2007 SecondQuarter Report
June 30, 2007

Solium
CAPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated as of August 10, 2007 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, 2007, and the MD&A included in the Company's 2006 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

Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward looking statements or information in this MD&A include but are not limited to expectations regarding future revenues, earnings, capital expenditures, and operating and other costs; business strategy and objectives; market trends; acquisition and disposition plans; the sufficiency of cash and working capital for future operations; and the timing and the completion of various development projects.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, the Company's transition to new products and releases; a continuing increase in the number of customer transactions; the length of the sales cycles; the competitive environment; the ability to maintain or accurately forecast revenue from the Company's products or services; the ability of the Company to identify, hire, train, motivate and retain qualified personnel; currency fluctuations; the ability of the Company to develop, introduce and implement new products as well as enhancements or improvements for existing products that respond, in a timely fashion, to customer/product requirements and rapid technological change; risks associated with operations; the impact of any changes in the laws and regulations in the jurisdictions in which the Company operates; and the effect of new accounting pronouncements or guidance.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. The forward-looking statements are based on Solium's current expectations, estimates and projections, and are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, among others, general business and economic conditions; the overall performance of stock market(s); actions of 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. 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.

Summary of Quarterly Results

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

	2007		2006				2005	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Stock option participants	**49,196**	**48,313**	47,822	47,114	47,354	49,711	40,514	36,195
Share purchase participants	**140,451**	**142,960**	140,622	136,293	134,860	133,167	123,257	119,868
Revenues	**$ 2,706,054**	**$ 2,606,387**	$ 2,518,169	$ 2,067,056	$ 2,010,179	$ 2,100,380	$ 1,695,910	$ 1,608,782
Expenses	**$ 2,462,198**	**$ 2,162,160**	$ 1,695,494	$ 1,645,731	$ 1,749,876	$ 1,487,276	$ 1,365,634	$ 1,314,622
EBITDA[1]	**$ 345,688**	**$ 538,418**	$ 891,943	$ 484,701	$ 322,700	$ 670,788	$ 383,083	$ 350,937
Earnings before taxes	**$ 243,856**	**$ 444,227**	$ 822,675	$ 421,325	$ 260,303	$ 613,104	$ 330,276	$ 294,160
Net earnings	**$ 270,356**	**$ 451,727**	$ 1,112,902	$ 437,374	$ 231,478	$ 695,653	$ 780,276	$ 294,160
Per share								
– basic	**$ 0.010**	**$ 0.016**	$ 0.039	$ 0.015	$ 0.008	$ 0.025	$ 0.027	$ 0.010
– diluted	**$ 0.009**	**$ 0.015**	$ 0.038	$ 0.015	$ 0.008	$ 0.024	$ 0.026	$ 0.010

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 Canadian 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:*

	2007		2006				2005	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
EBITDA	**345,688**	**538,418**	891,943	484,701	322,700	670,788	383,083	350,937
Interest expense	**–**	**–**	–	–	–	–	–	(6,302)
Amortization	**(101,832)**	**(94,191)**	(69,268)	(63,376)	(62,397)	(57,684)	(52,807)	(50,475)
Income tax (expense) recovery	**26,500**	**7,500**	290,227	16,049	(28,825)	82,549	450,000	–
Net earnings	**270,356**	**451,727**	1,112,902	437,374	231,478	695,653	780,276	294,160

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 participant transaction activity.

Results From Operations

Net Financial Results

The Company had earnings before taxes of $243,856 in the second quarter of 2007 (2006 – $260,303) and $688,083 in the six months ended June 30, 2007 (2006 – $873,407). After the effect of a future income tax recovery of $26,500 (2006 – expense of $28,825), net earnings for the second quarter of 2007 came to $270,356 (2006 – $231,478). A future income tax recovery of $34,000 (2006 – $53,724), brought net earnings to $722,083 for the six months ended June 30, 2007 (2006 – $927,131). The future income tax recovery arose from recording the benefit of certain tax loss carryforwards.

Revenue

Gross revenue in the second quarter of 2007 was $2,706,054 (2006 – $2,010,179), and $5,312,441 in the six months ended June 30, 2007 (2006 – $4,110,556). This represents an increase of $695,875 over the results from the second quarter of 2006 and $1,201,885 over the results from the six months ended June 30, 2006. Revenue from Canadian operations was $2,666,209 in the second quarter of 2007 (2006 – $1,988,427) and $5,243,309 in the six months ended June 30, 2007 (2006 – $4,057,906), while revenue from US operations was $39,845 in the second quarter (2006 – $21,752) and $69,132 in the six month period (2006 – $52,650). These results represent a growth of 34% between the comparable quarters and 29% between the comparable six month periods for the Canadian operations, and 83% between the comparable quarters and 31% between the comparable six month periods for the US operations.

