Automated Benefits Corp.
Management's Discussion and Analysis
August 13, 2012

The following Management's Discussion and Analysis ("MD&A") of the Corporation should be read in conjunction with the interim consolidated financial statements and accompanying notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") for the quarter ended June 30, 2012, the 2011 Annual MD&A and the Corporation's audited financial statements (and related notes) as of December 31, 2011 and 2010, the Annual Information Form dated December 31, 2011 and the Business Acquisition Report dated May 29, 2012, all available on SEDAR. 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. Additional information about the Corporation is available on SEDAR at www.sedar.com.

This document is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The consolidated interim financial statements and the MD&A have been reviewed by the Corporation's Audit Committee and approved by its Board of Directors.

Corporate Overview

Automated Benefits Corp. (the "Corporation") is a holding company with its head office located in Toronto, Ontario and is dedicated to acquiring and profitably growing companies which provide software applications to the insurance industry. Its wholly-owned subsidiary, Automated Benefits Inc. ("Adjudicare"), is also located in Toronto, Ontario 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 Ltd. ("Symbility Canada") and its wholly-owned subsidiary, Symbility Solutions Corp. ("Symbility USA") (Symbility Canada and Symbility USA are jointly referred to on a consolidated basis as "Symbility") are software development companies focused on mobile communication and efficiency tools for the North American and International property and casualty insurance industry. Symbility has offices in Toronto, Ontario, Montreal, Québec, Milwaukee, Wisconsin and Tyler, Texas. Symbility USA has its registered office in the State of Delaware.

Forward-looking Statements

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, the ability to raise capital, taxes and plans and objectives of or involving the Corporation.

Without limitation, information regarding the Corporation's future cost structure, future sales and marketing activities, increased penetration into certain markets through strategic partnerships, the impact of the introduction of new products, the ability of new management to leverage sales opportunities, increase in the size of certain markets, expected increases in revenue, expected revenue from certain contracts, customer rollout plans for specific products, expected increase in gross margins, Adjudicare software product placement targets and Symbility product placement targets is forward-looking information.

Aside from specific commentary in sections of this document and the 2011 Annual MD&A that provides additional detail, management has made the following material factors and assumptions in providing forward-looking information:

- The markets for the software products sold by its subsidiaries do not materially change or decline in size.
- The Corporation's competitors do not significantly change their business model making it harder for the Corporation to succeed.
- The Corporation does not require significant financing to execute on its business plans.
- The Corporation is able to continue to grow its revenue without a significant increase in its cost structure.
- The software sold by the Corporation's subsidiaries continues to meet the service level obligations contained within the contracts with their customers.
- The Canadian dollar does not strengthen significantly creating a material impact from foreign exchange associated with revenue from its U.S. and European customer contracts.
- The Corporation had one customer that represented more than 10% of revenue in the first two quarters of 2012 and management has assumed that these contracts continue generating revenue at similar levels in 2012 and 2013.
- That Symbility is able to successfully integrate the recent acquisition into its operations.

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, customer demand, competition and the risks posed by potential technological advances, risks relating to the protection of the Corporation's intellectual property, risks relating to fluctuation in foreign currency exchange rates, and exposure to increased credit and liquidity risk. 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 does not undertake to update this information at any particular time unless required by law. Unless otherwise indicated, this MD&A was prepared by management from information available up to August 13, 2012.

Non-IFRS Measures

In addition to disclosing results in accordance with IFRS, the Corporation also provides supplementary non-IFRS measures as a method of evaluating the Corporation's performance. Management uses Adjusted EBITDA as a measure of enterprise-wide performance. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, impairment losses, stock-based compensation, restructuring costs included in general and administration expense and other non-recurring gains or losses including transaction costs related to acquisition. Management believes Adjusted EBITDA is a useful measure that facilitates period-to-period operating comparisons. Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Adjusted EBITDA should not be considered in isolation or as a substitute for net earnings (loss) prepared in accordance with IFRS.

Recent Events

The Corporations operating subsidiaries, Symbility Solutions Ltd. ("Symbility®") and Automated Benefits Inc. ("Adjudicare®") report the following recent business developments:

Symbility

- In April of 2012, Symbility announced it had completed the acquisition of the claims division of Marshall & Swift/Boeckh ("MSB"), a wholly owned subsidiary of Decision Insight Information Group (the "Transaction"). This Transaction augments Symbility's existing expertise in claims processing, loss estimating solutions, and process analytics technologies. Symbility Claims solutions, used in conjunction with MSB's Underwriting Solutions, means property insurers now have an alternative, market-driven enterprise solution to provide their policyholders a better claims experience. Decision Insight Information Group, will become the largest shareholder with a one-third equity stake in Symbility's parent company, Automated Benefits Corp. MSB also has entered into a long-term strategic data license agreement to integrate MSB's claims estimation data into Symbility's mobile claims software.

- On April 10, 2012, the Corporation issued 7,021,530 common shares with an estimated fair value of $0.35 per share totaling $2,457,536 to Decision Insight related to the private placement in connection to the Transaction. The private placement has a price of $0.27 per Common Share for an aggregate cash value of $1,895,813. The issuance of these common shares to Decision Insight was approved by the TSX Venture Exchange. The estimated fair value was determined based on the share price as at the closing date of the transaction. With a portion of the proceeds from the private placement, the Corporation distributed a discretionary cash dividend in the amount of $0.01 per Common Share totaling $1,186,529 to shareholders of record as at the close of business on April 9, 2012.

