

## NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Cortex Business Solutions Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Calgary, Alberta  
March 26, 2009

**Cortex Business Solutions Inc.**  
**Consolidated Balance Sheets**  
**(unaudited)**

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	<b>January 31 2009</b>	<b>July 31 2008</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,455,326	\$ 4,770,767
Accounts receivable	320,862	69,863
Prepays and deposits	<u>111,340</u>	<u>151,799</u>
	1,887,528	4,992,429
Investments (note 4)	1,000,000	1,000,000
Property and equipment (note 5)	<u>420,382</u>	<u>190,398</u>
	<u>\$ 3,307,910</u>	<u>\$ 6,182,827</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6(c))	\$ 424,889	\$ 507,190
Deferred revenue	<u>362,765</u>	<u>30,039</u>
	<u>787,654</u>	<u>537,229</u>
<b>Shareholders' Equity</b>		
Share capital and warrants (note 6)	11,153,914	11,153,914
Contributed surplus (note 6(d))	1,870,612	1,553,078
Deficit	<u>(10,504,270)</u>	<u>(7,061,394)</u>
	<u>2,520,256</u>	<u>5,645,598</u>
	<u>\$ 3,307,910</u>	<u>\$ 6,182,827</u>
Commitments (note 9)		

Approved by the Board:

(Signed) "Art Smith", Director

(Signed) "Doug Lailey", Director

# Cortex Business Solutions Inc.

## Consolidated Statements of Loss, Comprehensive Loss and Deficit

(unaudited)

	Three months ended January 31		Six months ended January 31	
	2009	2008	2009	2008
<b>Revenue</b>				
Access and usage fees	\$ 273,250	\$ 152,208	\$ 470,218	\$ 262,947
Interest income	20,158	-	49,648	-
Set-up fees	24,705	3,244	27,060	43,774
Project management	-	661,200	-	1,129,419
	<u>318,113</u>	<u>816,652</u>	<u>546,926</u>	<u>1,436,140</u>
<b>Expenses</b>				
General and administrative	183,151	100,574	341,451	193,771
Bank charges and interest	179	-	893	148
Internet and hosting costs	13,000	13,068	26,001	25,441
Professional fees	31,544	25,350	58,060	36,050
Rent	103,063	25,498	168,674	35,542
Salaries, employee benefits and subcontract	1,508,780	608,184	3,030,901	1,122,140
Stock-based compensation	127,125	182,710	317,534	353,912
Amortization	<u>28,325</u>	<u>8,886</u>	<u>46,288</u>	<u>13,804</u>
	<u>1,995,167</u>	<u>964,270</u>	<u>3,989,802</u>	<u>1,780,808</u>
Net loss and comprehensive loss	(1,677,054)	(147,618)	(3,442,876)	(344,668)
Deficit, beginning of period	<u>(8,827,216)</u>	<u>(4,804,890)</u>	<u>(7,061,394)</u>	<u>(4,607,840)</u>
Deficit, end of period	<u>\$ (10,504,270)</u>	<u>\$ (4,952,508)</u>	<u>\$ (10,504,270)</u>	<u>\$ (4,952,508)</u>
Net loss per share-basic and diluted -note (6(e))	<u>\$ (0.016)</u>	<u>\$ (0.003)</u>	<u>\$ (0.033)</u>	<u>\$ (0.006)</u>

**Cortex Business Solutions Inc.**  
**Consolidated Statements of Cash Flows**  
**(unaudited)**

	Three months ended January 31		Six months ended January 31	
	2009	2008	2009	2008
Operating activities				
Net loss	\$ (1,677,054)	\$ (147,618)	\$ (3,442,876)	\$ (344,668)
Items not affecting cash				
Amortization	28,325	8,886	46,288	13,804
Stock-based compensation	127,125	182,710	317,534	353,912
	<u>(1,521,604)</u>	<u>43,978</u>	<u>(3,079,054)</u>	<u>23,048</u>
Changes in non-cash working capital	<u>(105,303)</u>	<u>(217,959)</u>	<u>50,163</u>	<u>(218,101)</u>
	<u>(1,626,907)</u>	<u>(173,981)</u>	<u>(3,028,891)</u>	<u>(195,053)</u>
Financing activities				
Proceeds from exercise of warrants	-	135,625	-	170,625
Share issue costs	-	(40)	-	(229)
	<u>-</u>	<u>135,585</u>	<u>-</u>	<u>170,396</u>
Investing activities				
Acquisition of property and equipment	(141,381)	(47,128)	(276,272)	(49,634)
Changes in non-cash working capital	14,143	(38,750)	(10,278)	(38,750)
	<u>(127,238)</u>	<u>(85,878)</u>	<u>(286,550)</u>	<u>(88,384)</u>
Cash outflow	(1,754,145)	(124,274)	(3,315,441)	(113,041)
Cash and cash equivalents, beginning of period	<u>3,209,471</u>	<u>397,724</u>	<u>4,770,767</u>	<u>386,491</u>
Cash and cash equivalents, end of period	<u>\$ 1,455,326</u>	<u>\$ 273,450</u>	<u>\$ 1,455,326</u>	<u>\$ 273,450</u>
Cash and cash equivalents consist of				
Cash	\$ 265,326	\$ 273,450	\$ 265,326	\$ 273,450
Guaranteed investment certificate	1,190,000	-	1,190,000	-
	<u>\$ 1,455,326</u>	<u>\$ 273,450</u>	<u>\$ 1,455,326</u>	<u>\$ 273,450</u>
Supplemental cash flows information:				
Interest received	<u>\$ 6,443</u>	<u>\$ -</u>	<u>\$ 15,241</u>	<u>\$ -</u>
Non cash transactions:				
Issuance of shares in lieu of salary and bonus (note 6(c))	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,300</u>

