

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated as of October 31, 2006 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 September 30, 2006, and the MD&A included in the Company's 2005 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.

All dollar amounts discussed in the MD&A are in Canadian dollars unless otherwise specified.

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 and partners, the regulatory environment, 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.

	2006			2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Stock option participants	47,114	47,354	49,711	40,514	36,195	34,216	32,164	29,906
Share purchase participants	136,293	134,860	133,167	123,257	119,868	116,144	115,241	102,867
Revenues	\$ 2,067,056	\$ 2,010,179	\$ 2,100,380	\$ 1,695,910	\$ 1,608,782	\$ 1,525,227	\$ 1,382,258	\$ 1,091,340
Expenses	\$ 1,645,731	\$ 1,749,876	\$ 1,487,276	\$ 1,365,634	\$ 1,314,622	\$ 1,178,744	\$ 1,032,130	\$ 1,010,230
EBITDA ¹	\$ 484,701	\$ 322,700	\$ 670,788	\$ 383,083	\$ 350,937	\$ 398,121	\$ 392,937	\$ 149,694
Earnings before taxes	\$ 421,325	\$ 260,303	\$ 613,104	\$ 330,276	\$ 294,160	\$ 346,483	\$ 350,128	\$ 81,110
Net earnings	\$ 437,374	\$ 231,478	\$ 695,653	\$ 780,276	\$ 294,160	\$ 346,483	\$ 350,128	\$ 81,110
Per share								
– basic	\$ 0.015	\$ 0.008	\$ 0.025	\$ 0.027	\$ 0.010	\$ 0.012	\$ 0.012	\$ 0.003
– diluted	\$ 0.015	\$ 0.008	\$ 0.024	\$ 0.026	\$ 0.010	\$ 0.012	\$ 0.012	\$ 0.003

Note:

¹ Earnings before interest, taxes, depreciation and amortization ("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 prior to the effect of non-operating expenses such as interest, tax, depreciation and amortization. The following is a reconciliation of EBITDA to net earnings:

	2006			2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
EBITDA	484,701	322,700	670,788	383,083	350,937	398,121	392,937	149,694
Interest expense	–	–	–	–	(6,302)	(10,068)	(12,500)	(25,000)
Amortization	(63,376)	(62,397)	(57,684)	(52,807)	(50,475)	(41,570)	(30,309)	(43,584)
Income tax (expense) recovery	16,049	(28,825)	82,549	450,000	–	–	–	–
Net earnings	437,374	231,478	695,653	780,276	294,160	346,483	350,128	81,110

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 based incentive plans or the withdrawal of assets from share purchase plans have displayed a seasonal trend. The Company typically experiences increased transaction revenue during the first quarter of the year in line with the seasonal nature of the market.

The Company has also experienced seasonality in its client implementations. 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 third quarter of the year. Successfully closing sales during the third quarter results in increased implementation activity during the latter part of the year and into the first quarter of the following year for the Company.

Channel Revenue Arrangement

Under a revenue sharing arrangement, GRS Securities Inc. ("GRS Securities") utilizes Solium's Shareworks™ platform for the administration of stock option and share purchase plans as part of its service delivery to clients in Canada. 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.

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.

Results From Operations

Net Financial Results

The Company had earnings before taxes of \$421,325 in the third quarter of 2006 (2005 – \$294,160) and net earnings before taxes of \$1,294,732 in the nine months ended September 30, 2006 (2005 – \$990,771). After the effect of a future income tax recovery of \$16,049, net earnings for the third quarter of 2006 came to \$437,374. A future income tax recovery of \$69,773 brought net earnings to \$1,364,505 for the nine months ended September 30, 2006.

Revenue

Gross revenue in the third quarter of 2006 was \$2,067,056 (2005 – \$1,608,782) and \$6,177,615 for the nine months ended September 30, 2006 (2005 – \$4,516,267). This represents an increase of 28% over the results from the third quarter of 2005, and 37% over the results from the nine months ended September 30, 2005.