- On May 31, 2012 Symbility announced it had signed a five-year agreement with SSQ General Insurance Company Inc., a subsidiary of SSQ Financial Group, a leading insurance company in Canada. On June 25, 2012 Symbility announced that Illinois Casualty Company, a leader in providing insurance protection for the food and beverage industry, also signed a multi-year agreement to integrate the Symbility platform into its operations.

- On June 4, 2012 Symbility announced that Rytech, a network of certified water damage mitigation specialists, had signed a multi-year agreement. On July 10, 2012 Symbility also announced that Nixon and Company, Inc., a leading provider of adjusting services in the Midwest, USA, signed a multi-year agreement to adopt Symbility into its operations, in order to enhance adjuster and third-party contractor productivity.

Adjudicare

- In June of 2012, Adjudicare announced an agreement with the Trustees Health & Insurance Plan for IBEW Local 402. IBEW Local 402 will implement Adjudicare's new web-based Hour Banking product to provide their union members a leading-edge solution to track their hour banking data and benefit plan eligibility.

- On July 3, 2012 Adjudicare announced that it had signed a multi-year agreement to integrate the Adjudicare platform into Edgewater Employee Services Inc. operations, who were the first to create a Canadian network of preferred paramedical providers.

- On July 17, 2012 Adjudicare announced that it had signed a multi-year agreement with Automated Administration Services Inc. ("AAS") to adopt the Adjudicare system into its operations. Considered pioneers in the TPA marketplace and a charter member of the Third Party Administrators' Association of Canada, AAS will be instrumental in helping Adjudicare develop and execute a roll-up strategy to provide access to industry knowledge and best practices to our valued partners.

Overall Performance

The second quarter ended June 30, 2012 was a strong quarter for the Corporation compared to the second quarter ended June 30, 2011. For the three months and six months ended June 30, 2012, the consolidated revenue grew approximately 128% and 89% respectively. Operating expenses (including transaction related expenses) increased 205% and 180% respectively as compared to the prior year, however excluding transaction related expenses, operating expenses increased by 150% and 117% respectively. The net loss for the three months and six months ended June 30, 2012 is approximately $1,318,000 and $2,473,000 compared to net income of $51,000 and $109,000 respectively for the comparable periods. Adjusted EBITDA was $272,000 and $201,000 for the three months and six months ended June 30, 2012 compared to $232,000 and $337,000 for the comparable period. The Corporation had 76 employees as at June 30, 2012 (2011 – 36).The Corporation ended the period with a cash balance of $2,486,000. The key focus in the quarter was the investment in the future by completing the Transaction which closed on April 10, 2012 and to expedite a fully operational integration with the newly acquired claims business.

The Product Strategy, Marketing Initiatives, New Product Development, Strategic Customer and Vendors and economic and industry factors disclosed in our 2011 Annual MD&A issued on April 26, 2012 are substantially unchanged at this time.

Operating Segments

The Corporation has two operating segments which offer different products and services:

- The Adjudicare division (group insurance software) provides an advanced and practical software solution to a network of Employee Benefits Brokers and Third Party Administrator partners in the adjudication of health and dental claims.
- The Symbility division (property and casualty software) provides powerful, accurate and easy-to-use claims processing and estimating software for Property and Casualty Insurers.

The Corporation also incurs costs in the head office which are not allocated to the operating segments for some of the expenses for executives and employees, general and administrative expenses and stock based compensation.

See Results of Operations for details on the financial performance of each operating segment.

Outlook

Adjudicare

Management feels that the efforts made last year have created a complete benefits platform for our partners and generated a significant amount of momentum going into 2012:

- With the successful rollout of the development projects undertaken in 2011, management believes that the ability of our partners to scale their business has improved significantly.
- With the addition of technology such as online claims access and new third party offerings for Employee Assistance Programs and Second Opinion services, our product offering is now able to fully compete with comparable offerings from insurance carriers and other TPAs.
- New functionality developed in 2011 enables expansion into new market segments such as unions and new geographies such as Quebec.
- The acquisition of new customers in the past eighteen months further validates management's belief that with our strategic vision in place and our value proposition more clearly defined, the opportunity to provide a compelling business case to existing and new potential channel partners is significantly enhanced.
- Additional investments into marketing such as the Adjudicare partner event have enabled our partners to network and work together to grow their business with Adjudicare.

With all of these components in place, management is optimistic that Adjudicare can continue to grow in 2012 and 2013.

Symbility

Management continues to feel that all of the pieces are in place to create significant growth in Symbility in North America:

- Based on ongoing input from customers, our product now better meets their requirements.

- The rollout of Farmers is a validation of our technology by one of the world's largest insurance carrier.
- The claims processing supply chain in the U.S. is starting to use our products.
- The strategic partnership with MSB provides access to a credible pricing database in North America.
- Completion of the Transaction adds approximately $7 million of annualized revenue.

Outside of North America, the Corporation has committed to a long term relationship with Innovation Group for some regions and is evaluating opportunities and partners for other regions. Symbility has shown its existing and prospective customers that we are investing in the International market. Management expects that significant wins with major insurers in the United Kingdom and Europe create an exciting opportunity to gain credibility and market share in these international geographies. The success in strong reference accounts should create additional opportunities to acquire other new customers in the United Kingdom, Europe and other geographies.

