



Cortex Business Solutions Inc.

2014 Second Quarter Management's

Discussion and Analysis

Restated

Management's Discussion & Analysis (Restated)

November 27, 2014

The following management's discussion and analysis ("MD&A") should be read in conjunction with Cortex Business Solutions Inc. ("Cortex" or the "Company") restated consolidated financial statements as at and for the quarter ended January 31, 2014. The accompanying restated financial statements of Cortex have been prepared by management and approved by the Company's Audit Committee. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"),

All amounts are expressed in Canadian dollars unless otherwise stated. This disclosure is effective as of November 27, 2014.

The MD&A and financial statements for earlier periods should also be considered relevant and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Additional information is also available on the Company's web site at www.cortex.net.

Statements in this MD&A relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements may involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results implied by such forward-looking statements. Forward-looking statements are often, but not exclusively identified by words such as "anticipate", "may", "expect", "plan", "future", "continue", "intends", "projects", "believes", "seek", "budget", "estimate", "forecast", "will", "predict", "potential", "target", "could", "might", and other similar expressions. Some of the risks that may cause actual results to vary are described under the "Business Risks and Uncertainties" section. It is important to note that:

- Unless otherwise indicated, forward-looking statements describe our expectations as of the date of management's discussion and analysis;*
- Readers should be cautioned not to place undue reliance on forward-looking statements as our actual results may differ materially from our expectations if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Therefore, we cannot provide any assurance that forward-looking statements will materialize; and*
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason unless required by applicable securities laws.*

Fiscal Q2 2014 Financial and Operational Highlights

Explanatory note regarding the restatement of previously issued consolidated financial statements

The Company has restated its consolidated statements of financial position as of July 31, 2013, July 31, 2012 and August 1, 2011 and its consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years ended July 31, 2013 and July 31, 2012. Further information on these adjustments and a reconciliation of amounts previously reported are contained in Note 2 to the Consolidated Financial Statements. The financial information and other affected information presented in this restated Management Discussion and Analysis ("MD&A") including financial information pertaining to 2013, 2012 and selected quarterly data for 2014 and 2013, have been restated to give effect to the restatement.

The Company has updated the disclosure presented in the Consolidated Financial Statements and this restated MD&A to reflect events occurring subsequent to the original filing. The Company has amended the annual filings made for the year ended July 31, 2013 and the Q1, Q2 and Q3 for the current year with comparatives for the prior year. Accordingly, this restated MD&A should be read in conjunction with the Company's restated filings that have been filed on or after November 27, 2014.

During the fourth quarter of 2014, management revisited a certain contract that the Company entered into during fiscal 2009 (the "Agreement"). The Agreement included a provision whereby the Company is obligated to pay a rebate based on future gross revenues earned by Cortex to a maximum of \$2,300,000 that is paid on the basis of 5% of the Company's gross revenue. Upon review of IAS 37, Provisions, Contingent Liabilities and Contingent Assets and IAS 32, Financial Instruments and Presentation's contingent settlement liabilities, it was determined that a financial liability should have been recorded for this rebate. Consequently, the Company has determined that a restatement is required to reflect this provision. The provision has been determined by discounting the estimated risk-adjusted future gross revenues using a risk-free discount rate of 2.5%. Prior to this restatement, the Company had accrued the 5% rebate payable as actual gross revenues were earned and recorded a rebate expense accordingly. As a result of this error, the Company has retrospectively restated its consolidated statements financial position as at January 31, 2014 and July 31, 2013 along with the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods ended January 31, 2014 and January 31, 2013. The effect of this restatement was as follows: commissions and credit cards expenses have been reduced from \$190,319 and \$203,635 to \$91,514 and \$129,020 for the three months ended January 31, 2014 and January 31, 2013, and from \$383,976 and \$359,170 to \$196,647 and \$214,284 for the six months ended January 31, 2014 and January 31, 2013 respectively; finance income (expense) has been reduced from \$4,098 and \$6,213 to \$(7,753) and (3,441) for the three months ended January 31, 2014 and January 31, 2013 and from \$14,078 and \$19,485 to \$(9,624) and 177 for the six months ended January 31, 2014 and January 31, 2013, respectively. The effect on the consolidated statements of financial position has been to remove the accrued rebate payable previously included in accounts payable and accrued liabilities in the amount of \$216,025 and \$28,515 as at January 31, 2014 and July 31, 2013, respectively, and to include in the rebate provision current and noncurrent portion. The following tables describe the changes to the Company's consolidated financial statements. There was no impact on the cash flows of the Company.

The key effects of the restatement on the consolidated statements of financial position as at January 31, 2014, October 31, 2013 and July 31 2014 are as follows:

Effects on Consolidated Statements of Financial Position

	January 31, 2014		
	As Reported	Adjustment	As Restated
Assets			
Current assets	\$2,525,626		\$2,525,626
Cash			
Short-term investment	50,000		50,000
Accounts receivable	678,025		678,025
Prepaid expenses and deposits	148,094		148,094
	3,401,745		3,401,745
Property and equipment	414,551		414,551
Intangible assets	4,459,333		4,459,333
Total assets	\$8,275,629		\$8,275,629
Liabilities			
Current liabilities	\$1,173,269	\$(216,023)	\$957,246
Accounts payable and accrued liabilities			
Current portion of deferred revenue	262,195		262,195
Current portion of rebate liability	-	426,332	426,332
	1,435,464	210,309	1,645,773
Deferred revenue	-	-	-
Rebate provision	-	1,254,285	1,680,617
	1,435,464	1,464,594	2,900,058
Shareholders' Equity			
Share capital	48,126,705		48,126,705
Accumulated other comprehensive income	101,380	-	101,380
Warrants	980,941		980,941
Contributed surplus	6,784,095		6,784,095
Deficit	(49,152,956)	(1,464,594)	(50,617,550)
	6,840,165	(1,464,594)	5,375,571
	\$8,275,629		\$8,275,629

Effect on Consolidated statement of loss and comprehensive loss

	Three months ended January 31, 2014			Three months ended January 31, 2013			Six months ended January 31, 2014			Six months ended January 31, 2013		
	As		As	As		As	As		As	As		As
	Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Revenue												
Access and usage fees	\$ 1,829,303	\$ -	\$ 1,829,303	\$ 1,318,275	\$ -	\$ 1,318,275	\$ 3,485,118	\$ -	\$ 3,485,118	\$ 2,556,171	\$ -	\$ 2,556,171
Integration fees	119,962	-	119,962	73,134	-	73,134	209,539	-	209,539	132,176	-	132,176
Set-up fees	29,229	-	29,229	110,784	-	110,784	74,419	-	74,419	217,388	-	217,388
Project management	5,575	-	5,575	-	-	-	5,575	-	5,575	-	-	-
Total revenue	1,984,069	-	1,984,069	1,502,193	-	1,502,193	3,774,651	-	3,774,651	2,905,735	-	2,905,735
Expenses												
Salaries, employee benefits and subcontractor	2,094,378	-	2,094,378	2,282,151	-	2,282,151	4,358,501	-	4,358,501	4,392,199	-	4,392,199
General and administrative	314,461	-	314,461	233,910	-	233,910	601,696	-	601,696	464,343	-	464,343
Commissions and credit cards	190,319	(98,805)	91,514	203,635	(74,615)	129,020	383,976	(187,509)	196,467	359,170	(144,886)	214,284
Professional fee	79,953	-	79,953	54,036	-	54,036	239,614	-	239,614	97,926	-	97,926
Rent	105,649	-	105,649	78,695	-	78,695	211,098	-	211,098	160,207	-	160,207
Internet and hosting costs	26,435	-	26,435	26,074	-	26,074	50,443	-	50,443	53,542	-	53,542
Market expansion and product development	-	-	-	228,710	-	228,710	-	-	-	558,880	-	558,880
Stock based compensation	148,837	-	148,837	125,124	-	125,124	300,105	-	300,105	234,461	-	234,461
Amortization	305,079	-	305,079	168,284	-	168,284	461,032	-	461,032	337,421	-	337,421
	\$ 3,265,111	\$ (98,805)	\$ 3,166,306	\$ 3,400,619	\$ (74,615)	\$ 3,326,004	\$ 6,606,465	\$ (187,509)	\$ 6,418,956	\$ 6,658,149	\$ (144,886)	\$ 6,513,263
Loss before the following	(1,281,042)	98,805	(1,182,237)	(1,898,426)	74,615	(1,823,811)	(2,831,814)	187,509	(2,644,305)	(3,752,414)	144,886	(3,607,528)
Finance Income	4,098	(11,851)	(7,753)	6,213	(9,654)	(3,441)	14,078	(23,702)	(9,624)	19,485	(19,308)	177
Net loss and comprehensive loss	\$ (1,276,944)	\$ 86,954	\$ (1,189,990)	\$ (1,892,213)	\$ 64,961	\$ (1,827,252)	\$ (2,817,736)	\$ 163,807	\$ (2,653,929)	\$ (3,732,929)	\$ 125,578	\$ (3,607,351)

