2005 Second Quarter Report
June 30, 2005

Solium
CAPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated as of July 29, 2005 for Solium Capital Inc. ("Solium" or the "Company") should be read in conjunction with the unaudited Consolidated Financial Statements and the accompanying notes for the quarter ended June 30, 2005, and the MD&A included in the Company's 2004 Annual Report. The Financial Statements and comparative information have been prepared in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company is available on SEDAR at www.sedar.com under Solium Capital Inc.

Special Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements which reflect Management's expectations regarding the Company's growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: sources of revenue; the sufficiency of cash and working capital for future operations; the timing for completion of various development projects; the Company's projected capital expenditure levels; and the Company's expected changes to staffing levels.

Forward-looking statements involve significant risks, uncertainties and assumptions. Readers are cautioned that there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. The forward-looking statements are based on Solium's current expectations and assumptions, and are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward looking statements. Although the forward looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances. Such risks include, among others, general business and economic conditions, the overall stock market performance, actions from competitors, the corporate governance environment and regulatory reporting requirements for Solium's clients, product capability and acceptance, the Company's ability to generate sufficient cash flow from operations to meet its current and future obligations, and the Company's ability to access external sources of financing if required. A more detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the Risk Assessment section of this MD&A.

The foregoing is not exhaustive and other risks are detailed from time to time in other continuous disclosure filings of the Company. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected.

Summary of Quarterly Results

The following table summarizes the quarterly results for the eight most recently completed quarters.

	2005		2004				2003	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
E-SOAP participants	**34,216**	**32,164**	29,906	24,404	21,898	21,857	20,294	13,677
Share Purchase participants	**116,144**	**115,241**	102,867	101,290	100,731	–	–	–
Revenues	**$ 1,525,192**	**$ 1,382,258**	$ 1,091,340	$ 763,137	$ 803,902	$ 395,561	$ 252,329	$ 201,187
Expenses	**$ 1,178,709**	**$ 1,032,130**	$ 1,010,230	$ 727,864	$ 838,194	$ 611,674	$ 630,461	$ 608,428
EBITDA[1]	**$ 398,121**	**$ 392,937**	$ 149,694	$ 111,119	$ 40,899	$ (142,180)	$ (301,348)	$ (332,816)
Net earnings (loss)	**$ 346,483**	**$ 350,128**	$ 81,110	$ 35,273	$ (34,292)	$ (216,113)	$ (378,132)	$ (407,241)
Per share								
– basic	**$ 0.012**	**$ 0.012**	$ 0.003	$ 0.001	$ (0.001)	$ (0.008)	$ (0.015)	$ (0.019)
– fully diluted	**$ 0.012**	**$ 0.012**	$ 0.003	$ 0.001	N/A	N/A	N/A	N/A

Notes:

1 *EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by GAAP (generally accepted accounting principles) and is therefore unlikely to be comparable to similar measures presented by other issuers. EBITDA provides useful information to users as it reflects the net earnings or loss prior to the effect of non-operating expenses such as interest, tax, depreciation and amortization. The Company currently does not have any income tax expense as a result of non-capital losses of approximately $7.2 million carried forward for tax purposes. The following is a reconciliation of EBITDA to net earnings (loss):*

	2005		2004				2003	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
EBITDA	**398,121**	**392,937**	149,694	111,119	40,899	(142,180)	(301,348)	(332,816)
Interest expense	**(10,068)**	**(12,500)**	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Amortization	**(41,570)**	**(30,309)**	(43,584)	(50,846)	(50,191)	(48,933)	(51,784)	(49,425)
Net earnings (loss)	**346,483**	**350,128**	81,110	35,273	(34,292)	(216,113)	(378,132)	(407,241)

Factors Affecting Quarterly Results

Seasonality

Fees collected from clients in the form of annual access fees are recurring in nature and are not affected by seasonal factors. However, transaction fees collected from participants upon the exercising of stock options or the withdrawal of assets from share purchase plans have displayed a seasonal trend. Market activity in Canada generally peaks during the first two months of the year as a result of RRSP season in Canada. The Company has experienced increased transaction fees during the months of January and/or February in both 2005 and 2004 in line with the seasonal nature of the market.

