Management's Discussion and Analysis of Financial Condition and Result of Operations April 27, 2007

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Automated Benefits Corp. ("the Corporation") 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 fiscal year ended December 31, 2006. All amounts are expressed in Canadian dollars unless otherwise noted. Any reference to the Corporation specifically relates to the parent company as separate from its operating subsidiaries. All operating results refer to the consolidated financials of the parent company and its subsidiaries unless specifically noted otherwise.

This MD&A contains certain information that may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future financial position, business strategy and strategic goals, research and development activities, projected costs and capital expenditures, financial results, product testing outcomes, taxes and plans and objectives of or involving the Corporation. Without limitation, information regarding future sales and marketing activities, "ABI" product placement targets, *Mobile Claims* product placement targets, future revenues and research and development activities is forward-looking information.

Forward looking-information is subject to certain factors, including risks and uncertainties that could cause actual results, events or developments to be materially different from what we currently expect. These risks include, among others, product development risk, potential product liability, risks related to third party contractual performance, competition and the risks posed by potential technological advances, risks relating to the protection of the Corporation's intellectual property and risks relating to fluctuation in foreign currency exchange rates. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Corporation may elect to, the Corporation is under no obligation and does not undertake to update this information at any particular time. Unless otherwise indicated, this MD&A was prepared by management from information available up to April 27, 2007.

Overview

The Corporation is a holding company with its head office located in Toronto, Ontario and is dedicated to acquiring companies which provide software applications to the insurance industry. Its wholly-owned subsidiary, Automated Benefits Inc. (Autoben), is located in Edmonton, Alberta and provides claims management software for health and dental plans in addition to other insurance products for employer groups. The Corporation's other wholly-owned subsidiary, Symbility Solutions Inc. and its wholly-owned subsidiary, Symbility Solutions (U.S.A) Inc. (jointly referred to on a consolidated basis as "Symbility") are software development companies focused on mobile communication and efficiency tools for the North American property and casualty insurance industry. Symbility has offices in Kitchener, Ontario and Montreal, Québec. Symbility U.S.A. has its registered office in the State of Delaware.

Automated Benefits Corp.

Strategic Initiatives

On July 5, 2006, the Corporation entered into a commercial agreement with Sinisoft, a Québec-based claims estimation solution. Sinisoft is a leading Québec-based software vendor which offers a French application for estimating and adjusting claims with 300 users generating over 50,000 claims annually. Their clients include AXA, ING and La Capitale along with major restoration firms such as Group Urgence Sinistre (GUS) and Groupe Unimax.

The agreement is structured to facilitate the transfer of Sinisoft's existing customers to the mobile claims software product offered by Symbility Solutions Inc. Symbility also gains access to another pricing data source to Québec-based insurance carriers and contractors for their mobile claims solution with the Sinisoft localized pricing database. Symbility will pay certain one-time fees for the initial transition efforts and price list as well as a per claim fee for a period of two years on claims transferred to the Symbility product.

Settlement of Litigation

On August 2, 2006, with the support of legal counsel and the senior management of the Corporation, Symbility Solutions Inc. entered into an agreement with Xactware Inc. of Orem, Utah ("Xactware") to settle the prolonged lawsuit that the two companies had been involved in. The settlement agreement ends all claims and counterclaims between the two parties.

The settlement provides for a royalty stream on less than 1% of Symbility's future sales as long as one of Xactware's U.S. Sketch patents remains in place. The agreement also provides for an increase to this rate in the event of a change of control or if a material joint venture is entered into on sales after either of these events has occurred.

Additional disclosure with respect to the details of the resolution of the lawsuit cannot be provided due to the confidentiality required by the settlement agreement. The Corporation does not believe that the details of the settlement agreement materially affect its business as of the date hereof. For more information about the history of this lawsuit, please refer the recent events section of the Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2005.

Financing and Share Issuances

On May 2, 2006, the Corporation announced that it had completed a previously announced private placement (the "Private Placement"). The Private Placement was completed with the issuance of 23,990,000 units of the Corporation (the "Units") at a price of $0.30 per Unit for aggregate gross proceeds of $7,197,000. Each Unit consisted of one common share of the Corporation (the "Common Shares") and one-half of one warrant (the "Warrants"), with each whole Warrant entitling the holder thereof to purchase one Common Share at a price of $0.35 per share until May 2, 2008, provided that, in the event that at any time following 18 months from the closing date the Common Shares trade for 10 consecutive trading days at a closing price of $0.75 or greater, the holder is required to exercise the Warrants within 30 days, failing which the Warrants will expire.

In connection with the Private Placement, the agents were paid a cash commission, were reimbursed for their expenses and were granted 2,399,000 broker warrants which entitle the holder to purchase up to 2,399,000 Units at a price of $0.30 per Unit until May 2, 2008.

On August 10, 2006, the Corporation announced that it had converted 513,999 preferred series A shares previously issued to certain shareholders of the Corporation into 513,999 common shares pursuant to the conversion terms of these preferred series A shares. A director and officer of the Corporation was issued 198,743 common shares out of the 513,999 common shares issued. A relative of that director and officer was also issued 27,824 common shares.

On September 26, 2006, the Corporation announced its intention to issue 51,430 common shares with a deemed value of $0.35 per share for an aggregate value of $18,000 to the independent directors of the Corporation for services provided during 2005.

Outlook for 2007

Automated Benefits Corp. will continue to work with its wholly-owned subsidiaries to increase penetration into their respective markets and focus on their cost structure to ensure that they make progress towards becoming profitable companies. The Corporation intends to continue to raise additional equity or debt financing until the consolidated entity is self-sufficient from a cash flow perspective.

On April 16, 2007, the Corporation announced that it was undertaking a best efforts offering of units, each unit consisting of one common share of the Corporation and one-half of one common share purchase warrant on a private placement basis (the "Proposed Private Placement"). Pricing of the units was subject to the context of the market at the time of the Proposed Private Placement and allowable discounts as permitted by the TSX Venture Exchange ("the Exchange"). If the Proposed Private Placement is completed, the Corporation expected to raise approximately $2,000,000.

On April 26, 2007, the Corporation received conditional approval from the TSX Venture Exchange for the Corporation's Proposed Private Placement of up to 17,500,000 units at a price of $0.20 per unit ("the Units").

Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each full common share purchase warrant will entitle the holder thereof to acquire one additional common share at an exercise price of $0.25 per common share for a two year period. In the event that the common shares trade for not less than 10 consecutive trading days at the closing price of $0.60 or greater, the holder shall exercise its warrants within 30 days, failing which the warrants will expire.

As of April 27, 2007, the Corporation had received signed subscription agreements representing 18,344,000 units for total gross proceeds of $3,668,800. The closing of the Proposed Private Placement shall be effected, subject to the satisfaction of all of the conditions of purchase in the Subscription Agreement and receipt of all necessary approvals of the TSX Venture Exchange including the increased size of the Proposed Private Placement, on or about May 1, 2007, or such other date and at such time and place as may be determined by the Corporation.

If the Proposed Private Placement is completed, the brokers assisting with the offering will be granted 842,200 units representing 5% of the gross proceeds of the Proposed Private Placement not related to insiders.

Automated Benefits Inc.

Autoben's proprietary software product "ABI" and value-added services provide 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. As employers seek ways to reduce their benefit costs and insurance agents seek ways to deliver additional value-added services to their clients, Autoben believes that the market for its product will continue to increase.

Product Development

After acquiring Autoben, the management of the Corporation surveyed Autoben's customer base to solicit feedback on the strengths and weaknesses of the ABI product. The feedback that they received was that the existing software product provided a unique adjudication solution to insurance agents. However, its design architecture was weak and it lacked significant functionality which would provide a better experience to the user. The management team at Autoben was tasked with creating a new version of the product to address these deficiencies.

In November 2004, Autoben launched an upgraded version of its "ABI" software for insurance brokers. The new version is a custom-authored proprietary product based on Microsoft® technology.[1] Enhancements to the software included 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 user-friendly interface.

Autoben spent the majority of 2005 and the first half of 2006 migrating its existing customer base to the upgraded version of ABI while continuing to add enhancements and new features.

Autoben released version 2.11.05 of the ABI product in May, 2006 which included changes to tax rates for adjudication and the introduction of several new user-reports. In June of 2006, version 2.11.0002 was released to all brokers. It included a new feature for batch enrolment which allows the user to easily export employee information and import it into another system to reduce the time required for enrolling new employees.

The development efforts in the second half of the year were focused on building a number of other features that would enable the client to manage greater volumes with less effort. This included developing multi-procedure dental screens, explanation of benefit codes, and the ability to tab through screens.

Autoben also rolled out an improved version of the Health Care Spending Account (HCSA) that provided better reporting and greater flexibility in funding options for the client.

The Autoben system is now at a stage of its development that it can not only streamline existing customers, but also attract larger scale accounts.

Sales & Marketing Efforts

The certificate count of participants using the ABI software grew from 22,000 at the end of 2005 to 27,000 at the end of 2006. The majority of this increase represents continued organic growth

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[1] *Windows is a registered trademark of Microsoft Corporation in the United States and other countries.*

from existing customers. This is attributable to development initiatives that facilitated the management of increased volumes by the users.

Key Account Strategy

Autoben continued to have success in pursuing their key account strategy. They entered into a new customer contract with Wilson Insurance of Fredericton, New Brunswick who will use Autoben's software to facilitate medical and dental administration adjudication to their group insurance clients. Wilson Insurance is a member of a national insurance brokerage network called Assurex. With their endorsement of the ABI product, other members of Assurex are now considering the Autoben solution.

Marketing Initiatives

Autoben continues to pursue its strategy of partnering with other organizations to provide a more attractive offering to potential customers. In July 2006, Autoben announced that it joined together with DHC Administrators to create a custom benefits program that will be marketed through CanTrust Financial Services Inc. to over 10,000 members of the Cosmetology Industry Association of British Columbia. DHC Administrators is an innovative third party administrator and is one of Autoben's top brokers.

Autoben also continues to work with another software maker to evaluate the feasibility of combining Autoben's product with their complementary offering. The goal would be to offer a comprehensive, compelling "soup-to-nuts" solution for large brokers and third party administrators.

Organizational Changes

On October 12, 2006, Autoben announced the appointment of John Jackson to Vice President of Sales & Marketing of Autoben. Mr. Jackson is a senior professional with over 25 years of experience assisting organizations with the design and ongoing management of group benefit plans. Prior to joining Autoben, Mr. Jackson spent 10 years as National Partner for the benefits practice at KPMG LLP and another 5 years as Account Manager for global accounts for Watson Wyatt Worldwide.

Autoben believes that Mr. Jackson's depth of knowledge in the employee benefits field and keen understanding of the market will help expand Autoben's product offering to a broader customer base.

Outlook for 2007

On March 12, 2007, Autoben announced that it had met the significant milestone of reaching 30,000 certificates on its ABI software system. Now that the ABI product is more robust and capable of handling larger volumes, the management team has begun to market its adjudication solution to a smaller number of larger customers. This would include targeting larger organizations such as Third Party Administrators (TPA's), insurance companies, and larger brokerage operations.

These larger customers are mainly interested in Autoben's software adjudication engine. They typically have the buying clout to purchase other premium and pooled insurance products themselves directly from the insurance provider. Over time, this will enable Autoben to shift its sales mix towards high margin transaction fees from its software product and reduce the amount of low-margin insurance products that they resell.

This new go-to-market strategy has already started to produce results. Autoben announced that it had signed a contract with Union Benefit Plan Services (UBPS), of Waterloo, Ontario to facilitate medical and dental administration and adjudication to their group insurance clients. Effective March, 2007, UBPS will transfer 5,000 certificates onto the Autoben system. Over the course of the following 9 months, UBPS plans to add an additional 5,000 certificates to the system. This represents the first large client whose main rationale for buying was to utilize the ABI adjudication software and not to purchase a significant amount of other insurance products.

Symbility Solutions Inc.

Since becoming a wholly-owned subsidiary of the Corporation on May 31, 2004, Symbility has continued to develop its *Mobile Claims* software and increase its penetration of the property and casualty insurance estimating market.

Product Development

In 2006, Symbility continued to develop additional functions and features for its *Mobile Claims* product to support the requirements of its customers and ensure that they provide a leading edge product offering to the market.

