



**Symbility Solutions Inc.**

Interim Condensed Consolidated Financial Statements  
(Unaudited)

**Quarter ended June 30, 2014**

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

	<u>Note</u>	As at	
		June 30, 2014	December 31, 2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	16,109	12,173
Accounts receivable and other assets	7	4,301	4,153
Prepaid expenses and other assets		635	791
		<u>21,045</u>	<u>17,117</u>
<b>Long-term assets</b>			
Security deposits		50	33
Property and equipment		883	675
Intangible assets	5	8,782	9,017
Goodwill		6,771	6,771
		<u>37,531</u>	<u>33,613</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3, 7	3,845	3,755
Deferred revenue	4	6,063	3,032
		<u>9,908</u>	<u>6,787</u>
<b>Long-term liabilities</b>			
Finance lease obligations		2	5
Customer deposits		345	345
		<u>10,255</u>	<u>7,137</u>
<b>Shareholders' equity</b>			
		<u>27,276</u>	<u>26,476</u>
		<u>37,531</u>	<u>33,613</u>

See accompanying notes

**Symbility Solutions Inc.**

## Interim Consolidated Statements of Loss and Comprehensive Loss

*(Unaudited - 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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>	7, 8	<b>7,066</b>	6,019	<b>14,248</b>	10,994
<b>Cost of sales</b>		<b>1,229</b>	1,107	<b>2,559</b>	2,104
		<b>5,837</b>	4,912	<b>11,689</b>	8,890
<b>Expenses</b>					
Sales and marketing	6	<b>2,478</b>	2,401	<b>5,615</b>	5,135
General and administration	6	<b>1,703</b>	1,794	<b>3,649</b>	3,989
Research and development	6	<b>1,526</b>	1,026	<b>3,311</b>	2,013
Other operating (income)	10	<b>271</b>	54	<b>(11)</b>	117
		<b>5,978</b>	5,275	<b>12,564</b>	11,254
<b>Loss before finance income, net and income tax expense</b>		<b>(141)</b>	(363)	<b>(875)</b>	(2,364)
Finance income, net		<b>(41)</b>	(29)	<b>(80)</b>	(61)
Income tax expense		<b>1</b>	-	<b>4</b>	3
<b>Net loss and comprehensive loss for the period</b>		<b>(101)</b>	(334)	<b>(799)</b>	(2,306)
<b>Basic and diluted loss and comprehensive loss per common share</b>		<b>(0.00)</b>	(0.00)	<b>(0.00)</b>	(0.01)
<b>Weighted average number of common shares outstanding</b>					
<b>Basic and diluted</b>		<b>209,061,193</b>	205,070,400	<b>207,405,740</b>	204,523,466

See accompanying notes

**Symbility Solutions Inc.**

## Interim Consolidated Statements of Changes in Shareholders' Equity

*(Unaudited - In thousands of Canadian dollars)*

	Note	Common shares	Broker warrants	Contributed surplus	Deficit	Total shareholders' equity
<b>December 31, 2012</b>		47,611	235	9,443	(29,359)	27,930
Issuance of shares for services		50	-	-	-	50
Share options exercised		74	-	(33)	-	41
Restricted shares released		381	-	(381)	-	-
Share issuance costs		22	-	-	-	22
Stock-based compensation	6	-	-	2,016	-	2,016
Net loss for the period		-	-	-	(2,306)	(2,306)
<b>June 30, 2013</b>		48,138	235	11,045	(31,665)	27,753
<b>December 31, 2013</b>		48,224	235	12,063	(34,046)	26,476
Issuance of shares for services	6	33	-	-	-	33
Share options exercised	6	342	-	(150)	-	192
Restricted shares released	6	1,102	-	(1,102)	-	-
Stock-based compensation	6	-	-	1,374	-	1,374
Net loss for the period		-	-	-	(799)	(799)
<b>June 30, 2014</b>		49,701	235	12,185	(34,845)	27,276