The Company has also experienced seasonality in its sales cycle. Following the completion of year-end reporting activities in the financial and human resource departments of issuers, requests for proposals and sales interest from prospective clients generally peak during the second quarter of the year. Successfully closing sales during the second quarter results in increased implementation activity during the latter parts of the year for the Company.

Channel Revenue Arrangement

During the fourth quarter of 2003, the Company finalized a strategic alliance with GRS Securities Inc. ("GRS Securities"). GRS Securities is a wholly-owned subsidiary of The Canada Life Assurance Company, which is a wholly-owned subsidiary of The Great-West Life Assurance Company. Under a revenue sharing arrangement, GRS Securities utilizes Solium's E-SOAP and Share Purchase platforms as part of its service delivery to clients in Canada. Approximately 100,000 employee participants across 47 companies were migrated onto Solium's platforms by the end of April 2004.

Launch of Solium Share Purchase

During the third quarter of 2004, the Company launched its own branded version of the Share Purchase application to direct sales clients and began earning access fee revenue from these clients in the same quarter.

Results From Operations

Net Financial Results

The Company had net earnings of $346,483 in the second quarter of 2005 (2004 – net loss $34,292) and net earnings of $696,611 in the six months ended June 30, 2005 (2004 – net loss of $250,405).

Revenue

Gross revenue in the second quarter of 2005 was $1,525,192 (2004 – $803,902) and $2,907,450 for the six months ended June 30, 2005 (2004 – $1,199,464). This represents an increase of 90% over the results from the second quarter of 2004, and 142% over the results from the six months ended June 30, 2004. The increase is attributable to (1) increased E-SOAP and Share Purchase access fees due to the growth of the Company's client base through direct sales; (2) an increase in transaction fees resulting from greater transaction volume; and for year-to-date results, (3) the introduction of Share Purchase channel revenue beginning in April 2004 from the relationship with GRS Securities.

Share Purchase channel revenue from GRS Securities totaled $604,396 in the second quarter of 2005 (2004 – $454,919) and $1,171,735 in the six months ended June 30, 2005 (2004 – $454,919). The Company experienced an increase of $50,000 per month to channel revenue from GRS Securities beginning in mid February 2005. Revenues collected from GRS Securities until February 2005 included a monthly adjustment which was attributable to extraordinary service delivery charges incurred by GRS Securities from a previous system provider. Under Solium's agreement with GRS Securities, a portion of this extraordinary service delivery charge was netted against Solium's share of revenue from April 2004 to February 2005.

Share Purchase access and implementation fees from direct sales clients totaled $104,295 in the second quarter of 2005 (2004 – $Nil) and $174,389 in the six months ended June 30, 2005 (2004 – $Nil). Total transaction fees generated totaled $27,508 in the second quarter of 2005 (2004 – $Nil) and $58,035 in the six months ended June 30, 2005 (2004 – $Nil).

As at June 30, 2005, the Company had 116,144 participants generating revenue on the Share Purchase application. 13,746 participants were from direct sales clients and 102,398 participants were from the GRS Securities channel relationship.

E-SOAP channel revenue from GRS Securities totaled $16,783 in the second quarter of 2005 (2004 – $13,863) and $37,275 in the six months ended June 30, 2005 (2004 – $43,624). The fluctuation in fees represents changes in the number of plan participants within the stock option plans managed by GRS Securities.

E-SOAP access and implementation fees from direct sales clients totaled $528,045 in the second quarter of 2005 (2004 – $253,929) and $975,041 in the six months ended June 30, 2005 (2004 – $504,204). Total exercise and special transaction fees generated totaled $193,915 in the second quarter of 2005 (2004 – $67,791) and $430,725 in the six months ended June 30, 2005 (2004 – $183,317).

