Symbility Solutions Inc.

Annual Audited Consolidated Financial Statements

December 31, 2014

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, 2014 and 2013, 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 audit 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 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, 2014 and 2013 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, Canada
March 26, 2015

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

	Note	As at December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	15	**12,612**	12,173
Accounts receivable and other assets	15	**4,879**	4,153
Prepaid expenses and other assets		**704**	751
Tax receivables	22	**895**	40
		19,090	17,117
Long-term assets			
Prepaid expenses		**34**	-
Security deposits		**56**	33
Property and equipment	7	**747**	675
Intangible assets	8, 9	**8,657**	9,017
Goodwill	5, 9	**6,948**	6,771
		35,532	33,613
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10, 15	**5,136**	3,755
Deferred revenue		**2,135**	3,032
		7,271	6,787
Long-term liabilities			
Accrued liabilities and others	10, 15	**64**	5
Customer deposits		**345**	345
		7,680	7,137
Commitments	10, 11		
Shareholders' equity		**27,852**	26,476
		35,532	33,613

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, 2014	2013
Revenue	15, 17	**27,805**	21,894
Cost of sales		**5,289**	4,395
Gross margin		**22,516**	17,499
Expenses			
Sales and marketing	13	**10,630**	9,883
General and administration	13	**7,068**	7,725
Research and development	13, 22	**5,094**	4,428
Transaction related	5	**143**	-
Other operating	19	**487**	254
		23,422	22,290
Loss before finance costs (income), net and income tax expense		**(906)**	(4,791)
Finance income, net	20, 21	**(148)**	(117)
Current income tax expense	12	**75**	13
Net loss and comprehensive loss for the year		**(833)**	(4,687)
Basic and diluted loss and comprehensive loss per common share	14	**(0.00)**	(0.02)
Weighted average number of common shares outstanding			
Basic and diluted	14	**208,597,825**	204,897,076

See accompanying notes

Symbility Solutions Inc.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

	Note	Common shares	Broker warrants	Contributed surplus	Deficit	Total shareholders' equity
At January 1, 2013	13	47,611	235	9,443	(29,359)	27,930
Issuance of shares for services	13	50	-	-	-	50
Share options exercised	13	160	-	(48)	-	112
Restricted shares released	13	381	-	(381)	-	-
Share issuance costs	13	22	-	-	-	22
Stock-based compensation	13	-	-	3,049	-	3,049
Net loss for the year		-	-	-	(4,687)	(4,687)
At December 31, 2013	13	48,224	235	12,063	(34,046)	26,476
Issuance of shares for services	13	96	-	-	-	96
Share options exercised	13	382	-	(170)	-	212
Restricted shares released	13	1,102	-	(1,102)	-	-
Share issuance costs	13	(2)	-	-	-	(2)
Broker Warrants expired	13	-	(235)	235	-	-
Stock-based compensation	13	-	-	1,903	-	1,903
Net loss for the year		-	-	-	(833)	(833)
At December 31, 2014	13	**49,802**	**-**	**12,929**	**(34,879)**	**27,852**

See accompanying notes

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

	Note	For the years ended December 31, 2014	2013
Operating activities			
Net loss for the year		**(833)**	(4,687)
Items not affecting cash			
Stock-based compensation	13	**1,903**	3,049
Issuance of shares for services	13	**96**	50
Depreciation and amortization	7, 8	**1,951**	1,605
		3,117	17
Changes in non-cash working capital items			
Accounts receivable and other assets		**(667)**	(739)
Prepaid expenses and other assets		**31**	(222)
Tax receivables		**(855)**	21
Accounts payable and accrued liabilities		**1,382**	(184)
Deferred revenue		**(897)**	(1,504)
Customer deposits		**-**	143
Cash provided by (used in) operating activities		**2,111**	(2,468)
Investing activities			
Purchase of property and equipment	7	**(386)**	(511)
Purchase of intangible assets	8	**(1,100)**	(241)
Loans receivable		**-**	148
Security deposits		**(24)**	(14)
Business combination	5	**(354)**	-
Cash used in investing activities		**(1,864)**	(618)
Financing activities			
Proceeds from exercise of share options		**212**	112
Cost of issuance of shares	5	**(2)**	(1)
Long-term finance lease payments		**(45)**	(51)
Cash provided by financing activities		**165**	60
Effect of exchange rate changes on cash and cash equivalents		**27**	191
Net increase (decrease) in cash and cash equivalents		**439**	(2,835)
Cash and cash equivalents, beginning of year		**12,173**	15,008
Cash and cash equivalents, end of year		**12,612**	12,173
Supplementary cash flow information	18		

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, Milwaukee, Wisconsin, Tyler, Texas, and Stuttgart, Baden-Württemberg.

