

Solium
CAPITAL

Interim Consolidated Financial Statements
For the three and six months ended June 30, 2010
(Unaudited)

AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements for the period ended June 30, 2010 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, 2010.

SOLIUM CAPITAL INC.

Consolidated Statements of Earnings, Deficit and Comprehensive Income (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2010 \$	June 30, 2009 \$	June 30, 2010 \$	June 30, 2009 \$
REVENUE	5,589,877	4,801,386	11,464,412	9,674,170
OPERATING EXPENSES				
Salaries and wages	3,420,195	2,812,817	6,828,766	5,714,741
General and administrative	1,348,587	1,125,531	2,355,016	2,113,347
Amortization of capital assets	100,069	96,313	191,137	238,517
Amortization of intangible assets	41,479	72,784	82,958	145,568
	4,910,330	4,107,445	9,457,877	8,212,173
EARNINGS FROM OPERATIONS	679,547	693,941	2,006,535	1,461,997
Interest on long-term debt	1,499	14,354	6,852	34,001
Foreign exchange loss (gain)	(60,542)	139,561	(3,945)	34,320
EARNINGS BEFORE TAXES	738,590	540,026	2,003,628	1,393,676
Income taxes	382,530	295,959	783,896	602,031
NET EARNINGS AND COMPREHENSIVE INCOME	356,060	244,067	1,219,732	791,645
DEFICIT, BEGINNING OF PERIOD	(716,470)	(2,755,538)	(1,580,142)	(3,303,116)
DEFICIT, END OF PERIOD	(360,410)	(2,511,471)	(360,410)	(2,511,471)
NET EARNINGS PER SHARE				
Basic	0.011	0.008	0.039	0.025
Diluted	0.011	0.008	0.039	0.025

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

SOLIUM CAPITAL INC.

Consolidated Balance Sheets

	As at	
	June 30, 2010 (unaudited) \$	December 31, 2009 (audited) \$
ASSETS		
CURRENT		
Cash	4,479,121	5,871,245
Accounts receivable	3,454,347	2,628,116
Prepaid expenses	493,168	442,424
Current portion of deferred charges	111,526	144,422
	8,538,162	9,086,207
Future income taxes	106,187	160,167
Deferred charges	72,762	103,175
Capital assets	791,246	470,207
Intangible assets	1,169,890	1,252,848
Goodwill	6,749,081	6,749,081
	17,427,328	17,821,685
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	1,724,903	3,059,021
Current portion of deferred revenue	1,018,675	848,097
Current portion of deferred tenant inducement	38,927	38,927
Current portion of long-term debt	97,143	679,030
	2,879,648	4,625,075
Deferred revenue	232,617	375,552
Deferred tenant inducement	36,985	56,447
Future income taxes	421,160	519,210
	3,570,410	5,576,284
SHAREHOLDERS' EQUITY		
Share capital	12,606,182	12,472,447
Contributed surplus	1,611,146	1,353,096
Deficit	(360,410)	(1,580,142)
	13,856,918	12,245,401
	17,427,328	17,821,685

APPROVED BY THE BOARD:

Signed: "Brian Craig"

Signed: "Michael Broadfoot"

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

SOLIUM CAPITAL INC.

Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	\$	\$	\$	\$
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Net earnings	356,060	244,067	1,219,732	791,645
Adjustments for items not involving cash:				
Future income taxes	(15,639)	(15,936)	(44,071)	(42,883)
Amortization of capital assets	100,069	96,313	191,137	238,517
Amortization of intangible assets	41,479	72,784	82,958	145,568
Stock-based compensation expense	188,803	191,119	386,529	250,474
Amortization of tenant inducement	(9,732)	(13,658)	(19,463)	(23,395)
Deferred financing charges	489	2,444	1,451	5,314
	661,529	577,133	1,818,273	1,365,240
Future income taxes	-	4,302	-	21,146
Changes in non-cash working capital	742,356	718,567	(2,165,216)	311,819
	1,403,885	1,300,002	(346,943)	1,698,205
FINANCING				
Repayments of long-term debt	(291,669)	(291,669)	(583,338)	(583,338)
Issuance of common shares	60,000	22,500	78,750	230,750
Purchase of common shares in issuer bid	(41,982)	(960)	(73,494)	(960)
	(273,651)	(270,129)	(578,082)	(353,548)
INVESTING				
Purchase of capital assets	(221,495)	(87,295)	(512,177)	(138,050)
Changes in non-cash working capital	(183,706)	9,009	52,676	31,052
	(405,201)	(78,286)	(459,501)	(106,998)
Effect of foreign exchange on cash held in foreign currency	(29,232)	48,458	(7,598)	25,801
NET INCREASE IN CASH	695,801	1,000,045	(1,392,124)	1,263,460
CASH, BEGINNING OF PERIOD	3,783,320	2,512,731	5,871,245	2,249,316
CASH, END OF PERIOD	4,479,121	3,512,776	4,479,121	3,512,776
Supplemental cash flow information:				
Interest paid	2,448	12,316	7,028	30,101
Income taxes paid	262,986	96,336	1,379,053	271,111

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

SOLIUM CAPITAL INC.

Notes to the Consolidated Financial Statements (Unaudited)

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, 2009.

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, 2009. Certain of the prior year comparative figures have been reclassified to conform to the current period’s presentation.

2. CAPITAL DISCLOSURES

The Company’s objectives when managing capital are to:

- Maintain financial flexibility in order to preserve its ability to meet financial obligations, including potential obligations arising from additional acquisitions;
- Deploy capital to provide an appropriate investment return to its shareholders; and
- Maintain a capital structure that allows multiple financing options to the Company should a financing need arise.

The Company defines its capital as shareholders’ equity and long-term debt, including the current portion.

	June 30, 2010	December 31, 2009
	\$	\$
Shareholders’ equity	13,856,918	12,245,401
Long-term debt (principal payments outstanding)	97,195	680,533
Total capital	13,954,113	12,925,934

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, or raise debt.

The Company periodically monitors its capital structure, financing requirements, and ability to service its debt obligations principally through measuring its total debt to EBITDA. Total debt is the balance of principal payments outstanding on long-term debt (including the current portion). EBITDA, a non-GAAP measure, is calculated as earnings from operations plus interest, taxes, depreciation and amortization.

SOLIUM CAPITAL INC.

Notes to the Consolidated Financial Statements (Unaudited)

2. CAPITAL DISCLOSURES (Continued)

The following table illustrates the debt to EBITDA ratios calculated on a trailing twelve-month basis ended June 30, 2010 compared to fiscal 2009:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Earnings from operations	2,151,061	1,722,974
Plus:		
interest	26,516	53,665
amortization	545,254	655,243
income tax expense	1,533,902	1,352,038
EBITDA	4,256,733	3,783,920
Long-term debt (including the current portion)	97,195	680,533
EBITDA	4,256,733	3,783,920
Total Debt to EBITDA	0.02	0.18

The Company is subject to certain financial covenants relating to the generation of cash flow in respect of its credit facility. These covenants are monitored on a quarterly basis. The Company is in compliance with all such covenants.

3. FINANCIAL INSTRUMENTS

Fair value estimates:

	<u>June 30, 2010</u>			<u>December 31, 2009</u>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Cash equivalents	4,479,121			5,871,245		
Accounts receivable	3,454,347			2,628,116		
Accounts payable and accrued liabilities	1,724,903			3,059,021		
Long-term debt	97,143			679,030		

The three levels of the fair value hierarchy are described as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates cannot be determined with precision as they are subjective in nature and involve uncertainties and matters of judgment.