Introduced in January, Version 2.4 was the first major release in 2006. This latest version of Symbility *Mobile Claims* gave French-speaking claims adjustors/contractors the ability to create a claim in either language and to instantly switch the interface and all estimates to the other language at any time without having to restart the software or leave the current screen that they are working on. This on-the-fly translation feature also applies to estimates, floor plans, roof plans and journal entries that have been created by claim adjustors and contractors in the field.

This Version also provided other new functionality such as advanced analytics on claims data; a multimedia function that enables the user to annotate claims photos and capture a user's speech; a customer service feature that allows the insured to monitor the status of the claim; automatic minimum charge calculations; and a new component summary that allows better estimate analysis. Version 2.4 is also fully compatible with Microsoft Windows Mobile 5.0® operating system for pocket PC devices.

Minor releases for Versions 2.5, 2.6, and 2.7 occurred throughout the balance of the year and included other enhanced functionality:

- Any participant company in a claim can now share their estimate, whether complete or not, with any other company also participating in the claim.

- Block subtractions are now available for subtracting the appropriate surface area from room surfaces and generating quantities for room features like cabinets, bulkheads and small jogs in a wall.

- A new Advanced Product Interface (API) feature allows easy integration with other systems in order to exchange data to minimize double-data entry and in order to bring back data to separate claims management systems.

- A new database manager allows customers to manipulate and control the pricing based on their geographical area.

Sales and Marketing Efforts

Canadian Market

Symbility has completed the national roll-out of three major Canadian contracts signed in 2005 with The Economical Insurance Group ("Economical") of Waterloo Ontario, Allstate Insurance Company of Canada ("Allstate") of Markham Ontario, and Gore Mutual Insurance Company ("Gore Mutual") of Cambridge Ontario.

On November 21, 2006, Symbility disclosed that Promutuel du Lac au Fjord had signed a multi-year contract with Symbility to implement the Symbility *Mobile Claims* system. Promutuel du Lac au Fjord is an incorporated member of the Promutuel Group which represents 34 mutual companies which serve all regions of Québec and ranks as the 4th largest property writer in the province with over 500,000 members. This marks the first Québec-based company to adopt the *Mobile Claims* system that is not part of a rollout of a national carrier.

U.S. Market

After completing the "proof of concept" for their technology in the Canadian market, Symbility focused the majority of its sales and marketing efforts in 2006 in the significantly larger U.S. market.

In February of 2006, Symbility announced the signing of a five year contract with its first major U.S. customer, Farmers Mutual of Nebraska. The Farmers Mutual of Nebraska contract is now fully rolled-out to claims adjusters in Nebraska and South Dakota.

During the second quarter of 2006, Symbility announced contracts with two new U.S. customers including The First Insurance Company of Hawaii, Ltd. and The Cincinnati Insurance Company.

On November 14, 2006, Symbility announced that State Auto Mutual Insurance Company has signed a multi-year contract to use its *Mobile Claims* system as an integral piece of its catastrophe solution for their customers. This contract represents a further expansion into the Midwestern states in the U.S. for Symbility.

Marketing Initiatives

In May of 2006, Microsoft® selected Symbility as a key partner to participate in the Insurance Value Chain showcase at the Accord/LOMA Insurance Systems Forum in Las Vegas. Symbility supports the Microsoft Insurance Value Chain Architecture Framework V.10® which enables its mobile claims solution to leverage Microsoft's® core strengths while bringing innovative and integrated solutions to the marketplace. Symbility also participated as a Microsoft® partner at the IASA conference in Boston in June.

Symbility was recently awarded two Mobile Star Awards from Mobile Village for its Symbility *Mobile Claims* solution. The product received a Gold Star award for best Tablet PC Application and a Bright Star award in the Field Inspections Software category. Considering that these awards were not limited to insurance, this represents market validation that Symbility's mobile technology excels in improving communication and efficiency for field workers in any industry.

Given this positive feedback, the Company is beginning to explore expanding the utility of our core product into other markets beyond the insurance space.

Symbility's sales and marketing efforts in 2006 increased the number of insurance carriers who have signed multi-year contracts to eight. This more than doubles the number of insurance carriers using Symbility's product in 2005.

As these customers roll-out the product to their adjusting base, the number of users has grown exponentially from 1,500 users at the beginning of 2006 to 5,000 users at the end of the year. During the same period, the number of claims processed on the *Mobile Claims* product increased dramatically from approximately 5,500 in 2005 to 27,000 in 2006.

Organizational Changes

In 2006, the senior management team of the Corporation reviewed Symbility's organization and determined that while they had a very strong development team, they would require additional investment in senior management and sales and marketing resources in order to achieve their business goals.

In September of 2006, Symbility announced Boris Znebel as the newly appointed president of Symbility. Mr. Znebel has over 20 years of experience in the software industry. Prior to joining Symbility, Mr. Znebel spent 12 years with Epicor Software Corporation, a leading vendor in Enterprise Resource Planning. Most recently he was responsible for the creation and development of the Strategic Accounts program for Epicor Software. Mr. Znebel was part of the management team that saw Epicor grow from $40 million in revenue to almost $400 million annually. The Company believes that Mr. Znebel's significant experience in growing a software company can be applied immediately to Symbility to accelerate our market penetration and extend our leadership position.

On February 7, 2007, Symbility announced that it had appointed Dave Chalmers as the Vice President, Business Development and Marketing. As Vice President of Business Development and Marketing, Mr. Chalmers leads all market development activities and core strategies, while continuing to drive Symbility's brand exposure, and industry adoption of its wireless technology.

On February 15, 2007, Symbility announced that it had hired Rocky Cosentino as Regional Sales Vice President. Mr. Cosentino heads up Symbility's Chicago office and is focused on expanding Symbility's market penetration in the United States.

Outlook for 2007

Early in 2007, Symbility continues to make significant advances in the execution of its business plan.

- Productivity Gains and Cost Savings Data

On February 12, 2007, Symbility was able to quantify the resulting customer efficiency gains from the use of its *Mobile Claims* product for the first time. That data was collected on the anniversary of Symbility's first mobile claims deployment in the USA.

The results are as follows:

- Settlement Duration: Reduced from an average of 14 days to 5 days;

- First-Call Settlement: Increased from 10% to 55% settlement on initial visit;
- Re-inspection Rate: Claim site re-inspection reduced from 7% to 1% of claims;
- Adjuster Productivity: Adjuster claim count increased by 50% per day; and
- Customer Renewal Rate: Customer renewal increased 3-4% over the course of the year.

