

# Cortex Business Solutions Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three and six months ended January 31, 2016 and 2015

(Prepared in Canadian dollars)

(unaudited)

#### 3. Rebate provision

The rebate provision arose as a result of a contract entered into by the Company to provide a customer a 5% rebate based on future gross revenue to a maximum rebate of \$2,300,000. The provision has been calculated using a risk free discount rate of 2.5% based on a risk-adjusted future revenue growth.

	January 31 2016	July 31 2015
Opening balance	\$ 772,764	\$ 1,277,987
Payments	-	(536,403)
Accretion	<u>9,629</u>	<u>31,180</u>
Closing balance	782,393	772,764
Less: current portion	<u>544,550</u>	<u>695,207</u>
	<u>\$ 237,843</u>	<u>\$ 77,557</u>

#### 4. Share capital and warrants

##### (a) Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares and determine the rights, privileges and other conditions for each series.

##### (b) Issued

	Six months ended			
	January 31, 2016		January 31, 2015	
	Number	Value	Number	Value
<b>Common Shares</b>				
Balance, beginning of period	7,426,349	\$ 57,640,393	7,233,949	\$ 56,778,460
Issued for cash (note 4(e))	<u>1,551,375</u>	<u>3,102,750</u>	<u>192,400</u>	<u>865,800</u>
	8,977,724	60,743,143	7,426,349	57,644,260
Less: Share issuance costs	-	(364,366)	-	(3,867)
Less: Fair value of compensation units issued in connection with private placement	<u>-</u>	<u>(101,222)</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>8,977,724</u>	<u>\$ 60,277,555</u>	<u>7,426,349</u>	<u>\$ 57,640,393</u>

	Six months ended			
	January 31, 2016		January 31, 2015	
	Number	Value	Number	Value
<b>Warrants</b>				
Balance, beginning and end of period	<u>447,580</u>	<u>\$ 980,941</u>	<u>447,580</u>	<u>\$ 980,941</u>

##### (c) Common share consolidation

On July 15, 2015 the Company consolidated its share capital on a 50: 1 basis. All common shares, stock options, warrants and per share amounts have been restated to reflect this share consolidation.