Share Purchase

Share purchase channel revenue from GRS Securities totaled \$683,143 in the third quarter of 2006 (2005 – \$627,398), and \$1,936,887 in the nine months ended September 30, 2006 (2005 – \$1,799,132). The increase between 2006 and 2005 is mainly attributable to increased transaction based revenues collected by GRS Securities, resulting in an increased share for Solium.

Share purchase access and implementation fees from direct sales clients totaled \$325,742 in the third quarter of 2006 (2005 – \$144,340), and \$915,401 in the nine months ended September 30, 2006 (2005 – \$318,729). Total transaction fees generated from these share purchase plans totaled \$97,597 in the third quarter of 2006 (2005 – \$41,513), and \$359,286 in the nine months ended September 30, 2006 (2005 – \$99,549). The Company implemented two corporate share purchase plans onto Shareworks™ during the third quarter of 2006 and seven in the nine months ended September 30, 2006.

As at September 30, 2006, the Company had 136,293 participants (2005 – 119,868) utilizing the share purchase module of Shareworks™. 31,987 participants were from direct sales clients (2005 – 17,036) and 104,306 participants (2005 – 102,832) were from the GRS Securities channel relationship.

Stock Options

Stock option channel revenue from GRS Securities totaled \$9,470 in the third quarter of 2006 (2005 – \$13,994), and \$39,552 in the nine months ended September 30, 2006 (2005 – \$51,270). The decrease resulted from normal participant fluctuations within the stock option plans administered by GRS Securities.

Stock option access and implementation fees from direct sales clients totaled \$709,678 in the third quarter of 2006 (2005 – \$555,459), and \$2,044,011 in the nine months ended September 30, 2006 (2005 – \$1,530,500). The Company implemented two corporate stock option, share appreciation rights or share unit plans onto Shareworks during the third quarter, and 13 during the nine months ended September 30, 2006. Total exercise and special transaction fees generated from stock option plans totaled \$227,316 in the third quarter of 2006 (2005 – \$203,078), and \$728,693 in the nine months ended September 30, 2006 (2005 – \$633,837).

As at September 30, 2006, the Company had 47,114 participants (2005 – 36,195) utilizing the stock options module of Shareworks™. 45,517 participants (2005 – 34,369) were from direct sales clients and 1,597 participants (2005 – 1,826) were from the GRS Securities channel relationship.

The number of direct sales participants utilizing the stock options module in Shareworks™ decreased from 49,711 at the end of the first quarter of 2006. Solium has experienced the loss of certain clients due to corporate merger and acquisition activity relating to those clients as well as a reduction in the size of certain client option plans. These reductions were partially offset with the addition of new clients over that period.

Consulting services

Consulting services revenue totaled \$14,110 in the third quarter of 2006 (2005 – \$23,000) and \$153,785 in the nine months ended September 30, 2006 (2005 – \$83,250). Consulting services were comprised of special projects associated with the entitlement plans of clients.

Expenses

Total expenses were \$1,645,731 in the third quarter of 2006 (2005 – \$1,314,622), and \$4,882,883 in the nine months ended September 30, 2006 (2005 – \$3,525,496). The overall increase is primarily due to costs associated with the ongoing scale up of operations as required by the addition of direct sales clients and increased transactional volumes. The Company also continues to make investments in its technology with the addition of software development staff. Also contributing to the increase were expenses totaling approximately \$176,060 incurred in the third quarter and \$530,753 incurred in the nine months ended September 30, 2006 relating to the development of the U.S. operations.

