.38	(1,128,881)	0.44
Balance – End of period	18,379,755	0.40	19,382,295	0.40
Exercisable – End of period	12,703,202	0.42	12,889,425	0.43

The weighted average remaining contractual life for the stock options outstanding as at June 30, 2016 is 7.38 years (December 31, 2015 – 7.57 years). The weighted average share price of options exercised during the six-month period ended June 30, 2016 was \$0.36 (June 30, 2015 - \$0.33).

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

#### (d) Stock-based compensation

The total stock-based compensation expense for the Stock Option Plan and the Restricted Share Plans for the three-month and six-month periods ended June 30, 2016 was \$304 and \$577, respectively (June 30, 2015 – \$127 and \$385) with a corresponding credit to contributed surplus.

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Cost of sales	100	4	192	4
Sales and marketing	147	72	288	147
General and administration	40	50	62	158
Research and development	17	1	35	76
<b>Total</b>	<b>304</b>	<b>127</b>	<b>577</b>	<b>385</b>

#### (e) Warrants

On June 26, 2015, the Corporation issued 1,000,000 warrants to seller of BNOTIONS as part of the acquisition. 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 June 30, 2016, there were 1,000,000 warrants (December 31, 2015 - 1,000,000 warrants) outstanding. The weighted average remaining contractual life for the warrants outstanding as at June 30, 2016 is 1.99 years (December 31, 2015 - 2.49 years).

## 6) Financial Instruments and Risk Management

### *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.

The Corporation's significant accounts receivable and accounts payable by foreign currency as at June 30, 2016 and December 31, 2015 are as follows:

	June 30, 2016	December 31, 2015
<b>Accounts receivable</b>		
U.K. pound sterling	18%	36%
U.S. dollars	17%	13%
<b>Accounts payable</b>		
U.S. dollars	21%	14%

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

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The Corporation's significant revenue and expense by foreign currency for the three-month and six-month periods ended June 30, 2016 and June 30, 2015 are as follows:

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
Revenue	2016	2015	2016	2015
U.K. pound sterling	17%	27%	19%	22%
U.S. dollars	40%	40%	39%	43%
<b>Expenses</b>				
U.S. dollars	26%	30%	26%	30%

#### *Credit risk*

As at June 30, 2016, no customer accounted for more than 10% of the Corporation's total accounts receivable (December 31, 2015 - one customer - 12%).

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

	June 30, 2016	December 31, 2015
Current	5,356	5,237
31 - 60 days	1,071	1,302
61 - 90 days	109	94
Over 91 days	120	564
Less: allowance for doubtful accounts	(37)	(70)
<b>Total accounts receivable, net</b>	<b>6,619</b>	<b>7,127</b>

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 interim condensed 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 interim condensed consolidated statements of loss and comprehensive loss.

#### *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 June 30, 2016, the Corporation was holding cash and cash equivalents of \$6,555 (December 31, 2015 - \$6,553).

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

June 30, 2016

#### 7) 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 development) 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 three-month and six-month periods ended June 30, 2016 and June 30, 2015, no customer accounted for more than 10% of the Corporation's revenue.

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.

	Three-month period ended June 30, 2016				
	Symbility Health	Symbility Property	Symbility Strategic Services	Other	Total
Revenue					
Software and other	1,576	5,643	-	-	7,219
Professional services	-	-	1,574	(128)	1,446
Total revenue	1,576	5,643	1,574	(128)	8,665
Cost of sales					
Software and other	684	1,060	-	-	1,744
Professional services	-	-	920	(63)	857
Total cost of sales	684	1,060	920	(63)	2,601
	892	4,583	654	(65)	6,064
Expenses	736	5,412	683	(65)	6,766
Segment income (loss) before finance income, net and income tax expense	156	(829)	(29)	-	(702)
Finance income, net	-	-	-	(3)	(3)
Income tax expense	-	18	1	-	19
Segment income (loss)	156	(847)	(30)	3	(718)

**Symbility Solutions Inc.****Notes to Interim Condensed Consolidated Financial Statements***(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