**Cortex Business Solutions Inc.**  
**Notes to Consolidated Financial Statements**  
**January 31, 2009**  
**(unaudited)**

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1. Basis of presentation

The interim consolidated financial statements of Cortex Business Solutions Inc. ("Cortex" or the "Company") have been prepared in accordance with Canadian generally accepted accounting principles and are consistent with the presentation and disclosure in the audited consolidated financial statements and notes thereto for the year ended July 31, 2008 except as disclosed in Note 2. The interim consolidated financial statements contain disclosures which are supplemental to Cortex's annual consolidated financial statements. Certain disclosures, which are normally required to be included in notes to the annual financial statements, have been condensed or omitted. The interim consolidated financial statements should be read in conjunction with Cortex's audited consolidated financial statements and notes thereto for the year ended July 31, 2008.

The consolidated financial statements of the Company have been prepared on a going concern basis. The Company has continued to experience a net loss for the quarter ended January 31, 2009 of \$(1,677,054) and has a cumulative deficit of \$(10,504,270) at January 31, 2009. The Company is in a growth phase and the losses being experienced are expected. The Company is executing its business plan and expects the losses to reduce over the next six months. The ability of the Company to continue as a going concern is dependent upon future profitable operations.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. 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.

2. Changes in accounting policies

**Financial Instruments - Disclosure and Presentation**

Effective August 1, 2008, the Company adopted two new Canadian Institute of Chartered Accountants ("CICA") standards, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation which replaces Section 3861, Financial Instruments - Disclosure and Presentation. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carried forward the former presentation requirements. The effect on the financial statements as a result of adopting these sections is additional disclosures in the financial statements - see note 10.

**Capital disclosures**

Effective August 1, 2008, the Company adopted CICA Section 1535, Capital Disclosures which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures will include whether companies have complied with externally imposed capital requirements. The effect on the financial statements as a result of this new section is additional disclosures in the financial statements - see note 3.

**Future accounting pronouncements**

**Goodwill and Intangible Assets**

As of August 1, 2009, the Company will be required to adopt CICA Section 3064, Goodwill and Intangible Assets which will replace Handbook Section 3062. The new guidance reinforces a principles-based approach to the recognition of costs of assets in accordance with the definition of an asset and the criteria for asset recognition under Handbook Section 1000, Financial Statement Concepts. Section 3064 clarifies the application of the concept of matching revenues and expenses in Section 1000 to eliminate the current practice of recognizing as assets items that do not meet the definition and recognition criteria. Under this new guidance, fewer items meet the criteria for capitalization. The Company is currently determining the impact of this standard.

**Cortex Business Solutions Inc.**  
**Notes to Consolidated Financial Statements**  
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2. Changes in accounting policies (continued)

**International Financial Reporting Standards**

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") by the end of 2011. In February 2008, the AcSB confirmed that 2011 is the change over date for publicly-traded companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011.

The Company has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company will complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities.

The International Accounting Standards Board ("IASB") has stated that it plans to issue an exposure draft relating to certain amendments to IFRS 1 in order to make it more useful to Canadian entities adopting IFRS for the first time.

3. Capital disclosures

The Company includes as capital, shareholders' equity which is comprised of share capital, contributed surplus, and accumulated deficit. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As the Company does not currently have positive cash flow from operations, the Company is funding operations from funds previously raised through equity financing. The Company has in place a detailed planning and budgeting process to assist in determining the funds required to ensure appropriate capital to meet its growth objectives. The Company strives to maintain sufficient capital to meet its short-term business requirements taking into account its capital commitments, planned capital expenditures and its holdings of cash and cash equivalents. The Company has set forth in its business plan, expected revenue and expense targets for the fiscal year ended July 31, 2009. If the Company does not meet the revenue growth targets as projected, the Company will reduce the additional spending to align with revenue growth.