Salaries and Wages

Salaries and wages expense in the third quarter of 2006 was \$1,102,403 (2005 – \$749,253), and \$3,013,851 in the nine months ended September 30, 2006 (2005 – \$2,183,777). The increase between the comparable periods in 2006 and 2005 is largely attributable to the net addition of nine new staff members throughout 2005 and 19 new staff members during the nine months ended September 30, 2006. Stock-based compensation expense recognized in the third quarter of 2006 totaled \$76,983 (2005 – \$38,486), and \$186,743 in the nine months ended September 30, 2006 (2005 – \$109,131), which also contributed to the change between 2006 and 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

General and Administrative

General and administrative expenses totaled \$479,952 in the third quarter of 2006 (2005 – \$508,592), and \$1,685,575 in the nine months ended September 30, 2006 (2005 – \$1,190,494). The change from the prior year periods is attributable to the following categories:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2006	2005	2006	2005
	\$	\$	\$	\$
Data feeds	34,556	54,563	138,060	153,171
Insurance	16,952	13,172	49,798	44,399
IT systems and phones	62,602	74,091	223,049	186,952
Professional fees	161,882	102,248	520,539	180,192
Regulatory compliance	7,850	4,837	36,617	27,361
Rent and occupancy	88,853	77,963	257,181	213,239
Travel and entertainment	49,414	80,375	226,729	181,991
Other	57,843	101,343	233,602	203,189
	479,952	508,592	1,685,575	1,190,494

Fees for data feeds of stock market quotes obtained from the various stock exchanges decreased by \$20,007 between the comparable quarters and by \$15,111 between the comparable nine-month periods in 2006 and 2005 due to a change in the way that Shareworks™ uses stock market quotes.

IT systems and phone expenses decreased by \$11,489 between the comparable quarters and increased by \$36,097 between the comparable nine-month periods in 2006 and 2005. Generally, the Company utilized increased data services and software licenses for production systems in 2006 compared to 2005. During the nine-month period in 2006, call centre phone activity increased in line with increased transaction activity. Such activity fell off in the third quarter of 2006 compared to 2005.

Professional fees increased by \$59,634 between the comparable quarters and by \$340,347 between the comparable nine-month periods in 2006 and 2005 due to increased legal, audit, hiring and consulting services utilized by the Company.

- Legal fees increased by \$17,356 between the comparable quarters and by \$70,023 between the comparable nine-month periods mainly due to legal fees associated with setting up operational infrastructure in the United States.
- Audit fees increased by \$29,207 between the comparable quarters and by \$147,226 between the comparable nine-month periods as the Company has initiated a recurring audit of its internal controls under SAS 70 guidelines of the American Institute of Certified Public Accountants (AICPA) performed throughout the year, for purposes of satisfying certain clients' requirements under The Sarbanes Oxley Act of 2002.
- Hiring fees increased by \$3,163 between the comparable quarters and by \$66,529 between the comparable nine-month periods. The Company has utilized personnel hiring services throughout 2006 for operational hires. In addition, finder's fees were paid during the second quarter of 2006 relating to the positions of Vice President, Sales in the U.S. and Vice President, Market Development in Canada.
- Consulting fees increased by \$11,225 between the comparable quarters and by \$57,886 between the comparable nine-month periods largely due to the fees paid to a Director beginning in May 2005 in connection with the ongoing development of Solium's U.S. market strategy. Also included in consulting fees was approximately \$4,750 in fees incurred in the third quarter and \$16,060 in fees incurred in the nine-month period of 2006 relating to a business process re-engineering project the Company has initiated to increase operational efficiencies.

Rent and occupancy expenses increased by \$10,890 between the comparable quarters and by \$43,942 between the comparable nine-month periods in 2006 and 2005. Effective June 1, 2005, the Company entered into a new lease for its head office in Calgary adding \$6,500 in rent per month. This is offset by the amortization of a tenant inducement against rent expense of approximately \$3,000 per month. Additionally, new office space relating to the Company's U.S. operations was leased at the end of the first quarter of 2006, adding approximately \$4,500 per month in rent expense.

Travel and entertainment expenses decreased by \$30,961 between the comparable quarters and increased by \$44,738 between the comparable nine-month periods in 2006 and 2005. Year-to-date, the Company has experienced an increase in travel activity due to sales and business development in Canada and the U.S., and due to travel associated with clients located in various geographical locations. Such travel expenses decreased in the third quarter of 2006 as compared to the same period in 2005.

