Management's Discussion and Analysis of Financial Condition and Result of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the audited consolidated financial statements and accompanying notes, which are prepared in accordance with Canadian generally accepted accounting principles for the year ended December 31, 2004. All amounts are expressed in Canadian dollars unless otherwise noted.

This Management's Discussion and Analysis of Financial Condition and Operations contains forward-looking statements which may not be based on historical fact. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements.

Overview

Automated Benefits Corp. (the "Company"), through its wholly-owned subsidiary, Automated Benefits Inc. (Autoben) provides claims management software for health and dental plans in addition to other insurance products for employer groups. The proprietary software, offered by Autoben, assists in reducing the cost of employee benefit administration. In addition, its wholly-owned subsidiary, Symbility Solutions Inc. ("Symbility") is a software development company focused on mobile communication and efficiency tools for the property and casualty insurance industry.

Acquisition of Symbility Solutions Inc.

On May 31, 2004, the Company completed the acquisition (the "Acquisition") of Symbility, the terms of which were set out in a letter agreement dated March 10, 2004, as amended on March 26, 2004, and as amended May 12, 2004 (the "Letter Agreement') with , Eric Embacher and Marc-Olivier Huynh, James R. Swayze, G. Scott Paterson, James A. Burns, Alan R. Greer, Alberta Benefits Ltd., FFY Financial Services Inc. and Zvest Ltd. Pursuant to the Letter Agreement, the Company, Symbility, and all of the shareholders of Symbility entered into an agreement (the "Share Purchase Agreement"), dated May 20, 2004 whereby the Company agreed to purchase all of the issued and outstanding common shares of Symbility and all of the issued and outstanding series B preferred shares of Symbility.

In connection with the Acquisition, the Company and Symbility completed non-brokered private placements, resulting in aggregate proceeds to the Company of $3,100,000 to be used in the development of Symbility's core technology and re-investment into Auotben's group benefits software.

Also concurrent with the closing of the Acquisition, James A. Burns resigned as President, Chief Executive Officer and Chief Financial Officer of the Company and James R. Swayze was appointed the President and Chief Executive Officer in his stead.

Comprehensive descriptions of the Acquisition and private placement transactions are included in the Filing Statement of the Company dated May 31, 2004 which is available in electronic form on Sedar at www.sedar.com.

Recent Events

Since the Acquisition of Symbility, and the injection of additional capital funds, the Company has accomplished a number of its milestones. The new management team has engaged various consultants and experts to equip the Company with the necessary resources to ensure future success, including additional programmers, new computer hardware and software, and development and implementation of a new business plan and marketing strategy for the Company.

On October 8, 2004, the Company completed a private placement of 1,000,000 units at $0.20 per unit for gross proceeds of $200,000 to the Company. Each unit consists of one (1) common share of the Company and three quarters of one share purchase warrant, with each whole warrant exercisable at a price of $0.30 per common share until May 30, 2006.

On December 8, 2004, the Company completed a private placement of 1,000,000 units at $0.28 per unit for gross proceeds of $280,000 to the Company. Each unit consists of one (1) common share of the Company and one share purchase warrant, with each whole warrant exercisable at a price of $0.40 per common share until May 30, 2006.

The Company held its annual general and special meeting on November 10, 2004. The board of directors of the Company, elected at that time, consisted of five (5) directors, James R. Swayze, Eric Embacher, G. Scott Paterson, Robert W. Tretiak, and Alan K. Ryder. The directors confirmed the appointments of Alan K. Ryder (as Chair), Robert W. Tretiak and G. Scott Paterson to the audit committee of the Company. The shareholders also resolved to adopt a new 10% floating stock option plan. On February 1, 2005, the board of directors appointed Kaleil D. Isaza Tuzman to the Board. Mr. Isaza Tuzman was also appointed to the audit committee, replacing Mr. Paterson. As well, the Board formed a Compensation Committee and appointed as members Robert W. Tretiak (as Chair), Alan K. Ryder and G. Scott Paterson.