The Company finished the second quarter of 2005 with 34,216 participants generating revenue on E-SOAP. 32,304 participants were from direct sales clients and 1,912 participants were from the GRS Securities channel relationship. This represents a growth of 56% from the 21,898 enrolled as at June 30, 2004.

Consulting services revenue totaled $50,250 in the second quarter of 2005 (2004 – $13,400) and $60,250 in the six months ended June 30, 2005 (2004 – $13,400). Consulting services were comprised of special projects associated with the incentive plans of clients.

Expenses

Total expenses in the second quarter of 2005 were $1,178,709 (2004 – $838,194) and $2,210,839 in the six months ended June 30, 2005 (2004 – $1,449,869). The overall increase was a reflection of the growth of the Company's business operations and was due mainly to an increased employee base and increased general and administrative costs in Canada. In addition, expenses were incurred in the ongoing development of the U.S. operations.

Salaries and wages expense in the second quarter of 2005 was $743,595 (2004 – $609,977) and $1,434,524 in the six months ended June 30, 2005 (2004 – $979,517). The increase is largely attributable to the addition of nine new staff members throughout 2004 and an additional nine during the first six months of 2005. Stock-based compensation expense recognized in the second quarter of 2005 totaled $37,227 (2004 – $17,526) and $70,645 in the six months ended June 30, 2005 (2004 – $22,066). In addition, the Company has accrued $85,750 in the second quarter and $162,250 in the six months ended June 30, 2005 in relation to its annual bonus plan for 2005. In comparison, bonuses in the amount of $212,000 were paid to certain employees during the second quarter of 2004 in recognition for the development of the Share Purchase application and the successful implementation of GRS Securities' clients onto this new application.

General and administrative expense totaled $383,476 in the second quarter of 2005 (2004 – $214,513) and $681,867 in the six months ended June 30, 2005 (2004 – $382,715). The increase from prior year is attributable to the changes in the following categories:

	Three months ended June 30,		*Six months ended June 30,*	
	2005	2004	**2005**	2004
	$	$	**$**	$
Data feeds	**49,758**	33,784	**98,609**	61,945
Insurance	**15,947**	10,824	**31,227**	20,554
IT systems and phones	**63,287**	33,821	**112,861**	63,259
Professional fees	**46,433**	16,184	**77,944**	27,260
Regulatory compliance	**18,882**	15,666	**22,524**	19,900
Rent and occupancy	**75,764**	43,719	**135,275**	88,481
Travel and entertainment	**62,186**	40,435	**92,554**	41,955
Other	**52,218**	21,769	**112,170**	66,016
Operating interest revenue	**(999)**	(1,689)	**(1,297)**	(6,655)
	383,476	214,513	**681,867**	382,715

Amortization expense was $41,570 in the second quarter of 2005 (2004 – $50,191) and $71,879 in the six months ended June 30, 2005 (2004 – $99,124). The decrease in amortization expense reflects the fact that intangible assets were fully amortized during 2004. The decrease associated with the intangible assets was partially offset by the amortization of leasehold improvements. Effective June 1, 2005, the Company entered into a lease for new office space. During the six months ended June 30, 2005, the Company undertook certain leasehold improvements on this new office space totaling approximately $300,000. These costs are being amortized over the seven year term of the lease.

$10,068 in debenture interest was incurred in the second quarter of 2005 (2004 – $25,000) and $22,569 in the six months ended June 30, 2005 (2004 – $50,000). The decrease is a result of the repayment of $500,000 of demand debentures on December 31, 2004 and another $250,000 on May 27, 2005.

Financial Condition, Liquidity and Capital Resources

Cash on hand as at June 30, 2005 was $797,556 (June 30, 2004 – $686,272; December 31, 2004 – $589,207). Working capital as at June 30, 2005 was $968,572 (June 30, 2004 – deficiency $63,002; December 31, 2004 – $253,432). The strengthened working capital in 2005 is attributable to positive cash flow from operations experienced during the first six months of the year, and the repayment of $750,000 of demand debentures since December 2004.