Effect on Consolidated Statement of Cash Flows

	Three months ended January 31, 2014			Three months ended January 31, 2013			Six months ended January 31, 2014			Six months ended January 31, 2013		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Cash provided by (used in)												
Operating activities												
Net loss	\$ (1,276,944)	\$ 86,954	\$ (1,189,990)	\$ (1,892,213)	\$ 64,961	\$ (1,827,252)	\$ (2,817,736)	\$ 163,807	\$ (2,653,929)	\$ (3,732,929)	\$ 125,578	\$ (3,607,351)
Items not affecting cash	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	148,837	-	148,837	125,124	-	125,124	300,105	-	300,105	234,461	-	234,461
Amortization	305,079	-	305,079	168,284	-	168,284	461,032	-	461,032	337,421	-	337,421
Accretion expense	-	11,851	11,851	-	9,654	9,654	-	23,702	23,702	-	19,308	19,308
Adjustment to salaries expense for salaries paid by shares	16,000	-	16,000	(72,020)	-	(72,020)	16,000	-	16,000	(78,242)	-	(78,242)
	(807,028)	98,805	(708,223)	(1,670,825)	74,615	(1,596,210)	(2,040,599)	187,509	(1,853,090)	(3,239,289)	144,886	(3,094,403)
Rebate payment	-	-	-	-	-	-	-	-	-	-	(238,901)	(238,901)
Changes in non-cash working capital	(361,205)	(98,805)	(460,010)	(136,357)	(74,615)	(210,972)	(125,318)	(187,509)	(312,827)	(244,436)	94,015	(150,421)
Net cash used in operating activities	(1,168,233)	-	(1,168,233)	(1,807,182)	-	(1,807,182)	(2,165,917)	-	(2,165,917)	(3,483,725)	-	(3,483,725)
Financing activity												
Proceeds from issuance of shares and warrants	-	-	-	-	-	-	-	-	-	26,308	-	26,308
Proceeds from issuance of stock options	(3,282)	-	(3,282)	(4,084)	-	(4,084)	10,725	-	10,725	-	-	-
Share issue costs	-	-	-	-	-	-	(3,282)	-	(3,282)	(4,084)	-	(4,084)
Net cash from financing activity	(3,282)	-	(3,282)	(4,084)	-	(4,084)	7,443	-	7,443	22,224	-	22,224
Investing activities												
Acquisition of property and equipment	(2,666)	-	(2,666)	(89,334)	-	(89,334)	(7,654)	-	(7,654)	(98,167)	-	(98,167)
Intangible asset	(226,654)	-	(226,654)	(439,721)	-	(439,721)	(575,403)	-	(575,403)	(802,550)	-	(802,550)
Increase in short-term investments	-	-	-	(105,434)	-	(105,434)	-	-	-	-	-	-
Changes in non-cash working capital	-	-	-	-	-	-	-	-	-	(105,434)	-	(105,434)
Net cash used in vesting activities	(229,320)	-	(229,320)	(634,489)	-	(634,489)	(583,057)	-	(583,057)	(1,006,151)	-	(1,006,151)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency.	88,091	-	88,091	-	-	-	88,091	-	88,091	-	-	-
Cash outflow	\$ (1,312,744)	\$ -	\$ (1,312,744)	\$ (2,445,755)	\$ -	\$ (2,445,755)	\$ (2,653,440)	\$ -	\$ (2,653,440)	\$ (4,467,652)	\$ -	\$ (4,467,652)
Cash, beginning of period	3,838,370	-	3,838,370	4,729,073	-	4,729,073	5,179,066	-	5,179,066	6,750,970	-	6,750,970
Cash, end of period	\$ 2,525,626	\$ -	\$ 2,525,626	\$ 2,283,318	\$ -	\$ 2,283,318	\$ 2,525,626	\$ -	\$ 2,525,626	\$ 2,283,318	\$ -	\$ 2,283,318

Effect on Deficit

	Six month ended January 31, 2014		
	As Reported	Adjustment	As Restated
Deficit			
Balance, beginning of period	\$ (46,335,220)	\$ (1,628,401)	\$ (47,963,621)
Net and comprehensive loss	<u>(2,817,736)</u>	<u>163,807</u>	<u>(2,653,929)</u>
Balance, end of period	<u>\$ (49,152,956)</u>	<u>\$ (1,464,594)</u>	<u>\$ (50,617,550)</u>

Operational Highlights

During the quarter ended January 31, 2014 (“Q2 F2014”), Cortex continued to have market success with the signing of new buying organizations (“Hubs”), growing transaction volumes and revenue. The Company continues to establish itself as a reputable player in the relatively new eInvoicing industry.

The Q2 F2014 operational highlights are:

- When compared to Q1 F2014 the Company improved revenue by 11% or \$193,487,
- Total revenue grew 32% Q2 F2014 compared to Q2 F2013, and increased its recurring access and usage revenue stream by 39% Q2 F2014 over Q2 F2013,
- Sales were consistent with previous quarters and included: 6 Hubs, 2 - 100% E billing and 342 new customers,
- During the quarter ended January 31, 2014 a total of 3,039,967 transactions (2,622,069 for the quarter ended at January 31, 2013) were processed through the Network, representing a 16% increase,
- Drilling activity in both Canada and the US in calendar 2014 has shown a small improvement in comparison to 2013. The start of 2014 in Canada shows activity similar to that of 2012. In the US the rig counts have modest growth over 2013 and still lagging behind 2012 active rig numbers,
- The Company’s total expenses are down 3% Q2 F2014(restated) over Q1 F2014 (restated) and are down 8% Q2 F2014 (restated) over Q1 F2014 (restated) when the non-cash items of amortization and stock based compensation are removed. The Company was able to maintain the lower costs while increasing the number of suppliers on the Network, reducing the average cost per supplier on the Network,
- Cortex has 62 Hubs active on the Network as at January 31, 2014, 48% more than the 42 active at January 2013 (“Q2 F2013”). In total there are 81 Hubs as of January 31, 2014 (64 Hubs at January 31, 2013) with 19 being in the various stages of delivery,
- There was a decline in the quarter of the amount capitalized as internally developed computer software (Q2 F2014 - \$226,654; Q1 F2014 – \$348,749); a reduction of 17%. This reduction is in alignment with the start of the amortization of Phase 1 of the Canadian Workbench development. Going forward, the amount capitalized as intangible assets will only

