AUTOMATEDBENEFITS

Automated Benefits Corp.

Interim Consolidated Financial Statements
(Unaudited)
Quarter ended June 30, 2012

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(Unaudited)
June 30, 2012

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Automated Benefits Corp.
Interim Consolidated Statements of Financial Position
(Unaudited - In Canadian dollars)

	Note	June 30, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		**2,486,085**	1,301,229
Accounts receivable and others	8	**3,854,125**	2,981,569
Loans receivable	6	**147,820**	-
Prepaid expenses and other assets	8, 15	**756,095**	612,184
		7,244,125	4,894,982
Restricted cash deposits		**207,000**	207,000
Property and equipment		**358,095**	298,486
Intangible assets	5	**10,762,396**	54,001
Goodwill	5	**6,714,404**	-
		25,286,020	5,454,469
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,882,842**	2,642,368
Current portion of deferred revenue		**2,827,150**	1,422,925
		5,709,992	4,065,293
Long-term liabilities			
Deferred revenue		**391,484**	284,025
Finance lease obligations		**74,801**	99,616
Customer deposits		**200,241**	179,241
		6,376,518	4,628,175
Shareholders' equity			
Share capital	6	**38,203,201**	16,358,685
Contributed surplus		**9,145,554**	9,246,924
Deficit		**(28,439,253)**	(24,779,315)
		18,909,502	826,294
		25,286,020	5,454,469

Commitments

See accompanying notes

Automated Benefits Corp.
Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - In Canadian dollars)

	Note	Three-month period ended June 30, 2012	Three-month period ended June 30, 2011	Six-month period ended June 30, 2012	Six-month period ended June 30, 2011
Revenue		**4,586,439**	2,014,034	**6,947,367**	3,680,810
Cost of sales		**978,601**	346,321	**1,350,072**	689,292
		3,607,838	1,667,713	**5,597,295**	2,991,518
Expenses					
General and administration	6	**1,542,515**	884,889	**2,664,297**	1,553,352
Research and development	6, 15	**631,064**	308,543	**1,042,874**	589,132
Sales and marketing	6	**1,810,330**	403,441	**2,457,368**	702,390
Transaction related expenses		**886,775**	-	**1,798,856**	-
Other operating expenses	12	**54,091**	18,672	**105,298**	41,508
		4,924,775	1,615,545	**8,068,693**	2,886,382
Income (loss) before finance income (costs) and other income		**(1,316,937)**	52,168	**(2,471,398)**	105,136
Finance income and other income	13	**638**	1,069	**1,489**	5,379
Finance costs	14	**(1,649)**	(1,813)	**(3,500)**	(1,905)
Net income (loss) and comprehensive income (loss) for the period		**(1,317,948)**	51,424	**(2,473,409)**	108,610
Basic and diluted earnings (loss) and comprehensive income (loss) per common share	7	**(0.01)**	0.00	**(0.02)**	0.00
Weighted average number of common shares outstanding	7				
Basic		**172,523,273**	118,313,811	**145,490,275**	118,313,811
Diluted		**172,523,273**	120,478,090	**145,490,275**	120,462,499

See accompanying notes

Automated Benefits Corp.
Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - In Canadian dollars)

	Note	Common shares	Contributed surplus	Deficit	Total shareholders' equity
January 1, 2011		16,325,999	8,999,137	(24,685,090)	640,046
Stock-based compensation	6	-	154,684	-	154,684
Net income for the period		-	-	108,610	108,610
June 30, 2011		16,325,999	9,153,821	(24,576,480)	903,340
December 31, 2011		16,358,685	9,246,924	(24,779,315)	826,294
Share issuance for services	4	68,381	-	-	68,381
Share options exercised	6	1,101,088	(610,435)	-	490,653
Share issuance for business combination	3, 6	20,723,786	-	-	20,723,786
Share issuance costs		(48,739)	-	-	(48,739)
Stock-based compensation	6	-	509,065	-	509,065
Dividends declared	6	-	-	(1,186,529)	(1,186,529)
Net loss for the period		-	-	(2,473,409)	(2,473,409)
June 30, 2012		**38,203,201**	**9,145,554**	**(28,439,253)**	**18,909,502**

See accompanying notes

Automated Benefits Corp.
Interim Consolidated Statements of Cash Flows
(Unaudited - In Canadian dollars)