The Company is not subject to externally imposed capital requirements.

4. Investments

The Company has invested \$1,000,000 into Guaranteed Investment Certificates ("GIC"), consisting of two \$500,000 18 month non-redeemable GICs, accruing interest at 4% per annum with interest to be paid at maturity, January 29, 2010.

**Cortex Business Solutions Inc.**  
**Notes to Consolidated Financial Statements**  
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5. Property and equipment

	January 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Furniture and office equipment	\$ 131,046	\$ 18,505	\$ 112,541
Computer equipment	336,841	79,976	256,865
Leasehold improvements	7,137	2,615	4,522
Computer software	<u>66,528</u>	<u>20,074</u>	<u>46,454</u>
	<u>\$ 541,552</u>	<u>\$ 121,170</u>	<u>\$ 420,382</u>

6. 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

	2009	
	Number	Stated Value
<b>Common Shares</b>		
Balance, beginning and end of period	<u>104,433,375</u>	<u>\$ 10,379,851</u>
<b>Warrants</b>		
Balance, beginning and end of period	<u>13,050,000</u>	<u>774,063</u>
		<u>\$ 11,153,914</u>

- (c) On August 18, 2006, the Company entered into employment contracts to issue when earned, at a deemed price of \$0.15 per share, 462,000 common shares in lieu of salary and 1,500,000 common shares in lieu of a bonus for obtaining a material Anchor account. During the year ended July 31, 2007, an employee earned the 462,000 common shares in lieu of salary and 500,000 common shares in lieu of the bonus. The 962,000 common shares were issued on August 16, 2007 for a value of \$144,300 previously included in accounts payable and accrued liabilities. During the year ended July 31, 2008, the employee earned the remaining 1,000,000 common shares in lieu of a bonus for the signing of a material anchor account at a fair value of \$0.20 per share. The \$200,000 is included in accounts payable and accrued liabilities at July 31, 2008 and as at January 31, 2009. These shares will be issued upon the execution of a signed contract related to the Memorandum of Understanding which triggered the award of the shares.

**Cortex Business Solutions Inc.**  
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6. Share capital and warrants (continued)

(d) Contributed surplus

**2009**

Balance, beginning of year	\$ 1,553,078
Stock-based compensation expense	<u>317,534</u>
Balance, end of period	<u>\$ 1,870,612</u>

(e) Net loss per share

Net loss per share has been calculated using the basic and diluted weighted average number of common shares outstanding during the three and six months ended January 31, 2009 of 104,433,375 (three months ended January 31 2008 - 57,106,757, six months ended January 31, 2008-56,574,054). For all the quarters ended, all of the Company's stock options, warrants and units have been excluded from the diluted calculation as they would be anti-dilutive.

- (f) In conjunction with the Company's short form prospectus offering on May 29, 2008, the Company granted the Agent 2,610,000 Units exercisable at \$0.20 per Unit on or before May 29, 2010. Each Unit consists of one common share and one half common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share on or before May 29, 2010 at \$0.30 per common share. No Units have been exercised to January 31, 2009.

7. Stock options

- (a) The Company has a stock option plan under which 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 15,147,691. 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 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.

A summary of the status of the Company's stock option plan as at January 31, 2009 and changes during the six month period then ended is as follows:

	<b>2009</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of year	9,210,950	\$ 0.19
Granted	75,000	0.19
Exercised	-	-
Forfeited	(200,000)	0.15
Expired	-	-
Outstanding, end of period	<u>9,085,950</u>	<u>\$ 0.19</u>
Exercisable, end of period	<u>8,477,616</u>	<u>\$ 0.19</u>

**Cortex Business Solutions Inc.**  
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7. Stock options (continued)

(b) The following table summarizes information about stock options outstanding and exercisable at January 31, 2009:

<b>Range of Exercise Prices</b>	<b>Number Outstanding at January 31 2009</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>	<b>Number Exercisable at January 31 2009</b>	<b>Weighted Average Exercise Price</b>
\$0.08 - \$0.12	420,000	\$ 0.11	2.29 years	420,000	\$ 0.11
\$0.13 - \$0.16	2,811,833	0.15	3.21	2,811,833	0.15
\$0.17 - \$0.20	5,354,117	0.20	3.17	4,745,784	0.20
\$0.25	250,000	0.25	4.00	250,000	0.25
\$0.50	<u>250,000</u>	0.50	4.35	<u>250,000</u>	0.50
	<u>9,085,950</u>	\$ 0.19	3.20 years	<u>8,477,617</u>	\$ 0.19

(c) The fair value of stock options granted during the six month period ended January 31, 2009 was estimated on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	<b>January 31 2009</b>
Fair value options granted (\$/share)	\$0.19
Expected life (years)	5
Risk-free interest rate (%)	3.5
Expected volatility (%)	102.67
Expected dividends (\$/share)	Nil

8. Warrants

The following table summarizes information about the Company's share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share when exercised.