The Corporation has three 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 and Symbility Solutions GmbH which is incorporated in the State of Bavaria, Germany. Symbility Health Inc. has a wholly owned subsidiary, Automated Benefits Ltd., incorporated in the Province of Alberta, Canada.

As at December 31, 2014, CoreLogic, Inc. and its affiliates (collectively "CoreLogic") own 61,404,748 common shares representing approximately 29% 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, 2014 along with comparative results for the year ended December 31, 2013. 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 26, 2015.

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 consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses recorded during the year. The critical estimates and judgments applied in preparing the Corporation's consolidated financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgments made in the preparation of the Corporation's consolidated financial statements include, among other things, reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities as at the end of the reporting period. It also requires management to exercise judgment in applying the Corporation's accounting policies. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making the estimates and judgments in these consolidated financial statements. Actual results could differ from those estimates.

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 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, Symbility Solutions Corp., Symbility Solutions GmbH, Symbility Health Inc. and Automated Benefits Ltd. as at December 31, 2014 and 2013 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, income, expenses and cash flow 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 are amortized on a straight-line basis from two years to five years. Database and technology licenses are amortized on a straight-line basis from five years to ten years. Computer software and computer software under finance lease are amortized on a straight-line basis at 30% per year.

Intangible assets with indefinite lives consist of trademarks and patents 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 cash generating units ("CGU") 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 their 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 two divisions: Symbility Property and Symbility Health, which provide Software as a Service ("SaaS") technology.

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, and (ii) the resale of premium insurance products. Transaction fee revenue is driven by the value of claims processed in a period. Claims revenue is invoiced and recognized in the month that a claim occurs. The resale of premium insurance products is invoiced to the customer at the beginning of a policy and recognized ratably over the term of the policy.

SaaS arrangement 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

i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at 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 an 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 costs 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 are 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 share-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 options. 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 foreign 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 statements of financial position 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 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 prioritizes 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.

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

The following new accounting standards applied or adopted during the year ended December 31, 2014 had no material impact on the consolidated financial statements.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 and IAS 32 ("IFRS 7" and "IAS 32")

These amendments require an entity to disclose information about rights to set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32.

Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar arrangement, irrespective of whether they are set off in accordance with IAS 32. This standard became effective for annual periods beginning on or after January 1, 2014. The adoption of these amendments to IFRS 7 did not have any impact on the disclosures of the Corporation.

IAS 36 Impairment of Assets ("IAS 36")

In May 29, 2013, the IASB published amendments to IAS 36 which reduce the circumstances in which the recoverable amount of CGU is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. This amendment is effective for annual periods beginning on or after January 1, 2014. The adoption of IAS 36 did not have an impact on the consolidated financial statements of the Corporation.

Future Accounting Policies

IAS 1 Financial Statement Presentation ("IAS 1")

The International Accounting Standards Board (“IASB”) has published ‘Disclosure Initiative (Amendments to IAS 1). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

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 a company’s 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. The Corporation is in the process of evaluating the impact of these amendments on the Corporation’s consolidated financial statements.

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

In July 2014, the IASB issued the final version of IFRS 9 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard, Financial Instruments: Recognition and Measurement, introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Corporation is in the process of evaluating the impact of these amendments on the Corporation’s consolidated financial statements.

(In thousands of Canadian dollars unless otherwise stated)

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, 2017. 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.

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 early adoption permitted. These amendments are not expected to have any impact on the consolidated financial statements of the Corporation 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 division 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.