The Company has experienced net earnings and positive cash flows from operating activities in the last four preceding quarters. The Company anticipates that this trend will continue throughout 2005. Management believes that the Company has sufficient cash to meet all current and expected financial requirements over the next twelve months.

As at June 30, 2005, commitments to purchase capital assets amounted to approximately $10,000. In addition, approximately $160,000 of leasehold improvement costs were included in accounts payable as at June 30, 2005. Included in accounts receivable as at June 30, 2005, was $244,975 representing the tenant inducement receivable from the landlord for the leasehold improvements. Capital purchases of computer equipment, furniture and fixtures planned for the third and fourth quarters of 2005 are expected to be less than $50,000.

The Company has a revolving credit facility of $500,000 with a Canadian bank. As at June 30, 2005, no amounts had been drawn on the credit facility.

Transactions with Related Parties

On May 27, 2005, the Company made a repayment of $250,000 to the holders of the demand debentures, leaving a total principle balance remaining of $250,000. $125,000 of the debentures was owing to a Director of the Company. The other $125,000 was owing to the spouse of the President and Chief Executive Officer and a Director of the Company. Interest expense incurred on the debentures amounted to $10,068 during the quarter and $22,569 during the six months ended June 30, 2005.

During the quarter ended June 30, 2005, the Company utilized legal services totaling $9,811, plus applicable taxes, which were provided by a firm with which a Director of the Company is a partner.

Business Prospects and Outlook

Business Prospects

During the second quarter of 2005, Solium added two corporate clients with approximately $100,000 in annualized access fees through direct sales onto E-SOAP and two corporate clients with approximately $70,000 of annualized access fees through direct sales onto Share Purchase. As at June 30, 2005, the Company had in progress, twelve direct sales clients with approximately $375,000 in annualized access fees being implemented onto E-SOAP and four direct sales clients with approximately $200,000 in annualized access fees being implemented onto Share Purchase. Implementation of these clients is expected to be completed during the third and fourth quarters of 2005.

The Company has made significant inroads in the Toronto marketplace. As at June 30, 2005, 33% of the Company's direct sales clients were located in Toronto (2004 – 19%). 50% were located in Calgary (2004 – 56%). The remainder were located in the Montreal and Vancouver marketplaces. It is expected that the Company will continue to strengthen the geographic diversity of its client base in Canada.

Overall, economic and industry factors are substantially unchanged from those described in the MD&A for the year ended December 31, 2004.

U.S. Market

The Company is continuing to develop its operations in the U.S. In April 2005, the Company appointed its Chief Technology Officer as President of Solium Capital Ltd., the Company's U.S. subsidiary. The Company's Executive Chairman has also been engaged to assist in the development of the U.S. market strategy.

The Company has begun direct sales activities and exploring channel opportunities in the U.S.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at the date of this MD&A, there were 28,402,429 common shares outstanding. There were no preferred shares outstanding.

Employees, directors, officers and consultants have been granted options to purchase common shares under the Company's stock option plan. As at the date of this MD&A, there were 2,870,468 options outstanding.

Risk Assessment

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and/or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2004. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware of.

AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim consolidated financial statements for the period ended June 30, 2005 have not been reviewed by the Company's auditors, Deloitte & Touche LLP. The Company did not engage its auditors to provide a Review Engagement Report on the interim financial statements, and therefore, no such report was issued by the auditors for the period ended June 30, 2005.

Brian Craig
President & Chief Executive Officer

Lynn Leong, CA
Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

As At	**June 30, 2005 $**	December 31, 2004 $
	(Unaudited)	*(Audited)*
Assets		
Current		
Cash and cash equivalents	**797,556**	589,207
Accounts receivable *(Note 2)*	**881,116**	468,963
Prepaid expenses	**171,939**	136,005
	1,850,611	1,194,175
Capital assets	**482,231**	112,265
	2,332,842	1,306,440
Liabilities		
Current		
Accounts payable and accrued liabilities	**611,485**	384,330
Current portion of deferred revenue	**60,383**	56,413
Current portion of deferred tenant inducement *(Note 2)*	**34,996**	–
Demand debentures *(Note 3)*	**250,000**	500,000
	956,864	940,743
Deferred revenue	**63,574**	57,069
Deferred tenant inducement *(Note 2)*	**207,063**	–
	1,227,501	997,812
Shareholders' Equity		
Share capital *(Note 4)*	**9,688,546**	9,659,089
Contributed surplus *(Note 5)*	**190,312**	119,667
Deficit	**(8,773,517)**	(9,470,128)
	1,105,341	308,628
	2,332,842	1,306,440