We feel confident that these factors can be leveraged into significant revenue growth for Symbility in 2012 and 2013.

Selected Financial Information

This financial information has been prepared in accordance with IFRS. For further information and significant accounting policies, please see Notes 1, 2, and 21 of the audited consolidated financial statements for the years ended December 31, 2011 and 2010.

The following table shows selected financial information for the three months and six months ended June 30, 2012 and a comparison to the same period in the prior year.

In thousands of dollars, except per share amounts.

	THREE MONTHS ENDED JUNE 30, 2012	THREE MONTHS ENDED JUNE 30, 2011	**SIX MONTHS ENDED JUNE 30, 2012**	SIX MONTHS ENDED JUNE 30, 2011
Adjudicare Revenue	**912**	776	**1,791**	1,554
Symbility Revenue	**3,674**	1,238	**5,156**	2,127
Total Revenue	**4,586**	2,014	**6,947**	3,681
Adjusted EBITDA	**272**	232	**201**	337
Net Income (loss)	**(1,318)**	51	**(2,473)**	109
Earnings (loss) per Share	**(0.01)**	0.00	**(0.02)**	0.00
Total Assets	**25,286**	3,491	**25,286**	3,491
Total Long-Term Liabilities	**667**	360	**667**	360

Results of Operations

Interim Consolidated Statements of Loss and Comprehensive Loss

Revenue

Revenue for the three months and six months ended June 30, 2012 increased to $4,586,000 and $6,947,000 respectively. This compares to revenue of $2,014,000 and $3,681,000 for the same period in the previous year. This represents an increase of $2,572,000 and $3,266,000 or 128% and 89%.

Symbility
For the three months and six months ended June 30, 2012, Symbility had revenue of $3,674,000 and $5,156,000 respectively. This compares to revenue of $1,238,000 and $2,127,000 for the same period in the previous year. This represents an increase of 197% and 142%.

This increase relates to the incremental revenue from the newly acquired MSB Claims business and increased revenue from the contract with Farmers Insurance Exchange ("Farmers").

Adjudicare
For the three months and six months ended June 30, 2012, Adjudicare had revenue of $912,000 and $1,791,000 respectively. This compares to revenue of $776,000 and $1,554,000 for the same period in the previous year. This represents an increase of 18% and 15%.

Adjudicare which saw growth in revenue from its existing customer base due mainly to the rollout of the groups associated with Sirius Benefit Plans Inc. and a number of other smaller new clients contracts.

Cost of Sales

The cost of sales for the three months and six months ended June 30, 2012 increased to $979,000 and $1,350,000 respectively, and represents 21% and 19% of revenue. This compares to cost of sales of $346,000 and $689,000 for the same period in the previous year, which represented 17% and 19% of revenue.

Symbility
Due to the recent acquisition of the claim business, Symbility now incurs cost of sales for:

- data centers and infrastructure under a Transitional Support Agreement with MSB to support the MSB Claims Business. The Corporation intends to migrate customers from the MSB Claims Business software to the Symbility software over the next 12 – 18 months to reduce cost of sales and achieve operational efficiencies and synergies,
- shared costs under the data license with MSB for updating the database, and
- a fixed, non-cash intangible amortization expense of the MSB database

For increases in revenue there is no significant incremental cost of sales, however additional operating expenses are incurred.

Symbility's cost of sales for the three months and six months ended June 30, 2012 increased to $598,000 and $616,000 respectively, and represents 16% and 12% of Symbility revenue. This compares to cost of sales of $20,000 and $51,000 for the same period in the previous year, which represented 2% and 2% of Symbility revenue.

Symbility's cost of sales attributed to data centers, infrastructure and database licenses during the three months and six months ended June 30, 2012 was $402,000 and $420,000 which represents 11% and 8% of revenue. This compares to $20,000 and $51,000 in the same period in the previous year which represented 2% and 2% of related revenue. The non-cash amortization expense of the database license was $196,000 in the three months and six months ended June 30, 2012 (2011 – nil).

Adjudicare

Cost of sales represents costs of certain insurance products, which are in turn sold to broker customers of Adjudicare, as well as the cost of certain fees paid to third parties. Cost of sales is directly variable with revenue for Adjudicare.

Adjudicare's costs related to direct insurance and distribution in three months and six months ended June 30, 2012 were $381,000 and $734,000 and represents 42% and 41% of revenue. This compares to $326,000 and $638,000 in the same period in the previous year which represents 42% and 41% of Adjudicare revenue. The increase in the cost of sales is due to an increase in the resale of certain insurance products.

General and Administration

General and administration (G&A) expense for the three months and six months ended June 30, 2012 was $1,543,000 and $2,664,000 respectively. This compares to $885,000 and $1,553,000 for the same period in the previous year for an increase of $658,000 and $1,111,000.

Symbility

Symbility's G&A expense for the three months and six months ended June 30, 2012 increased to $799,000 and $1,262,000 respectively, and represents 22% and 24% of Symbility revenue. This compares to G&A expense of $291,000 and $547,000 for the same period in the previous year, which represented 24% and 26% of Symbility revenue.

The increase relates mainly to wages and related expenses of employees from the Transaction, travel expenses and services received under the transition service agreement with MSB to enable the growth in Symbility's business.

