

BOARD OF DIRECTORS

Preston Maddin, Chairman
Mark van Hees
John D.Kenny
Christopher W. Nixon
Brian Craig
Barbara Richardson

**ISSUED AND OUTSTANDING
COMMON SHARES:**

12,855,338

**TRADING SYMBOL ON THE
CANADIAN VENTURE
EXCHANGE:**

"SUM"



SOLIUM  CAPITAL inc.

**2001
Second
Quarter
Report to
Shareholders**

June 30, 2001

325 - 10 Avenue S.W.
Calgary, Alberta
T2R 0A5
Phone: 403-515-3910
Fax: 403-515-3933 and 403-515-3919
www.solium.com

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

The second quarter was highlighted by Solium's initial public offering on the CDNX, which closed on May 11, 2001 and resulted in net proceeds of approximately \$2 million to the Company.

The second quarter was also highlighted by a number of successes for the Company's sales team. Solium signed contracts to provide e-SOAP (employee stock option administration platform) services to TransAlta Corporation and Ensource Energy Services Inc. of Calgary, and EXFO Electro-Optical Engineering Inc. of Montreal. Subsequent to the quarter, contracts were also entered into with several other companies including Microcell Telecommunications Inc. of Montreal. The addition of these companies to Solium's client base brings the aggregate number of e-SOAP corporate clients to 10 and the total number of e-SOAP participants to approximately 6,400. These recognizable Canadian companies provide validation of our platform product. It is expected that the impact on revenue from these clients will commence during the third quarter. Implementation of clients to date have generated very positive reviews for our application, and for the client service being provided to both the corporate client and their stock option plan participants.

Salaries and wages for the quarter were \$342,227 compared to \$155,642 in the same quarter of 2000, and \$690,033 for the year to date compared to \$269,850 for the same period in 2000. This increase reflects the impact of an additional 14 people added throughout 2000.

General and administrative costs totaled \$307,820 for the second quarter of 2001, and \$549,399 for the six months ended June 30, 2001, compared to \$61,958 and \$143,396 in the comparable periods in 2000. This represents increased operating system costs, increased datafeed costs, new office space, and increased office expenditures associated with the additional staffing levels as compared to 2000.

The development of the e-SOAP application continued during the second quarter of 2001. Development costs reflect additional enhancements which were added to the application. During the second quarter, the participant side of the application was fully translated into French, thus making the application bilingual and applicable to companies with French-speaking employees. In addition, the application now has the ability to recognize foreign currency. This expands the applicability of the system to companies that trade on stock exchanges in the U.S., and prepares the application to handle international exchanges. These enhancements to functionality have strengthened the e-SOAP application making it more appealing to a larger target client base.

Development of the Company's e-SPP (employee share purchase plan) application was suspended during the second quarter in order to focus the Company's resources on e-SOAP. The foundation and backbone for e-SPP has been developed and programming on this application can be resumed when additional financial resources are secured.

In closing, Solium is entering into an exciting time of growth. With a growing number of customers using our application, Solium is moving from a development stage company to an operating company. Management will continue to build the Company based on the success experienced to date. This will include ongoing discussions with potential strategic alliance partners that we believe could assist in strengthening the Solium name.

"signed" Mark van Hees
Chief Executive Officer

"signed" John Kenny
President

"signed" Lynn Leong
Chief Financial Officer

August 27, 2001



SOLIUM CAPITAL INC.

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT (UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
REVENUE				
Corporate services	2,854	-	4,336	-
Brokerage commissions	4,917	-	8,610	-
Interest and other	15,997	13,709	32,174	23,665
	<u>23,768</u>	<u>13,709</u>	<u>45,120</u>	<u>23,665</u>
EXPENSES				
Salaries and wages	342,227	155,642	690,033	269,850
General and administrative	311,165	61,958	552,744	143,396
Development costs	279,213	152,032	507,276	305,683
Amortization	39,185	11,216	78,039	16,254
Brokerage clearing costs	31,868	-	63,241	-
	<u>1,003,658</u>	<u>380,849</u>	<u>1,891,333</u>	<u>735,183</u>
NET LOSS	979,890	367,140	1,846,213	711,519
DEFICIT, BEGINNING OF PERIOD	3,349,423	391,679	2,483,100	47,300
DEFICIT, END OF PERIOD	<u>4,329,313</u>	<u>758,819</u>	<u>4,329,313</u>	<u>758,819</u>
NET LOSS PER SHARE	0.09	0.05	0.17	0.10