Amortization

Amortization expense was \$63,376 in the third quarter of 2006 (2005 – \$50,476), and \$183,457 in the nine months ended September 30, 2006 (2005 – \$122,355). The increase is attributable to the amortization of leasehold improvements undertaken in the third quarter of 2005, and to the amortization of capital assets purchased throughout 2005 and the beginning of 2006.

Debenture Interest

The Company did not incur any debenture interest during the third quarter of 2006 (2005 – \$6,301) or in the nine months ended September 30, 2006 (2005 – \$28,870). The decrease is a result of the full repayment of the demand debentures in 2005.

Income Taxes

\$16,049 of future income tax recovery was recorded in the third quarter of 2006 (2005 – \$Nil) and \$69,773 of future income tax recovery was recorded in the nine months ended September 30, 2006 (2005 – \$Nil). The Company has recorded the benefit of certain Canadian tax loss carryforwards. The Company currently maintains a future tax asset on its balance sheet calculated based on the net earnings of its prior four quarters. Any change to this future tax asset from period to period is reflected as a change in the valuation allowance for the asset and is reflected as a future income tax expense or recovery.

Financial Condition, Liquidity and Capital Resources

Cash on hand as at September 30, 2006 was \$2,637,224 (December 31, 2005 – \$1,478,400). Working capital as at September 30, 2006 was \$3,730,944 (December 31, 2005 – \$2,106,476). Working capital is expected to remain strong throughout 2006 as a result of positive cash flow from operations expected through to the remainder of the year.

As at September 30, 2006, there were no significant commitments to purchase capital assets. Capital purchases of computer equipment, furniture and fixtures planned for the fourth quarter of 2006 are expected to be approximately \$150,000.

The Company has a revolving credit facility of \$500,000 with a Canadian bank. As at September 30, 2006, no amounts had been drawn on the credit facility.

Transactions with Related Parties

The Company utilized legal services with a related party totaling \$7,375 in the third quarter of 2006 (2005 – \$Nil), and \$54,011 in the nine months ended September 30, 2006 (2005 – \$31,757). The legal services were provided by a firm with which a Director of the Company is a partner. These services were measured at fair market value. As at September 30, 2006, \$Nil (2005 – \$Nil) was payable, inclusive of applicable taxes.

The Company utilized consulting and personnel hiring services totaling \$12,528 during the third quarter of 2006 (2005 – \$6,285) and \$21,504 during the nine months ended September 30, 2006 (2005 – \$7,439). These services were provided by a firm owned by the spouse of the former Chief Executive Officer and a Director of the Company. These services were measured at fair market value. As at September 30, 2006, \$Nil (2005 – \$3,951) was payable, inclusive of applicable taxes.

The Company paid a Director \$26,552 during the third quarter of 2006 (2005 – \$29,212), and \$81,700 during the nine months ended September 30, 2006 (2005 – \$48,560) for consulting services associated with the ongoing development of the business strategy for the U.S.

Critical Accounting Estimates

The Company's significant accounting policies are detailed in Note 2 of the December 31, 2005 audited consolidated financial statements. In the determination of financial results, the Company must make certain significant accounting estimates as follows:

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax liabilities and assets are recorded based on temporary differences between the carrying amounts of assets and liabilities on the balance sheet and their tax bases as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. In establishing the appropriate income tax valuation allowances, the Company assesses the realizability of its net future income tax assets and based on all available evidence, both positive and negative, determines whether it is more likely than not that the remaining net future income tax assets or a portion thereof will be realized.