This customer efficiency data will greatly enhance the sales and marketing team's ability to quantify the cost savings to potential customers and assist them in performing return on investment calculations to justify the purchase of the product.

➢ Completion of Base Product for Estimating

On February 21, 2007, Symbility announced that they have taken insurance claims management to the next level with its next major release of version 2.8. Symbility's industry-leading value proposition was further strengthened by allowing customers to expeditiously address exterior damage, while continuing to improve on the speed of claims settlement.

Symbility mobile claims release 2.8 represents one of their largest and most significant efforts to date. The company is pleased that a majority of the enhancements (almost two hundred features worth), were driven by their direct customers and partners. By certifying with both Microsoft Windows Vista Business®, and Microsoft Windows Vista Ultimate®, Symbility mobile claims 2.8 delivers key platform compatibility to clients.

With release 2.8, users can now automatically generate a 3D exterior view from floor and roof plans, and can actually work on the estimate right in the 3D view. Symbility is the first software provider to ever accomplish this task. If users prefer, they can generate a 2D exterior plan, without the need for a floor plan or roof plan. This is a tremendous feature for any Carrier, Independent Adjuster, or Contractor who work with CAT losses, wind & hail damage or even flood damage.

Symbility expects to release Version 2.9 in June of 2007. This release has a completely revamped roof editor supporting many new roof shapes, complex roof structure calculations, subtractions and surface to apply areas. This brings ease of use when estimating roofing claims using a powerful new roof calculation engine.

With the release of versions 2.8 and 2.9, the base product for residential property and casualty estimating is complete. This will address some buying objections from customers based on feature and function for roofs and exteriors. It will also enable the user to process more types of claims outside of the interior of a property and increase revenues from the existing customer base.

➢ Continued Momentum in the North American Market

On March 27, 2007, Symbility announced that it had signed a five year contract with the Mercer Insurance Group to provide the company with its industry leading mobile claims processing software. This represents the first customer signed in the North Eastern United States and brings the number of insurance carrier customers to nine.

Symbility is currently at various stages of Phase 1 evaluation (defined as proof of concept) with another five companies, primarily in the United States. These companies are geographically diverse and include a national carrier in Canada, companies domiciled on the West Coast of the USA; Midwestern USA; Southwestern USA; and Northeastern USA.

When these positive developments and momentum are combined with an investment into a strengthened management team of proven performers, Symbility expects to continue its rapid penetration of the North American property and casualty market in 2007.

Group Insurance Software Business

In the Corporation's financial statements the segmented information for Autoben is described as "Group Insurance Software".

Through the sale of its ABI medical and dental adjudication software to insurance brokers, Automated Benefits Inc. generates revenues from:

- Transaction fees earned as a percentage of medical and dental group insurance claims run through Autoben's software by its insurance broker and self-insured employers customer base.
- Transaction fees earned as a percentage of medical and dental group insurance claims that Autoben adjudicates directly on behalf of its insurance broker and self-insured employers customer base.
- Resale of premium group insurance benefits products to brokers and self-insured employers. This includes stop-loss, out of country, short term disability, long term disability, life and accidental death and dismemberment insurance.
- Resale of drug cards for processing medical prescriptions and dental services.
- Licensing fees earned from the sale of the company's proprietary software.
- Professional services earned from providing customized programming solutions to clients.
- Help desk and maintenance support to its customers who use Autoben's software.

Autoben has historically seen lower gross margins than a traditional software business. This is due to the fact that its existing business model requires the resale of certain lower-margin insurance products to insurance brokers in order for them to offer their clients a full self-insured benefits plan. As described earlier, as management targets larger clients who have the purchasing power to buy insurance products directly from the carriers, Autoben expects to improve its gross margins as its sales mix shifts to more sales of higher margin transaction fees for the use of its software.

Property and Casualty Software Business

In the Corporation's financial statements the segmented information for Symbility is described as "Property and Casualty Software".

Both Symbility Solutions Inc. and Symbility Solutions (U.S.A.) generate revenue from:

- Transaction fees from insurance carriers and independent adjusters processing claims using the company's proprietary software solution.

- Professional services earned from providing training and customized programming solutions to clients.

- Reselling and rental of hardware to specific customers. The resale and rental of hardware has been discontinued for 2007.

As described earlier, Symbility now has nine contracts as well as several other initiatives underway. While there has been a large acceptance of its technology by those in the field, Symbility has learned that the rollout of its system takes a great deal of time and to some extent a lot of training of customer staff. As a result, revenues associated with these contracts only started to become accretive over the past 12 months. Management expects revenues to continue to increase as these existing customers ramp-up the use of Symbility's technology and management's focus on sales and marketing enables the acquisition of new client contracts.

Selected Annual Information

These financials have been prepared in accordance with Canadian GAAP. For further information, please see Note 1 and Note 2 of the audited consolidated financial statements for the year ended December 31, 2006.

The following table shows selected financial information for the twelve month period ended December 31, 2006 and a comparison to the same periods in the prior year.

The results for the year ended December 31, 2006 are audited in thousands of dollars, except per share amounts. The results for the years ended December 31, 2005 and December 31, 2004 are unaudited in thousands of dollars, except per share amounts. The comparative results are unaudited because they reflect a restatement of results which has not been audited.

	Year Ended Dec. 31, 2006	**Year Ended Dec. 31, 2005 (Restated)**	**Year Ended Dec. 31, 2004 (Restated)**
Revenue	2,447	1,607	1,237
Net Loss	(6,643)	(5,469)	(2,157)
Loss per Share	(0.08)	(0.10)	(0.06)
Total Assets	4,883	2,234	2,302

Results from Operations

Year Ended December 31, 2006 as compared to the year ended December 31, 2005.

Symbility was in the developmental stage until June of 2005 and, therefore, had minimal revenues during the first six months of 2005, none of which was related to the sale of its technology. For the second six months of 2005 and for twelve months in 2006, Symbility started to generate revenues which were accretive. During that period, the Corporation also started to invest in additional management resources to increase Symbility's penetration of the property and casual insurance claims market.

Assets

Current Assets

Accounts receivable has increased by $349,254 since December 31, 2005. This increase is principally explained by the increase in revenues in Symbility and $127,309 in SR&ED tax credits receivable related to 2004 and 2005. Please see additional disclosure related to SR&ED tax credits under critical accounting policies in this document.