*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,	
		2014	2013	2014	2013
<b>Operating activities</b>					
Net loss for the period		(101)	(334)	(799)	(2,306)
Items not affecting cash					
Stock-based compensation	6	280	591	1,374	2,016
Issuance of shares for services	6	33	-	33	50
Depreciation and amortization	5	471	407	918	782
		<b>683</b>	<b>664</b>	<b>1,526</b>	<b>542</b>
Change in non-cash working capital items					
Accounts receivable and other assets		506	(2)	(132)	(286)
Prepaid expenses and other assets		178	(2)	163	(108)
Accounts payable and accrued liabilities		(711)	(590)	89	(1,093)
Deferred revenue	4	(2,480)	(1,110)	3,267	(2,022)
Customer deposits		-	-	-	121
		<b>(2,507)</b>	<b>(1,704)</b>	<b>3,387</b>	<b>(3,388)</b>
<b>Cash provided by (used in) operating activities</b>					
		<b>(1,824)</b>	<b>(1,040)</b>	<b>4,913</b>	<b>(2,846)</b>
<b>Investing activities</b>					
Purchase of property and equipment		(274)	(185)	(353)	(342)
Purchase of intangible assets	5	(23)	(87)	(538)	(107)
Loans receivable		-	146	-	148
Security deposits		2	-	(17)	-
<b>Cash used in investing activities</b>					
		<b>(295)</b>	<b>(126)</b>	<b>(908)</b>	<b>(301)</b>
<b>Financing activities</b>					
Proceeds from exercise of share options		156	34	192	41
Share issuance costs		-	-	-	(1)
Long-term finance lease payments		(14)	(12)	(27)	(25)
<b>Cash provided by financing activities</b>					
		<b>142</b>	<b>22</b>	<b>165</b>	<b>15</b>
Effect of exchange rate changes on cash and cash equivalents					
		<b>(4)</b>	<b>-</b>	<b>(234)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>(1,981)</b>	<b>(1,144)</b>	<b>3,936</b>	<b>(3,132)</b>
Cash and cash equivalents, beginning of period		<b>18,090</b>	13,020	<b>12,173</b>	15,008
<b>Cash and cash equivalents, end of period</b>					
		<b>16,109</b>	11,876	<b>16,109</b>	11,876
<b>Supplementary cash flow information</b>					
See accompanying notes	9				

## **Symbility Solutions Inc.**

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

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

*June 30, 2014*

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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, Milwaukee, Wisconsin, and Tyler, Texas.

The Corporation has two wholly owned subsidiaries, Symbility Health Inc. which is incorporated in the Province of Alberta and Symbility Solutions Corp. which is incorporated in the State of Delaware. Symbility Health Inc. has a wholly owned subsidiary, Automated Benefits Ltd., incorporated in the Province of Alberta.

As at June 30, 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 3).

#### **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, 2014 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, 2013, 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, 2014 should be read together with the annual consolidated financial statements for the year ended December 31, 2013.

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.

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") of the Corporation on August 14, 2014.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

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

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2013, except as described below.

i) IAS 32 Financial Instruments: Presentation ("IAS 32")

Amendments to IAS 32 *Financial Instruments: Presentation* clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial statements. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. This amendment had no material impact on the Corporation's financial position or performance.

c) Changes in accounting policies not yet adopted

The following accounting pronouncements have been released but have not yet been adopted by the Corporation:

i) IFRS 9 Financial Instruments ("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 adopting these amendments on the Corporation's consolidated financial statements

ii) 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 the retrospective or cumulative effect transition method. 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.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

#### 3) Related party transactions

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

For the three-month and six-month periods ended June 30, 2014, the Corporation expensed \$596 and \$1,311 respectively (June 30, 2013 - \$634 and \$1,198) 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 is on April 10, 2012 and iii) portions of the agreement upon 90 days' notice. For the three-month and six-month periods ended June 30, 2014, the Corporation earned \$Nil and \$14, respectively, (June 30, 2013 - \$266 and \$266) for services provided to MSB. At June 30, 2014, the Corporation owed \$177 (December 31, 2013 - \$322) to MSB, net of services provided.