Historically, prior to 2005, the Company had established a full valuation allowance against the calculated tax benefits, since it was uncertain that these tax benefits were more likely than not to be realized. In determining the valuation allowance to establish against these future tax benefits, the Company considers many factors, including the specific tax jurisdiction, the carry forward period, income tax strategies, and forecasted earnings. A valuation allowance is recognized if, based on the weight of available evidence, the Company concludes that it is more likely than not that some portion or all of the future tax benefits will not be realized. On the basis of consecutive quarters of increasing profitability from 2004 to 2006 and the Company's forecasts of operating results for the foreseeable future, it has determined that it is more likely than not that a portion of the future income tax assets will be realized.

In evaluating the realizability of the future income tax asset, the financial results of the last four financial quarters are used as a key indicator. In addition, assumptions about the continued ability to service existing clients and add new clients, the sustainability of the capital markets, and the continued ability to manage costs due to growth are inherent in estimating the realizability of the future tax benefits.

Disclosure Controls

The Company has a Corporate Disclosure Policy in place to ensure that communications with the investing public about the Company are timely, factual and accurate; disseminated in accordance with all applicable legal and regulatory requirements; and that all material information in respect of the Company is communicated to the Chief Executive Officer and the Chief Financial Officer, and where appropriate, the Board of Directors and/or committees thereof. As at September 30, 2006, the Company's disclosure controls and procedures have been established to ensure that any material, or potentially material, information is appropriately disclosed.

Business Prospects and Outlook

Business Prospects

During the third quarter of 2006, four corporate clients implemented incentive plans onto Solium's application adding approximately \$180,000 in expected annualized access fee revenue to the Company.

As at September 30, 2006, the Company had in progress 17 corporate plans with approximately \$400,000 in expected annualized access fee revenue being implemented onto Shareworks™. Implementation of these plans is expected to be completed throughout the latter part of 2006 and the first quarter of 2007.

As at September 30, 2006, monthly access fees were distributed in the following geographic locations: 58% from Calgary based clients (2005 – 59%), 26% from Toronto based clients (2005 – 29%), 10% from Montreal based clients (2005 – 5%), 4% from Vancouver based clients (2005 – 7%), and 2% from U.S. based clients (2005 – Nil).

As a result of the softening of the capital markets for commodity based companies in recent months, Solium maintains a more conservative outlook on transaction revenue for the remainder of the year.

U.S. Market

The Company is continuing to develop its operations in the U.S. with a measured increase in investment in people and infrastructure to fulfill execution of the Company's strategic plan.

In 2006, the Company is executing on a marketing program focused on increasing market awareness of the Solium brand in the U.S., establishing a value proposition for prospective clients, and creating demand for the Company's products and services.

Additionally, Solium has increased the size of the development team to accommodate continued enhancement of the Shareworks™ application to support U.S. plan administration requirements.

The Company currently has direct sales capability in the U.S. and has secured three new direct sales contracts in the U.S. with approximately \$50,000 in expected annualized access fee revenue. Implementation of these plans is expected to be completed during the fourth quarter of 2006.

In addition to direct sales efforts, the Company will also continue to explore 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 28,537,326 common shares outstanding.

Employees, directors, officers and consultants have been granted options to purchase common shares under a stock option plan. As at the date of this MD&A, there were options outstanding to acquire 3,333,572 common shares.

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, 2005. 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 CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements for the period ended September 30, 2006 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 September 30, 2006.



Jeff English
President and Chief Executive Officer



Lynn Leong, CA
Chief Financial Officer


CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT

<i>(Unaudited)</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue				
Stock option services	946,464	772,531	2,812,256	2,215,607
Share purchase services	1,106,482	813,251	3,211,574	2,217,410
Consulting services	14,110	23,000	153,785	83,250
	2,067,056	1,608,782	6,177,615	4,516,267
Expenses				
Salaries and wages <i>(Note 4)</i>	1,102,403	749,253	3,013,851	2,183,777
General and administrative	479,952	508,592	1,685,575	1,190,494
Amortization	63,376	50,476	183,457	122,355
Debenture interest	–	6,301	–	28,870
	1,645,731	1,314,622	4,882,883	3,525,496
Earnings before taxes	421,325	294,160	1,294,732	990,771
Income tax expense <i>(Note 5)</i>				
Current	–	–	–	–
Future (recovery)	(16,049)	–	(69,773)	–
	(16,049)	–	(69,773)	–
Net earnings	437,374	294,160	1,364,505	990,771
Deficit, beginning of period	(6,771,950)	(8,773,517)	(7,699,081)	(9,470,128)
Deficit, end of period	(6,334,576)	(8,479,357)	(6,334,576)	(8,479,357)
Net earnings per share				
Basic	0.015	0.010	0.048	0.035
Diluted	0.015	0.010	0.046	0.035