APPROVED BY THE BOARD OF DIRECTORS

Michael Broadfoot
Director

Brian Craig
Director

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	**2005**	2004
(Unaudited)	**$**	$	**$**	$
Revenue				
E-SOAP services	**738,743**	335,583	**1,443,041**	731,145
Share Purchase services	**736,199**	454,919	**1,404,159**	454,919
Consulting services	**50,250**	13,400	**60,250**	13,400
	1,525,192	803,902	**2,907,450**	1,199,464
Expenses				
Salaries and wages *(Note 5)*	**743,595**	609,977	**1,434,524**	979,517
General and administrative	**383,476**	214,513	**681,867**	382,715
Amortization	**41,570**	50,191	**71,879**	99,124
Debenture interest *(Note 3)*	**10,068**	25,000	**22,569**	50,000
Tax credit refund	**–**	(61,487)	**–**	(61,487)
	1,178,709	838,194	**2,210,839**	1,449,869
Net earnings (loss)	**346,483**	(34,292)	**696,611**	(250,405)
Deficit, beginning of period	**(9,120,000)**	(9,552,219)	**(9,470,128)**	(9,336,106)
Deficit, end of period	**(8,773,517)**	(9,586,511)	**(8,773,517)**	(9,586,511)
Net earnings (loss) per share				
Basic	**0.012**	(0.001)	**0.025**	(0.010)
Fully diluted	**0.012**	N/A	**0.023**	N/A

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	**2005**	2004
(Unaudited)	**$**	$	**$**	$
Cash flows related to the following activities:				
Operating				
Net earnings (loss)	**346,483**	(34,292)	**696,611**	(250,405)
Adjustments for:				
Amortization of capital assets	**41,570**	50,191	**71,879**	99,124
Amortization of tenant inducement *(Note 2)*	**(2,916)**	–	**(2,916)**	–
Stock-based compensation expense *(Note 5)*	**37,227**	17,526	**70,645**	22,066
	422,364	33,425	**836,219**	(129,215)
Changes in non-cash working capital	**308,286**	(238,878)	**(125,867)**	(288,702)
	730,650	(205,453)	**710,352**	(417,917)
Financing				
Issuance of common shares	**12,500**	–	**29,457**	5,542
Repayment of debentures *(Note 3)*	**(250,000)**	–	**(250,000)**	–
Changes in non-cash working capital	**–**	(60,052)	**–**	(66,221)
	(237,500)	(60,052)	**(220,543)**	(60,679)
Investing				
Purchase of capital assets	**(409,258)**	(32,003)	**(441,845)**	(47,332)
Tenant inducement *(Note 2)*	**244,975**	–	**244,975**	–
Changes in non-cash working capital	**(84,590)**	(3,258)	**(84,590)**	(10,407)
	(248,873)	(35,261)	**(281,460)**	(57,739)
Net increase (decrease) in cash and cash equivalents	**244,277**	(300,766)	**208,349**	(536,335)
Cash and cash equivalents, beginning of period	**553,279**	987,038	**589,207**	1,222,607
Cash and cash equivalents, end of period	**797,556**	686,272	**797,556**	686,272

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Solium Capital Inc. (the "Company" or "Solium") have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. The financial information included herein is unaudited. These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements dated December 31, 2004. These interim consolidated financial statements should be read in conjunction with the Company's December 31, 2004 audited annual financial statements.

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary Solium Capital Ltd.