#### Compensation of key management personnel

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

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Short term remuneration and benefits	731	689	1,472	1,455
Share-based payments	150	387	847	1,182
<b>Total</b>	<b>881</b>	<b>1,076</b>	<b>2,319</b>	<b>2,637</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, 2014	December 31, 2013
		\$	Number outstanding	Number outstanding
2009	2014	0.12 - 0.19	-	950,000
2010	2015 - 2020	0.11 - 0.20	333,932	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	-
<b>Total</b>			<b>10,776,617</b>	<b>10,458,432</b>

On June 30, 2014, there were no restricted shares (December 31, 2013 - 2,164,507) outstanding under the Canadian Restricted Share Plan (the "Canadian RS Plan") and United States Restricted Shares Plan (the "United States RS Plan") to certain Directors and officers of the Corporation. For the three-month and six-month periods ended June 30, 2014, Nil and 188,215 restricted shares were forfeited. For the three-month and six-month periods ended June 30, 2014, Nil and 1,976,292 restricted shares were released to certain Directors and officers of the Corporation.



## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

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#### 4) Deferred revenue

The Corporation records deferred revenue when it receives payments in advance of the performance of services. During the first quarter of 2014, the Corporation received a cash payment of \$8,624 from one customer for license and services to be provided over the 12-month period in fiscal 2014. The Corporation recorded the full amount as deferred revenue upon receipt of the payment. As at June 30, 2014, \$4,297 has been recognized into income.

#### 5) Intangible assets

	<b>Computer software<sup>(1)</sup></b>	<b>Trademarks and patent</b>	<b>Customer relationships</b>	<b>Database and technology licenses</b>	<b>Total</b>
<b>Cost</b>					
At January 1, 2014	381	93	2,175	8,798	11,447
Additions	38	-	-	500	538
<b>At June 30, 2014</b>	<b>419</b>	<b>93</b>	<b>2,175</b>	<b>9,298</b>	<b>11,985</b>
<b>Accumulated amortization</b>					
At January 1, 2014	147	13	755	1,515	2,430
Amortization expense	49	-	238	486	773
<b>At June 30, 2014</b>	<b>196</b>	<b>13</b>	<b>993</b>	<b>2,001</b>	<b>3,203</b>
<b>Net book value</b>					
At January 1, 2014	234	80	1,420	7,283	9,017
<b>At June 30, 2014</b>	<b>223</b>	<b>80</b>	<b>1,182</b>	<b>7,297</b>	<b>8,782</b>

<sup>(1)</sup> Includes computer software under financial lease with a cost of \$17 (January 1, 2014 - \$17), accumulated amortization of \$13 (January 1, 2014 - \$11) and net book value of \$4 (January 1, 2014 - \$6).

The Corporation acquired a technology license providing for exclusive distributing rights for a 5-year period subject to certain conditions. These conditions include minimum annual financial commitments to maintain exclusivity, but are not required to maintain the technology license. The cost of the technology license has been capitalized and will be amortized over the 5-year period.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

#### 6) 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, 2013</b>	205,486,334	48,224
Issuance of shares for services	90,134	33
Share options exercised	1,150,000	342
Restricted Shares released	2,900,321	1,102
<b>Share Capital Balance - June 30, 2014</b>	<b>209,626,789</b>	<b>49,701</b>

#### Restricted Share Plans

On March 27, 2012, the shareholders approved the Canadian RS Plan and the United States RS Plan (collectively the "RS Plans"). 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 following table summarizes activity related to the RS Plans for the six-month period ended June 30, 2014 and for the twelve-month period ended December 31, 2013:

	June 30, 2014	December 31, 2013
	Restricted Shares outstanding #	Restricted Shares outstanding #
Balance - beginning of period	3,253,193	4,293,265
Forfeited	(352,872)	(38,334)
Released	(2,900,321)	(1,001,738)
Balance - end of period	-	3,253,193

#### Stock option plan

The Corporation has a stock option plan (the "Plan"), which provides that the Board 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.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

#### Stock-based compensation

The total stock-based compensation expense for the stock option plan and the RS Plans for the three-month and six-month periods ended June 30, 2014 was \$280 and \$1,374 respectively (June 30, 2013 – \$591 and \$2,016) with a corresponding credit to contributed surplus.