Subsequent to the year end and on February 9, 2005, the Company completed the closing of a private placement of 5,000,000 units at $0.51 per unit for gross proceeds of $2,550,000 to the Company. Each unit consists of one (1) common share of Autoben and one-half of one share purchase warrant, with each whole warrant exercisable at a price of $0.64 per common share until August 8, 2006. Subsequent to the year end and as of April 18, 2005, the Company has received approximately $1.3 million proceeds from the exercise of 4,261,000 warrants.

Automated Benefits Inc. ("Autoben")

Since the date of the Acquisition, the Company has seen positive changes occurring at Autoben. The Company hired 5 additional programmers to complete the launch of its latest version of the "ABI" software. The computer infrastructure of the Company was upgraded, increasing productivity and efficiency throughout the organization. Additional products and services were added to the Company's offering to its clients, allowing the Company to provide a full suite of group benefits products. These enhancements, along with a new web-site and information packages, enabled the Company to launch a new marketing campaign in the fourth quarter of 2004 which has continued into the first quarter of 2005.

In October, Autoben signed a Third Party Administration contract with Equitable Life that enables insurance broker clients of Autoben to sell Equitable Life group life, long and short term disability product, accidental death and dismemberment and dependent life insurance in conjunction with the Autoben software system, "ABI". This contract allows Autoben to become a singular supply point for full group benefits to its clients.

Automated Benefits Inc. launched an upgraded version of its "ABI" software for group insurance brokers on November 1, 2004. ABI enables group brokers to adjudicate and administer self-insured medical and dental claims on behalf of their employer group clients. Enhancements to the software include the shift to a singular, web-based database from the current client-server model; multi-location usage over the internet; multiple-carrier and multiple-benefit tracking and billing; enhanced functionality and reporting and a more intuitive and user-friendly interface.

As of April 29, 2005 Autoben had converted 30% of it clients (approximately 35% of its revenue base) as well as adding five new clients to the new software. Originally, Autoben had planned to roll the software out to all of its' existing brokers by the end of 2004. . It has since been discovered that the new version's enhanced features required broker clients to incur a certain amount of time commitment in changing processes within their own operations. Due to the effort and commitment required by some organizations to introduce the new software into their operations, some of the smaller brokers, which account for approximately 10-15% of its revenue base, may decide not continue with the Autoben concept. Management now believes that a more gradual roll out over the first 3 quarters of 2005 will achieve the best conversion results.

Autoben has, in early 2005, added additional sales and marketing personnel. These individuals have been re-evaluating the marketing strategy of the Company. Management believes that the establishment of relationships with a new core group of group brokers who were not identified in the past will better position the Company's growth in the future. The software has evolved to allow larger, more complex organizations to consider integration into their operations. These organizations are more sophisticated, and while requiring additional resources, have large books of business and offer great potential to the Company. Finally, over the next year, the Company intends to develop training materials and user documentation which are anticipated to lower operating costs in the future.

Symbility Solutions Inc.

Symbility, since its acquisition, continued to develop the final stages of its mobile claims software and take development from prototype to pilot. Agreements with various vendors have been entered into by the Company including an exclusive agreement with Canarep GPRS as the claims technology company to carry its wireless modem and a distribution partnership with Leica for promotion of the Disto laser range finder. The Company has been researching and implementing a state-of-the-art call centre for handling customer service, tracking and technical support for its pilot launch. Management is of the view that these initiatives have created an atmosphere of positive momentum which will help drive the Company forward in the future.

Symbility launched a software pilot program with Allstate Insurance Company of Canada ("Allstate") in October 2004. The pilot allows Allstate claims adjustors and independent contractors to utilize the Symbility mobile claims system for property claims estimation using hand-held, pen-based computers to verify the improved ease of transmitting estimate information between contractors and adjusters; to enhance the efficiency of storing and retrieving estimate data; to augment the extent of business intelligence capabilities for comparative and trend analysis; and the expense reduction and overall return on investment in the software technology for Allstate. The pilot release is the culmination of extensive efforts put forth by the Symbility software development, customer service and quality assurance teams as well as Allstate and other insurers plus several of their contractors.