Prepaid expenses have increased by approximately $166,330. This relates to deposits for the lease for the Toronto head office and prepayment of agency fees to a particular contractor. For more information please see liquidity and capital resources section of the MD&A.

Note receivable has increased by $40,387 since December 31, 2005. This increase relates to a loan to a related party to purchase shares. Please see note 4 of the audited financial statements for the fiscal year ended December 31, 2006.

Inventory has decreased by approximately $41,000. After a review of inventory in the Symbility division, management has deemed the majority of the inventory will not be resold to customers and will be utilized internally. As a result, the majority of the inventory value was transferred to fixed assets on September 30, 2006 less a small portion which had been written off as obsolete.

Restricted Cash Deposits

The Corporation's restricted cash deposits increased by $374,000 since December 31, 2005. This relates to cash collateral required to support a letter of credit and certain corporate credit cards. Please see note 9 of the audited consolidated financial statements for the twelve month period ended December 31, 2006 for more information.

Property and Equipment

The Corporation's net fixed assets increased by approximately $151,806 since December 31, 2005. This increase can be attributed to the reallocation of inventory to fixed assets, a new lease for furniture for the Toronto head office, and an investment into new hardware and software associated with Symbility's move of its servers to a new datacenter in Montreal.

Software development costs

Software development costs included on the consolidated balance sheet include an amount of $58,513, net of amortization, relating to the acquisition of Symbility. The decrease since December 31, 2005 is the result of amortization.

Intangible Asset

Intangible assets have increased by $7,760 since December 31, 2005. This represents a gross amount of $15,000 paid to Sinisoft for its pricing database net of amortization based on a useful life of one year. For more information, please see the strategic initiatives section above.

Revenues

Revenues for the twelve months ended December 31, 2006 increased to approximately $2,447,000. This compares to revenues of approximately $1,607,000 for the same period last year which represents an increase of $840,000 or 52%.

The majority of this increase relates to growth in Symbility's sales as new contracts rolled-out. Symbility was in the development stage for the first six months of 2005 and therefore had minimal revenues during that period. For the twelve months ended December 31, 2006, Symbility had revenues of $661,881. This compares to revenues of $194,910 for the same period last year which represents an increase of $466,971 or 240%.

The balance of this increase is attributed to Autoben which is seeing growing acceptance of new technology, offering new insurance products, and adding new clients as users of the ABI product. Revenues for the twelve months ended December 31, 2006 for Autoben increased to approximately $1,786,000. This compares to revenues of $1,412,000 for the same period last year which represents an increase of $374,000 or 26%.

Cost of Sales

Cost of sales represents costs of certain insurance products, which are in turn sold to broker customers of Autoben, as well as the cost of computer hardware which is resold to customers by Symbility and certain database license fees paid to a third party.

The cost of sales for the twelve months ended December 31, 2006 increased to approximately $1,089,000 and represents 45% of related revenue. This compares to cost of sales of approximately $983,000 in the same period last year which represented 61% of related revenues during the period. In general, as sales of Symbility's high-margin technology grows, the overall cost of sales as a percentage of revenue decreases and the overall gross margin of the Company is improving.

Autoben's costs related to direct insurance and distribution in the twelve month period ended December 31, 2006 were $1,019,000 and represents 57% of related revenue. This compares to $921,000 in 2005 or 65% of related revenue. The primary reason for the increase in the cost of sales for direct insurance costs is the result of higher sales of these products. The cost of sales has decreased as a percentage of revenue as the mix of high margin sales related to claims has increased and due to increased focus on the billing process to capture all revenue.

Symbility's cost of sales attributed to hardware sales and database licenses during the twelve months ended Dec. 31, 2006 were $70,290 and represents 11% of related revenue. This compares to $61,314 in 2005 or 31% of related revenue. Database licensing costs fluctuate as the number of users for the *Mobile Claims* product grows. The percentage of revenue that cost of sales represents is declining overall as the mix of sales of Symbility's technology increases while the reselling of hardware decreases.

General and Administration

General and administration expense for the twelve month period ended December 31, 2006 was approximately $3,747,000. This compares to approximately $3,184,000 for the same period last year for an increase of $563,000. Approximately $457,000 of this increase comes from increased investment into senior management, customer service, and training to support the growth in Symbility's customer base. This was somewhat offset by the settlement of the lawsuit with

Xactware which reduced legal costs significantly in the last six months of 2006 as compared to the prior year.

The balance of the increase relates to increased investment of $305,000 into the Corporation's head office to centralize accounting, human resources ("HR"), and information technology ("IT") functions there. These increases were offset somewhat by the impact of decreases in costs at Autoben of $199,000 mainly as result of a charge to allowance for doubtful accounts in 2005 due to a potential default by a broker on payment of premiums. In 2006, no additional allowance of this type of magnitude was required for other potential receivables.

Management performed a review of the staffing of the Symbility division. As a result of this review, certain employees formerly allocated to G&A have been reallocated to Sales and Marketing and Product Maintenance and Development to better reflect the organizational structure for the business and their level of interaction with customers. These reallocations have also been adjusted retroactively in the comparables for the same period in 2005.

Research and Development

Research and development for the twelve months ended December 31, 2006 increased to $1,375,000. This compares $1,056,000 for the same period last year. The majority of the increase reflects further investment in development personnel to refine the ABI product and new Symbility staff to ensure the product plan matches the market's requirements.

Sales and Marketing

Sales and marketing for the twelve months ended December 31, 2006 increased to $1,970,000. This compares to $961,000 during the same period last year. More than 90% of this increase relates to Symbility's efforts in establishing a sales and marketing team and agency fees paid for the acquisition of new Symbility contracts. The balance relates to increase sales and marketing investment into Autoben.

The Company will continue to review its sales and marketing plan to ensure that it has adequate resources to present its' concepts and technology to the customer base and continue gaining market share.

Stock Based Compensation

Stock based compensation expense for the twelve months ended December 31, 2006 increased to $756,000. This compares to $715,000 during the same period last year. The increase relates to options issued to new employees hired in all three companies. This was somewhat offset by the adjustment to 2004 and 2005 expenses related to the restatement of the historical financials. For more information on this, please see accounting change in note 3 in the audited financial statements for the fiscal year ended December 31, 2006.