Monthly access fees from direct sales clients were distributed in the following geographic locations:

	As at June 30,	
	2007 **%**	2006 %
Alberta	**58**	60
Ontario	**22**	24
Quebec	**10**	10
British Columbia	**5**	4
Other Canadian provinces	**3**	–
United States	**2**	2
	100	100

The increase to revenues from the prior year is attributable to the changes in the following categories:

	Three months ended June 30,		*Six months ended June 30,*	
	2007 $	2006 $	**2007 $**	2006 $
Stock option services				
Direct sales				
Access & implementation fees	**886,818**	682,798	**1,709,116**	1,334,098
Transaction fees	**325,111**	211,508	**653,850**	501,378
Channel	**10,640**	11,358	**26,909**	30,081
	1,222,569	905,664	**2,389,875**	1,865,557
Share purchase services				
Direct sales				
Access & implementation fees	**405,848**	309,124	**833,712**	589,891
Transaction fees	**190,940**	140,170	**369,039**	261,690
Channel	**775,554**	614,096	**1,478,442**	1,253,743
	1,372,342	1,063,390	**2,681,193**	2,105,324
Consulting services	**111,143**	41,125	**241,373**	139,675
	2,706,054	2,010,179	**5,312,441**	4,110,556

Stock Options

Stock option access and implementation fees from direct sales clients totaled $886,818 in the second quarter of 2007 (2006 – $682,798) and $1,709,116 in the six month period (2006 – $1,334,098). The Company implemented seven corporate stock option, share appreciation rights ("SARs") or share unit plans onto Shareworks™ during the second quarter. One new client is based in the U.S. Total exercise and special transaction fees generated from stock option, SARs and share unit plans totaled $325,111 in the second quarter of 2007 (2006 – $211,508) and $653,850 in the six-month period (2006 – $501,378). Transaction fees include fees paid by Canaccord Capital Corporation ("Canaccord") relating to brokerage services provided by Canaccord (see *Outlook* section for further discussion).

As at June 30, 2007, the Company had 49,196 participants (2006 – 47,354) utilizing the stock options module of Shareworks™, 17,790 (2006 – 7,428) utilizing the share units module and 8,299 utilizing the share appreciation rights module (2006 – 2,259). 48,009 of the stock option participants (2006 – 45,713) were from direct sales clients and 1,187 participants (2006 – 1,641) were from the GRS Securities channel relationship.

The number of direct sales participants utilizing the stock options module in Shareworks™ was lower at the end of the second quarter of 2007 as compared to the first quarter of 2006. As a result of corporate merger and acquisition activity involving certain clients, Solium experienced the reduction of approximately 2,000 participants during the second and third quarters of 2006.

Share Purchase

Share purchase access and implementation fees from direct sales clients totaled $405,848 in the second quarter of 2007 (2006 – $309,124) and $833,712 in the six month period (2006 – $589,891). Total transaction fees generated from share purchase plans totaled $190,940 (2006 – $140,170) in the second quarter and $369,039 in the six month period (2006 – $261,690). During the second quarter of 2007, the Company implemented one corporate share purchase plan onto Shareworks™.

Share purchase channel revenue from GRS Securities Inc. ("GRS Securities") totaled $775,554 in the second quarter of 2007 (2006 – $614,096) and $1,478,442 in the six month period (2006 – $1,253,743). The increase is mainly attributable to increased transaction based revenues collected by GRS Securities, resulting in an increased share for Solium.

As at June 30, 2007, the Company had 140,451 participants (2006 – 134,860) utilizing the share purchase module of Shareworks™. 35,629 participants were from direct sales clients (2006 – 30,485) and 104,822 participants (2006 – 104,375) were from the GRS Securities channel relationship.

The number of direct sales participants utilizing the share purchase module in Shareworks™ was lower at the end of the second quarter of 2007 as compared to the first quarter of 2007. A corporate merger and acquisition involving a client resulted in the decrease of approximately 3,800 participants between the periods.

Consulting services

Consulting services revenue totaled $111,143 in the second quarter of 2007 (2006 – $41,125) and $241,373 in the six month period (2006 – $139,675). Consulting services were comprised of special projects for clients related to designing new entitlement plans, amending existing entitlement plans, or performing tasks associated with special events such as stock splits, or mergers and acquisitions.

Expenses

Total expenses in the second quarter of 2007 were $2,462,198 (2006 – $1,749,876) and $4,264,358 in the six month period (2006 – $3,237,149).

The increase to expenses resulted partially from costs associated with the ongoing scale up of operations. The Company is expanding its personnel and operational capabilities in preparation for continued growth that is expected from clients currently in the sales pipeline, including a client of approximately 30,000 participants that went live in July 2007 (see *Outlook* section).

The Company continues to invest in its U.S. operations and initiatives. Expenses incurred in the ongoing development of the U.S. operations were $320,329 in the second quarter (2006 – $217,670) and $552,379 in the six month period (2006 – $331,372).

At the end of the first quarter of 2007, the Company launched a new product called StockVantage targeted at companies with less elaborate stock incentive plans but that face the same regulatory and financial reporting requirements as companies with more complex plans. Expenses incurred in connection with StockVantage totaled $79,316 in the second quarter of 2007 and $86,303 in the six month period (see *Outlook* section).

