



Cortex Business Solutions Inc.

Consolidated Statements of Financial Position

(Prepared in Canadian dollars)

	July 31 2015	July 31 2014
Assets		
Current assets		
Cash	\$ 3,986,950	\$ 9,547,661
Short-term investments	60,000	60,000
Accounts receivable	868,452	1,046,424
Prepaid expenses	<u>154,861</u>	<u>237,738</u>
	5,070,263	10,891,823
Deposits	35,061	39,029
Property and equipment	413,961	389,666
Intangible assets	<u>1,763,804</u>	<u>3,474,977</u>
	<u>\$ 7,283,089</u>	<u>\$ 14,795,495</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 948,311	\$ 2,057,348
Deferred revenue	230,989	128,061
Current portion of rebate provision	695,207	523,592
Income tax payable	<u>57,148</u>	<u>-</u>
	1,931,655	2,709,001
Rebate provision	<u>77,557</u>	<u>754,395</u>
	<u>2,009,212</u>	<u>3,463,396</u>
Shareholders' Equity		
Share capital	57,640,393	56,778,460
Accumulated other comprehensive income (loss)	580,502	(77,285)
Warrants	980,941	980,941
Contributed surplus	7,848,559	7,500,703
Deficit	<u>(61,776,518)</u>	<u>(53,850,720)</u>
	<u>5,273,877</u>	<u>11,332,099</u>
	<u>\$ 7,283,089</u>	<u>\$ 14,795,495</u>

Cortex Business Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended July 31, 2015 and 2014

(Prepared in Canadian dollars)

	2015	2014
Revenue		
Access and usage fees	\$ 9,712,870	\$ 7,673,009
Integration fee and set-up fees	583,056	631,556
Project management and other revenue	<u>291,029</u>	<u>672,778</u>
	10,586,955	8,977,343
Cost of Sales	<u>6,371,620</u>	<u>5,757,401</u>
Gross Profit	4,215,335	3,219,942
Expenses		
Sales and marketing	3,634,172	3,218,063
Research and development costs	3,008,873	1,493,684
General and administrative	4,655,259	4,250,192
Severance and termination charges	<u>789,325</u>	<u>153,190</u>
	<u>12,087,629</u>	<u>9,115,129</u>
Loss before finance (expense) income	(7,872,294)	(5,895,187)
Finance (expense) income	(1,103)	8,087
Income tax expense	<u>(52,401)</u>	<u>-</u>
Net loss	<u>\$ (7,925,798)</u>	<u>\$ (5,887,100)</u>
Other comprehensive earnings		
Items that may be reclassified subsequently to net loss:		
Foreign exchange gain (loss) on foreign operations	657,787	(77,285)
Comprehensive loss	<u>\$ (7,268,011)</u>	<u>\$ (5,964,385)</u>
Net loss per share-basic and diluted	<u>\$ (1.08)</u>	<u>\$ (0.97)</u>

Cortex Business Solutions Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Prepared in Canadian dollars)

	Number of Common Shares	Common Shares	Number of Warrants	Warrants Value	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance - July 31, 2013	5,182,948	\$ 47,713,288	447,580	\$ 980,941	\$ 6,492,495	\$ -	\$ (47,963,620)	\$ 7,223,104
Net loss	-	-	-	-	-	-	(5,887,100)	(5,887,100)
Stock-based compensation	-	-	-	-	554,713	-	-	554,713
Options exercised for cash	1,317	13,480	-	-	-	-	-	13,480
Transferred on exercise of stock options	-	8,505	-	-	(8,505)	-	-	-
Issued in lieu of salaries and bonus	49,684	397,472	-	-	-	-	-	397,472
Prospectus offering for cash	2,000,000	10,000,000	-	-	-	-	-	10,000,000
Issuance costs	-	(892,285)	-	-	-	-	-	(892,285)
Cumulative Translation difference	-	-	-	-	-	(77,285)	-	(77,285)
Compensation units issues in conjunction with prospectus (share issue costs)	-	(462,000)	-	-	462,000	-	-	-
Balance - July 31, 2014	7,233,949	56,778,460	447,580	980,941	7,500,703	(77,285)	(53,850,720)	11,332,099
Net loss	-	-	-	-	-	-	(7,925,798)	(7,925,798)
Cumulative translation difference	-	-	-	-	-	657,787	-	657,787
Issued in lieu of salaries and wages	192,400	865,800	-	-	-	-	-	865,800
Issuance costs	-	(3,867)	-	-	-	-	-	(3,867)
Stock based compensation	-	-	-	-	347,856	-	-	347,856
Balance - July 31, 2015	<u>7,426,349</u>	<u>\$ 57,640,393</u>	<u>447,580</u>	<u>\$ 980,941</u>	<u>\$ 7,848,559</u>	<u>\$ 580,502</u>	<u>\$ (61,776,518)</u>	<u>\$ 5,273,877</u>



Cortex Business Solutions Inc.
Consolidated Statements of Cash Flows
For the years ended July 31, 2015 and 2014

(Prepared in Canadian dollars)

	2015	2014
Cash provided by (used in)		
Operating activities		
Net loss	\$ (7,925,798)	\$ (5,887,100)
Items not affecting cash		
Stock-based compensation	347,856	554,713
Amortization	1,860,171	1,239,050
Salaries paid in shares	865,800	16,000
Accretion on rebate provision	<u>31,180</u>	<u>47,404</u>
	(4,820,791)	(4,029,933)
Rebate payment	(536,403)	(426,332)
Changes in non-cash working capital	<u>(688,112)</u>	<u>(16,588)</u>
Net cash (used in) operating activities	<u>(6,045,306)</u>	<u>(4,472,853)</u>
Financing activity		
Proceeds from issuance of shares	-	10,000,000
Share issuance costs	(3,867)	(892,285)
Proceeds on exercise of stock options for cash	<u>-</u>	<u>13,480</u>
Net cash (used in) provided by financing activities	<u>(3,867)</u>	<u>9,121,195</u>
Investing activities		
Acquisition of property and equipment	(158,781)	(54,212)
Software development costs and third party software purchases	(14,512)	(297,626)
Increase in short-term investments	<u>-</u>	<u>(10,000)</u>
Net cash (used in) investing activities	<u>(173,293)</u>	<u>(361,838)</u>
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	<u>661,755</u>	<u>82,091</u>
Cash inflow (outflow)	(5,560,711)	4,368,595
Cash, beginning of year	<u>9,547,661</u>	<u>5,179,066</u>
Cash, end of year	<u>\$ 3,986,950</u>	<u>\$ 9,547,661</u>
Supplemental cash flow information:		
Interest received during the year	<u>\$ 30,077</u>	<u>\$ 55,491</u>
Non-cash transactions:		
Issuance of shares in lieu of salaries and bonuses including prior years amounts accrued in accounts payable and accrued liabilities	<u>\$ 540,058</u>	<u>\$ 381,472</u>