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>
Balance, beginning and end of period	<u>13,050,000</u>	\$ 0.30	1.33 years

9. Commitments

(a) The Company entered into a five year operating lease for office space commencing December 1, 2007 and expiring November 30, 2012, a second eleven month operating sublease for office space commencing September 1, 2008, a new four year operating lease for office equipment commencing February 11, 2008, and a second new four year operating lease for office equipment commencing August 2008.

**Cortex Business Solutions Inc.**  
**Notes to Consolidated Financial Statements**  
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**(unaudited)**

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9. Commitments (continued)

- (b) The Company has retained, effective February 1, 2008, the services of CHF Investor Relations ("CHF"), an investor relations firm. The Company committed \$7,500 per month plus disbursements for a one year period ended January 31, 2009. The Company has not renewed this contract at February 1, 2009.

The following is minimum annual obligations:

		Office space	Office equipment	Total
2009	\$	225,219	\$ 2,794	\$ 228,013
2010		127,727	5,588	133,315
2011		127,727	5,588	133,315
2012		127,727	4,448	132,175
2013		<u>42,576</u>	<u>238</u>	<u>42,814</u>
	\$	<u>650,976</u>	\$ <u>18,656</u>	\$ <u>669,632</u>

10. Financial instruments and risk management

The Company has classified its financial instruments as follows:

Financial instrument	Classification
<b>Financial Assets</b>	
Cash and cash equivalents	Held for trading
Accounts receivable and deposits	Loans and receivables
Investments	Held for trading
<b>Financial Liabilities</b>	
Accounts payable and accrued liabilities	Other financial liabilities

The fair values of above financial instruments approximate their carrying values due to the immediate or short-term maturity or because they bear interest at market rates. The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not use financial instruments to mitigate these risks and has no designated hedging transactions.

**Cortex Business Solutions Inc.**  
**Notes to Consolidated Financial Statements**  
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10. Financial instruments and risk management (continued)

The types of risk exposure and how such exposures are managed are as follows:

(a) Concentration and Credit risk

The majority of the Company's accounts receivable, which is unsecured, are due from one customer (\$186,900 or 76% of trade accounts receivable). Management believes that this risk is mitigated by the size and reputation of the company to which they have extended credit. The Company has a diversified customer list for its remaining trade receivables and has established a general allowance policy for doubtful accounts. The Company monitors its general allowance policy on a regular basis. As at January 31, 2009, the Company had \$246,111 of trade accounts receivables. Of this amount, \$10,016 are over 30 days, which is past due under the Company's normal credit terms. Of this amount, \$2,200 has been allowed for under the Company's general allowance policy. All accounts receivable are unsecured. At January 31, 2009, the Company also had accrued interest of \$35,048 on the GICs and accrued receivables in the amount of \$41,903. The Company's maximum exposure to credit risk is the fair value of accounts receivable on the balance sheet shown net of an appropriate allowance for doubtful accounts of \$2,200.

Credit risk also exists in cash and cash equivalents and investments as all balances are maintained with one financial institution. The risk is mitigated because the financial institution is a major Canadian bank.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure it will have sufficient liquidity to meet its commitments and obligations as they become due.

(c) Market risk

Market risk is the risk that financial instruments fair values will fluctuate due to changes in market prices.

The significant market risks to which the Company is exposed are interest rate and currency rate risk.

(i) Currency risk

The Company is exposed to currency price risk on sales denominated in Australian dollars to the extent that the receipt of payment of the Australian denominated accounts receivable are subject to fluctuations in the related foreign exchange rate. The Company had \$Nil access and usage fee revenue in the quarter ended January 31, 2009 (\$3,744 at quarter ended October 31, 2008) which was subject to Australian currency fluctuations. The Company had \$Nil in AUS accounts receivable at January 31, 2009 (\$3,163 at October 31, 2008). The income impact on any changes in the foreign exchange rates relating to this would be negligible.

(ii) Interest rate risk

The Company is exposed to interest rate cash flow risk to the extent of the interest rate fluctuations on its GICs. The Company's policy is to invest any surplus funds in redeemable or non-redeemable secured GIC's at fixed or floating rates of interest, in the most advantageous denominations, to maintain a reasonable balance between return on investment and liquidity. At January 31, 2009, interest rates on the Company's GICs ranged from 2 - 4% per annum which represents market interest rates. Fluctuations in interest rates may impact the value of future interest receivable. A 1% increase or decrease in interest rates beyond the range would have a \$1,825 effect on net loss on a monthly basis.