In December 2004, Symbility launched a software pilot program with The Economical Insurance Group ("Economical"). Similar to the Allstate pilot, Economical claims adjustors and independent contractors will benefit from the use of Symbility's mobile claims system. The pilot will be used to verify the ease of transmitting estimate information between contractors and adjusters; the efficiency of storing and retrieving estimate data; the extent of business intelligence capabilities for comparative and trend analysis; and the expense reduction and overall return on investment in the software technology for Economical.

In March 2005, Symbility launched its third pilot with Waterloo Ontario based Gore Mutual Insurance Company ("Gore Mutual"). The aims of the pilot will be similar to the first two pilots and assist Gore Mutual to identify the tool's usefulness in enhancing their tracking ability and auditing of claims. Gore Mutual has signed a letter of intent which contemplates, that upon the successful completion of the pilot, Gore Mutual entering into a contract to implement the Symbility mobile claims system across Canada.

On April 19, 2005 Symbility launched its USA sales and marketing campaign with a significant presence at the 2005 Property Loss Research Bureau National Claims Conference ("PLRB"). The PLRB is the number one claims conference by annual attendance in North America with in excess of 2,000 property insurance professionals. Months of preparation resulted in the construction of a first class exhibition booth with a giant sized pen-based computer on display, a series of working floor models including tablets and pocket PC's for live web-based demonstrations and a professional video encapsulating product features with client testimonials. Preceding the show, a phone campaign was launched to alert hundreds of senior industry experts to visit the booth, meet Symbility staff one-on-one and arrange private meetings for those interested in individualized demonstrations. Success of this initial thrust into the U.S. market is reflected by the fact that several insurance companies have requested to meet with representatives of the Company in the near future. As well, a number of independent adjusters have signed contracts to begin using the Symbilty system.

Description of the Business of Autoben

Autoben's software product and value-added services allow independent insurance agents the ability to replace traditional insurance company health and dental benefit plans with self-insured plans by allowing for local adjudication and administration of employee claims. Management of the Company believes that a market exists for widespread use of its proprietary product as employers seek ways to reduce their benefit costs and insurance agents seek ways to improve service delivery to their clients. Currently, insurance agents are differentiated not by product, but by their knowledge and value-added services. Autoben's product and services allow independent insurance agents to further differentiate themselves in the competitive marketplace by providing unique products and services.

The Company's first commercial product called "ABI" is a custom authored Microsoft-based proprietary product that allows for local adjudication and administration of self-insured health and dental benefit programs. It allows for claims adjudication and administration to be conducted locally by group insurance agents, general insurance agents or office staff involved with self-insured health benefit plans.

The Company released a new version of its software in November 2004. The new version has accounting functionality not previously available with the ability to handle multi-insurance carrier suppliers for pooled benefit products.

Description of the Business of Symbility

Symbility has developed Symbility "Mobile Claims", a wireless mobile technology for property insurance claims professionals. Symbility's technology facilitates the processing of property loss insurance claims without the inefficiencies of existing technology, thereby reducing claim processing costs and increasing customer satisfaction.

Symbility has received letters of intent to pilot Symbility's products from Allstate, Economical, and Gore Mutual. These insurance companies have all indicated their intention to negotiate contracts for the implementation of Symbility's products in certain provinces across Canada in the event the pilots are successful. While all the pilots commenced in October 2004. Symbility is not expected to earn revenue from the insurance companies until the first of its pilot and Beta tests are completed in the second quarter of 2005. Symbility has, in the first quarter of 2005, begun to earn nominal revenue from independent contractors and adjusters.

Comprehensive descriptions of the businesses of Autoben and Symbility are included in the Filing Statement of Autoben dated May 31, 2004 available in electronic form on Sedar at www.sedar.com.