Adjudicare

Adjudicare's G&A expense for the three months and six months ended June 30, 2012 increased to $241,000 and $458,000 respectively, and represents 26% and 26% of Adjudicare revenue. This compares to G&A

expense of $233,000 and $423,000 for the same period in the previous year, which represented 30% and 27% of Adjudicare revenue.

The increase related to investment in additional staff and an increase in travel expenses in 2012.

Head Office
Head Office G&A expense for the three months and six months ended June 30, 2012 increased to $503,000 and $944,000 respectively. This compares to G&A expense of $361,000 and $583,000 for the same period in the previous year.

The increase is related annual compensation adjustments, investment in additional staff and higher stock-based compensation.

Research and Development

Research and development (R&D) expenses for the three months and six months ended June 30, 2012 increased to $631,000 and $1,043,000 respectively. This compares to $309,000 and $589,000 for the same period in the previous year for an increase of $322,000 and $454,000.

Symbility
Symbility's R&D expense for the three months and six months ended June 30, 2012 increased to $479,000 and $777,000 respectively, and represents 13% and 15% of Symbility revenue. This compares to G&A expense of $164,000 and $335,000 for the same period in the previous year, which represented 13% and 16% of Symbility revenue.

This increase is due to additional personnel as part of the Transaction and consultants to support product development initiatives and quality assurance. This was slightly offset by an increase in the estimate of scientific research and experimental development tax credits.

Adjudicare
Adjudicare's R&D expense for the three months and six months ended June 30, 2012 increased to $76,000 and $176,000 respectively, and represents 8% and 17% of Adjudicare revenue. This compares to R&D expense of $129,000 and $232,000 for the same period in the previous year, which represented 17% and 15% of Adjudicare revenue.

The decrease mainly relates to a decrease in consulting expenses and development staff for Adjudicare.

Head Office
Head Office R&D expense for the three months and six months ended June 30, 2012 increased to $76,000 and $90,000 respectively. This compares to R&D expense of $16,000 and $22,000 for the same period in the previous year.

R&D expenses of the head office are stock-based compensation expenses not allocated to the operating divisions.

Sales and Marketing

Sales and marketing (S&M) expenses for the three months and six months ended June 30, 2012 increased to $1,810,000 and $2,457,000 respectively. This compares to $403,000 and $702,000 during the same period in the previous year for an increase of $1,407,000 and $1,755,000.

Symbility

Symbility's S&M expense for the three months and six months ended June 30, 2012 increased to $1,533,000 and $2,053,000 respectively, and represents 42% and 40% of Symbility revenue. This compares to S&M expense of $345,000 and $614,000 for the same period in the previous year, which represented 28% and 29% of Symbility revenue.

This increase is due to additional personnel as part of the Transaction, amortization expense of customer relationships, an investment into additional sales and marketing personnel and the costs of increased marketing activities, including the PLRB event. For the three months and six months ended June 30, 2012, the non-cash amortization expense of customer relationships was approximately $97,000 (2011 - $Nil).

Adjudicare

Adjudicare's S&M expense for the three months and six months ended June 30, 2012 increased to $110,000 and $210,000 respectively, and represents 12% and 12% of Adjudicare revenue. This compares to S&M expense of $47,000 and $74,000 for the same period in the previous year, which represented 6% and 5% of Adjudicare revenue.

The increase relates to investment of additional sales and marketing personnel and the related travel expenses. The Corporation also incurred expenses to enhance the marketing and positioning strategy.

Head Office

Head Office S&M expense for the three months and six months ended June 30, 2012 increased to $167,000 and $194,000 respectively. This compares to S&M expense of $11,000 and $14,000 for the same period in the previous year.

This increase is mainly due to a higher stock-based compensation expense in Q2 2012 which is not allocated to the operating divisions.

Transaction related expenses

Transaction related expenses for the three months and six months ended June 30, 2012 were $887,000 and $1,799,000 respectively (2011 – Nil). The Transaction closed on April 10, 2012, however some costs continue to be incurred for legal work for registrations and contract amendments related to the Transaction.

Other operating expenses

Other operating expenses for the three months and six months ended June 30, 2012 increased to $54,000 and $105,000 respectively. This compares to $19,000 and $42,000 during the same period in the previous year for an increase of $35,000 and $63,000.

Other operating expenses include depreciation and amortization (excluding intangible assets acquired in the Transaction), impairment loss and foreign exchange.

The increase relates mainly to the increase in depreciation for property and equipment and amortization of assets due to assets purchased in 2011 and 2012 and the fluctuation of the foreign exchange rate.

Adjusted EBITDA

The Corporation has provided a reconciliation of Adjusted EBITDA to IFRS net earnings (loss) in the following table (in thousands of dollars).

	Three months ended June 30, 2012	Three months ended June 30, 2011	**Six months ended June 30, 2012**	Six months ended June 30, 2011
IFRS Net Income (Loss)	**(1,318)**	51	**(2,473)**	109
Finance and other income	**(1)**	(1)	**(1)**	(5)
Depreciation and Amortization	**341**	13	**367**	24
Impairment loss	**0**	0	**0**	0
Stock-Based Compensation	**363**	135	**509**	155
Restructuring Costs	**0**	34	**0**	54
Transaction related expenses	**887**	0	**1,799**	0
Adjusted EBITDA	**272**	232	**201**	337

The Corporation believes Adjusted EBITDA is a useful measure as a proxy for operating cash flow and facilitates period-to-period operating comparisons. We believe Adjusted EBITDA is useful to an investor in evaluating our operating performance because:

- it is widely used by investors in our industry to measure a company's operating performance without regard to items such as depreciation and amortization which can vary substantially from company to company depending upon accounting methods and book value of assets, financing methods, capital structure and the method by which assets were acquired;
- it helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our asset base (primarily depreciation and amortization) and actions that

do not affect liquidity (stock compensation expense and non-cash impairments) from our operating results; and

- it helps investors identify items that are within our operational control. Depreciation and amortization charges, while a component of operating income, are fixed at the time of the asset purchase in accordance with the depreciable lives of the related asset and as such are not a directly controllable period operating charge.