The Company continues to invest in its Shareworks™ technology. Additional software development staff were hired in the latter part of 2006 and in the first six months of 2007 to increase the resources focused on developing improvements to the technology.

In March 2007, the Company graduated from listing its common shares on the TSX-Venture Exchange to the Toronto Stock Exchange ("TSX"). One-time TSX listing, legal and other associated fees totaling $112,217 with respect to the new listing also contributed to the increase in expenses during the six months ended June 30, 2007.

Salaries and Wages

Salaries and wages expense was $1,662,026 in the second quarter of 2007 (2006 – $1,023,369) and $2,997,603 in the six month period (2006 – $1,911,447). The Company ended the second quarter with 77 employees (2006 – 56), a net addition of 21 staff members compared to the same period in 2006. In addition, the Company has experienced increased upward pressure on salaries as a result of the robust employment market in Calgary.

General and Administrative

General and administrative expenses totaled $698,340 in the second quarter of 2007 (2006 – $664,110) and $1,430,734 in the six month period (2006 – $1,205,621). The increase from the prior year is attributable to the changes in the following categories:

	Three months ended June 30,		*Six months ended June 30,*	
	2007 **$**	2006 $	**2007** **$**	2006 $
Data feeds	**34,641**	47,264	**74,258**	103,504
Insurance	**25,270**	16,529	**50,115**	32,845
IT systems and phones	**89,755**	73,091	**164,055**	160,443
Professional fees	**211,368**	245,055	**431,767**	400,778
Regulatory compliance	**29,710**	24,141	**130,071**	28,767
Rent and occupancy	**102,975**	85,719	**197,411**	172,586
Travel and entertainment	**82,818**	108,023	**124,613**	177,323
Other	**121,803**	64,288	**258,444**	129,375
	698,340	664,110	**1,430,734**	1,205,621

IT systems and phone expenses increased by $16,664 between the comparable quarters and by $3,612 between the comparable six-month periods. The Company experienced higher call volumes during the second quarter. Increased telephone charges in the six-month period were partially offset by decreased IT system charges. The Company implemented in-house solutions for the performance of data backups for IT systems in mid-2006, thereby decreasing the usage of outside providers for such services and associated IT system charges.

Professional fees decreased by $33,687 between the comparable quarters and increased by $30,989 between the comparable six-month periods mainly as a result of the following:

- Legal fees increased by $29,558 between the comparable quarters and by $87,660 between the comparable six-month periods. Non-recurring legal services were incurred in relation to the Company's listing on the TSX ($18,270) in March 2007, and dealing with regulatory infrastructure requirements in the U.S. ($78,244) in the first and second quarters of 2007. Legal work relating to addressing the regulatory infrastructure in the U.S. was completed in the second quarter of 2007 and now sets the stage for full U.S. operational rollout in the remainder of 2007.
- Hiring fees decreased by $38,510 between the comparable quarters and by $35,641 between the comparable six-month periods. Fees were paid in the search for the Executive Vice President, Sales & Marketing and the Vice President, Sales (U.S.) during the second quarter of 2006.
- Audit fees decreased by $29,981 between the comparable quarters and by $39,255 between the comparable six-month periods as a result of decreased fees associated with the audit of internal controls under SAS70 guidelines of the American Institute of Certified Public Accountants (AICPA). This audit is recurring in nature and is performed for purposes of satisfying certain clients' requirements under The Sarbanes Oxley Act of 2002.

Regulatory and compliance expenses increased by $101,304 between the comparable six-month periods. A one-time fee of $93,657 was paid to the TSX with respect to the new listing on the TSX in March 2007.

Rent and occupancy expenses increased by $17,256 between the comparable quarters and by $24,825 between the comparable six-month periods. New office space relating to the Company's U.S. operations was leased at the end of the second quarter of 2006 explaining approximately $4,500 of the increase between the comparable quarters and $13,000 between the comparable six-month periods in 2007 and 2006. In addition, occupancy costs for the Company's offices in Calgary, Toronto and Montreal increased effective January 1, 2007.

Travel and entertainment expenses decreased by $25,205 between the comparable quarters and by $52,710 between the comparable six-month periods. The Company incurs travel expenses 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 decreased between the comparable periods of 2007 and 2006.

Amortization

Amortization expense was $101,832 in the second quarter of 2007 (2006 – $62,397) and $196,021 in the six month period (2006 – $120,081). The increase is attributable to the addition of $164,155 in capital assets in the second half of 2006, and the addition of $153,473 in capital assets in the first six months of 2007.

Income Taxes

$26,500 of future income tax recovery was recorded in the second quarter of 2007 (2006 – expense $26,825) and $34,000 in the six month period (2006 – $53,724). 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

Working Capital

Cash on hand as at June 30, 2007 was $2,456,371 (December 31, 2006 – $3,074,767). Working capital as at June 30, 2007 was $5,323,727 (December 31, 2006 – $4,472,636).