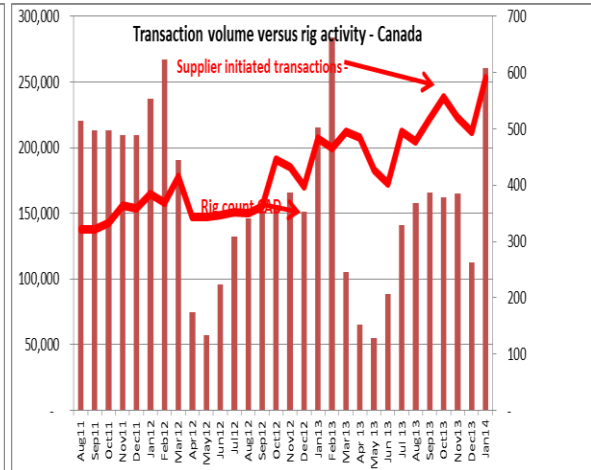
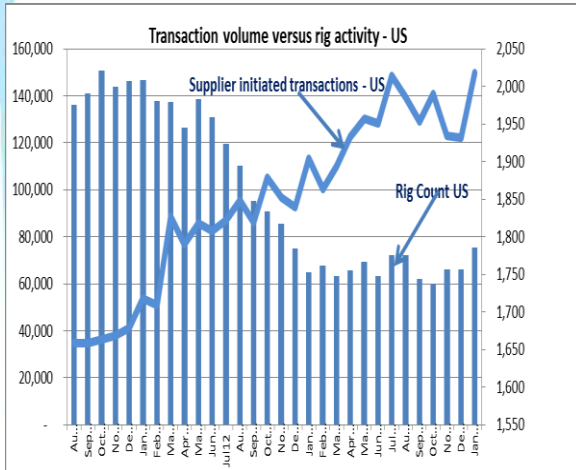
be those costs associated with Phase 2 of the Canadian Workbench development, which are expected to be lower than amounts previously capitalized for Phase 1 and 2.

- The Company improved its cash outflow by 46% (Q2 F2014 - \$(1,312,744); Q2 F2013 - \$(2,445,755)). This improvement is the result of increased revenue, productivity improvements and a reduction in capital spending.
- On February 28, 2014, the Company closed its short form prospectus offering of common shares of the Company for aggregate gross proceeds of \$10,000,000.
- Another version of the software was released in the quarter which offered additional messaging and reporting functionality.

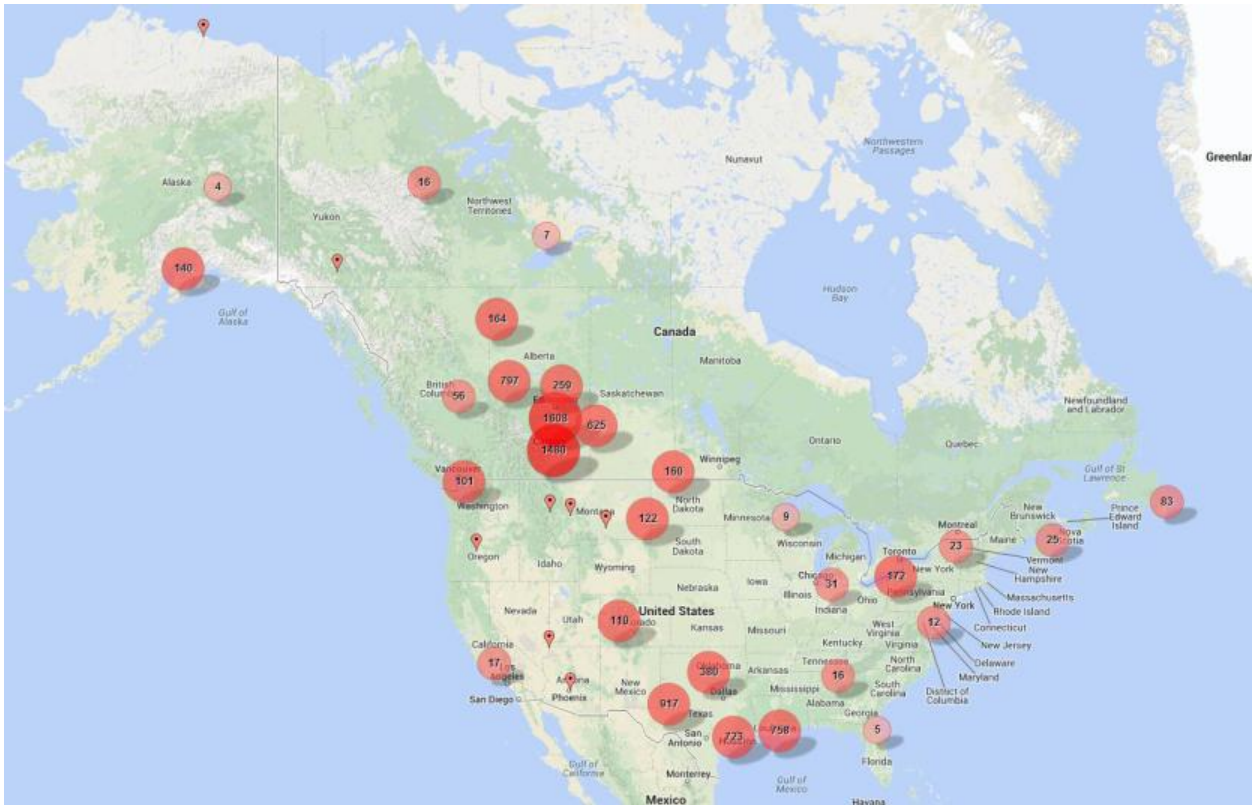
The following table illustrates the growth in some key metrics:

	2014				2013							
	Q2	% Change	Q1	% Change	Q4	% Change	Q3	% Change	Q2	% Change	Q1	% Change
Number of Buyer integrations												
Completed	62	3%	60	7%	56	10%	51	21%	42	24%	34	62%
In Progress	19		18		18		18		22		22	
	81	4%	78	5%	74	7%	69	8%	64	14%	56	33%
Total documents exchanged	3,039,967	1%	3,000,632	15%	2,613,928	-7%	2,821,534	8%	2,622,069	4%	2,522,913	16%

Rig utilization, in both Canada and the US, impact the number of transactions between buying organizations and suppliers in the oil and gas industry. This impacts the rate at which the Company sees transactional revenue growth. The graphs below highlight the continued increase in transaction volumes flowing through the Network in both Canada and the USA despite a decline in rig count year over year. The Canadian trend shows the dips in transaction volume in line with the rig count decline. This trend is not as significant in the US right now as the Company has been ramping up its US operations and sales has offset low rig counts. Cortex was successful in bringing on additional Hubs and suppliers to the Network to mitigate the impact of the decline in rigs utilization. As the rig utilization increases, the Company expects to see a corresponding increase in transactional revenue and new sales.



The Company will continue to expand its presence where costs are justified based on demand and the potential for increased revenue. Currently, both Canada and US show strong pipelines for growth opportunities. The map below shows the current distribution of Hubs and suppliers over North America. The acceptance of the Cortex solution in the U.S. continues to motivate the Company to invest in this much larger market.