Selected Annual Financial Information

Year ended December 31	2004 $	2003 $	2002 $
Revenues	1,237,333	594,851	277,684
Net Loss	(2,088,204)	(382,076)	(532,822)
Loss per share	(0.06)	(0.03)	(0.04)
Total Assets	2,302,473	326,417	547,636

Results of Operations
Year ended December 31, 2004 as compared to the year ended December 31, 2003

The results of operations reflect the operations of Symbility since June 1, 2004 the date following closing of the Acquisition. As previously noted, Symbility is in the development stage and therefore has minimal revenues to date of $61,565 none of which are related to the sale of its technology.

Software development costs:

Software development costs included on the consolidated balance sheet include an amount of approximately $339,377, net of amortization, relating to the Acquisition of Symbility. Reference is made to Note 4 of the consolidated financials for details of the accounting for the Acquisition.

Revenues:

Revenues for the year ended December 31, 2004 increased $678,482 to $1,237,333 in comparison to $594,851 for the year ended December 31, 2003. This increase is attributed partly to the continuance of the growth in business being generated as a result of the acceptance of new technology introduced in the latter part of 2003 and new insurance products being offered by the Company at the beginning of the current fiscal year which also led to an increase in direct insurance costs. As noted above, revenues also included $61,565 from Symbility related to some computer hardware sales.

Cost of sales:

The Company has changed its terminology for direct costs from "Direct Insurance" to "Cost of Sales" since direct costs are not all related to insurance but also encompass the purchase and reselling of hardware components by Symbility. The costs of sales for the year ended December 31, 2004 increased to $719,656 in comparison to the year ended December 31, 2003 - $311,818. The costs related to direct insurance and outlining distribution costs in 2004 were $665,267. The primary reason for the increase in direct insurance costs year over year is the result of new insurance products sold in 2004 which had higher associated direct insurance costs. Direct costs attributed to hardware sales in 2004 were $54,389.

Sales and marketing:

Sales and marketing expense for the year ended December 31, 2004 increased to $279,660 from $63,692 in the prior year. These expenses include approximately $49,000 of sales and marketing costs relating to Symbility since the Acquisition. As well, at the beginning of the current fiscal year the Company hired a new marketing manager, a position that did not exist previously. The Company also engaged outside consultants in 2004 to assist in the evaluation of its marketing. The Company will continue to increase its' sales and marketing force to ensure that it has adequate resources to present its' concepts and technology to the customer base.

Research and Development:

Research and development for the year ended December 31, 2004 was $650,188 in comparison to $118,051 in the year ended December 31, 2003. Included in these results is approximately $216,000 relating to Symbility since the Acquisition. The balance of the increase is the result of salary increases put in place to retain employees, and new programmers and third party resources hired in the last three quarters to complete development of the next version of the Autoben technology (ABI). In general, the dramatic increase in this area was due to the Company concentrating on the launch of the Symbility pilots and Autoben's re-mastering of its' technology with increased features and stability.

General and Administration:

General and administration for the year ended December 31, 2004 was $1,169,718 in comparison to $228,335 for the year ended December 31, 2003. Included in these numbers is approximately $284,000 of general and administration for Symbility. Since the Acquisition, the Company has increased customer service, finance and head office personnel which accounts for approximately $325,000 of the increase. As well, the Company has incurred significant consulting and legal services (approximately $250,000) in relation to the need to meet its regulatory requirements.

Stock - based Compensation:

Stock – based compensation expense for the year ended December 31, 2004 was $166,596. The board of directors feels that, with the Acquisition and new management, the ability to participate in the expected growth and prosperity of the Company is one of the main means of compensating employees and others who help advance the Company's objectives. No awards of stock options were granted in 2003.

Changes in Accounting Policies:

Effective January 1, 2004, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") recommendations that define the primary sources of GAAP. The adoption of this recommendation had no effect on the current year's financial statements.

Effective January 1, 2003, the Company adopted the new Canadian accounting standard for stock-based payments to employees as prescribed by CICA Handbook Section 3870 "Stock-based Compensation and Other Stock-based Payments". As such, new awards of stock options to employees made on or after January 1, 2002 are accounted for in accordance with the fair value method of accounting for stock-based compensation and result in compensation expense and contributed surplus. The amount of compensation is measured at the date the option is granted. The expense is recognized in income over the service period of the employee to whom the option was granted. Any consideration paid on exercise of stock options is credited to share capital. Previously, the Company did not record any compensation expense upon the issuance of stock options. The Company has elected to apply fair value accounting for all employee stock options granted on or after January 1, 2003 and in accordance with one of the transitional options permitted under amended Section 3870, has accounted for this change prospectively.