The final purchase equation is summarized below:

Fair value recognized on acquisition	Total
Assets	
Intangible assets	177
Net identifiable assets	177
Goodwill arising on acquisition	177
Purchase consideration transferred	**354**

(In thousands of Canadian dollars unless otherwise stated)

The Corporation identified intangible assets of $177 for customer relationships and other intangible assets, which the Corporation expects to amortize over 24 months. Goodwill of $177 relates to workforce, expected synergies and other assets that are not individually identified and separately recognized in the Symbility Property division. Goodwill is not expected to be deductible for tax purposes. For the year ended December 31, 2014, acquisition costs of $143 were accounted for as a period expense when the costs were incurred.

For the year ended December 31, 2014, revenue of $232, expenses of $258, which includes intangible asset amortization of $22 and a loss of $(26) have been included in these consolidated financial statements related to the Acquisition. If the Acquisition had taken place at the beginning of the year, revenue would have been $28,435, expenses of $29,284, including intangible asset amortization expense of $1,707, and the net loss for the year would have been $(849).

6) Related party transactions

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

For the year ended December 31, 2014, the Corporation expensed $2,368 (2013 - $2,512) for services under the four-year transition services agreement and database license agreement with MSB. The termination of the transition services agreement is subject to the earlier of i) the time when no customers are using certain existing MSB products, and ii) four (4) years following the effective date, which was on April 10, 2012 and iii) portions of the agreement upon 90 days' notice. For the year ended December 31, 2014, the Corporation earned $14 (2013 - $312) for services provided to MSB. As at December 31, 2014, the Corporation owed $155 (2013 - $322) to MSB, net of services provided.

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 share price on the date of issuance.

Compensation of key management personnel

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

	For the years ended December 31,	
	2014	**2013**
Short term remuneration and benefits	**3,007**	2,820
Share-based payments	**1,176**	1,973
Total	**4,183**	4,793

(In thousands of Canadian dollars unless otherwise stated)

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, 2014	December 31, 2013
		$	Number outstanding	Number outstanding
2009	2014	0.12 - 0.19	**-**	950,000
2010	2015 - 2020	0.11 - 0.20	**184,466**	333,932
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**	-
Total			**10,627,151**	10,458,432

On December 31, 2014, there were no restricted shares (2013 - 2,164,507) under the Canadian Restricted Share Plan and United States Restricted Share Plan outstanding to certain Directors and officers of the Corporation.

7) Property and equipment

	Furniture and fixtures	Computer equipment(1)	Equipment	Leasehold improvements	Total
Cost					
At January 1, 2013	179	714	75	141	1,109
Additions	71	249	88	102	510
At December 31, 2013	250	963	163	243	1,619
Additions	39	85	39	223	386
At December 31, 2014	289	1,048	202	466	2,005
Accumulated depreciation					
At January 1, 2013	119	485	47	59	710
Depreciation expense	22	135	43	34	234
At December 31, 2013	141	620	90	93	944
Depreciation expense	34	174	39	67	314
At December 31, 2014	175	794	129	160	1,258
Net book value					
At December 31, 2013	109	343	73	150	675
At December 31, 2014	114	254	73	306	747

(1) Includes computer equipment under finance lease with a cost of $107 (2013 - $107), accumulated amortization of $102 (2013 - $70) and net book value of $5 (2013 - $37).

(In thousands of Canadian dollars unless otherwise stated)

8) Intangible assets

	Computer software(1)	Trademarks and patent	Customer relationships	Database and technology licenses	Total
Cost					
At January 1, 2013	158	76	2,175	8,798	11,207
Additions	223	17	-	-	240
At December 31, 2013	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**
Accumulated amortization					
At January 1, 2013	97	13	314	635	1,059
Amortization expense	50	-	441	880	1,371
At December 31, 2013	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**
Net book value					
At December 31, 2013	234	80	1,420	7,283	9,017
At December 31, 2014	**448**	**82**	**1,095**	**7,032**	**8,657**

(1) Includes computer software under finance lease with a cost of $17 (2013 - $17), accumulated amortization of $16 (2013 - $11) and net book value of $1 (2013 - $6).