The Corporation uses Adjusted EBITDA in calculating incentive compensation for officers and employees and under the Restricted Share Plan to measure achievement.

Consolidated Statements of Financial Position as at June 30, 2012 as compared to December 31, 2011

Current Assets

Accounts receivable and others have increased by $873,000 since December 31, 2011. This increase is principally explained by the incremental receivables from the newly acquired business.

Loan receivable has increased by $148,000 since December 31, 2011. This increase is due to the Restricted Shares loan to certain Directors, officers and employees of the Corporation to satisfy the income tax obligation**.** The annual interest rate of the loan is 2.5%. The loans are secured by the pledge agreements on the Restricted Shares. The maturity date of these loans is the earlier of i) On the first date that one or more Shares in respect of the Participant's benefit under the Plan are released from Escrow and delivered to the Participant and ii) March 31, 2017. There is no loan to recipients of the US Restricted Shares.

Prepaid expenses and other assets have increased by $144,000. This increase to the accrual of SR&ED tax credits in 2012, prepaid annual license / database fees and was offset by a repayment of a loan by a related party.

Restricted Cash Deposits

The Corporation’s restricted cash deposits remained the same as last year. These deposits relate to the cash collateral required to support a letter of credit and certain corporate credit cards.

Property and Equipment

The Corporation’s property and equipment increased by $60,000 since December 31, 2011. This increase relates mainly to the equipment acquired as part of the recent acquisition and investment in computer hardware to support the growing business. The Corporation assesses these assets for impairment on an annual basis and when events or changes in circumstances indicate that an asset might be impaired.

Intangible Assets

Intangible assets have increased by $10,708,000 since December 31, 2011. This increase relates mainly to the addition in database license and customer relationships from the Transaction, investment in computer software and certain indefinite-life intangible assets such as trademarks. The Corporation assesses these assets for impairment on an annual basis and when events or changes in circumstances indicate that an asset might be impaired.

Goodwill

Goodwill has increased by $6,714,000 since December 31, 2011. This increase relates to the Goodwill on the Transaction. The Corporation assesses this asset for impairment on an annual basis and when events or changes in circumstances indicate that an asset might be impaired.

Summary of Quarterly Results

The following table shows selected financial information for each of the eight most recently completed quarters reported below in thousands of dollars, except per share amounts.

	For the Quarters Ended							
	Fiscal 2012		Fiscal 2011				Fiscal 2010[2]	
	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Symbility Revenue	$3,674	$1,482	$1,407	$1,201	$1,238	$888	$892	$1,049
Adjudicare Revenue	$912	$879	$838	$819	$776	$779	$723	$657
Revenue	$4,586	$2,361	$2,245	$2,020	$2,014	$1,667	$1,615	$1,706
Adjusted EBITDA	$272	$(71)	$317	$146	$232	$105		$447
Net Income (Loss)	$(1,318)	$(1,155)	$(290)	$88	$51	$57	$(49)	$385
Net Income (Loss) per Share[1]	$(0.01)	$(0.01)	$(0.00)	$0.00	$0.00	$0.00	$(0.00)	$0.00

(1) Rounded to the nearest cent in each quarter

(2) All 2010 quarterly amounts have been restated to conform to IFRS for comparative reporting purpose.

Over the past eight quarters, revenue has increased as Adjudicare has grown its customer base and Symbility has started to recognize the revenue from the rollout of its new users. In Q2 2012, the Corporation has completed the Transaction which contributes to the incremental revenue in the quarter. The losses incurred by the Corporation began to decline significantly in fiscal 2010 due to a combination of growth in high-margin revenue without a corresponding increase in operating expenses. The loss incurred by the Corporation in Q4 2011, Q1 2012, and Q2 2012 was is due to transaction costs including legal, accounting, consulting and travel expenses related to the Transaction.

In Adjudicare there is limited seasonality due to the nature of the business. In Symbility the property and casualty insurance business has higher claims in the second and third quarter based on seasonal weather effects and therefore higher claims.

Symbility's activities that result in exposure to fluctuations in foreign currency exchange rates consist of revenue invoiced in foreign currencies and the purchase of services invoiced in foreign currencies and the U.S. operations acquired in the Transaction. See Financial Instruments and Risk Management. The impact of foreign currency changes will increase in future quarters as more of the Corporations revenues are expected in foreign currencies.

Liquidity and Capital Resources

During the three months and six months ended June 30, 2012, the Corporation had a net loss of $1,317,948 and $2,473,409 respectively, and had cash flows of $414,210 and ($544,738) from its operations. At June 30, 2012, the Corporation's consolidated cash position was $2,486,085 compared to $1,301,229 at December 31, 2011. The Corporation's cash position has improved due to the increase in deferred revenue.