Amortization

Amortization expense for the twelve months ended December 31, 2006 increased to approximately $263,000. This compares to $214,000 during the same period last year. The increase relates to amortization associated with investment in new property and equipment during the year.

Summary of Quarterly Results

The following table shows selected financial information for each of the eight most recently completed quarters.

Unaudited in thousands of dollars, except per share amounts.

	For the Quarters Ended							
	Fiscal Year 2006				Fiscal Year 2005 (restated)			
	Dec. 31, 2006	Sept. 30, 2006	Jun 30, 2006	Mar 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun 30, 2005	Mar 31, 2005
Revenue	669	628	647	503	409	408	417	373
Net Loss	(1,716)	(1,534)	(1,767)	(1,626)	(1,969)	(1,373)	(1,216)	(911)
Net Loss per Share	(0.01)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)

Over the past eight quarters, revenue has increased as Autoben has offered other insurance products to its customers and Symbility has started to recognize the revenue from the rollout of its new contracts. During this period, the Corporation has incurred losses as both divisions invest in product development, sales and marketing, and general and administration to establish and grow a presence for their products in the insurance industry.

Critical Accounting Policies

Revenue Recognition

Autoben has developed a non-traditional supply chain for group insurance. Autoben has determined that it is a re-seller, as opposed to a sales agent in these transactions. Management has taken this position due to the fact that the Company acts as a principal in the transaction, retains title to the product until the transaction is complete, assumes the risks and rewards of ownership, and has the ability to set the pricing for its fees.

Autoben's revenue reflects the gross revenue for certain insurance products in which Autoben is classified as a re-seller.

The following table summarizes the revenue and net revenue for the re-selling of premium and pooled insurance products:

Unaudited in thousands of dollars.

	YEAR ENDED DEC. 31, 2006	YEAR ENDED DEC. 31, 2005
Revenue	**1,628**	**1,267**
Cost of Sales	**871**	**800**
Net Revenue	**757**	**468**

Symbility also re-sells hardware to certain customers during the pilot phase. This revenue and the associated cost of sales have not been reflected in this table since the impact on net revenue is not material for the twelve month period ending December 31, 2006.

Scientific Research and Experimental Development Tax Credits

Symbility has recognized during the year $179,509 (nil-2005) of Federal and Provincial investment tax credits for claims made in prior years. The Company has accumulated $105,000 of non-refundable investment tax credits at year end that can be carried forward to reduce future Federal income taxes payable and will begin to expire in 2012. The benefit of this deduction has not been reflected in the consolidated financial statements.

Accounting Change

In the month of June 2006, the Corporation performed a detailed review of a sales agency agreement and related stock option agreement (collectively, "the Agreement") entered into by the Corporation in January 2005 and December 2004. As a result of this review, the Corporation determined it was appropriate to expense certain agency commissions over the first year of customer contracts secured by the agent. In the past, these fees had been expensed as invoiced.

Also, the Corporation determined that an adjustment to stock-based compensation expense was required relating to stock options granted under this Agreement. Under the Agreement, these stock options vest at a rate of 1/3 at the grant date and 1/3 on each of the 12 and 24 months from the date of grant. The Corporation had previously recorded the stock-based compensation expense for the options granted under this Agreement at 1/3 in each of 12, 24 and 36 months from the grant date.

These corrections have been accounted for retroactively with a restatement of prior periods. The correction resulted in an increase of $50,049 in accounts payable and accrued liabilities, an increase of $95,798 in contributed surplus and an increase in the deficit of $145,847, at December 31, 2005. There was no impact on the net loss per share for the year ended December 31, 2005.

Accounting Developments – Changes in Accounting Policies Including Initial Adoption

Financial Instruments – Recognition and Measurement

In January of 2005, the CICA released CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", and two related standards, Section 3865, "Hedges" and Section 1531, "Comprehensive Income". These standards reflect the view that fair value, not historical cost, is the appropriate way for measuring financial instruments. This new section is effective for the 2007 fiscal year. Under the new standards, financial instruments should generally be classified as "trading", "held to maturity" or "available for sale". Financial instruments that are classified as trading will generally be stated at fair value, with unrealized gains and losses being recorded through income. Financial instruments that are classified as "held to maturity" should be carried at amortized cost. Financial instruments that are designated as "available for sale" must also be stated as fair value, but unrealized gains and losses will be applied directly to shareholders, equity in a new category called "other comprehensive income". Realized gains and losses and impairments in values on "available for sale" securities will continue to be reflected through income. Equity accounted investment will continue to be accounted for based on the principles of equity accounting. Furthermore, Section 3865 restricts which hedging relationships qualify for hedge accounting. For example, it restricts the ability to designate a non-derivative financial instrument as the hedging instrument to hedge certain foreign currency risks. The Corporation is currently evaluating the impact of applying the new standards.

Disclosure of Outstanding Share Data

The following chart summarizes the equity securities outstanding as of the date hereof:

EQUITY SECURITY	**NUMBER OUTSTANDING APRIL 26, 2006**
Common Shares	88,081,244
Warrants	11,995,000
Broker's Warrants	3,598,500
Preferred Shares	7,486,001
Stock Options	6,488,934

On July 17, 2006, the Corporation received approval from the TSX Venture Exchange to re-price 925,000 outstanding stock options held by various employees and consultants with current exercise prices ranging from $0.51 to $0.75 to $0.35 per share. The impact of this on stock based compensation expense is an increase of $21,700 of which $11,517 was recognized at the date of modification and $10,183 over the remaining vesting period of these options.

Liquidity and Capital Resources

At December 31, 2006, the Corporation's consolidated cash position was $2,738,125 compared to $996,668 at December 31, 2005.

This increase is principally explained by the proceeds of the private placement completed on May 2, 2006 and the exercise of warrants during the first six months of 2006 less the cash required to fund the Corporation's operations since that time.