CONSOLIDATED BALANCE SHEETS

	September 30, 2006 \$	December 31, 2005 \$
	<i>(Unaudited)</i>	<i>(Audited)</i>
Assets		
Current		
Cash and cash equivalents	2,637,224	1,478,400
Accounts receivable	1,277,567	982,360
Prepaid expenses	163,261	134,759
Future income taxes <i>(Note 5)</i>	519,773	450,000
	4,597,825	3,045,519
Capital assets	378,732	469,159
	4,976,557	3,514,678
Liabilities		
Current		
Accounts payable and accrued liabilities	722,260	823,033
Current portion of deferred revenue	109,621	81,010
Current portion of deferred tenant inducement	35,000	35,000
	866,881	939,043
Deferred revenue	89,731	189,560
Deferred tenant inducement	163,313	114,173
	1,119,925	1,242,776
Shareholders' Equity		
Share capital <i>(Note 2)</i>	9,754,569	9,703,725
Contributed surplus <i>(Note 3)</i>	436,639	267,258
Deficit	(6,334,576)	(7,699,081)
	3,856,632	2,271,902
	4,976,557	3,514,678

APPROVED BY THE BOARD OF DIRECTORS



Anthony Webb
Director



Michael Broadfoot
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i>	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash flows related to the following activities:				
Operating				
Net earnings	437,374	294,160	1,364,505	990,771
Adjustments for:				
Future income taxes	(16,049)	–	(69,773)	–
Amortization of capital assets	63,376	50,476	183,457	122,355
Stock-based compensation expense <i>(Note 3)</i>	76,983	38,486	186,743	109,131
Loss on disposal of capital assets	–	8,698	–	8,698
Amortization of tenant inducement	(8,749)	(8,749)	(26,247)	(11,665)
	552,935	383,071	1,638,685	1,219,290
Changes in non-cash working capital	377,962	(341,455)	(378,641)	(156,616)
	930,897	41,616	1,260,044	1,062,674
Financing				
Issuance of common shares <i>(Note 2)</i>	–	10,485	33,482	39,942
Repayment of debentures	–	(250,000)	–	(500,000)
Changes in non-cash working capital	–	–	–	–
	–	(239,515)	33,482	(460,058)
Investing				
Purchase of capital assets	(12,748)	(41,257)	(93,030)	(483,102)
Proceeds on sale of capital assets	–	1,000	–	1,000
Tenant inducement	–	–	–	244,975
Changes in non-cash working capital	2,603	155,353	(41,672)	(239,943)
	(10,145)	115,096	(134,702)	(477,070)
Net increase (decrease) in cash and cash equivalents	920,752	(82,803)	1,158,824	125,546
Cash and cash equivalents, beginning of period	1,716,472	797,556	1,478,400	589,207
Cash and cash equivalents, end of period	2,637,224	714,753	2,637,224	714,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2006 and 2005 (Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited 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 financial statements follow the same accounting policies and methods of application as the most recent annual financial statements dated December 31, 2005. These interim financial statements should be read in conjunction with the Company's December 31, 2005 audited annual financial statements.