Cash decreased from December 31, 2006 mainly as a result of an increase in accounts receivable. The Company implemented a new accounting software package in the first quarter of 2007 and is still going through the final stages of implementing the customized automated billing module of this software package. Monthly client billings have been slower during 2007 as the Company continues to work through the new processes associated with the implementation of this billing module.

The cash position as at June 30, 2007 was also affected by the payout of 2006 bonuses in the amount of $450,000 during the first quarter of 2007. In addition, cash was utilized in the Company's Normal Course Issuer Bid to purchase 89,100 common shares at a cost of $130,367 in January 2007. These shares were cancelled from treasury effective January 15, 2007.

Subsequent to the quarter, $1.8 million of cash on hand was paid out in connection with the purchase of Allecon Stock Associates, LLC (see *Outlook* section).

Contractual Obligations

		Payments Due by Fiscal Period			
	Total	2007	2008 and 2009	2010 and 2011	2012 and beyond
Operating Leases	**$ 791,004**	$ 129,099	$ 321,594	$ 281,109	$ 59,202
Purchase Obligations**	**$ 8,000**	$ 8,000	–	–	–
Total Contractual Obligations	**$ 799,004**	$ 137,099	$ 321,594	$ 281,109	$ 59,202

*** Relates to final payment for the purchase of a new phone system.*

Capital Expenditures

Capital expenditures of $98,565 in the second quarter (2006 – $24,293) and $153,473 in the six month period ($80,282) were comprised of furniture, equipment, computer hardware, and computer software. The Company implemented a new accounting software package during the first quarter of 2007 to scale with growing operations, and to facilitate more flexible financial reporting and user security. In the second quarter of 2007, a new phone system costing approximately $73,000 was installed to support a growing call centre. The system provides more robust operational and reporting capabilities, including improved user interaction, messaging and call routing functionality. The system is expected to contribute to improved customer service and to support the business as it continues to grow.

Capital purchases of computer equipment, furniture and fixtures are expected to be less than $300,000 for the remainder of 2007.

It is expected that ongoing capital expenditures will be financed from funds generated by operating activities.

Capital Resources

The Company had a revolving credit facility of $500,000 with a Canadian bank. As at June 30, 2007, no amounts had been drawn on the credit facility.

Subsequent to the quarter, the Company arranged for a new credit facility with an alternate Canadian bank in the amount of up to $4.5 million. In connection with the purchase of all of the interests of Allecon Stock Associates, LLC in July 2007 (see *Outlook* section), the Company drew on $3.5 million of the credit facility in the form of a term loan. The term loan expires on July 19, 2010 and bears interest at prime rate plus 1% per annum. A $500,000 demand operating facility remains available through the credit facility with interest at prime rate plus 0.25% per annum. This demand operating facility replaces the revolving credit facility originally available through the other bank.

Transactions with Related Parties

The Company utilized legal services totaling $27,615 in the second quarter of 2007 (2006 – $22,123) and $85,976 in the six months ended June 30, 2007 (2006 – $46,636). These services were provided by a firm in which a Director of the Company is a partner and were measured at fair market value.

The Company utilized personnel hiring and general consulting services totaling $16,321 in the second quarter (2006 – $5,314) and $32,921 in the six month period (2006 – $8,977). These services were provided by a firm owned by the spouse of a Director of the Company and were measured at fair market value. As at June 30, 2007, $19,107 (2006 – $2,239) was payable, inclusive of applicable taxes.

In early March 2007, a Director became a full-time employee following his appointment as President and Chief Executive Officer of the Company's U.S. subsidiary. Previous to this appointment, the Company paid the Director $55,377 during the six month period (2006 – $55,148) for consulting services associated with the ongoing development of the business strategy for the U.S. No consulting fees were applicable in the second quarter (2006 – $28,000).

Critical Accounting Estimates

The Company's significant accounting policies are detailed in Note 2 of the December 31, 2006 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 profitability from 2004 through 2007 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.

Changes in Accounting Estimates Including Initial Adoption

Financial Instruments

Effective January 1, 2007, the Company adopted Section 3855 – *Financial Instrument Recognition and Measurement*, Section 3861 – *Financial Instruments Disclosure and Presentation*, and Section 3865 – *Hedges*. These standards were adopted prospectively.

The Company has classified all financial instruments into one of the following five categories: 1) loans and receivables, 2) assets held-to-maturity, 3) assets available-for-sale, 4) other financial liabilities, and 5) held-for-trading (assets and liabilities). All financial instruments must initially be recognized at fair value. Subsequent measurement of the financial instruments is based on their classification. Financial instruments that are classified as held-for-trading or available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately in net earnings and other comprehensive income, respectively. All other financial instruments are accounted for at amortized cost.

The Company made the following classifications of financial instruments outstanding on January 1, 2007:

- Cash and cash equivalents – designated as held-for-trading
- Accounts receivable – loans and receivables
- Bank overdrafts, accounts payable and accrued liabilities – other financial liabilities

Due to the nature and/or short maturity of these financial instruments, their carrying value approximated their fair value at January 1, 2007.

Exposure to counterparty credit risk, interest rate risk and foreign currency risk arises in the normal course of the Company's business. The Corporation currently does not enter into derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Company's operations.