Financial Highlights

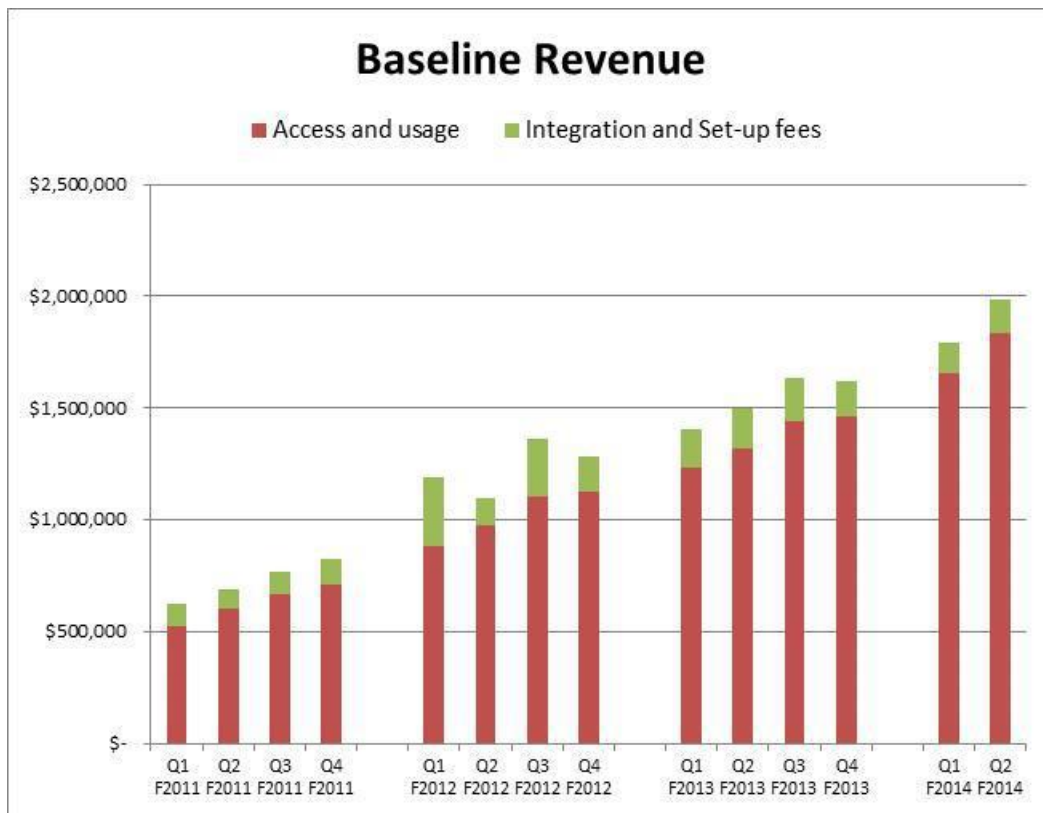
Revenue

The increase in number of Hubs active on the Network and the rapid on-boarding of their suppliers translated into an increase in recurring revenue.

The Company earns four types of revenue from its Network;

1. Set-up revenue when Cortex first enables a customer to use the Network;
2. Integration fees that consist of integration project fees ;
3. Access revenue that consists of monthly per user fees; and
4. Usage revenue charged per document initiated by the customer.

The graph below shows the make-up of our revenue stream. The foundation for the Company's revenue is the recurring access and usage fee revenue. The access and usage revenue stream grew 39% Q2 F2014 over Q4 F2013 and 10% Q2 F2014 over Q1 F2014. This growth is attributable to additional Hubs being available for transactions on the Network, resulting in increased transactions flowing through the Network.



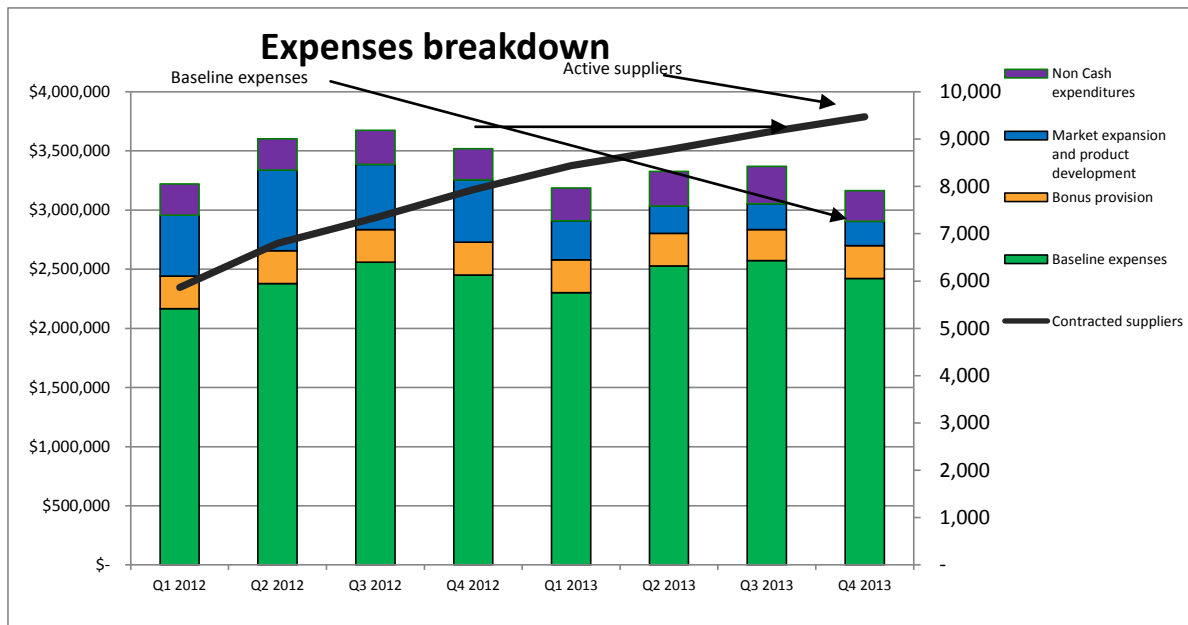
Expenses (restated)


Cortex continues to make financial investments in its cloud based platform initiative. This technology was developed in order to increase productivity while reducing the cost to support the network. It also increased the overall capacity and throughput of the service. The Company measures its cost to provide the Cortex service to their customers by monitoring the average cost per supplier (“ACPS”). The productivity improvements being realized through reduced ACPS as more and more suppliers join the Cortex Network without a corresponding increase in costs. These improvements have increased efficiencies which resulted in reduced expenses.

During Q2 F2014 total expenses (restated) decreased 5% or \$160K compared to Q2 F2013. The Company’s largest expense is the salaries, employee benefits and subcontractor expense. This line item decreased 8% during the same time period. Included in the salaries is an annual bonus which was paid out during the quarter, the amount of bonus actually paid out was less than accrued and resulted in a reduction in salaries during the quarter.

The total expenditures (restated) decreased 3% (\$86K) Q2 F2014 over Q1 F2014. This is mainly the result of reduced professional projects Q2 F2014 compared to Q1 F2014.

The graph below depicts an analysis of the Company’s spend profile. The contracted suppliers continue to accelerate while maintaining the level of baseline expenditures. The average cost per supplier continues to be reduced as the Company focuses on productivity improvements and enhancements to increase the Network growth with reduced cost.





Development continues on the conversion and upgrade of the Company's core system to convert it into a Cloud based system. U.S. based suppliers have started to transact in the new environment and the feedback has been positive. A Cloud based system will also allow the Company to expand internationally without additional system expenses.

Outlook

Cortex is seeing an increasing demand for our growing suite of solutions in the market place. With the completion of transitioning of all US customers to our new portal platform and the on-schedule transitioning of Canadian suppliers to the New Platform, Cortex provides a new interface, ease of use and ability to easily message others on the Network. There has been excellent feedback from our current customer base suggesting a functional advantage over competitors in this space and a solid product to introduce to the market place in addition to Cortex' current product offerings.