9) Impairment tests

The Corporation performed its annual impairment tests at December 31, 2014 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, 2014**	**December 31, 2013**
Symbility Property	**6,948**	6,771

Intangible assets	**December 31, 2014**	**December 31, 2013**
Symbility Property	**8,607**	8,984
Symbility Health	**50**	33
	8,657	9,017

(In thousands of Canadian dollars unless otherwise stated)

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, 2014 and December 31, 2013 were as follows:

December 31, 2014	5 Year Growth Rate	Perpetual Growth Rate	Pre-tax Discount Rate
Symbility Property	(24%) - 25%	3%	23%
Symbility Health	15% - 26%	3%	23%

December 31, 2013	5 Year Growth Rate	Perpetual Growth Rate	Pre-tax Discount Rate
Symbility Property	(10%) - 30%	3%	26%
Symbility Health	15% - 20%	3%	26%

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 Symbility Property and Symbility Health was higher than the carrying value of its net assets.

10) Finance lease obligations

The Corporation has entered into finance leases on certain office equipment with lease terms of five years. The Corporation has the option to purchase the machines for a nominal amount at the conclusion of the lease agreements. The interest charged on these finance leases is at a rate of 7.75% annually. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	December 31, 2014		December 31, 2013	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
Within one year	**5**	**5**	46	44
After one year but not more than five years	**-**	**-**	5	5
More than five years	**-**	**-**	-	-
Total minimum lease payments	**5**	**5**	51	49
Less finance costs	**-**	**-**	(2)	-
Present value of minimum lease payments	**5**	**5**	49	49

(In thousands of Canadian dollars unless otherwise stated)

11) 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, 2014	December 31, 2013
Within one year	**419**	478
After one year but not more than five years	**1,027**	1,233
More than five years	**-**	-
	1,446	1,711

For the year ended December 31, 2014, the Corporation has expensed $343 (2013 - $411) 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 $962 (2013 - $712). 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 $179 (2013 - $343) to be paid over the next two years ending December 31, 2016.

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)

12) 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,	
	2014	**2013**
Current income tax	**75**	13
Deferred tax		
Origination and reversal of temporary differences	**(250)**	249
Unrecognized benefit of deferred tax assets	**250**	(249)
	75	13

A reconciliation between tax expense and the product of accounting profit multiplied by Canada's domestic tax rate for the years ended December 31, 2014 and 2013 are as follows:

	For the years ended December 31,	
	2014	**2013**
Loss before income tax expenses	**(758)**	(4,674)
Income tax rate	**26.63%**	27.85%
Income tax expense	**(202)**	(1,302)
Effect of expenses that are not deductible (taxable) in determining taxable income	**527**	1,066
Unrecognized benefit of current year's losses and other	**(250)**	249
Total income tax expense	**75**	13

The 2014 statutory rate of 26.63% differs from the 2013 statutory rate of 27.85% 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, 2014	**December 31, 2013**
Scientific research and experimental development	**3,083**	4,136
Non-capital losses	**13,754**	16,371
Other	**7,691**	5,710
Net unrecognized temporary differences	**24,528**	26,217

(In thousands of Canadian dollars unless otherwise stated)

As at December 31, 2014, 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
2015	-	1,942	-	-
2023	2	-	-	-
2024	29	-	-	-
2025	74	-	-	-
2026	115	1,232	-	-
2027	313	2,501	-	-
2028	364	1,087	28	-
2029	352	974	243	26
2030	314	908	-	38
2031	291	1,150	-	14
2032	44	2,502	-	2
2033	-	422	-	-
2034	-	764	-	-
	1,898	13,482	271	80

The Corporation has Quebec non-capital losses of $10,099 (2013 - $8,298) and Germany non-capital losses of $4 (2013 - nil) available for carry forward. The Corporation is subject to federal and provincial income taxes, as well as U.S. and Germany 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)

13) Issued capital

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

Issued (excluding Restricted Shares described below)

	Common shares	
	#	$
Balance - January 1, 2013	203,873,159	47,611
Shares issued for services rendered	111,438	50
Share options exercised	499,999	160
Restricted Shares released	1,001,738	381
Share issuance costs	-	22
Share Capital Balance - December 31, 2013	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

As at December 31, 2014, there were no Restricted Shares ("RS") (2013 - 3,253,193) outstanding.