	Three-month period ended June 30,		Six-month period ended June 30,	
	2014	2013	2014	2013
Sales and marketing	108	237	435	566
General and administration	98	240	612	1,039
Research and development	74	114	327	411
<b>Total</b>	<b>280</b>	<b>591</b>	<b>1,374</b>	<b>2,016</b>

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:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2014	2013	2014	2013
Risk-free interest rate	1.97%	1.32%	1.95%	1.48%
Expected life	6.0 years	5.5 years	6.0 years	5.5 years
Volatility	102%	111%	105%	113%
Expected dividends	Nil	Nil	Nil	Nil
Weighted average share price	\$0.37	\$0.41	\$0.37	\$0.49
Weighted average exercised price	\$0.34	\$0.42	\$0.36	\$0.49
Weighted average fair value	\$0.30	\$0.33	\$0.30	\$0.40

The following table summarizes activity related to stock options for the six-month period ended June 30, 2014 and for the twelve-month period ended December 31, 2013:

	June 30, 2014		December 31, 2013	
	Stock options outstanding #	Weighted average exercise price \$	Stock options outstanding #	Weighted average exercise price \$
Balance – Beginning of period	15,963,399	0.41	8,638,399	0.32
Granted	2,654,935	0.36	8,365,000	0.49
Exercised	(1,150,000)	0.17	(499,999)	0.22
Forfeited	(29,167)	0.45	(355,007)	0.45
Expired	(168,333)	0.34	(184,994)	0.43
Balance – End of period	17,270,834	0.42	15,963,399	0.41
Exercisable – End of period	10,423,967	0.41	8,647,290	0.35

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

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The weighted average remaining contractual life for the stock options outstanding as at June 30, 2014 is 8.37 years (December 31, 2013 – 8.03 years). The weighted average share price of options exercised during the six-month period ended June 30, 2014 was \$0.34 (June 30, 2013 - \$0.40).

#### 7) 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 accounts receivable and accounts payable by foreign currency as at June 30, 2014 and December 31, 2013 are as follows:

	As at	
	June 30, 2014	December 31, 2013
<b>Accounts receivable</b>		
U.K. pound sterling	49%	36%
U.S. dollars	10%	22%
<b>Accounts payable</b>		
U.S. dollars	23%	33%

The Corporation's revenue and expense by foreign currency for the three-month and six-month periods ended June 30, 2014 and June 30, 2013 are as follows:

	Three-month period ended		Six-month period ended	
	June 30		June 30	
	2014	2013	2014	2013
<b>Revenue</b>				
U.K. pound sterling	14%	7%	15%	9%
U.S. dollars	62%	70%	63%	67%
<b>Expenses</b>				
U.S. dollars	28%	38%	31%	38%

##### *Credit risk*

As at June 30, 2014, the largest amounts due from one customer accounted for 55% of the Corporation's total accounts receivable (December 31, 2013 - one customer - 41%). Subsequent to June 30, 2014, this customer had paid \$937, representing their full balance greater than 90 days.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Current	2,721	2,596
31 - 60 days	49	682
61 - 90 days	539	193
Over 91 days	1,034	711
Less: allowance for doubtful accounts	(42)	(29)
<b>Total accounts receivable, net</b>	<b><u>4,301</u></b>	<b><u>4,153</u></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, 2014, the Corporation was holding cash and cash equivalents of \$16,109 (December 31, 2013 - \$12,173).

#### **8) 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 three-month period ended June 30, 2014, there were two customers who accounted for more than 10% or \$1,220 and \$2,362, respectively, (June 30, 2013 - one customer - \$1,756) of the Corporation's revenue. These customers are in the Symbility Property segment.