	Note	Three month period ended June 30,		Six month period ended June 30,	
		2012	**2011**	**2012**	**2011**
Operating activities					
Net income (loss) for the period		**(1,317,948)**	51,424	**(2,473,409)**	108,610
Items not affecting cash					
Stock-based compensation	6	**362,725**	135,052	**509,065**	154,684
Issuance of shares for services		**-**	-	**68,381**	-
Depreciation and amortization		**340,589**	12,972	**366,228**	24,444
Transaction related expenses		**561,722**	-	**561,722**	-
		(52,912)	199,448	**(968,013)**	287,738
Net change in non-cash working capital items	11	**467,122**	(334,473)	**423,275**	(686,647)
Cash provided by (used in) operating activities		**414,210**	(135,025)	**(544,738)**	(398,909)
Investing activities					
Purchase of property and equipment		**(66,467)**	(24,997)	**(91,358)**	(55,052)
Purchase of intangible assets		**(26,100)**	(1,265)	**(33,541)**	(8,240)
Loans receivable		**(147,820)**	-	**(147,820)**	-
Note receivable		**-**	-	**40,424**	-
Transaction related payables		**(959,043)**	-	**(452,391)**	-
Business combination	3, 6	**3,182,548**	-	**3,182,548**	-
Cash used in investing activities		**1,983,118**	(26,262)	**2,497,862**	(63,292)
Financing activities					
Proceeds from borrowings		**-**	102,000	**-**	102,000
Long-term finance lease payments		**(11,897)**	(886)	**(23,653)**	16,158
Dividends paid		**(1,186,529)**	-	**(1,186,529)**	-
Proceeds from exercise of share options		**488,786**	-	**490,653**	-
Cost of issuance of shares		**(47,315)**	-	**(48,739)**	-
Cash provided by financing activities		**(756,955)**	101,114	**(768,268)**	118,158
Net increase (decrease) in cash during the period		**1,640,373**	(60,173)	**1,184,856**	(344,043)
Cash and cash equivalents-Beginning of period		**845,712**	1,008,646	**1,301,229**	1,292,516
Cash and cash equivalents-End of period		**2,486,085**	948,473	**2,486,085**	948,473
Supplementary cash flow information					
Interest paid		**1,649**	1,813	**3,500**	1,905
Interest received		**219**	604	**1,236**	1,239

See accompanying notes

1) Nature of operations and corporate information

Automated Benefits Corp. (the "Corporation") develops and markets software designed to improve effectiveness and reduce costs of administration of claims in both the employee benefits and property and casualty insurance markets. The Corporation was incorporated under the Alberta Business Corporations Act on July 15, 1999 and commenced operations on January 1, 2000. The Corporation is a publicly traded company with common shares listed on the TSX Venture Exchange and domiciled in Canada and its registered office is located at 3400 First Canadian Centre 350 - 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Corporation has executive and operating offices in Toronto, Ontario, Montreal, Québec, Milwaukee, Wisconsin and Tyler, Texas.

The Corporation has two wholly owned subsidiaries, Automated Benefits Inc. ("Adjudicare") and Symbility Solutions Ltd. ("Symbility Canada") both located in Toronto, Ontario. Prior to August 1, 2012, Symbility Solutions Ltd. operated under the name Symbility Solutions Inc. Symbility Canada in turn has one wholly owned subsidiary, Symbility Solutions Corp. ("Symbility USA") which is incorporated in the State of Delaware. Prior to August 8, 2012, Symbility Solutions Corp. operated under the name Symbility Solutions (U.S.A.) Inc. Symbility Canada and Symbility USA are jointly referred to on a consolidated basis as "Symbility". These interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Automated Benefits Corp. on August 13, 2012.

2) Significant accounting policies

a) Statement of compliance

These interim consolidated financial statements for the six-month period ended June 30, 2012 of the Corporation were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2011 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Accordingly, these interim consolidated financial statements for the period ended June 30, 2012 should be read together with the annual consolidated financial statements for the year ended December 31, 2011.

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

Business combinations

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. Acquisition costs incurred are expensed in net income (loss). When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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 database licences and customer relationships.

Intangible assets with finite lives, such as customer relationships and database licenses, 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 and ten years respectively.

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 cash generating unit ("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 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 CGUs to which the individual assets are allocated.

b) Basis of presentation

These interim consolidated financial statements include the accounts of the Corporation, and its wholly owned subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

These interim consolidated financial statements have been prepared on a historical cost basis, except for share-based payment transactions and business combinations which are measured at fair value. In these interim consolidated financial statements, all dollars are expressed in Canadian dollars, which is the functional currency of the parent company.

c) Changes in accounting policies not yet adopted

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

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) Presentation of Financial Statements

In June 2011, the IASB amended "Presentation of Financial Statements" ("IAS 1") by revising how certain items are presented in 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. The Corporation is currently assessing the impact of the amendment on the consolidated financial statements.

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.

vi) 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.

3) Business combinations

On April 10, 2012, the Corporation completed the acquisition of MSB's claims division ("MSB Claims Business") from Marshall & Swift/Boeckh ("MSB"), a wholly-owned subsidiary of Decision Insight Information Group ("Decision Insight"), (the "Acquisition"). 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 on Sedar) a license to utilize the databases currently used in the MSB claims business was granted to the Corporation.