Effective January 1, 2004, the Company prospectively adopted the CICA recommendations on accounting for impairment of long-lived assets. These recommendations require that when events or circumstances indicate that the carrying value of the Company's long- lived assets, which include equipment and software development costs, may be impaired, a recoverability evaluation be performed. If the evaluation indicates that the carrying amount of the asset is not recoverable from the undiscounted cash flows to be received from that asset over its estimated useful life, an impairment loss is then calculated as the difference between the asset's carrying value and its fair value. Adoption of this recommendation had no impact on the financial statements for the year ended December 31, 2004.

Effective January 1, 2004 the Company adopted the CICA recommendations of accounting for asset retirement obligations associated with the retirement of tangible long lived assets. To the extent that they can be quantified, these obligations are measured and recognized at fair value, which is determined using present value techniques. This change in accounting had no effect on the financial statements for the year ended December 31, 2004.

Selected Quarterly Financial Information

2003	**March 31** **$**	**June 30** **$**	**September 30** **$**	**December 31** **$**
Revenues	116,166	143,884	157,946	176,855
Net Loss	(69,204)	(85,357)	(93,658)	(133,857)

Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	511,688	424,673	423,362	326,417

2004	**March 31** **$**	**June 30** **$**	**September 30** **$**	**December 31** **$**
Revenues	286,389	273,030	310,226	367,688
Net Loss	(90,486)	(447,457)	(742,777)	(807,484)
Loss per share	(0.01)	(0.02)	(0.02)	(0.02)
Total Assets	336,599	2,859,793	2,433,658	2,302,473

The quarterly changes are mainly the result of the Acquisition outlined above together with the private placements of $3.1 million.

Liquidity and Capital Resources

On May 31, 2004 the Company completed the Acquisition and private placement transactions for gross proceeds of $3,100,000. In connection with these offerings the Company incurred various professional and filing costs of approximately $431,000.

In October and December 2004 the Company entered into two private placement transactions for gross proceeds of $480,000.

At December 31, 2004, the Company's consolidated cash position was $1,303,297 compared to $22,709 as at December 31, 2003.

On February 9, 2005, the Company completed the closing of a private placement financing of 5,000,000 units of the Company at a price of $0.51 per unit, each unit consisting of one (1) common share of the Corporation and one- half share purchase warrant, with each whole warrant exercisable at a price of $0.64 per common share until August 8, 2006, for gross proceeds to the Company of $2,550,000. As of April 18, 2005, the Company has received approximately $1.3 million proceeds from the exercise of 4,261,000 warrants.

As at December 31, 2004, the Company has not entered into any contractual obligations which will require future payments, including long-term debt other than operating leases for equipment and premises. Additionally, the Company has not entered into commitments for any material capital expenditures.

Lease payments required in each of the next three years, relating to operating leases for building and equipment, are as follows:

	$
2005	95,670
2006	72,607
2007	49,818

The Company does not have any material capital commitments as at December 31, 2004.

Related Party Transactions

During the year, the Company was involved in the following related party transactions:

The Company retired advances from shareholder of $200,000, in connection with the Acquisition, which were due on demand and bore interest at prime plus 1-1/4%. Additional advances in excess of this amount of $51,214 which were due on demand and were non-interest bearing, were also retired in connection with the Acquisition.

The Company retired advances from shareholders of Symbility Solutions Inc., in connection with the Acquisition, which were due on demand and were non-interest bearing, in the amount of $25,000.

In connection with the Acquisition of Symbility, the Company entered into a consulting agreement, dated May 31, 2004, with a private company controlled by a former director and officer pursuant to which the consultant is entitled to receive a consulting fee of $10,000 per month for a term of 12 months.