At June 30, 2012, current liabilities include accounts payable and accrued liabilities of $2,882,841 and deferred revenue of $2,827,150 for a total of $5,709,991 compared to $4,065,293 at December 31, 2011. The increase in current liabilities is due to the incremental deferred revenue from the newly acquired MSB claims business which is mainly invoiced under the quarterly and annually license fees model. This is somewhat offset by 2011 bonus payments made in March 2012 and payments made for transaction related expenses in Q2 2012.

At June 30, 2012, current assets is comprised of cash and cash equivalents of $2,486,085, accounts receivable and others of $3,854,125, loan receivable of $147,820 and prepaid expenses and other assets of $756,095 for a total of $7,244,125 compared to $4,894,982 at December 31, 2011. The increase in current assets is a result of incremental cash flow, the Private Placement and accounts receivable from the Transaction, collection of receivables from existing customers but somewhat offset by the payment of some transaction related expenses and the dividend in April 2012.

The Corporation has a working capital of $1,534,134 at June 30, 2012 as compared to $829,689 of working capital at December 31, 2011. This increase is primarily attributable to the increase in cash and cash equivalents, and accounts receivable and others, but somewhat offset by the increase in accounts payable related to transaction costs in 2012 and incremental deferred revenue from newly acquired claims business. With current cash balances and customer contracts, management expects to be able to fund future operations for at least another year for the following reasons:

- Clients like Farmers have added high margin license revenue and have started to generate positive operating cash flow in the Symbility division.
- Clients from the Transaction will generate additional revenue and cash flow to the Corporation.
- Adjudicare has new clients which are adding incremental revenue with minimal additional costs, other than cost of sales.

- The Corporation received additional working capital from the issuance of common shares in the Private Placement, offset by the payment of a discretionary dividend.
- The closing of the Transaction increased to the Corporation's working capital due to the receipt of a cash payment equal to any working capital shortfall in the Transaction. This payment was in excess of the fair value of the liabilities assumed and increased working capital.

Commitments

As part of the recent Transaction, the Corporation has entered into a transition services agreement which will require future payments to support the business operations.

As part of the Transaction, the Corporation has entered into a four-year transition services agreement with MSB with an annualized commitment of $1,017,000. The termination of the agreement is subject to the earlier of i) the time when no customers of the MSB claim business or the new claims business are using certain existing MSB products, ii) four (4) years following the effective date which is on April 10, 2012 and iii) portions of the agreement upon 90 days' notice .

Also as part of the Transaction, the Corporation entered in to the Database licence which requires payment by the Corporation to maintain the currency of the database. This is a variable cost based on various factors.

Capital Expenditure Plan

Management has decided that it is essential to invest in additional computer equipment and software to increase hosting capacity to support the growth of the Corporation. As well additional property and equipment will be required as the Corporation integrates operations acquired in the Transaction.

Subsequent to June 30, 2012, the Corporation has entered into commitments for capital expenditures under this plan of approximately $90,000.

Off Balance Sheet Arrangements

The Corporation did not enter into any off balance sheet arrangements during the period ended June 30, 2012 and has not done so historically.

Related Party Transactions

For the six-month period ended June 30, 2012, the Corporation incurred $570,549 (2011 - $NIL) for services under the four-year transition services agreement and database license agreement with MSB. The termination of the transition services agreement is subject to the earlier of i) the time when no customers are using certain existing MSB products, and ii) four (4) years following the effective date which is on April 10, 2012 and iii) portions of the agreement upon 90 days' notice.

Director compensation

- For the six-month period ended June 30, 2012, the Corporation expensed $174,017 (2011 - $44,000) for services provided by the Directors of the Corporation. The Corporation paid $32,500 of these fees in cash during the period ended June 30, 2012 and the balance in cash and shares subsequent to the end of the period. On August 9, 2012, the Corporation issued 149,856 common shares with an estimated weighted average fair value of $0.43 per share for an aggregate value of $64,438 to the Directors of the Corporation for services provided from January to June 2012. The issuance of these common shares to the Directors was approved by TSX Venture Exchange. The estimated fair value was determined based on the share price on the date of issuance.
- For the six-month period ended June 30, 2012, the Corporation issued 195,374 (2011 - 80,337) common shares with an estimated weighted average fair value of $0.35 (2011 - $0.255) per share for an aggregate value of $68,381 (2011 - $20,486) to the Directors of the Corporation for services provided in 2011 and 2010. The issuance of these common shares to the Directors was approved by the TSX Venture Exchange. The estimated fair value was determined based on the share price on the date of issuance.

Grants of options

- On March 1, 2012, 300,000 options were granted to the Directors of the Corporation in accordance with the Corporation's stock option plan. Each option entitles its holder to purchase one common share of the Corporation at a price of $0.35 per share for a period of ten years from the date of grant.
- On March 28, 2012, 450,000 options were granted to the officers of the Corporation in accordance with the Corporation's stock option plan. Each option entitles its holder to purchase one common share of the Corporation at a price of $0.34 per share for a period of ten years from the date of grant.
- On May 29, 2012, 250,000 options were granted to an officer of the Corporation in accordance with the Corporation's stock option plan. Each option entitles its holder to purchase one common share of the Corporation at a price of $0.46 per share for a period of ten years from the date of grant.