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract. The Company has never had any contracts or financial instruments with embedded derivatives that require bifurcation.

The Company currently does not utilize hedges, and as a result the adoption of Section 3865 currently has no material impact on the financial statements of the Company.

Comprehensive Income

Effective January 1, 2007, the Company adopted Section 1530 – *Comprehensive Income*. Comprehensive income is the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. These transactions and events include changes in the currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses resulting from changes in the fair value of certain financial instruments. The Company did not have any items to record as transitional adjustments with respect to comprehensive income.

Upon adoption of Section 1530, the Company revised its "Statements of Earnings and Deficit" to include the newly required Statement of Comprehensive Income by creating a combined "Statements of Earnings, Deficit and Comprehensive Income," and changed the Balance Sheet classification from "Deficit" to "Deficit and accumulated other comprehensive income."

Disclosure Controls

The Company has a Corporate Disclosure Policy in place to ensure that communications with the 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 Executive Vice President (EVP), Finance, and where appropriate, the Board of Directors and/or committees thereof. As at June 30, 2007, the Company's Chief Executive Officer and EVP, Finance have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to Solium is made known to them for disclosure purposes.

It should be noted that while the Chief Executive Officer and EVP, Finance believe that the disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do no expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

Internal Control over Financial Reporting

The Chief Executive Officer and EVP, Finance of Solium are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The design of the internal controls over financial reporting was assessed as of December 31, 2006. Management identified certain material weaknesses in internal controls over financial reporting which were as follows:

a) Due to the limited number of accounting staff at Solium, it was not possible to achieve a segregation of duties in certain areas; and

b) Due to the legacy systems that were established at Solium when it was a smaller company, Solium did not have a sophisticated accounting system in place with strong user security controls.

These weaknesses in Solium's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting by segregating duties as much as possible under the current circumstances. Improvements over these weaknesses have occurred in 2007 through the hiring of additional staff and the continuing implementation of a new accounting system. In spite of management's best efforts, there can be no assurance that the risk of material misstatement can be reduced to less than a remote likelihood.

Outlook

Business Prospects

During the second quarter of 2007, nine corporate plans were implemented onto Solium's application adding approximately $225,000 in expected annualized access fee revenue to the Company.

As at June 30, 2007, the Company had in progress, 28 corporate plans with approximately 43,000 participants and $1.7 million in expected annualized access fee revenue being implemented onto Shareworks™. This includes one client with approximately 30,000 participants which was a client of GRS Securities and has now transitioned to a direct sales client of Solium following implementation in July 2007. This transition will increase the Company's future gross revenues but is not expected to materially affect future reported net earnings.

Overall, economic and industry factors are substantially unchanged from those described in the MD&A for the year ended December 31, 2006.

U.S. Market

The Company is continuing to develop its operations in the U.S. In March 2007, the Company appointed a new President and Chief Executive Officer of Solium Capital Ltd., the Company's wholly-owned U.S. subsidiary.

One of the above-mentioned corporate plans that was implemented onto Shareworks™ in the second quarter of 2007 was a U.S. based client. This client is expected to have annualized access fee revenue of approximately $6,000.

Seven of the above-mentioned corporate plans currently in implementation are U.S. based clients. Approximately $115,000 of expected annualized access fee revenue is estimated from these U.S. based clients.

The Company will also continue to explore channel opportunities in the U.S.

StockVantage Inc.

In March 2007, the Company announced the expansion of its product suite with the launch of a wholly owned subsidiary, StockVantage Inc. ("StockVantage"). StockVantage leverages Solium's Shareworks™ technology to deliver solutions for companies with smaller stock option plans. Offering scaled down, self-service functionality, StockVantage is targeted at companies that have less elaborate plans but face the same regulatory and reporting requirements as large companies with complex stock plans. With the creation of StockVantage, the Company can offer these companies a cost effective alternative to managing their plans internally on spreadsheets.

Since June 2007, StockVantage has closed ten contracts totaling approximately $33,000 in annualized access fee revenue. These clients will be implemented in the third quarter of 2007. Expenses incurred in connection with StockVantage totaled $79,182 in the second quarter of 2007 and $86,169 in the six months ended June 30, 2007.

Canaccord Capital Corporation

In April 2007, the Company finalized an agreement with Canaccord Capital Corporation ("Canaccord") whereby Canaccord will provide trade execution services to Solium's clients. This previously announced strategic relationship enables Solium to provide an additional fully integrated execution and post settlement service for equity transactions through Shareworks™. Canaccord will offer Solium's Shareworks™ application to its growing institutional portfolio and offer a best of breed corporate reporting technology and cost effective brokerage solution to plan administrators and equity plan participants alike.

Solium and Canaccord are developing an automated solution that fully integrates the delivery of services to Solium's clients and their participants. Solium expects this automated solution will provide robust scalability, reliability and efficiency, which will further enhance Solium's current service offering to its clients and their participants and offer more choice for brokerage services. This enhanced solution will also support Solium's continued growth in both domestic and international markets.