As a result of these events, the Corporation has a strong working capital position of $2,568,625 at December 31, 2006 as compared to only $708,852 of working capital at December 31, 2005. The Corporation continues to use its cash to fund operations as its divisions establish market share in their respective segments of the insurance industry. Management expects to be able to fund future operations for at least another twelve months for the following reasons:

- The completion of the private placement has created a strong working capital position at the end of December 31, 2006.
- The settlement of the lawsuit with Xactware will enable Symbility to refocus and reinvest funds into value-added activities instead of paying legal fees

- As Symbility's new U.S. customers finish rolling out the *Mobile Claims* product, high margin revenues should continue to increase and reduce the operating cash flow requirements.
- Management expects to close the proposed private placement on or about May 1, 2006 and raise an additional $3,668,800 in cash to fund working capital requirements.
- As it did in 2006, management continues to review the cost structure for the Corporation and will reduce costs as necessary to ensure that they are in line with revenue growth.
- The Corporation has no significant debt on its balance sheet which enables it to pursue venture debt or bridge financing if it cannot raise additional equity to fund operations as required.

The Corporation has not entered into any contractual obligations which will require future payments, including long-term debt other than operating leases for equipment and premises, capital leases for equipment and certain payments under certain vendor contracts.

The following chart is a summary of contractual obligations of the Corporation, including payments for each of the next five years and thereafter as at April 27, 2007.

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Long Term Debt	$0	$0	$0	$0	$0
Capital Lease Obligations	$ 42,877	$9,399	$33,478	$0	$0
Operating Leases	$894,967	$161,398	$681,834	$51,735	$0
Purchase Obligations[2]	$483,722	$93,722	$360,000	$30,000	$0
Other Long Term Obligations[3]	$0	$0	$0	$0	$0
Total Contractual Obligations	$1,421,565	$264,519	$1,075,312	$81,735	$0

The Corporation has not entered into any material commitments for additional capital expenditures at this time.

On June 5, 2006, the Corporation entered into a letter of credit in the amount of $300,000 in favour of one of its major suppliers. This letter of credit expired June 5, 2007. A new letter of credit was entered into and then subsequently amended on July 21, 2006 to $270,000 with an expiry date of May 31, 2007.

[2] *"Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Corporation that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.*

[3] *"Other Long Term Obligations" means other long-term liabilities reflected on the Corporation's balance sheet.*

On November 1, 2006, the Corporation entered into a cash collateral agreement with the Royal Bank of Canada for $59,000 to secure certain corporate credit cards issued.

On November 15, 2006, the Corporation entered into a cash collateral agreement with the Royal Bank of Canada for $295,000 to secure the letter of credit above and certain corporate credit cards with the Royal Bank.

On November 15, 2006, the Corporation entered into a second cash collateral agreement with the Royal Bank of Canada for $20,000 to secure certain corporate credit cards issued.

Related party transactions

For the years ended, the Corporation expensed $Nil ($50,000 - 2005) in consulting fees paid to a private company controlled by a director and former officer of the Corporation.

For the years ended, the Corporation expensed $90,000 ($90,000 - 2005) in consulting fees paid to a private company controlled by a director. A new one year agreement for $7,500 per month was signed on September 21, 2006.

For the years ended, the Corporation expensed $Nil ($20,000 -2005) in consulting fees paid to the spouse of a director and officer of the Corporation.

For the years ended, the Corporation expensed $61,157 ($55,800 -2005) in consulting fees paid to a director and officer of the Corporation.

These fees were recorded at the exchange amount, which is the estimated fair value of the services rendered by the Corporation and the directors.

The Corporation agreed to loan $40,000 to its President and Chief Executive Officer to enable him to purchase additional common shares of the Corporation on October 17, 2006. This promissory note will mature on December 31, 2007 with an annual interest rate of 4%. There is a pledge in favour of the Corporation of 227,273 shares with a market value of $43,182 being purchased as collateral to secure the loan.

Off Balance Sheet Arrangements

The Corporation has not entered into any off balance sheet arrangements as at December 31, 2006.

Financial Instruments

The Corporation's financial instruments consist of cash and term deposits, accounts receivable, accounts payable and accrued liabilities.

The carrying value of accounts receivable, accounts payable and accrued liabilities approximate fair value due to the immediate or short-term maturity of these financial instruments.

The Corporation keeps its excess cash in short-term marketable securities such as Bankers Acceptances and Guaranteed Investment Certificates. Management reviews its cash requirements on a quarterly basis and renews these investments with the objective of achieving the highest rate of return possible while providing the flexibility to access cash for operations.

The Corporation is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance. The Corporation monitors the credit risk of customers on a regular basis. The maximum credit risk is the carrying value of the accounts receivable.

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on its cash and term deposits. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

The Corporation operates primarily within Canada and, therefore, is not exposed to significant foreign currency risk. The Corporation has not entered into foreign exchange derivative contracts. As sales with U.S. customers are expected to grow, the Corporation will be exposed to more foreign currency risk. Management intends to evaluate the use of forward and futures contracts to mitigate this risk.

Disclosure Controls

As at the financial year ended December 31, 2006, an evaluation was carried out under the supervision of and with the participation of the Corporation's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Corporation's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2006 to provide reasonable assurance that material information relating to the Corporation and its consolidated subsidiaries would be made known to them by others within those entities. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

As a result of this review, the Board of Directors of the Corporation approved the establishment of a disclosure policy which became effective December 31, 2006. A disclosure committee consisting of senior management of the Corporation and its subsidiaries now meets quarterly to review disclosure controls and report to the Board of Directors on their findings.

Internal Controls over Financial Reporting

The Corporation engaged an external consultant in October of 2006 to assess and design the Company's internal controls over financial reporting (ICFR). The deliverable from the consultant was to make recommendations to meet the certification requirements under MI 52-109 for the financial statements for the fiscal year ended December 31, 2006.

➢ **Approach to the Review**

The consultant performed an initial assessment of the design effectiveness of ICFR using a top down, risk-based approach. Her initial findings showed material weaknesses in entity level controls, the Finance department, HR policies, the IT environment, and documentation of key policies and procedures. These weaknesses were generally due to the following factors:

- Autoben and Symbility were being run as independent companies without any common procedures and policies.

- The Finance function was being performed by a series of contractors and part-time consultants in different geographic areas.

- A true head office function had only recently been established with the hiring of a full-time CFO in May of 2006 and there were no centralized accounting or human resources functions.

- At the divisional level, the IT environment varied widely by company and office and was generally supported by a series of external contractors with the exception of the Montreal office of Symbility. While policies and procedures were in place in many areas, they were not formally documented and were not always consistently followed.

This situation is typical in a small, growing company that lacked the resources to operate with a more structured organization typically found in larger companies.