All of the above options will vest in three equal tranches with one-third vesting immediately, one-third vesting on the first anniversary of the grant date, and one-third vesting on the second anniversary of the grant date.

Exercise of Options

- On June 14, 2012, the Chief Executive Officer of the Corporation exercised 2,193,932 stock options at a strike price of $0.20 per share for an aggregative value of $438,786.
- On August 9, 2012, a Director of the Corporation exercised 50,000 stock options at a strike price of $0.24 per share for an aggregative value of $12,000.

Restricted Shares and Related Party Loans

- On May 29, 2012, 2,823,265 restricted shares under the Canadian Restricted Shares Plan and United States Restricted Shares Plan were granted to certain Directors and officers of the Corporation. As of June 30, 2012, the value of these Canadian Restricted Share loans to certain Directors and officers of the Corporation was $114,483 with an annual interest rate of 2.5%. The loans are secured by the pledge agreements on the Restricted Shares. The maturity date of these loans is the earlier of i) On the first date that one or more Shares in respect of the Participant's benefit under the Plan are released from Escrow and delivered to the Participant and ii) March 31, 2017. There is no loan to recipients of the US Restricted Shares.

- On July 29, 2011, the Corporation agreed to loan $40,000 to its Chief Executive Officer. This promissory note matures on April 30, 2012 with an annual interest rate of 2.5%. The loan of $40,000 was secured by 150,943 shares of the Corporation owned by the Chief Executive Officer which on December 31, 2011 had a market value of $40,755. On March 30, 2012, the Corporation's Chief Executive Officer repaid the promissory note for $40,000 plus $677 in accrued interest. The Corporation subsequently returned 150,943 common shares of the Corporation that had been held as collateral to secure the loan to the Chief Executive Officer.

Business combinations

On April 10, 2012, the Corporation and Marshall & Swift/Boeckh ("MSB"), a wholly-owned subsidiary of Decision Insight Information Group ("Decision Insight"), completed the acquisition of MSB's claims division (the "Acquisition"). The MSB claims business provides workflow software for property claims estimation and claims analytics services. To support these products and services, MSB utilizes various proprietary databases. Under the terms of the Data License Agreement (see Material Contracts) a license to utilize the databases currently used in the MSB claims business was granted to the Corporation.

The results of the MSB claims division, as well as the assets and liabilities acquired, have been consolidated from April 10, 2012 and are included in the Corporation's results of operations and Consolidated Financial Statements.

On April 10, 2012, the Corporation issued 52,189,286 common shares with a fair value of $0.35 per common share for an aggregate value of $18,266,250 and 7,021,530 common shares with a fair value of $0.35 per common share for an aggregate value of $2,457,536 for a private placement to Decision Insight and MSB related to the Transaction. The issuance of these common shares to Decision Insight and MSB were approved by the TSX Venture Exchange. The fair value was determined based on the share price on the date of issuance.

The preliminary purchase equation, which has been accounted for using the purchase method, is summarized on the chart on the next page:

Fair value recognized on acquisition	Total
Assets	
Cash	3,182,548
Accounts receivable	809,758
Prepaid, capital and other assets	630,634
Intangible assets	10,972,638
Liabilities	
Deferred revenue	(1,586,338)
Net identifiable assets	14,009,240
Goodwill arising on acquisition	6,714,546
Purchase consideration transferred	**20,723,786**

The Corporation identified intangible assets of $2,175,073 for customer relationships, $8,797,564 for the database license and goodwill of $6,714,546. Goodwill relates to workforce, expected synergies and other assets that are not individually identified and separately recognized. Goodwill is not expected to be deductible for tax purposes. Acquisition costs of $1,798,856 have been accounted for as period expenses when the costs were incurred, except for the cost to issue equity of $48,739 which is recorded as a deduction from share capital.

In the three months and six months ended June 30, 2012, revenue of $1,275,792, expenses of $1,622,208, which includes intangible asset amortization of $293,016 and a loss of $(346,416) have been included in these Consolidated Financial Statements related to the Acquisition. If the combination had taken place at the beginning of the year, revenue would have been $9,072,973, expenses of $11,331,098, which includes intangible asset amortization expense of $662,142, and the net loss for the period would have been $(2,258,125).

Significant accounting policies

The following accounting policies have been implemented in the quarter ended June 30, 2012:

<u>Business combinations</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration paid, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. Acquisition costs incurred are expensed in net income.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Intangible assets

The cost of intangible assets acquired in a business combination represents the fair value as at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired are comprised mainly of trade names, licences, customer relationships and software.

Intangible assets with finite lives, such as customer relationships and software, are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The customer relationships and database licenses are amortized on a straight-line basis over five years.

Intangible assets with indefinite useful lives, such as trade names and licences, are not amortized but instead are tested for impairment at least annually, either individually or at the cash-generating unit (“CGU”) level. The Corporation believes that the licences will be renewed indefinitely at little or no cost and no other factors will limit their useful lives. The assessment of an indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill is initially measured at cost, being the excess of the consideration paid in a business combination over the fair value of the net identifiable assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company’s CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually (as at December 31) or whenever events or changes in circumstances indicate that the carrying value might be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model may be used.

The Corporation bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Corporation's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to the project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognized in net income in those expense categories consistent with the function of the impaired asset.