SOLIUM CAPITAL INC.
Notes to the Consolidated Financial Statements
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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has credit risk as a result of its accounts receivable. Total accounts receivable (net of allowances) held by the Company at June 30, 2010 amounted to \$3,454,347. The Company has not experienced significant credit losses in the past. In the three and six months ended June 30, 2010, the Company recorded \$19,509 and \$36,061 in bad debt expense, respectively.

Accounts receivable consist of a large number of customers, spread across diverse industries. The Company does not have significant credit risk exposure to any single counterparty.

Interest Rate Risk

The Company is exposed to interest rate risk because the cash flows associated with its floating rate long-term debt will fluctuate with changes in Canadian interest rates.

Increases of 0.5% in annual Canadian interest rates would have had an adverse effect on earnings before taxes of approximately \$121 for the three months and approximately \$243 for the six months ended June 30, 2010. This calculation is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole period.

SOLIUM CAPITAL INC.
Notes to the Consolidated Financial Statements
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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Foreign Currency Risk

The Company operates in Canada and the United States. The functional currency of the parent company is Canadian dollars (CAD) and the reporting currency is CAD. Foreign exchange risk arises because the amount receivable on revenue or payable on expenditures that are denominated in U.S. dollars (USD) may vary when converted to Canadian dollars (CAD) due to changes in exchange rates arising from timing differences between when the revenue or expense occurs and when actual payment is received or made (“transaction exposures”) and because the USD denominated monetary net assets of the Company’s U.S. subsidiaries may vary on consolidation and revaluation into CAD (“translation exposure”).

The carrying amounts of the Company’s USD denominated monetary assets and monetary liabilities at June 30, 2010 are as follows:

	June 30, 2010 USD	December 31, 2009 USD
Monetary assets	1,478,445	1,248,956
Monetary liabilities	339,294	360,241
Net monetary assets exposed to foreign currency risk	1,139,151	888,715

Based on the balance of net monetary assets as at June 30, 2010, an increase of 1% in the exchange rate of USD to CAD would, everything else being equal, have had a positive effect on earnings before taxes for the three and six months ended June 30, 2010 of approximately \$2,848 and \$5,696, respectively.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its obligations as they come due. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents balances and/or through the availability of funding from committed credit facilities. As at June 30, 2010, the Company had cash of \$4,479,121 on hand and a \$1.5 million credit facility available to be drawn against.

The following are the contractual maturities of financial liabilities as at June 30, 2010:

	Carrying Amount	Contractual Cash Flows	0 to 6 months	6 to 12 months	After 12 months
Accounts payable and accrued Liabilities	1,724,903	1,724,903	1,724,903	-	-
Long-term debt	97,143	97,195	97,195	-	-
Total	1,822,046	1,822,098	1,822,098	-	-

Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

SOLIUM CAPITAL INC.
Notes to the Consolidated Financial Statements
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6. SUBSEQUENT EVENT

On August 15, 2010, the Company signed an agreement to acquire the North American employee stock option and Transcitive businesses of Computershare Ltd. ("Computershare"). This business consists of the record keeping and administration of employee stock option programs for corporate clients and their employees.

Solium will be acquiring substantially all of Computershare's property, assets and client contracts associated with this business, and will also enter into a transition services agreement under which Computershare will provide certain services and intellectual property for up to five years. At the end of this period, Solium will own all of the intellectual property associated with Computershare's product offerings in this business.

The consideration for the acquisition of the business is U.S.\$11,662,500, payable by the issuance of 7,775,000 common shares of Solium at a price of \$1.50 per share, and additional potential cash consideration of U.S.\$3 million contingent on the revenue generated by Solium from the acquired business in the third year after the acquisition. Under the transition services agreement, Solium will pay Computershare U.S.\$22 million over five years.

The transaction is expected to close in the fourth quarter of 2010. The completion of the transaction is subject to customary closing conditions, including obtaining the approval of the Toronto Stock Exchange and required regulatory approval.