In consideration of this investment by Solium and the services to be provided by Solium to Canaccord, Canaccord will pay to Solium administration fees related to such services and for access to Shareworks™. The amount of the administration fees payable in Canada to Solium will be dependent on the volume of securities transactions and fund movements. The aggregate amount of the administration fees achievable through this relationship will be subject to a number of factors including the adoption of the automated solution by clients and general market conditions. Subject to the foregoing factors, Solium believes that the economic terms and efficiencies associated with this strategic relationship could have a positive material impact on Solium's earnings.

In late June 2007, the Company connected its first clients to the brokerage services of Canaccord.

The Company continues to negotiate similar arrangements with additional brokers in order to expand its service offerings.

Allecon Stock Associates, LLC

On July 19, 2007, the Company acquired, through its wholly-owned United States subsidiary Solium Holdings USA Inc., all of the issued and outstanding membership interests (the "LLC Interests") of Allecon Stock Associates, LLC ("Allecon"). The purchase price for the LLC Interests was US$6,125,000 in cash and 474,381 Solium common shares. The quantity of Solium common shares used as consideration was determined based on a weighted average market price of $2.26 per share as calculated on the date of signing the letter of intent. The purchase price is subject to working capital adjustments and reductions for any damages payable by Solium USA in relation to Allecon's business prior to closing. At closing, US$5,125,000 in cash was paid and 237,191 Solium common shares were transferred to the vendors of Allecon, with the remaining US$1,000,000 in cash, as reduced for any such damages, to be paid on July 19, 2008 and the remaining 237,190 Solium common shares, as reduced for any such damages, to be released from escrow on July 19, 2009.

On a proforma basis, including the unaudited Allecon results, consolidated revenues for Solium would be approximately $7.4 million and consolidated net earnings would be approximately $1.1 million for the six month period.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at the date of this MD&A, there were 28,705,150 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 3,159,148 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, 2006. 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 June 30, 2007 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, 2007.

Jeff English
President and Chief Executive Officer

Lynn Leong, CA
Executive Vice President, Finance and Administration

CONSOLIDATED STATEMENTS OF EARNINGS, DEFICIT AND COMPREHENSIVE INCOME

	Three Months Ended June 30,		*Six Months Ended June 30,*	
(Unaudited)	**2007** **$**	2006 $	**2007** **$**	2006 $
Revenue				
Stock option services	**1,222,569**	905,664	**2,389,875**	1,865,557
Share purchase services	**1,372,342**	1,063,390	**2,681,193**	2,105,324
Consulting services	**111,143**	41,125	**241,373**	139,675
	2,706,054	2,010,179	**5,312,441**	4,110,556
Expenses				
Salaries and wages *(Note 6)*	**1,662,026**	1,023,369	**2,997,603**	1,911,447
General and administrative	**698,340**	664,110	**1,430,734**	1,205,621
Amortization	**101,832**	62,397	**196,021**	120,081
	2,462,198	1,749,876	**4,624,358**	3,237,149
Earnings before taxes	**243,856**	260,303	**688,083**	873,407
Income tax expense *(Note 3)*				
Current	**–**	–	**–**	–
Future (recovery)	**(26,500)**	28,825	**(34,000)**	(53,724)
	(26,500)	28,825	**(34,000)**	(53,724)
Net earnings	**270,356**	231,478	**722,083**	927,131
Deficit, beginning of period	**(4,769,947)**	(7,003,428)	**(5,221,674)**	(7,699,081)
Deficit, end of period	**(4,499,591)**	(6,771,950)	**(4,499,591)**	(6,771,950)
Accumulated other comprehensive income	**–**	–	**–**	–
Deficit and accumulated other comprehensive income, end of period	**(4,499,591)**	(6,771,950)	**(4,499,591)**	(6,771,950)
Net earnings per share				
Basic	**0.010**	0.008	**0.025**	0.033
Diluted	**0.009**	0.008	**0.024**	0.031

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

	June 30, 2007 $	December 31, 2006 $
	(Unaudited)	*(Audited)*
Assets		
Current		
Cash	**2,456,371**	3,074,767
Accounts receivable	**2,453,552**	1,663,623
Prepaid expenses	**258,375**	218,956
Future income taxes *(Note 3)*	**844,000**	810,000
	6,012,298	5,767,346
Future income taxes	**17,362**	11,572
Capital assets	**491,515**	534,062
	6,521,175	6,312,980
Liabilities		
Current		
Accounts payable and accrued liabilities	**552,817**	1,174,011
Current portion of deferred revenue	**100,754**	85,699
Current portion of deferred tenant inducement	**35,000**	35,000
	688,571	1,294,710
Deferred revenue	**91,436**	92,680
Deferred tenant inducement	**137,066**	154,564
	917,073	1,541,954
Shareholders' Equity		
Share capital *(Note 4)*	**9,847,969**	9,780,085
Contributed surplus *(Note 5)*	**255,724**	460,735
Shares held for cancellation *(Note 4)*	**–**	(248,120)
Deficit and accumulated other comprehensive income	**(4,499,591)**	(5,221,674)
	5,604,102	4,771,026
	6,521,175	6,312,980