2. SHARE CAPITAL

	Number of Shares	Amount \$
Issued – common shares		
Balance, December 31, 2005	28,444,369	9,703,725
Issued on exercise of stock options (Note 4)	92,957	33,482
Adjustment on exercise of stock options (Note 3)	–	17,362
Balance, September 30, 2006	28,537,326	9,754,569

3. CONTRIBUTED SURPLUS

	Amount \$
Balance, December 31, 2005	267,258
Stock-based compensation expense	186,743
Adjustment on exercise of stock options during the year (Note 2)	(17,362)
Balance, September 30, 2006	436,639

4. STOCK-BASED COMPENSATION

Stock option activity with respect to the Company's stock option plan for the nine months ended September 30, 2006 is shown below:

	Number of Shares	Weighted Average Exercise Price \$
Outstanding, December 31, 2005	2,883,195	0.40
Granted	570,000	1.25
Exercised (Note 2)	(92,957)	0.36
Forfeited	(26,666)	0.72
Outstanding, September 30, 2006	3,333,572	0.54

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Nine Months Ended September 30, 2006 and 2005 (Unaudited)

4. STOCK-BASED COMPENSATION (continued)

The following table illustrates the pro-forma effect on net earnings and earnings per share if the fair value method had also been applied to all those outstanding and unvested awards granted in 2002.

	Three months ended September 30,		Nine months ended September 30,	
	2006 \$	2005 \$	2006 \$	2005 \$
Net earnings, as reported	437,374	294,160	1,364,505	990,771
Total additional stock-based compensation expense determined under fair value method	(893)	(5,539)	(15,381)	(23,132)
Pro-forma net earnings	436,481	288,621	1,349,124	967,63
Pro-forma earnings per share				
Basic	0.015	0.010	0.047	0.034
Diluted	0.015	0.010	0.045	0.032

5. INCOME TAXES

The Company has recorded the benefit of certain Canadian tax loss carryforwards. In assessing the realizability of the future tax asset, management considers whether it is more likely than not that some portion or all of the future tax asset will be realized. The financial results of the last four financial quarters is used as a key indicator. In addition, assumptions are made about the continued ability to service existing clients and add new clients, the sustainability of the capital markets, and the continued ability to manage costs due to growth.

Any change to the future tax asset from period to period is reflected as a change in the valuation allowance for the asset and is reflected as a future income tax expense or recovery. A future tax recovery of \$16,049 was recorded during the three months ended September 30, 2006, and a future tax recovery of \$69,773 was recorded for the nine months ended September 30, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Nine Months Ended September 30, 2006 and 2005 (Unaudited)

6. SEGMENTED INFORMATION

The following is a breakdown of financial information by geographic segment:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2006 \$	2005 \$	2006 \$	2005 \$
Revenue				
Canada	2,049,273	1,608,782	6,107,183	4,516,267
United States	17,783	–	70,432	–
	2,067,056	1,608,782	6,177,615	4,516,267
Net earnings (loss)				
Canada	595,651	388,133	1,824,826	1,164,402
United States	(158,277)	(93,973)	(460,321)	(173,631)
	437,374	294,160	1,364,505	990,771
Capital expenditures				
Canada	11,653	40,903	91,935	476,385
United States	1,095	354	1,095	6,717
	12,748	41,257	93,030	483,102

	<i>September 30,</i>	<i>December 31,</i>
	2006 \$	2005 \$
Total assets		
Canada	4,788,294	3,428,783
United States	188,263	85,895
	4,976,557	3,514,678
Capital assets		
Canada	364,521	463,211
United States	14,211	5,948
	378,732	469,159

CORPORATE INFORMATION

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Rudolph Bester

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Brian Craig

Executive Director

June Davenport

Chief Products Officer

Jeff English

President and Chief Executive Officer

Lisa Fidaleo

Vice President, Sales (U.S.), Solium Capital Ltd.

Lynn Leong

Chief Financial Officer

Marcos Lopez

*Chief Technology Officer, Solium Capital Inc.
President, Solium Capital Ltd.*

Lance Titchkosky

Vice President, Software Development

Russ Waterhouse

Executive Chairman

DIRECTORS

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Stock Listing and Symbol

TSX Venture Exchange
Symbol: SUM

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