Restricted Share Plans

On March 27, 2012, the Shareholders approved the Canadian RS Plan and the United States RS Plan. Awards granted pursuant to the RS Plans, together with all other security based compensation granted by the Corporation, shall not exceed 10% of the issued and outstanding common shares on the date of grant.

The RS Plans provide that the RSs issued to Participants (as such term is defined in the RS Plans) under RS Plans will be subject to forfeiture over a period to be specified in the Restricted Share Agreement (the "RS Agreement"), beginning April 1, 2012 and ending on or before March 31, 2017, unless certain vesting criteria have been achieved. 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 equal tranches. The risk of forfeiture with respect to 20% of the first tranche (1/3 of the RSs granted), unless earlier terminated or forfeited in accordance with the RS Plans, shall lapse on each of March 31, 2013, 2014, 2015, 2016 and 2017 in five equal parts. The risk of forfeiture with respect to the second tranche (1/3 of the RSs granted) shall lapse upon the achievement of certain performance goals related to the integration of the operations of the Corporation and its subsidiaries with the MSB Prior Claims Business (as such term is defined in the RS Plans) on or before April 10, 2014. The risk of forfeiture with respect to the third tranche (1/3 of the RSs granted) shall lapse upon the achievement of certain financial performance-based targets for the Corporation's twelve-month periods ended March 31, 2013, 2014, 2015, 2016 and 2017. Such performance goals and financial performance-based targets are set by the Board of Directors and are set forth in the applicable RS Agreements.

(In thousands of Canadian dollars unless otherwise stated)

The Canadian RS Plan and the United States RS Plan contain essentially the same terms, with the primary exception being the escrow arrangement in the Canadian RS Plan, which provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the Canadian RS Plan, the restrictions on each RS shall be lifted and one common share for each RS shall be released from escrow and delivered to the Participant in accordance with the Canadian RS Plan. The United States RS Plan provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the United States RS Plan, the restrictions on each RS shall be lifted and one common share for each such RS shall be delivered to the Participant.

On June 29, 2012, 3,073,265 RSs were issued under the Canadian RS Plan and 1,320,000 RSs were issued under the United States RS Plan, for a total of 4,393,265 RSs outstanding.

The following table summarizes activity related to the RS for the years ended December 31, 2014 and 2013:

	December 31, 2014	**December 31, 2013**
	Restricted Shares outstanding	**Restricted Shares outstanding**
	#	**#**
Balance - beginning of year	**3,253,193**	4,293,265
Forfeited	**(352,872)**	(38,334)
Released	**(2,900,321)**	(1,001,738)
Balance - end of year	**-**	3,253,193

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.

The exercise price of the stock options is 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 vary from five to ten years and the vesting period is either at a rate of 1/3 immediately and 1/3 on each of the 12 and 24 month anniversary of the date of the grant or 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 vary from five to ten years and the vesting period varies with the term of the option contract.

(In thousands of Canadian dollars unless otherwise stated)

Stock-based compensation	**For the years ended December 31,**	
	2014	**2013**
General and administration	**791**	1,493
Research and development	**442**	677
Sales and marketing	**670**	879
Total	**1,903**	3,049

The total stock-based compensation expense for the Stock option Plan and the Restricted Share Plans for the year ended December 31, 2014 was $1,903 (2013 – $3,049), with a corresponding credit to contributed surplus.

The Corporation used 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,	
	2014	**2013**
Risk-free interest rate	**1.93%**	1.55%
Expected life	**6 years**	5.5 years
Volatility	**103%**	112%
Expected dividends	**Nil**	Nil
Weighted average share price	**$0.36**	$0.48
Weighted average exercise price	**$0.36**	$0.49
Weighted average fair value	**$0.29**	$0.39

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 may also not necessarily be the actual outcome.