June 30, 2016

	<b>Six-month period ended June 30, 2016</b>				
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Symbility Strategic Services</b>	<b>Other</b>	<b>Total</b>
Revenue					
Software and other	3,138	10,940	-	-	14,078
Professional services	-	-	2,714	(216)	2,498
Total revenue	<u>3,138</u>	<u>10,940</u>	<u>2,714</u>	<u>(216)</u>	<u>16,576</u>
Cost of sales					
Software and other	1,380	1,879	-	-	3,259
Professional services	-	-	1,712	(94)	1,618
Total cost of sales	<u>1,380</u>	<u>1,879</u>	<u>1,712</u>	<u>(94)</u>	<u>4,877</u>
	<u>1,758</u>	<u>9,061</u>	<u>1,002</u>	<u>(122)</u>	<u>11,699</u>
Expenses	<u>1,460</u>	<u>11,291</u>	<u>1,292</u>	<u>(122)</u>	<u>13,921</u>
Segment income (loss) before finance income, net and income tax expense	298	(2,230)	(290)	-	(2,222)
Finance income, net	-	-	-	(9)	(9)
Income tax expense	-	25	1	-	26
Segment income (loss)	<u>298</u>	<u>(2,255)</u>	<u>(291)</u>	<u>9</u>	<u>(2,239)</u>
<b>As at June 30, 2016</b>					
Operating assets	2,454	23,506	4,851	-	30,811
Assets not allocated to segments					
Cash and cash equivalents	-	-	-	6,555	6,555
Total operating assets	<u>2,454</u>	<u>23,506</u>	<u>4,851</u>	<u>6,555</u>	<u>37,366</u>
Carrying value of intangible assets	46	10,439	330	-	10,815
Carrying value of goodwill	-	7,890	2,873	-	10,763
Total liabilities	<u>2,052</u>	<u>5,367</u>	<u>424</u>	<u>-</u>	<u>7,843</u>
Additions to property and equipment, intangible assets, and goodwill	6	122	118	-	246

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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June 30, 2016

	Three-month period ended June 30, 2015				Total
	Symbility Health	Symbility Property	Symbility Strategic Services	Other	
Revenue					
Software and other	1,266	4,320	-	-	5,586
Professional services	-	-	42	-	42
Total revenue	1,266	4,320	42	-	5,628
Cost of sales					
Software and other	590	812	-	-	1,402
Professional services	-	-	24	-	24
Total cost of sales	590	812	24	-	1,426
	676	3,508	18	-	4,202
Expenses	941	5,633	20	-	6,594
Segment loss before finance income, net and income tax expense	(265)	(2,125)	(2)	-	(2,392)
Finance income, net	-	-	-	(12)	(12)
Income tax expense	-	15	-	-	15
Segment income (loss)	(265)	(2,140)	(2)	12	(2,395)

	Six-month period ended June 30, 2015				Total
	Symbility Health	Symbility Property	Symbility Strategic Services	Other	
Revenue					
Software and other	2,641	7,992	-	-	10,633
Professional services	-	-	42	-	42
Total revenue	2,641	7,992	42	-	10,675
Cost of sales					
Software and other	1,189	1,532	-	-	2,721
Professional services	-	-	24	-	24
Total cost of sales	1,189	1,532	24	-	2,745
	1,452	6,460	18	-	7,930
Expenses	1,751	10,502	20	-	12,273
Segment income (loss) before finance income, net and income tax expense	(299)	(4,042)	(2)	-	(4,343)
Finance income, net	-	-	-	(53)	(53)
Income tax expense	-	33	-	-	33
Segment income (loss)	(299)	(4,075)	(2)	53	(4,323)



## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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June 30, 2016

	Symbility Health	Symbility Property	Symbility Strategic Services	Other	Total
<b>As at December 31, 2015</b>					
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

### Geographic Information

The Corporation's revenue by geographic area for the three-month and six-month periods ended June 30, 2016 and June 30, 2015 and non-current assets by geographic area as at June 30, 2016 and December 31, 2015 are as follows:

	Revenue for three- month period ended		Revenue for six-month period ended		Non-current assets as at	
	June 30,		June 30,		June 30,	December 31,
	2016	2015	2016	2015	2016	2015
<b>Canada</b>	3,351	1,572	6,217	3,195	9,333	9,790
<b>United States</b>	3,364	2,273	6,292	4,624	6,936	7,265
<b>International</b>	1,950	1,783	4,067	2,856	6,151	6,470
<b>Total</b>	8,665	5,628	16,576	10,675	22,420	23,525

### 8) Supplementary cash flow information

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Interest paid (recovered)	-	(1)	-	-
Interest received	5	14	9	61
Income taxes paid (recovered)	6	(7)	7	61

**Symbility Solutions Inc.****Notes to Interim Condensed Consolidated Financial Statements***(Unaudited - In thousands of Canadian dollars unless otherwise stated)**June 30, 2016*

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**9) Depreciation, amortization, and foreign exchange**

	<b>Three-month period ended</b>		<b>Six-month period ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Depreciation and amortization	<b>162</b>	141	<b>328</b>	283
Foreign exchange (gain) loss, net	<b>132</b>	(78)	<b>633</b>	(100)
<b>Total</b>	<b>294</b>	63	<b>961</b>	183

**10) Comparative interim condensed consolidated financial statements**

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 interim condensed consolidated financial statements.