The Company entered into a consulting agreement, dated May 31, 2004, with a private company controlled by a director, pursuant to which the consultant is entitled to receive a consulting fee of $7,500 per month for a term of 12 months. The consultant was also reimbursed for costs relating to the Acquisition of $60,000 and other out-of-pocket costs of $6,000 in 2004.

The Company has entered into a consulting agreement with the wife of a director and officer of the Company pursuant to which the consultant received approximately $13,500 for research and development consulting during the year.

The Company paid $148,500, during the year ended December 31, 2004, for legal services to a law firm in which a former director and officer of the Company, is a partner. The consideration was for services in the ordinary course of business.

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements as at December 31, 2004.

Financial Instruments

There are no outstanding financial instruments as at December 31, 2004.

Risk and uncertainties

The following are the principal risk factors with respect to the Company and its subsidiares:

(a) The Company is in the business of developing claims management software for health and dental plans and insurance products for employer groups as well as property and casualty insurance claims estimation software. The development involves a substantial degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Shareholders must rely on the ability, expertise, judgment, direction and integrity of the management of the Company.

(b) The Company has no history of earnings. There is no assurance that the Company will be profitable in the future or that the Company will be able to generate sufficient cash from operations to pay dividends on its shares and it does not anticipate paying dividends in the near future. If the Company is unable to effectively manage its planned growth and expansion, its growth strategy could be negatively affected. Any inability to manage growth effectively could have a material adverse effect on the business, results of operations and financial condition of the Company.

(c) The Company is in the early stages of commercial production of certain of its products following the initial development stage and therefore, is subject to the risks associated with early stage companies, including start up losses, uncertainty of revenues, markets and profitability and the need to raise additional funding. The Company has committed, and for the foreseeable future will continue to commit, significant financial resources to product development and research.

(d) The Company has entered into a number of strategic relationships with third parties, including Equitable Life, Expert Travel Financial Security Inc. ("ETFS"), Unistar International Inc. on behalf of American Bankers Life Assurance Company of Canada and ESI Canada Inc. to offer the Company licensees and products with value added products. The termination of any one or more of its strategic relationships may have a material adverse effect on the Company's ability to offer catastrophic health insurance coverage and life and disability products to the Company's licensees which may result in a loss of business and clients.

(e) The Company's products are technically complex and, despite pre-release testing, may contain undetected errors or performance problems. There can be no assurance that such errors or performance problems will not be discovered in the future, which may cause delays in product introduction, require design modification or result in product liability claims against the Company.

(f) The computer software industry generally is susceptible to significant technological advances in both hardware and software and the introduction of new products and services utilizing new technologies. Further, the industry is also subject to changing industry standards, market trends and customer preferences and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new technologies. While the Company believes its products are currently competitive, no assurances can be given that the products of the Company will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by competitors which might render products of the Company less competitive, less marketable or even obsolete over time. The future success of the Company will be influenced by its ability to continue to adapt its current systems and to develop new competitive products. Although the Company is committed to the development of new products and the improvement of its existing products, there can be no assurance that these research and development activities will prove profitable or that products resulting there from, if any, will be successfully produced and marketed.

(g) One element of the Company's business strategy is to create and diversify channels of distribution of its products both domestically and internationally. The Company is currently investing, and plans to continue to invest, cash and personnel resources to create a domestic and international direct sales and marketing force and develop distribution relationships with additional third party distributors and resellers. The Company's ability to achieve significant revenue growth in the future will depend in large part on its success in recruiting and training sufficient sales personnel, distributors and resellers. There can be no assurance that the Company will be able to attract, train and retain a sufficient number of distributors or direct sales personnel or that such third party distributors will recommend, or continue to recommend, the Company's products or devote sufficient resources to market such products. These factors could have a material adverse effect on the Company's business, operating results and financial condition.

(h) If financing is required in the future, the ability of the Company to arrange such financing will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, develop new products or otherwise respond to competitive pressures and remain in business.