Changes in accounting policies not yet adopted

The following accounting pronouncements that have been released but have not yet been adopted by the Corporation:

Financial instruments

IFRS 9 as issued reflects the IASB's work to date on the replacement of IAS 39, and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address impairment and hedge accounting. The Corporation is evaluating the impact of adopting IFRS 9 on the consolidated financial statements.

Financial Instruments – Disclosures

In December 2011, the IASB issued amendments to the disclosure requirements in IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). The amendments require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32, Financial Instruments - Presentation ("IAS 32"). The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These amendments are effective for annual periods beginning on or after January 1, 2013. The Corporation is evaluating the impact of adopting IFRS 7 on the consolidated financial statements.

Consolidated financial statements

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements (“IFRS 10”). IFRS 10, which replaces the consolidation requirements of SIC-12 Consolidation – Special Purpose Entities and IAS 27, Consolidation and Separate Financial Statements, and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. This new standard is effective for the Corporation’s interim and annual consolidated financial statements commencing on or after January 1, 2013. The Corporation is evaluating the impact of adopting IFRS 10 on the consolidated financial statements.

Fair value measurement

IFRS 13, "Fair value measurement" (“IFRS 13”) provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value is required or permitted per IFRS. While many of the concepts in IFRS 13 are consistent with current practice, certain principles could have a significant effect on some entities adopting the standard. IFRS 13 is effective January 1, 2013 and will be adopted prospectively. The Corporation is evaluating the impact of adopting IFRS 13 on the consolidated financial statements.

Presentation of Financial Statements

In June 2011, the IASB amended "Presentation of Financial Statements" ("IAS 1") by revising how certain items are presented in other comprehensive income. Items within other comprehensive income that may be reclassified to profit and loss will be separated from items that will not. The standard is effective for financial years beginning on or after July 1, 2012 with early adoption permitted.
In December 2011, the IASB issued amendments to IAS 32, Financial Instruments – Presentation (“IAS 32”). The amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its financial position and the effects of rights of set-off on the entity’s rights and obligations. These amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Corporation is currently assessing the impact of the amendment on the consolidated financial statements.

Deferred Tax: Recovery of Underlying Assets

In December 2010, the IASB issued amendments to IAS 12, Income Taxes (“IAS 12”) as Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12. The amendments provide an exception to the general principle in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. These amendments are effective for annual periods beginning on or after January 1, 2012. The Corporation is evaluating the impact of adopting IAS 12 on the consolidated financial statements.

Disclosure of interests in other entities

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Corporation's interim and annual consolidated financial statements commencing on or after January 1, 2013. The Corporation is evaluating the impact of adopting IFRS 12 on the consolidated financial statements.

Disclosure of Outstanding Share Data

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

EQUITY SECURITY	**NUMBER OUTSTANDING**
Common Shares	180,658,659
Restricted Shares	4,393,265
Stock Options	7,515,399

In April of 2012, with a portion of the proceeds from the Private Placement, the Corporation distributed a cash dividend in the amount of $0.01 per Common Share totaling $1,186,529 to shareholders of record as at the close of business on April 9, 2012.

On June 29, 2012, 4,393,265 restricted shares were granted to certain staff, senior management and Directors of the Corporation in accordance with the Corporation's Restricted Share Plan ("Restricted Shares"). Of these Restricted Shares, 2,823,625 were granted to officers of the Corporation. Each Restricted Share is subject to forfeiture. For Canadian employees, the Corporation has agreed to loan each employee an amount equal to the employee's Canadian income tax liability due upon the grant of the Restricted Share, repayable on terms equivalent to when the risk of forfeiture lapses. The approximate value of these loans is $148,000. There is no tax liability immediately payable for employees based in the United States and therefore no loan.

Financial Instruments and Risk Management

The Corporation's financial instruments consist of accounts receivable, accounts payable and accrued liabilities and finance lease obligations and their carrying value approximates fair value due to their immediate or short-term maturity.

Market Risk and Foreign Currency risk

The Corporation operates primarily within Canada, the United States and other countries outside of North America, and is therefore exposed to foreign currency risk. As at June 30, 2012, the fluctuation of the U.S. dollar of 1% will result in a gain or loss of approximately $42,000 in net loss and comprehensive loss. The Corporation's exposure to foreign currency changes for all other currencies is not material. With the acquisition of the MSB Claims business and the growth in US revenue, this exposure may increase in future quarters.

Credit risk

The Corporation is exposed to credit risk in the event of non-performance by customers. The Corporation monitors the credit risk of customers on a regular basis. The maximum credit risk is the carrying value of the accounts receivable. In the first two quarters of 2012 and 2011, as indicated in the Corporation's interim consolidated financial statements and related notes for the period ended June 30, 2012, no single customer of Adjudicare accounted for 10% or more of the Corporation's revenue. In the first two quarters of 2012, there was one customer of Symbility which accounted for more than 10% of the Corporation’s revenue. In the first two quarters of 2011, there was one customer of Symbility which accounted for more than 10% of the Corporation’s revenue.

Liquidity risk

The Corporation’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Corporation achieves this by maintaining sufficient cash and cash equivalents, managing cash from operations, and through the raising of equity financing.

For more information, see Note 8 of the interim consolidated financial statements for the quarter ended June 30, 2012.

Risks and Uncertainties

Readers are referred to risk factors found in the Corporation’s December 31, 2011 MD&A filed April 26, 2012 on SEDAR, which is available in electronic form at www.sedar.com.