2. DEFERRED TENANT INDUCEMENT

Effective June 1, 2005, the Company entered into a lease for new office space. During the quarter ended June 30, 2005, the Company undertook certain leasehold improvements on this new office space. A tenant inducement in the amount of $244,975 is receivable from the landlord with respect to the leasehold improvements. The tenant inducement has been deferred and will be recognized as a reduction of rent during the seven year term of the lease.

3. DEMAND DEBENTURES

On May 27, 2005, the Company made a repayment of $250,000 to the holders of the demand debentures, leaving a total principle balance remaining of $250,000. $125,000 of the debentures was owing to a Director of the Company. The other $125,000 was owing to the spouse of the President and Chief Executive Officer and a Director of the Company. Interest expense incurred on the debentures amounted to $10,068 during the quarter and $22,569 during the six months ended June 30, 2005.

4. SHARE CAPITAL

	Number of Shares	**Amount $**
Issued – Common Shares		
Balance, December 31, 2004	28,284,598	9,659,089
Issued on exercise of stock options *(Note 5)*	117,831	29,457
Balance, June 30, 2005	**28,402,429**	**9,688,546**

5. STOCK-BASED COMPENSATION

Stock option activity with respect to the Company's stock option plan for the six months ended June 30, 2005 is shown below:

Outstanding, December 31, 2004	2,818,298	0.32
Granted	180,000	0.75
Exercised	(117,831)	0.25
Cancelled	(24,999)	0.25
Outstanding, June 30, 2005	**2,855,468**	**0.36**

5. STOCK-BASED COMPENSATION *(continued)*

The following table summarizes additional information relating to stock options that are outstanding and vested as at June 30, 2005:

Exercise Price	Remaining Number Outstanding	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Exercise Price
$0.25	1,680,402	27 months	1,008,744	$0.25
$0.26 to $0.50	900,000	47 months	75,001	$0.40
$0.51 to $0.75	267,000	57 months	–	–
$0.76 to $1.00	8,066	8 months	8,066	$0.90
	2,855,468	**37 months**	**1,091,811**	**$0.27**

Effective January 1, 2003, the Company adopted the fair value based method of accounting for stock options in accordance with CICA Handbook Section 3870. The Company chose the prospective application of the fair value based method, applied to stock options granted on or after January 1, 2003.

In accordance with the provisions of Section 3870, $37,227 was recorded as total stock-based compensation expense and charged to contributed surplus for the quarter ended June 30, 2005 (2004 – $17,526), and $70,645 for the six months ended June 30, 2005 (2004 – $22,066)

The following table illustrates the pro-forma effect on net earnings (loss) and earnings (loss) per share if the fair value method had also been applied to all stock options granted in 2002.

	Three Months Ended June 30,		*Six Months Ended June 30,*	
	2005 **$**	2004 $	**2005** **$**	2004 $
Net earnings (loss), as reported	**346,483**	(34,292)	**696,611**	(250,405)
Total additional stock-based compensation expense determined under fair value method	**(7,621)**	(11,586)	**(17,593)**	(23,172)
Pro-forma net earnings (loss)	**338,862**	(45,878)	**679,018**	(273,577)
Pro-forma earnings (loss) per share				
Basic	**0.012**	(0.002)	**0.024**	(0.011)
Fully diluted	**0.011**	N/A	**0.023**	N/A

The Company has used the Black-Scholes option pricing model in order to quantify the compensation expense of an option grant. The following table sets forth the weighted-average assumptions used during the six months ended June 30, 2005 and 2004:

	2005	2004
Weighted-average fair value (per share) of options granted	**$ 0.6724**	$ 0.3796
Dividend yield	**0%**	0%
Expected volatility	**160%**	193%
Risk-free interest rate	**2.90%**	2.60%
Expected life	**4 years**	3.2 years

CORPORATE INFORMATION

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Chief Products Officer

Jeff English
Vice President, Market Development

Lynn Leong
Chief Financial Officer

Marcos Lopez
Chief Technology Officer

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Solium Capital Inc.

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Auditors
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Stock Listing and Symbol
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Symbol: SUM

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