CONSOLIDATED BALANCE SHEET (INTERIM NUMBERS UNAUDITED)

	June 30, 2001	Dec 31, 2000
	ASSETS	
CURRENT		
Cash and cash equivalents	1,868,695	1,851,391
Receivables	50,473	52,785
Employee loans receivable	104,500	44,500
Prepaid expenses	44,494	46,017
	<u>2,068,162</u>	<u>1,994,693</u>
Capital assets	227,830	245,734
	<u>2,295,992</u>	<u>2,240,427</u>
LIABILITIES		
CURRENT		
Accounts payable & accrued liabilities	310,862	511,138
Deferred revenue	27,084	-
Obligation under capital lease	21,283	-
	<u>359,229</u>	<u>511,138</u>
SHAREHOLDERS' EQUITY		
Special warrants	-	2,822,113
Share capital	6,266,076	1,390,276
Deficit	(4,329,313)	(2,483,100)
	<u>1,936,763</u>	<u>1,729,289</u>
	<u>2,295,992</u>	<u>2,240,427</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Net loss	(979,890)	(367,140)	(1,846,213)	(711,519)
Adjustment for amortization	39,185	11,216	78,039	16,254
	<u>(940,705)</u>	<u>(355,924)</u>	<u>(1,768,174)</u>	<u>(695,265)</u>
Changes in non-cash working capital	(55,953)	12,091	(229,357)	(27,615)
	<u>(996,658)</u>	<u>(343,833)</u>	<u>(1,997,531)</u>	<u>(722,880)</u>
FINANCING				
Capital lease	(8,871)	-	21,283	-
Issuance of special warrants	-	2,515,181	-	2,515,181
Issuance of common shares	2,053,700	-	2,053,687	25,000
	<u>2,044,829</u>	<u>2,515,181</u>	<u>2,074,970</u>	<u>2,540,181</u>
INVESTING				
Purchase of capital assets	(15,450)	(73,153)	(60,135)	(82,966)
NET INCREASE TO CASH AND CASH EQUIVALENTS	1,032,721	2,098,195	17,304	1,734,335
CASH AND CASH EQUIV'S, BEGINNING OF PERIOD	835,974	924,454	1,851,391	1,288,314
CASH AND CASH EQUIV'S, END OF PERIOD	<u>1,868,695</u>	<u>3,022,649</u>	<u>1,868,695</u>	<u>3,022,649</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Solium Capital Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. The financial information included herein is unaudited. These interim financial statements follow the same accounting policies and methods of applications as the most recent annual financial statements dated December 31, 2000. These interim financial statements should be read in conjunction with the Company's December 31, 2000 audited annual financial statements.

2. FINANCIAL CONDITION

These consolidated financial statements have been prepared using the accounting principles applicable to a going concern, which assumes the Company will continue operations in the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business.

The Company's ability to continue as a going concern is principally dependent upon obtaining the necessary financing to fund ongoing activities, achieving successful sales of the Company's products and the establishment of profitable operations. If all going concern assumptions were not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities.

3. SHARE CAPITAL

On May 11, 2001, the Company completed an initial public offering (the "IPO") of 2,300,000 common shares for net proceeds of \$2 million. In connection with the IPO, the Company granted the Underwriter an option to purchase up to 230,000 common shares at a price of \$1.00 on or before November 10, 2002.

4. SUBSEQUENT EVENT

On July 1, 2001, the Company granted 464,500 stock options to its employees. These options are exercisable at \$1.00 per share and expire on July 1, 2006.