In the six-month period ended June 30, 2014, there were two customers who accounted for more than 10% or \$2,471 and \$4,741, respectively, (June 30, 2013 - two customers - \$1,056 and \$3,045) of the Corporation's revenue. These customers are in the Symbility Property segment.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

	Three-month period ended June 30, 2014			
	Symbility Health	Symbility Property	Head office	Total
Revenue	1,137	5,929	-	7,066
Cost of sales	534	695	-	1,229
	603	5,234	-	5,837
Expenses	923	5,055	-	5,978
Segment loss before finance income, net and income tax expense	(320)	179	-	(141)
Finance income, net	-	-	(41)	(41)
Income tax expense	-	1	-	1
Segment net income (loss)	(320)	178	41	(101)

	Six-month period ended June 30, 2014			
	Symbility Health	Symbility Property	Head office	Total
Revenue	2,284	11,964	-	14,248
Cost of sales	1,049	1,510	-	2,559
	1,235	10,454	-	11,689
Expenses	1,754	10,810	-	12,564
Segment loss before finance income, net and income tax expense	(519)	(356)	-	(875)
Finance income, net	-	-	(80)	(80)
Income tax expense	-	4	-	4
Segment net income (loss)	(519)	(360)	80	(799)

	As at June 30, 2014			
	Symbility Health	Symbility Property	Head office	Total
Operating assets	1,531	19,891	-	21,422
Assets not allocated to segments				
Cash and cash equivalents	-	-	16,109	16,109
Total operating assets	1,531	19,891	16,109	37,531
Carrying value of intangible assets	37	8,745	-	8,782
Carrying value of goodwill	-	6,771	-	6,771
Total liabilities	1,843	8,412	-	10,255
Additions to property and equipment, and intangible assets	3	888	-	891

**Symbility Solutions Inc.**

## Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

	<b>Three-month period ended June 30, 2013</b>			
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Head office</b>	<b>Total</b>
Revenue	999	5,020	-	6,019
Cost of sales	463	644	-	1,107
	536	4,376	-	4,912
Expenses	618	4,657	-	5,275
Segment loss before finance income, net	(82)	(281)	-	(363)
Finance income, net	-	-	(29)	(29)
Segment net income (loss)	(82)	(281)	29	(334)

	<b>Six-month period ended June 30, 2013</b>			
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Head office</b>	<b>Total</b>
Revenue	1,994	9,000	-	10,994
Cost of sales	901	1,203	-	2,104
	1,093	7,797	-	8,890
Expenses	1,152	10,102	-	11,254
Segment loss before finance income, net and income tax expense	(59)	(2,305)	-	(2,364)
Finance income, net	-	-	(61)	(61)
Income tax expense	-	3	-	3
Segment net income (loss)	(59)	(2,308)	61	(2,306)

	<b>As at December 31, 2013</b>			
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Head office</b>	<b>Total</b>
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	36	716	-	752

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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

June 30, 2014

#### Geographic Information

The Corporation's revenue by geographic area for the three-month and six-month periods ended June 30, 2014 and June 30, 2013 and non-current asset by geographic area as at June 30, 2014 and December 31, 2013 are as follows:

	Revenue for three-month period ended		Revenue for six-month period ended		Non-current assets as of	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	December 31, 2013
Canada	1,408	1,299	2,784	2,474	8,315	8,079
United States	4,409	4,231	8,937	7,420	8,171	8,417
International	1,249	489	2,527	1,100	-	-
<b>Total</b>	<b>7,066</b>	<b>6,019</b>	<b>14,248</b>	<b>10,994</b>	<b>16,486</b>	<b>16,496</b>

#### Seasonality

Historically, Symbility Property revenue was based in part on claims volumes and typically had higher claims in the second and third quarters based on seasonal weather effects. As a result of the growth in breadth and depth of the customer base and the evolution of the pricing model to annual enterprise licenses, this seasonality is expected to be reduced in the future.

#### 9) Supplementary cash flow information

	Three-month period ended June 30		Six-month period ended June 30	
	2014	2013	2014	2013
Interest paid	-	3	1	5
Interest received	39	34	84	63
Income taxes paid	1	-	13	3

#### 10) Other operating expenses (income)

	Three-month period ended June 30		Six-month period ended June 30	
	2014	2013	2014	2013
Depreciation and amortization	108	76	215	122
Foreign exchange (gain) loss, net	163	(22)	(226)	(5)
<b>Total other operating expenses (income)</b>	<b>271</b>	<b>54</b>	<b>(11)</b>	<b>117</b>



**Symbility Solutions Inc.**

**Notes to Interim Condensed Consolidated Financial Statements**

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

*June 30, 2014*

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**11) 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 2014 interim condensed consolidated financial statements.