Given the number of material weaknesses, the consultant helped the Corporation remediate the major gaps before year end and provide the Corporation with the design for strengthening ICFR moving forward.

Summary of Initial Remediation Actions Taken

The Corporation has taken some remediation steps in five key areas.

1. The Corporation has introduced a series of new policies including a disclosure policy, policy for issuance of stock options, whistleblower policy, and approvals circular.
2. The human resources function has been centralized at head office and revised policies for the two divisions have been issued to ensure consistency across the organization.
3. Contract administration has been centralized at head office and contracts with customers and vendors have been reviewed by legal counsel.
4. A corporate IT consultant has been engaged to review the IT function across the organization to ensure consistency of policies and that major risks to the Corporation have been identified and mitigated.
5. The majority of the finance department has been centralized at head office and the use of external consultants in different locations has been eliminated.

Even with the remedial steps taken, there are still some potential material weaknesses identified in the consultant's report. CSA Staff Notice 52-316 indicates that disclosers can certify the design of the issuer's ICFR when weaknesses exist provided "the disclosure about the identified weakness presents an accurate and complete picture of the condition and the design of the issuer's ICFR."

Remediation Plan for Fiscal Year 2007

The next phase of attesting to the operational effectiveness of ICFR will be conducted within the parameters of an established framework such as COSO.

There are five key areas to remediate before the testing phase can begin:

1. **Overall Enterprise Risk**

    - Will be mitigated by completing the implementation of the purchase order request system associated with the approvals circular and reviewing the need for an overall Corporate Risk Management policy and a Corporate Governance Committee.
    - This remediation is expected to be completed by Q3 2007.

2. **Human Resources**

    - Consolidation of the HR function will be completed at head office by Q2 2007.

3. **The IT environment**

    - The centralization of the IT organization, distribution of duties between the corporate IT function and the local offices, and documentation of all policies and procedures will be completed by Q3, 2007.
    - Security access weaknesses will be addressed by Q3 2007.
    - The information system review of Symbility's development group will be extended to Symbility's service desk, IT documentation, IT security, change management, IT projects, and data management. Any required changes to or documentation of controls and procedures will be completed by Q4 2007.
    - The location mapping and corporate risk assessment framework applied to Symbility's development group will be applied to Autoben. Any material gaps and remediation required will be completed by Q4 2007.

4. **Financial Reporting**

    - The reorganized finance department will meet in June 2007 to review the reporting cycle and find ways to improve the timing of the release of financial statements.
    - The finance department will identify all material processes in the preparation of financial statements and document all controls, procedures, and processes by Q3 2007.

5. **Segregation of Duties**

    - With the reorganization of the accounting department completed, the existing allocation of duties will be reviewed in Q2 2007.
    - This resource allocation will be compared to the recommendations in the report and adjusted where the capacity of the existing staffing can accommodate the recommended changes.

Risk and Uncertainties

The following are the principal risk factors with respect to the Corporation and its subsidiaries:

(a) The Corporation 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, discretion and integrity of the management of the Corporation.

(b) There is no assurance that the Corporation will be profitable in the future or that the Corporation 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 Corporation is unable to effective manage its planned growth and expansion, its growth strategy could be negatively affected. Any inability to manage growth effective could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

(c) The Corporation 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 the early stage companies, including start up losses, uncertainty of revenues, markets and profitability and the need to raise additional funding. The Corporation has committed, and for the foreseeable future will continue to commit, significant financial resources to product development and research.

(d) The Corporation has entered into a number of strategic relationships with third parties. The termination of any one or more of its strategic relationships may have a material adverse effect on the Corporation's ability to offer catastrophic health insurance coverage and life and disability products to the Corporation's licensees, which may result in a loss of business and clients.

(e) The Corporation'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 Corporation will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new technologies. While the Corporation believes its products are currently competitive, no assurances can be given that the products of the Corporation 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 Corporation less competitive, less marketable or even obsolete over time. The future success of the Corporation will be influenced by its ability to continue to adapt its current systems and to develop new competitive products. Although the Corporation 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 Corporation's business strategy is to create and diversify channels of distribution of its products both domestically and internationally. The Corporation 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 Corporation'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 Corporation 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 Corporation's products or devote sufficient resources to market such products. These factors could have a material adverse effect on the Corporation's business, operating results and financial condition.

(h) If financing is required in the future, the ability of the Corporation to arrange such financing will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Corporation 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 Corporation 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 Corporation 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 Corporation may be vulnerable to competitors, which develop competing technology, whether independently or as a result of acquiring access to the proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Corporation'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 Corporation's products. The Corporation 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 Corporation will make application for trade-marks in the appropriate jurisdictions. Despite the Corporation'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 Corporation regards as proprietary. Policing unauthorized use of the Corporation's products will likely be difficult and expensive. There can be no assurance that the steps taken by the Corporation will prevent the misappropriation of its technology or that such agreements will be enforceable. In addition, litigation my be necessary in the future to enforce the Corporation's intellectual rights, to protect the Corporation'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 Corporation's business, operating results or financial condition.

(j) Although the Corporation 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 Corporation or that any such assertions or prosecutions will not materially adversely affect the Corporation's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Corporation would incur significant costs and diversion of resources with respect to the defense thereof which could have a material adverse effect on the Corporation's business, financial condition or result of operations.

(k) At this time the Corporation is not aware of any direct competition for the products offered by the Corporation'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 Corporation. Such competitors could materially adversely affect the Corporation's business, results of operations and financial condition.

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

(m) As access to and usage of much of the Corporation's software is highly dependent on the integrity of the Internet. The Corporation'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 Corporation's business.

(n) The Corporation 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 Corporation 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 Corporation'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 Corporation's shares.

(o) The Corporation will be substantially dependent upon the services of a few key personnel 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 Corporation. In addition, competition exists for qualified personnel in the insurance industry, and the Corporation may be unable to attract or retain highly qualified personnel in the future.

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

(q) The Corporation 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 Corporation's financial results which are currently denominated and reported in Canadian dollars. The Corporation'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.

(r) Certain of the proposed directors of the Corporation 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 Corporation will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Corporation 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.

(s) To some extent the Corporation 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 Corporation may face significant resistance in increasing its customer base.

(t) The services provided by the Corporation between insurance brokers, their customers and insurance companies does not relieve the Corporation 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 Corporation 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.