Transactions over the Network continued to increase in Q2 F2014. The increased functionality of Portal, allowing customers self-propagation, profiling and messaging, is creating greater participation in the Network; resulting in more connections and higher transaction volumes. Cortex will continue to release value added functionality into the Platform during F2014 that will provide additional revenue opportunities.

Cortex continues to see demand for the 100% eBilling solution and expects sales from this product line to accelerate. The first 100% eBilling customer is now live and the opportunities from this project will begin to materialize during the remainder of F2014.

Management expects F2014 to be a pivotal year as we capture additional market share and continue to grow the Network. Management will continue to balance investment in growth with operational cash flow.

Description of Business

Cortex Business Solutions Inc. is a leading eCommerce service Company that improves efficiencies, reduces costs and streamlines procurement and supply chain processes for its customers. Accessing the Cortex Network enhances the exchange of business critical documents, such as purchase orders, receipts and invoices resulting in improved cash flow management and business controls, while reducing days outstanding and administrative costs. Cortex is a low cost, low risk solution that can be implemented quickly by leveraging its customers' existing business environment evolving business.

Cortex products and services are non-intrusive and allow our customers the freedom to leverage and optimize their existing processes and information technology assets when it makes the best business sense for them. This approach improves the productivity, cash flow and profitability of our customers, while avoiding the risk and delays associated with large information technology or business process re-engineering initiatives.



FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

Our Revenue Model

The Cortex Revenue Model includes set-up fees, integration fees, access and usage fees and project management fees. Revenue recognition of each of these components is detailed below.

Set-up fee revenue is deferred and recognized as revenue over a one year period representing the estimated term of the contract.

Integration fees revenue is recognized over the integration project on a percentage of completion based on the provision of services provided.

Access and usage fees include a monthly fee plus a transaction fee which are recognized in the month the service is performed.

Project management fees are recognized over the term of the project as services are performed. These fees are deferred upon receipt and recognized as the project is completed in line with specific deliverables as defined in the contract.

Finance income is recorded on an accrual basis as it is earned.

Deferred revenue is the result of amounts received in advance of the delivery of future services. The revenue is recognized as the Company meets the criteria for revenue recognition as described therein.

Selected Quarterly Information

The following table presents selected annual information for the quarters ended January 31, 2014, 2013 and 2012.

	Q2 F2014 January 31, 2014	Q2 F2013 January 31, 2013	Change	% Increase (Decrease)	Q2 F2013 January 31, 2013	Q2 F2012 January 31, 2012	Change	% Increase (Decrease)
Revenues:								
Access and usage fees	\$ 1,829,303	\$ 1,318,275	\$ 511,028	39%	\$ 1,318,275	\$ 975,853	\$ 342,422	35%
Integration and set-up fees	\$ 149,191	\$ 183,918	\$ (34,727)	(19%)	\$ 183,918	\$ 123,383	\$ 60,535	49%
Project management	\$ 5,575	\$ -	\$ 5,575	100%	\$ -	\$ -	\$ -	Nil
Total Revenues	\$ 1,984,069	\$ 1,502,193	\$ 481,876	32%	\$ 1,502,193	\$ 1,099,236	\$ 402,957	37%
Total Expenses (Restated)	\$ 3,166,306	\$ 3,326,004	\$ (159,698)	(5%)	\$ 3,326,004	\$ 3,618,488	\$ (292,484)	(8%)
Finance income (expenses) (Restated)	\$ (7,753)	\$ (3,441)	\$ (4,312)	125%	\$ (3,441)	\$ (4,606)	\$ 1,165	(25%)
Net loss (Restated)	\$ (1,189,990)	\$ (1,827,252)	\$ 637,262	(35%)	\$ (1,827,252)	\$ (2,523,858)	\$ 696,606	(28%)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ -	0%	\$ (0.01)	\$ (0.01)	\$ -	0%
Total assets	\$ 8,275,629	\$ 7,528,029	\$ 747,600	10%	\$ 7,528,029	\$ 8,814,186	\$ (1,286,157)	(15%)
Total long-term financial liabilities (Restated)	\$ 1,254,285	\$ 1,637,606	\$ (383,321)	(23%)	\$ 1,637,606	\$ 2,128,675	\$ (491,069)	(23%)
Cash dividends	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

Revenue

Six months ended January 31, 2014

	Six months ended Q2 F2014	Six months ended Q2 F2013	Change	% Increase (Decrease)
Project management fees	\$5,575	\$-	\$5,575	100%
Access and usage fees	\$3,485,118	\$2,556,171	\$928,947	36%
Set-up fees	\$74,419	\$217,388	\$(142,969)	(66)%
Integration fees	\$209,539	\$132,176	\$77,363	59%
Total Revenue	\$3,774,651	\$2,905,735	\$868,916	30%

The Company improved its total revenue by 30% or \$868,916 six months ended January 31, 2014 over January 31, 2013 (January 31, 2014 - \$3,774,651; January 31 2013, - \$2,905,735). The largest

contributor to this increase is the access and usage fee revenue increase of 36% of \$928,947 six months ended January 31 2014 over January 31 2013 (January 31, 2014 - \$3,485,118; January 31, 2013 - \$2,556,171). This increase is due to the increase in transactions flowing through the Network over the six months. The transactions for the six month period increased 17% from 5,144,982 to 6,040,599 during the six month period.

The integration fees earned revenue stream also increased over the six month period by 59% or \$77,363 (January 31, 2014 - \$209,539; January 31 2013, - \$132,176). This is the result of multiple integration projects moving through various stages allowing for revenue recognition based on the percentage of completion of the projects. The integration delivery team continues to reduce the time to revenue on integration projects.

The set-up fees declined 66% or \$142,969 over the six month period (January 31, 2014 - \$74,419; January 31 2013, - \$217,388. Until the Company moves to a new vertical or the growth in the U.S. is accelerated, this revenue stream is not expected to materially increase. This stream is not an indicator of the trend of the access and usage revenue stream which remains the priority of the business plan moving forward.

Quarter ended January 31, 2014

	Q2 F2014	Q2 F2013	Change	% Increase (Decrease)
Project management fees	\$5,575	Nil	\$5,575	100%
Access and usage fees	\$ 1,829,303	\$1,318,275	\$511,275	39%
Set-up fees	\$29,229	\$110,784	\$(81,555)	(74%)
Integration fees	\$119,962	\$73,134	\$46,828	64%
Total Revenue	\$1,984,069	\$1,502,193	\$481,876	32%

The Company continues to see transactional revenue increase in line with transaction volumes flowing through the system. There were 16% more documents exchanged in Q2 F2014 compared to Q2 F2013 (Q2 F2014 – 3,039,967; Q2 F2013 – 2,622,069). This increase in documents exchanged was the result of an increase in the number of buying organizations gone live on the Network at January 31, 2014, 62 compared to January 31, 2013 of 42. There will be additional increased transactional revenue as these buying organizations work toward 80% automation of their supplier Network.

The total revenue increase was 32% Q2 F2014 over Q2 F2013 (Q2 F2014 - \$1,984,069; Q2 F2013 - \$1,502,193). The largest contributor to this increase was the access and usage fees revenue of 39% (Q2 F2014 - \$1,829,303; Q2 F2013 - \$1,318,275). The Company continues to focus on additional ways to increase this recurring revenue growth through additional signing of buying organizations, additional transactions per supplier on the Network and secondary service offerings.

The set-up fees revenue line will not see the same growth as the access and usage fees revenue until the Company sees additional growth outside the oil and gas segment. The set-up fees revenue is directly associated with net new suppliers and as Cortex saturates the oil and gas market; there will be less net new suppliers. The Company considers this positive as the focus is on the recurring revenue stream; which will continue to grow with the addition of buying organizations. Once the

Company expands into other verticals; such as construction and utilities; there will be more net new suppliers and there may be a growth in this revenue stream as a result.