APPROVED BY THE BOARD OF DIRECTORS

Anthony Webb
Director

Michael Broadfoot
Director

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,		Six Months Ended June 30,	
(Unaudited)	**2007 $**	2006 $	**2007 $**	2006 $
Cash flows related to the following activities:				
Operating				
Net earnings	**270,356**	231,478	**722,083**	927,131
Adjustments for items not involving cash:				
Future income taxes	**(26,500)**	28,825	**(34,000)**	(53,724)
Amortization of capital assets	**101,832**	62,397	**196,021**	120,081
Stock-based compensation expense *(Note 6)*	**87,066**	56,808	**139,273**	109,760
Amortization of tenant inducement	**(8,749)**	(8,749)	**(17,498)**	(17,498)
	424,005	370,759	**1,005,879**	1,085,750
Future income taxes	**(2,895)**	–	**(5,790)**	–
Changes in non-cash working capital	**39,707**	(467,407)	**(1,473,375)**	(761,809)
	460,817	(96,648)	**(473,286)**	323,941
Financing				
Issuance of common shares *(Note 4)*	**88,837**	15,183	**102,087**	33,482
Purchase of common shares in issuer bid, net of purchase costs *(Note 4)*	**–**	–	**(130,367)**	–
Changes in non-cash working capital	**–**	–	**(15,075)**	–
	88,837	15,183	**(43,355)**	33,482
Investing				
Purchase of capital assets	**(98,565)**	(24,293)	**(153,473)**	(80,282)
Changes in non-cash working capital	**74,559**	1,263	**51,718**	(39,069)
	(24,006)	(23,030)	**(101,755)**	(119,351)
Net increase (decrease) in cash	**525,648**	(104,495)	**(618,396)**	238,072
Cash, beginning of period	**1,930,723**	1,820,967	**3,074,767**	1,478,400
Cash, end of period	**2,456,371**	1,716,472	**2,456,371**	1,716,472

The accompanying notes are an integral part of these financial statements.

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of Solium Capital Inc. (the "Company" or "Solium") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements, and do not include all of the disclosures normally found in the annual financial statements for the Company. These interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2006.

The preparation of interim financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and the accompanying notes. Actual results could differ from these estimates and the operating results for the interim period presented are not necessarily indicative of the results expected for the full year.

These interim financial statements have been prepared on a basis consistent with the audited financial statements for the year ended December 31, 2006, except as described in Note 2.

2. CHANGES IN ACCOUNTING POLICIES

a) Financial instruments and hedging activities

Effective January 1, 2007, the Company adopted Section 3855 – *Financial Instrument Recognition and Measurement*, Section 3861 – *Financial Instruments Disclosure and Presentation*, and Section 3865 – *Hedges*. These standards have been adopted prospectively and the comparative interim financial statements have not been restated.

The Company has classified all financial instruments into one of the following five categories: 1) loans and receivables, 2) assets held-to-maturity, 3) assets available-for-sale, 4) other financial liabilities, and 5) held-for-trading (assets and liabilities). All financial instruments must initially be recognized at fair value. Subsequent measurement of the financial instruments is based on their classification. Financial instruments that are classified as held-for-trading or available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately in net earnings and other comprehensive income, respectively. All other financial instruments are accounted for at amortized cost.

The Company made the following classifications of financial instruments outstanding on January 1, 2007:

- Cash and cash equivalents – designated as held-for-trading
- Accounts receivable – loans and receivables
- Bank overdrafts, accounts payable and accrued liabilities – other financial liabilities

Due to the nature and/or short maturity of these financial instruments, their carrying value approximated their fair value at January 1, 2007.

Exposure to counterparty credit risk, interest rate risk and foreign currency risk arises in the normal course of the Company's business. The Corporation currently does not enter into derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Company's operations.

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract. The Company has never had any contracts or financial instruments with embedded derivatives that require bifurcation.

The Company currently does not utilize hedges, and as a result the adoption of Section 3865 currently has no material impact on the financial statements of the Company.

b) Comprehensive income

Effective January 1, 2007, the Company adopted Section 1530 – *Comprehensive Income*. Comprehensive income is the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. These transactions and events include changes in the currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses resulting from changes in the fair value of certain financial instruments. The Company did not have any items to record as transitional adjustments with respect to comprehensive income.

Upon adoption of Section 1530, the Company revised its "Statements of Earnings and Deficit" to include the newly required Statement of Comprehensive Income by creating a combined "Statements of Earnings, Deficit and Comprehensive Income," and changed the Balance Sheet classification from "Deficit" to "Deficit and accumulated other comprehensive income."

3. 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 $26,500 and $34,000 was recorded during the three and six months ended June 30, 2007, respectively.