The following table summarizes activity related to stock options for the years ended December 31, 2014 and 2013:

	December 31, 2014		**December 31, 2013**	
	Stock options outstanding	**Weighted average exercise price**	**Stock options outstanding**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Balance – beginning of year	**15,963,399**	**0.41**	8,638,399	0.32
Granted	**3,184,935**	**0.36**	8,365,000	0.49
Exercised	**(1,331,133)**	**0.16**	(499,999)	0.22
Forfeited	**(291,394)**	**0.44**	(355,007)	0.45
Expired	**(686,106)**	**0.42**	(184,994)	0.43
Balance – end of year	**16,839,701**	**0.42**	15,963,399	0.41
Exercisable – end of year	**10,666,179**	**0.41**	8,647,290	0.35

(In thousands of Canadian dollars unless otherwise stated)

The weighted average remaining contractual life for the stock options outstanding as at December 31, 2014 is 7.99 years (2013 – 8.03 years). The weighted average share price of options exercised during the year ended December 31, 2014 was $0.34 (2013 – $0.44).

The following table summarizes information about the Corporation's stock options outstanding as at December 31, 2014 and 2013:

Range of exercise price $	December 31, 2014 Number outstanding	December 31, 2013 Number outstanding
0.10 - 0.19	**534,466**	1,815,599
0.20 - 0.29	**1,557,800**	1,642,800
0.30 - 0.39	**3,939,935**	960,000
0.40 - 0.49	**4,515,000**	4,997,500
0.50 - 0.59	**6,292,500**	6,547,500
	16,839,701	15,963,399

Broker warrants

On December 11, 2012, the Corporation issued 1,136,375 broker warrants to the underwriters as part of the compensation costs related to the public offering of $10,000. Each broker warrant is exercisable to purchase one common share at $0.44 per broker warrant for a period of two years from the Closing Date. On December 11, 2012, the fair value of broker warrants was $235. As at December 31, 2014, there were no broker warrants (2013 - 1,136,375) outstanding.

The following table summarizes activity related to broker warrants for the year ended December 31, 2014 and 2013:

	December 31, 2014		December 31, 2013	
	Broker warrants outstanding	Weighted average exercise price	Broker warrants outstanding	Weighted average exercise price
	#	$	#	$
Balance – beginning of year	**1,136,375**	**0.44**	1,136,375	0.44
Expired	**(1,136,375)**	**0.44**	-	-
Balance – end of year	**-**	**-**	1,136,375	0.44
Exercisable – end of year	**-**	**-**	1,136,375	0.44

(In thousands of Canadian dollars unless otherwise stated)

14) Loss per share

	For the years ended December 31, 2014	2013
Loss attributable to common shareholders (numerator)	**(833)**	(4,687)
Weighted average number of common shares outstanding (denominator) Basic and diluted	**208,597,825**	204,897,076
	$	$
Basic and diluted loss per common share, in Canadian dollars	**(0.00)**	(0.02)

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.

15) 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 net 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, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Accounts receivable		
U.K. pound sterling	**37%**	36%
European Euro	**12%**	5%
U.S. dollars	**11%**	22%
Accounts payable		
U.S. dollars	**21%**	33%

The Corporation's revenue and expense by foreign currency for the years ended December 31, 2014 and 2013 are as follows:

	For the years ended December 31,	
	2014	2013
Revenue		
U.K. pound sterling	**14%**	11%
U.S. dollars	**63%**	65%
Expenses		
U.S. dollars	**33%**	36%

During the year ended December 31, 2014, a 1% appreciation (depreciation) in the U.S. dollar to Canadian dollar foreign exchange rate, with all else being equal, would have affected net income by $11 (2013 - $16), and a 1% appreciation (depreciation) in the U.K. pound sterling to Canadian dollar foreign exchange rate, with all else being equal, would have affected net income by $59 (2013 - $35). The Corporation's exposure to foreign currency changes for all other currencies is not material.

Credit risk

As at December 31, 2014, the largest amounts due from one customer accounted for 39% of the Corporation's total accounts receivable (2013 - one customer - 41%). Subsequent to December 31, 2014, this customer had paid $1,015, including their balance greater than 90 days.

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

	December 31, 2014	December 31, 2013
Current	**3,209**	2,596
31 - 60 days	**373**	682
61 - 90 days	**344**	193
Over 91 days	**997**	711
Less: allowance for doubtful accounts	**(44)**	(29)
Total accounts receivable, net	**4,879**	4,153

(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, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Balance – beginning of year	**29**	202
Additions	**125**	100
Recovered	**(64)**	(40)
Written off	**(46)**	(233)
Balance – end of year	**44**	29

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, 2014, the Corporation was holding cash and cash equivalents of $12,612 (2013 - $12,173).