The integration fees revenue for the quarter was up 64% Q2 F2014 over Q2 F2013 (Q2 F2014 - \$119,962; Q2 F2013 - \$73,134). The Company put a focused effort into these integration projects during the quarter seeing this revenue stream increase in Q2 F2014. As integration projects are completed; their fees are recognized based on percentage of completion. Once, the integrated supplier is live on their new product; there is a corresponding increase in the access and usage fee revenue. The combination of these factors has driven the integration delivery team to develop some productivity improvements which will drive these projects time to revenue down.

Expenses (restated)

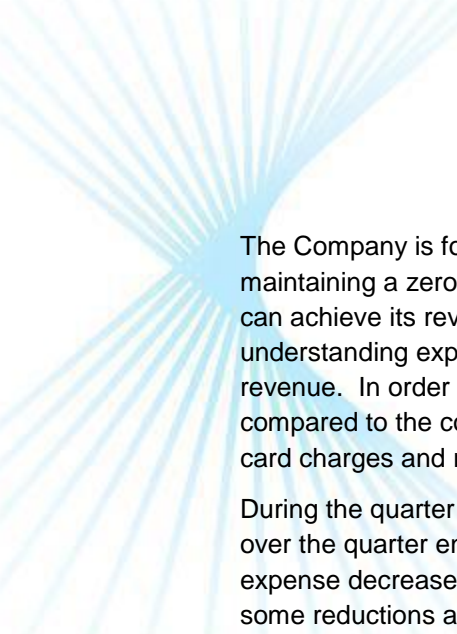
Six months ended January 31, 2014

The Company's expenses (restated) for the six months ended January 31, 2014 were reduced 1% or \$94,307. This result includes an increase in amortization during the six month period of 37% or \$123,611. The Company completed Phase 1 of the Canadian portion of the upgrade to the new platform. As a result, during Q2 F2014 the Company began amortizing this portion, resulting in an increase to the amortization expense each quarter of \$148,981. In addition, the stock based compensation expense increased 28% or \$65,644, a non-cash expenditure. After removing these non-cash expenditures, the Company had a decline of 5% or \$283,562 in expenditures during the six month period.

The majority of the reductions during the six month period can be attributed to salaries, employee benefits and subcontractor expense as well as the market expansion and product development. The salaries, employee benefits and subcontract expense were reduced by 1% during the six month period (Q2 F2014 - \$4,358,501; Q2 F2013 - \$4,392,199). The market expansion and product development expense line was reduced 100% or \$558,880 (Q2 F2014 - \$Nil; Q2 F2013 - \$558,880). The market expansion and product development line has been eliminated as successful projects moved into regular expense lines or the projects were terminated if they weren't deemed successful. The majority of these market expansion and product development expenses related to salaries, minimizing the salaries reduction.

Quarter ended January 31, 2014

	Q2 F2014 January 31, 2014	Q2 F2013 January 31, 2013	Change	% Increase (Decrease)	Q2 F2013 January 31, 2013	Q2 F2012 January 31, 2012	Change	% Increase (Decrease)
Salaries, employee benefits and subcontractor expense	\$ 2,094,378	\$ 2,282,151	\$ (187,773)	(8%)	\$ 2,282,151	\$ 2,153,485	\$ 128,666	6%
General and administrative	\$ 314,461	\$ 233,910	\$ 80,551	34%	\$ 233,910	\$ 283,379	\$ (49,469)	(17%)
Market expansion and product development	\$ -	\$ 228,710	\$ (228,710)	(100%)	\$ 228,710	\$ 682,168	\$ (453,458)	(66%)
Commissions and credit card charges (restated)	\$ 91,514	\$ 129,020	\$ (37,506)	(29%)	\$ 129,020	\$ 42,709	\$ 86,311	202%
Rent	\$ 105,649	\$ 78,695	\$ 26,954	34%	\$ 78,695	\$ 80,841	\$ (2,146)	(3%)
Professional fees	\$ 79,953	\$ 54,036	\$ 25,917	48%	\$ 54,036	\$ 60,271	\$ (6,235)	(10%)
Internet and hosting costs	\$ 26,435	\$ 26,074	\$ 361	1%	\$ 26,074	\$ 34,930	\$ (8,856)	(25%)
Stock-based compensation	\$ 148,837	\$ 125,124	\$ 23,713	19%	\$ 125,124	\$ 139,785	\$ (14,661)	(10%)
Amortization	\$ 305,079	\$ 168,284	\$ 136,795	81%	\$ 168,284	\$ 140,920	\$ 27,364	19%
Total Expenses (restated)	\$ 3,166,306	\$ 3,326,004	\$ (159,698)	(5%)	\$ 3,326,004	\$ 3,618,488	\$ (292,484)	(8%)



The Company is focused on improving its market share across Canada and the U.S. while maintaining a zero based budgeting approach to expenses. Management is confident the Company can achieve its revenue growth targets, while maintaining near zero growth in baseline costs, understanding expenses like commissions, credit card charges and rebates will vary in alignment with revenue. In order to track this more visibly; the Company highlights the costs being reduced compared to the costs which grow in line with revenue as the line item called commissions, credit card charges and rebates. .

During the quarter ended January 31, 2014 the Company reduced total expenses (restated) by 5% over the quarter ended January 31, 2013. The salaries, employee benefits and subcontractor expense decreased 8% or \$187,773 Q2 F2014 over Q2 F2013. This decrease was the result of some reductions as well as the bonus payout in December being less than accrued for at year end.

The Company's general and administrative expenses increased 34% or \$80,551 Q2 F2014 over Q2 F2013 (January 31, 2014 - \$314,161, January 31, 2013- \$233,910). The Company has an increase in its bad debt exposure in the current quarter as the result of some cleanup of inactive accounts and the transition of accounts to a monthly plan. This resulted in overall revenue growth however; some accounts were lost as a result. In addition, there were increases in meals and entertainment and travel as the Company continues to focus on US sales and investor relations activity. The Company engaged a US investor relations firm during the latter half of F2013 and this expense was not included in Q2 F2013. Rent increased 34% or \$26,954 over the prior year (January 31, 2014 - \$105,649, January 31, 2013 - \$78,695). The Company, effective February 1, 2013 consolidated its two Calgary locations into one location. This lease is a five year lease expiring January 31, 2018. In addition, the Company also rents out a condominium in Houston to facilitate travelling to the United States for our sales team reducing daily hotel costs; this lease has been extended on a monthly basis.

The Company values stock-based compensation using the Black-Scholes option-pricing model. During the quarter, this non-cash compensation expense increased 19% or \$23,713 (January 31, 2014 – \$148,837, January 31, 2013 – \$125,124). This increase is based on a combination of assumptions based on external forces such as market value; volatility and volume of issuances. This value will continue to fluctuate with market price over the upcoming year. With a continued focus on building a strong, competent, and successful team, the Company strives to maintain a competitive compensation structure and positive environment in which to work. Part of the current compensation structure is non-cash compensation. This will preserve financial resources for additional product development, infrastructure and capital requirements.

Net Loss (restated)

Quarter ended January 31, 2014

The Company's net loss for the quarter ended January 31, 2014 improved 35% from \$1,827,252 in Q2 F2013 to \$1,189,990 in Q2 F2014. This improvement was the direct result of:

- Improved baseline revenue of 32% Q2 F2014 over Q2 F2013.
- A 5% decrease in total expenses.

The Company continues to make strides in reducing costs, maintaining customer satisfaction while continuing to grow revenue. Changes are made, as required, to business strategies to adjust to market influences.