(i) The success of the Company will depend, in part, on its ability to maintain trade secret protection and the proprietary nature of its technology, as well as operate without infringing the proprietary rights of third parties. The systems and products developed by the Company also incorporate technology and processes that will not be protected by any patent and are capable of being duplicated or improved upon by competitors. Accordingly, the Company may be vulnerable to competitors which develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company. The Company enters into confidentiality or license agreements with its key employees, consultants and vendors and generally controls access to and distribution of its software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's products or technology without authorization or to develop similar technology independently. In addition, effective copyright and trade secret protection may be unavailable or limited in certain foreign countries and the global nature of the Internet makes it virtually impossible to control the ultimate destination of the Company's products. The Company is currently evaluating the effectiveness of trade-mark protection with respect to its technologies and products. In those cases where trade-mark protection will be an effective means of maintaining its competitive advantage, the Company will make application for trade-marks in the appropriate jurisdictions. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's products or to obtain and use information that the Company regards as proprietary. Policing unauthorized use of the Company's products will likely be difficult and expensive. There can be no assurance that the steps taken by the Company will prevent misappropriation of its technology or that such agreements will be enforceable. In addition, litigation may be necessary in the future to enforce the Company's intellectual rights, to protect the Company's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, operating results or financial condition.

(j) Although the Company does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company would incur significant costs and diversion of resources with respect to the defence thereof which could have a material adverse effect on the Company's business, financial condition or results of operations.

(k) At this time, the Company is not aware of any direct competition for the products offered by the Company's software products. However, competition is expected to increase in the future and new competitors may have longer operating histories, greater name recognition and greater financial, technical and marketing resources than the Company. Such competitors could materially adversely affect the Company's business, results of operations and financial condition.

(m) The forecast demand for the Company's products or services may be overstated, based on incorrect or incomplete data and/or assumptions, or affected by developments in the Company's clients' markets or the industries as a whole.

(n) As access to and usage of the much of the Company's software is highly dependent on the integrity of the Internet. The Company's licensees may experience difficulty in utilizing the software in the event of disruptions in their Internet service. This could result in the loss of customers and therefore could materially adversely affect the Company's business.

(o) The Company may experience fluctuations in future quarterly operating results that may be caused by many factors, including: (i) changes in the level of marketing and other operating expenses to support future growth; (ii) competitive factors; and (iii) general economic conditions. Consequently, the Company believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. It is likely that the Company's future quarterly operating results from time to time, may not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the Company's shares.

(p) The Company will be substantially dependent upon the services of a few key personnel, particularly James R. Swayze, Eric Embacher and Marc-Olivier Huynh for the successful operations of its businesses. The loss of the services of any of the personnel could have a material adverse effect on the business of the Company. In addition, competition exists for qualified personnel in the insurance industry, and the Company may be unable to attract or retain highly qualified personnel in the future.

(q) As part of its business strategy, the Company may seek to grow by acquiring businesses or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. The Company cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed will ultimately benefit its business.

(r) The Company may in the future derive sales revenues from sales of its products and services to customers located in the United States and Europe. As a result, fluctuations in the value of foreign currencies against the Canadian dollar could result in unanticipated fluctuations in the Company's financial results which are currently denominated and reported in Canadian dollars. The Company's business could also be adversely affected by exchange controls, currency fluctuations, and laws or policies of the United States and Europe affecting foreign trade, investments or taxation.

(s) Certain of the proposed directors of the Company also serve as directors of other public and private companies and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors must declare, and refrain from voting on, any matter in which such directors may have a conflict of interest in accordance with the ABCA.

(t) To some extent the Company operates in a traditional and established sector where there is significant resistance to change and new ideas. Accordingly, despite a viable product and related services, the Company may face significant resistance in increasing its customer base.

(u) The services provided by the Company between insurance brokers, their customers and insurance companies does not relieve the Company from ultimate liability in the event of an insurance company or insurance broker defaulting on their obligations relating to either the payment of premiums or settlement of claims. To this extent, the Company is exposed to contingent credit risk of an indeterminable amount. This risk is mitigated by contracting with reputable organizations, and by utilizing a number of different organizations to mitigate the exposure of any one insurance company or broker defaulting on its obligations.