16) 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, 2014, total managed capital was $27,857 (2013 - $26,525) comprised of shareholders' equity of $27,852 (2013 - $26,476) and interest-bearing debt of $5 (2013 - $49), 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, 2014.

(In thousands of Canadian dollars unless otherwise stated)

17) Segmented information

The Corporation has two reportable segments which offer different products and services: Symbility Property and Symbility Health.

- 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.

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

During the year ended December 31, 2014, there were two customers who accounted for more than 10% or $4,301 and $9,393, respectively (2013 - two customers - $2,591 and $5,788) of the Corporation's revenue. These customers are in the Symbility Property division.

	For the year ended December 31, 2014			
	Symbility Health	**Symbility Property**	**Head office**	**Total**
Revenue	4,648	23,157	-	27,805
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

(In thousands of Canadian dollars unless otherwise stated)

	For the year ended December 31, 2013			
	Symbility Health	Symbility Property	Head office	Total
Revenue	4,066	17,828	-	21,894
Cost of sales	1,829	2,566	-	4,395
	2,237	15,262	-	17,499
Expenses	2,462	19,828	-	22,290
Segment loss before finance income, net and income tax expense	(225)	(4,566)	-	(4,791)
Finance income, net	2	-	(119)	(117)
Income tax expense, current	-	13	-	13
Segment net loss	(227)	(4,579)	119	(4,687)
As at December 31, 2013				
Operating assets	1,497	19,943	-	21,440
Assets not allocated to segments				
Cash and cash equivalents	-	-	12,173	12,173
Total operating assets	1,497	19,943	12,173	33,613
Carrying value of intangible assets	33	8,984	-	9,017
Carrying value of goodwill	-	6,771	-	6,771
Total liabilities	1,345	5,792	-	7,137
Additions to property and equipment, intangible assets and goodwill	35	715	-	750

Geographic Information

The Corporation's revenue and non-current assets by geographic areas as at December 31, 2014 and 2013, and for the years then ended, are as follows:

	Revenue for the years ended December 31,		Non-current assets as at December 31,	
	2014	**2013**	**2014**	**2013**
Canada	**5,717**	5,032	**8,201**	8,079
United States	**17,422**	14,161	**7,895**	8,417
International	**4,666**	2,701	**346**	-
Total	**27,805**	21,894	**16,442**	16,496

Seasonality

Symbility Property revenue is based in part on claims volumes and typically has higher claims in the second and third quarter based on seasonal weather effects. Symbility Property expects that the growth in breadth and depth of the customer base and the evolution of the pricing model will reduce this seasonality in the future. Seasonality was significantly reduced in 2014.

(In thousands of Canadian dollars unless otherwise stated)

18) Supplementary cash flow information

	For the years ended December 31, 2014	2013
Interest paid	**5**	7
Interest received	**151**	122
Income taxes paid	**17**	11

19) Other operating expenses

	For the years ended December 31, 2014	2013
Depreciation and amortization	**467**	284
Foreign exchange (gain) loss, net	**20**	(30)
Total other operating expenses	**487**	254

20) Finance income

	For the years ended December 31, 2014	2013
Interest income on cash and cash equivalents	**153**	121
Other finance and other income	**-**	3
Total finance income and other income	**153**	124

21) Finance costs

	For the years ended December 31, 2014	2013
Interest expense on finance lease obligations	**1**	4
Other finance charges	**4**	3
Total finance costs	**5**	7

22) Scientific research and experimental development tax credits and grants

For the year ended December 31, 2014, the Corporation has recorded investment tax credits and Développement des affaires électroniques of $709 (2013 - $47), net of preparation and consulting fees to apply for these credits, and reduced research and development expenditures by this amount. The Corporation has accumulated $1,898 (2013 - $1,406) 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. As at December 31, 2014, the Corporation had $895 (2013 - $40) of tax credits recorded within the other assets.

23) Comparative consolidated financial statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2014 consolidated financial statements.

24) Subsequent events

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 share price on the date of issuance.