Quarterly Information (restated)

The following table presents key financial information by quarter for the last eight quarters.

	Total Revenue	Access and Usage fees revenue	Net Loss	Basic and diluted loss per share	Cash (outflow) from operations
2014					
Quarter Two	\$1,984,069	\$1,829,303	\$1,189,990	\$0.00	\$(1,168,233)
Quarter One	\$1,790,582	\$1,655,815	\$1,463,939	\$(0.01)	\$(997,684)
2013					
Quarter Four	\$1,623,934	\$1,464,519	\$1,533,243	\$(0.01)	\$(1,468,319)
Quarter Three	\$1,634,469	\$1,439,219	\$1,736,711	\$(0.01)	\$(1,155,584)
Quarter Two	\$1,502,193	\$1,318,275	\$1,827,252	\$(0.01)	\$(1,912,616)
Quarter One	\$1,403,542	\$1,237,896	\$1,780,099	\$(0.01)	\$(1,676,543)
2012					
Quarter Four	\$1,295,059	\$1,127,938	\$2,238,717	\$(0.01)	\$(1,692,748)
Quarter Three	\$1,368,409	\$1,104,353	\$2,321,893	\$(0.01)	\$(2,103,861)
Quarter Two	\$1,099,236	\$975,853	\$2,523,858	\$(0.01)	\$(2,549,121)

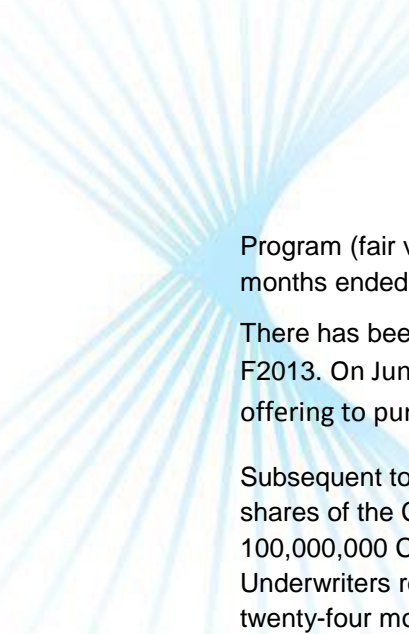
The above table highlights to continued growth in our access and usage revenue stream over the last eight quarters. The average growth rate over the last eight quarters was 8% quarter over quarter. Fiscal 2014 has the strongest growth rate since Q1 F2013, starting the quarter with a 13% growth Q1 F2014 over Q4 F2013 and a 10% growth Q2 F2014 over Q1 F2014. This is encouraging as the growth rate continues to strengthen rather than flatten out with time. The continued focus on adding transactional volumes through the Network through the addition of buying organizations will further improve this revenue stream.

Income Taxes

For the quarter ended January 31, 2014, the Company is not cash taxable. At January 31, 2014, the Company has approximately \$42,986,000 of non-capital losses to carry forward to reduce future year's taxable income.

Share Capital

Cortex Business Solutions Inc. issued 2,550,052 common shares during the six months ended January 31, 2014, compared to 2,766,234 during the six months ended January 31, 2013. There were 65,852 shares issued on the exercise of stock options for gross proceeds of \$13,480 and 100,000 shares issued in lieu of cash for commission (fair value of \$16,000) on a significant account and finally 2,384,200 shares issued as part of the Company's Employee Performance Management



Program (fair value of \$381,472). The warrant holders have exercised nil warrants during the six months ended January 31, 2014.

There has been no exercise of Compensation Units during the six months ended Q2 F2014 or Q2 F2013. On June 12, 2014, 1,889,560 Compensation Options issued in the June 2012 prospectus offering to purchase common shares at \$0.20 per share expired unexercised.

Subsequent to January 31, 2014, the Company closed its short form prospectus offering of common shares of the Company for aggregate gross proceeds of \$10,000,000. Under the Offering, a total of 100,000,000 Common Shares were issued at a price of \$0.10 per Common Share. In addition, the Underwriters received 6,000,000 compensation options at an exercise price of \$0.10 for a period of twenty-four months from the date of issuance.

The number of common shares issued and outstanding at January 31, 2014 and November 27, 2014 is 261,697,427 and 361,697,427 respectively

Liquidity and Capital Resources

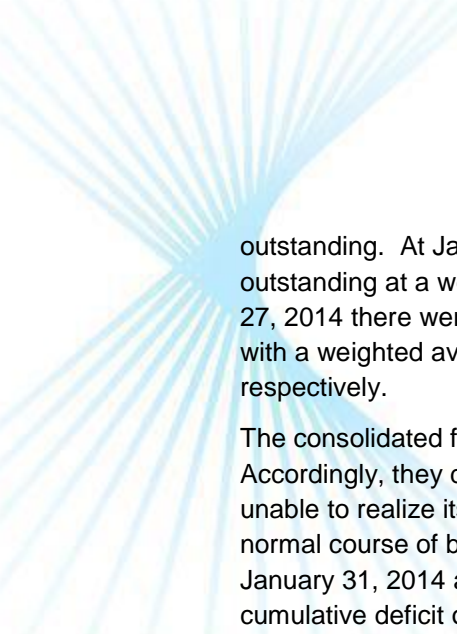
At January 31, 2014, Cortex Business Solutions Inc. held \$2,525,626 in cash and \$50,000 in short-term investments, compared to \$5,179,066 in cash and \$50,000 in short-term investment at July 31, 2013. The Company had trade accounts receivable of \$247,557 at January 31, 2014 compared to trade accounts receivable of \$207,994 at July 31, 2013. The Company continues to maintain a diligent collections regime. None of the accounts receivables are under dispute however, the Company has set up \$10,000 as an allowance for doubtful accounts at January 31, 2014.

Cash used in operating activities was \$1,168,233 in Q2 F2014 compared to \$1,807,182 in Q2 F2013.

During the quarter ended January 31, 2014 Company used \$2,666 to invest in property and equipment, specifically computer equipment, furniture and office equipment, compared to \$89,334 during the quarter ended January 31, 2013. In addition, during the quarter the Company invested \$226,654 in the second phase of the Canadian upgrade of the Company's network platform, which was capitalized as an intangible assets, compared to \$439,721 during the quarter ended January 31, 2013.

The Company operates a stock option plan as approved by the shareholders at the 2012 Annual General Meeting on June 10, 2013. Under this plan, directors, officers, consultants and employees are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the current stock option plan generally have a term of five years but may not exceed five years and vest over an 18 month period. The stock options granted under a previous stock option plan had vesting periods ranging from immediate vesting upon grant to 18 months. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) upon which the Company's common shares are then listed.

The number of outstanding stock options at January 31, 2014 was 22,446,264 and at January 31, 2013, 17,647,097 with a weighted average exercise price of \$0.27 and \$0.29 respectively. The amounts exercisable for the same periods were 16,092,327 and 12,522,788, respectively, with a weighted average exercise price of \$0.29 and \$0.33 respectively. At November 27, 2014, the Company had 17,400,034 stock options exercisable and 22,511,563 stock options issued and



outstanding. At January 31, 2014 and November 27, 2014 there were 22,379,000 warrants outstanding at a weighted average exercise price of \$0.23125. At January 31, 2014 and November 27, 2014 there were 5,053,650 and 9,164,090 Compensation Options/Units outstanding respectively with a weighted average exercise price of \$0.19 and \$0.13 per Compensation Option/Unit respectively.