4. SHARE CAPITAL

	Number of Shares	Amount $
Issued – common shares		
Balance, December 31, 2006	28,603,899	**9,780,085**
Issued on exercise of stock options *(Note 6)*	367,851	**102,087**
Cancellation of shares purchased in issuer bid	(266,600)	**(91,154)**
Adjustment on exercise of stock options *(Note 5)*	–	**56,951**
Balance, June 30, 2007	28,705,150	**9,847,969**

In December 2006, Solium initiated a Normal Course Issuer Bid. 177,500 common shares were purchased by the Company in December 2006 at a cost of $248,120. In January 2007, a further 89,100 common shares were purchased at a cost of $130,367.

The first 177,500 shares were cancelled from treasury effective January 5, 2007, and the 89,100 shares were cancelled effective January 15, 2007. Upon cancellation, $91,154 was applied against share capital representing the book value of such shares. The remaining $287,333 was applied against contributed surplus.

5. CONTRIBUTED SURPLUS

	Amount $
Balance, December 31, 2006	**460,735**
Stock-based compensation expense	**139,273**
Cancellation of shares purchased in issuer bid *(Note 4)*	**(287,333)**
Adjustment on exercise of stock options during the year *(Note 4)*	**(56,951)**
Balance, June 30, 2007	**255,724**

6. STOCK-BASED COMPENSATION

Stock option activity with respect to the Company's stock option plan for the six months ended June 30, 2007 is shown below:

	Number of Shares	Weighted Average Exercise Price $
Outstanding, December 31, 2006	3,104,499	0.52
Granted	477,500	2.07
Exercised *(Note 4)*	(367,851)	0.28
Forfeited	(55,000)	1.11
Outstanding, June 30, 2007	**3,159,148**	**0.77**

7. SEGMENTED INFORMATION

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

	Three Months Ended June 30,		*Six Months Ended June 30,*	
	2007 $	2006 $	**2007 $**	2006 $
Revenue				
Canada	**2,666,209**	1,988,427	**5,243,309**	4,057,906
United States	**39,845**	21,752	**69,132**	52,650
	2,706,054	2,010,179	**5,312,441**	4,110,556
Net earnings (loss) before income taxes				
Canada	**524,340**	456,221	**1,171,330**	1,152,129
United States	**(280,484)**	(195,918)	**(483,247)**	(278,722)
	243,856	260,303	**688,083**	873,407
Net earnings (loss)				
Canada	**550,840**	427,396	**1,205,330**	1,205,853
United States	**(280,484)**	(195,918)	**(483,247)**	(278,722)
	270,356	231,478	**722,083**	927,131
Capital expenditures				
Canada	**95,027**	23,316	**149,935**	70,260
United States	**3,538**	977	**3,538**	10,022
	98,565	24,293	**153,473**	80,282

	June 30,	*June 30,*
	2007 $	2006 $
Total assets		
Canada	**6,143,760**	4,179,556
United States	**377,415**	28,813
	6,521,175	**4,208,369**
Capital assets		
Canada	**487,153**	414,605
United States	**4,362**	14,755
	491,515	**429,360**

8. SUBSEQUENT EVENTS

On July 19, 2007, the Company acquired, through its wholly-owned United States subsidiary Solium Holdings USA Inc. ("Solium USA"), all of the issued and outstanding membership interests (the "LLC Interests") of Allecon Stock Associates, LLC ("Allecon"). The purchase price for the LLC Interests was US$6,125,000 in cash and 474,381 Solium common shares. The quantity of Solium common shares used as consideration was determined based on a weighted average market price of $2.26 per share as calculated on the date of signing the letter of intent. The purchase price is subject to working capital adjustments and reductions for any damages payable by Solium USA in relation to Allecon's business prior to closing. At closing US$5,125,000 in cash was paid and 237,191 Solium common shares were transferred, with the remaining US$1,000,000 in cash, as reduced for any such damages, to be paid on July 19, 2008 and the remaining 237,190 Solium common shares, as reduced for any such damages, to be released from escrow on July 19, 2009. Solium USA was created in connection with the acquisition and, as a result of the acquisition and an internal reorganization of Solium completed prior to the acquisition, now holds all of the shares of Solium Capital Ltd. and all of the membership interests of Allecon.

In connection with the acquisition, Solium obtained a new C$5,300,000 secured credit facility with a Canadian chartered bank and drew C$3,500,000 million on such facility in the form of a term loan. The term loan is due on July 19, 2010 and bears interest at the prime rate plus 1% per annum. A $500,000 demand operating facility remains available through the credit facility at an interest rate of prime rate plus 0.25% per annum.

CORPORATE INFORMATION

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Brian Craig
Executive Director

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Business Integration

Jeff English
President and Chief Executive Officer

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

Jeannie Kezama
Vice President, Service Operations

Lynn Leong
Executive Vice President,
Finance and Administration

Marcos Lopez
Executive Vice President,
Corporate Strategy and Business Development

Jim McBride
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Lance Titchkosky
Vice President, Software Development

Russ Waterhouse
President and Chief Executive Officer,
Solium Holdings USA Inc. and Solium Capital Ltd.

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Solium Capital Inc.

Michael Broadfoot
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Solium Capital Inc.

Brian Craig
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