The consolidated financial statements of the Company have been prepared on a going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to realize its assets at the amounts recorded and discharge its liabilities in other than the normal course of business. The Company has reported consecutive net losses for the quarter ended January 31, 2014 and the year ended July 31, 2013 of \$1,189,990 and \$6,877,304 respectively with a cumulative deficit of \$50,617,550 as at January 31, 2014. When the Company can attain profitability and positive cash flows from operations is uncertain. The liability of the Company to continue as a going concern is dependent upon future profitable operations and may require additional debt or equity financing. The Company's cash position at January 31, 2014 is \$2,525,626. Subsequent to January 31, 2014, On February 28, 2014, the Company closed its short form prospectus offering of common shares of the Company for aggregate gross proceeds of \$10,000,000. Under the Offering, a total of 100,000,000 Common Shares were issued at a price of \$0.10 per Common Share. In addition, the Underwriters received 6,000,000 compensation options at an exercise price of \$0.10 for a period of twenty-four months from the date of issuance.

The Company will closely monitors its cash on a regular basis and will take the necessary measures to preserve cash such as reduce spending until the Company starts to generate sufficient cash flows from operations or cash from new capital sources.

The Company has a business plan which shows a strategy to increase revenue and control spending to the level necessary to maintain operations and achieve profitability.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Should the Company not be able to continue as a going concern, adjustments to the recorded amounts and classifications of assets, liabilities and expenses would be required.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Obligations

The Company has entered into various operating leases for office space expiring at various dates to January 2018 and office equipment expiring at various dates to August 2014.

The Company has an obligation to pay a rebate to a certain customer based on future gross revenues.

The Company's total minimum annual obligations as follows: 2014 - \$148,464; 2015 – \$261,796; 2016 - \$270,621; 2017 - \$280,644 and 2018 - \$145,333.



Transaction with Related Parties

There were no transactions with related parties in the quarters ended January 31, 2014 or 2013.

During the year ended July 31, 2014, Cortex paid a company under significant influence by a director, who was appointed to the Board of Directors in April 2014, \$300,000 in cash commission and 3,000,000 Compensation Units with a fair value of \$231,000 on the February 2014 prospectus offering of common shares of the Company. In addition, they have been engaged in a professional capacity for consulting matters for fees ranging from \$0 to \$200,000.

Business Risks and Uncertainties

Material risk factors that could cause our actual results to differ materially from the forward-looking statements contained herein include: dependence on key personnel; risks related to expansion of our business operations – domestically and internationally; current global economic downturn; exchange rate fluctuations; risks related to future acquisitions; requirements for additional financing for our business and any future acquisitions; credit terms extended to our customers; possible volatility of our share price; product and geographic concentration in conjunction with the limited range of services that we provide; our historical dependence on a small number of large customers; our ability to protect our intellectual property; our potential vulnerability to computer and information systems security breaches; competition from third parties; rapid technological change; risk of third party claims for infringement of intellectual property rights by others; and risks related to technical standards and the certification of our services.

The material business risks and uncertainties are described in greater detail in the Company's Short-Form Prospectus filed on February 21, 2014 and its Annual Information form as filed on February 3, 2014. These documents can be found on the SEDAR website www.sedar.com.

Use of Estimates and Judgements

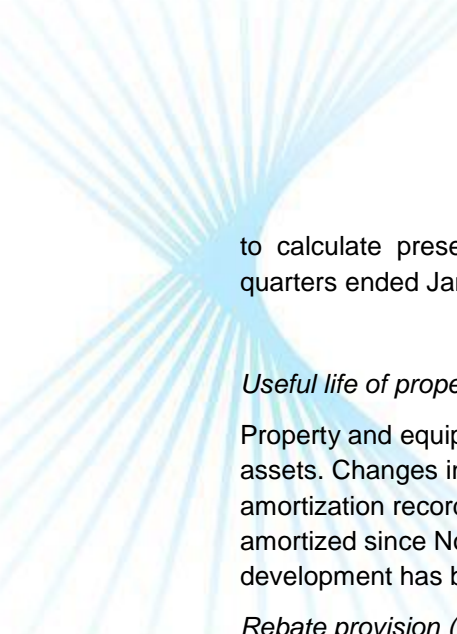
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

Impairment of non-financial assets

When there are indications that a non-financial asset may be impaired, the Company is required to estimate the asset's recoverable amount. Impairment for intangible assets not available for use is required to be tested for recoverability on an annual basis. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order



to calculate present value. No impairments of non-financial assets have been recorded for the quarters ended January 31, 2014 or January 31, 2013.

Useful life of property and equipment and intangible assets

Property and equipment and intangible assets are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period. The U.S. component of the software development has been amortized since November 1, 2011. The first phase of the Canadian component of the software development has begun amortization during Q2 F2014.

Rebate provision (restated)

Rebate provision is calculated using a risk free discount rate on the risk-adjusted future gross revenues the Company expects to earn. Changes on this estimated amounts and timing of future revenues to be earned could significantly increase or decrease the amount of accretion expense recorded during the period and the rebate provision recorded on the consolidated statements of financial position.

Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards and warrants issued including future volatility of the Company's share price, expected forfeiture rates, expected lives of the underlying securities, expected dividends and other relevant assumptions.

Critical judgments in applying accounting policies

In the preparation of the condensed consolidated financial statements, the Company has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

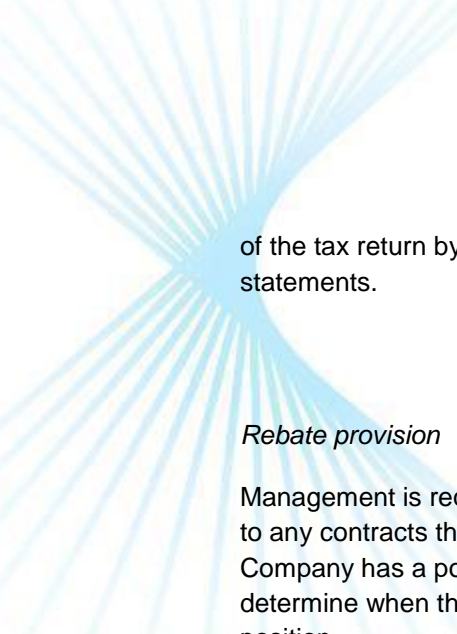
Capitalized software development costs

Software development costs are capitalized as intangible assets when costs are attributable to a clearly defined product, technical feasibility has been established, a market has been identified, the Company intends to market the software and has adequate resources expected to be available to complete the project. Management is required to make judgments on when the criteria for recognition as intangible assets is met. During the quarter ended January 31, 2014, \$226,654 (2013 - \$439,721) of development costs were capitalized as an intangible assets.

Income tax

Management is required to apply judgment in determining whether it is probable deferred income tax assets will be realized. At January 31, 2014, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable and, as such, has not recognized any deferred income tax assets in the consolidated statement of financial position.

In addition, the measurement of any potential income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance



of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Rebate provision

Management is required to apply judgement in determining whether it has a financial liability relating to any contracts that the Company enters into that also provides arrangements whereby the Company has a potential future financial liability and consequently requires management to determine when the financial liability should be recorded on the consolidated statement of financial position

Changes in Accounting Policies

The following accounting pronouncements have been adopted by the Company:

IFRS 7 Financial Instruments: Disclosures

IFRS 7, Financial Instruments: Disclosures was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect of potential netting arrangements on the entity's financial position. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

IFRS 9 Financial Instruments


IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.



IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities and amendments to both IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates effective for fiscal periods beginning on or after January 1, 2013, retrospectively with earlier adoption permitted if all standards are collectively adopted. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

Future Accounting Pronouncements

Other

IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits effective for fiscal years beginning on or after January 1, 2013 retrospectively, with earlier adoption permitted. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements.

“Art Smith” (signed)

President

“Sandra L. Weiler” (signed)

Chief Financial Officer