(Unaudited - In Canadian dollars)

The results of the acquired 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 a total fair value of $18,266,250 for the Acquisition and 7,021,530 common shares with a fair value of $0.35 per common share for a total fair value of $2,457,536 for the Private Placement to Decision Insight and MSB (together 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 is summarized below:

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. Goodwill of $6,714,546 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).

4) Related party transactions

For the six-month period ended June 30, 2012, the Corporation expensed $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.

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-see Subsequent events.

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.

On July 29, 2011, the Corporation agreed to loan $40,000 to its Chief Executive Officer. This promissory note had a maturity of April 30, 2012 with an annual interest rate of 2.5%. The loan of $40,000 is secured by 150,943 shares of the Corporation owned by the Chief Executive Officer. 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.

On June 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 June 14, 2012, the Chief Executive Office of the Corporation exercised 2,193,932 stock options at a strike price of $0.20 per share for a value of $438,786.

(Unaudited - In Canadian dollars)

5) Intangible assets

	Computer software[1]	Trademarks	Customer relationships	Database license	Total
Cost					
At December 31, 2011	158,194	40,402	-	-	198,596
Additions	11,716	21,825	-	-	33,541
Additions arising from business combinations	-	-	2,175,073	8,797,564	10,972,637
At June 30, 2012	**169,910**	**62,227**	**2,175,073**	**8,797,564**	**11,204,774**
Accumulated amortization					
At December 31, 2011	131,629	12,966	-	-	144,595
Amortization expense	5,613	-	96,670	195,500	297,783
At June 30, 2012	**137,242**	**12,966**	**96,670**	**195,500**	**442,378**
Net book value					
At December 31, 2011	26,565	27,436	-	-	54,001
At June 30, 2012	**32,668**	**49,261**	**2,078,403**	**8,602,064**	**10,762,396**

[1] Includes computer software under financial lease with a cost of $16,832, accumulated amortization of $3,367 (December 31, 2011 - $842) and net book value of $13,465 (December 31, 2011 - $15,990).

(Unaudited - In Canadian dollars)

6) Issued capital

Authorized
Unlimited number of common shares, no par value
Unlimited number of preferred shares, no par value

Issued (excluding Restricted Shares held in escrow described below)

	Common shares	
	#	$
Share Capital Balance - December 31, 2011	118,444,148	16,358,685
Shares issued for services rendered	195,374	68,381
Share options exercised	2,607,265	1,101,088
Shares issued in business combination	59,210,816	20,723,786
Share issuance costs	-	(48,739)
Share Capital Balance - June 30, 2012	180,457,603	38,203,201
Contributed surplus		9,145,554

Dividend

On March 28, 2012, the Corporation declared a discretionary cash dividend, payable to Shareholders of record as of April 9, 2012, in the amount of C$0.01 for each Common Share issued and outstanding as of April 9, 2012. The Corporation paid the dividend on or around April 21, 2012 to the Shareholders of record at the close of business on April 9, 2012.

Restricted Share Plans

On March 27, 2012, the Shareholders approved the Canadian Restricted Share Plan (the “Canadian RS Plan”) and the United States Restricted Share Plan (the “United States RS Plan”, and together with the Canadian RS Plan, the “RS Plans”). Awards granted pursuant to the RS Plans, together with all other security based compensation granted by Automated Benefits, shall not exceed 10% of the issued and outstanding Common Shares on the date of grant.

The RS Plans provide that the RSs issued to Participants (as such term is defined in the RS Plans) under RS Plans will be subject to forfeiture over a period to be specified in an RS Agreement, beginning April 1, 2012 and ending on or before March 31, 2017, unless certain vesting criteria have been achieved. The vesting criteria were set by the Board of Directors and are set forth in the applicable RS Agreement. Each RS grant shall be composed of three equal tranches. The risk of forfeiture with respect to 20% of the first tranche (1/3 of the RSs granted), unless earlier terminated or forfeited in accordance with the RS Plans, shall lapse on each of the March 31, 2013, 2014, 2015, 2016 and 2017 in five equal parts. The risk of forfeiture with respect to the second tranche (1/3 of the RSs granted) shall lapse upon the achievement of certain performance goals related to the integration of the operations of Automated Benefits and its subsidiaries with the MSB Prior Claims Business (as such term is defined in the RS Plans) on or before April 10, 2014. The risk of forfeiture with respect to the third tranche (1/3 of the RSs granted) shall lapse upon the achievement of certain financial performance-based targets for Automated Benefits’ twelve month period ended March 31, 2013, 2014, 2015, 2016 and 2017. Such performance goals and financial performance-based targets are set by the Board of Directors and are set forth in applicable RS Agreements.

(Unaudited - In Canadian dollars)

The Canadian RS Plan and the United States RS Plan contain essentially the same terms, with the primary exception being the escrow arrangement in the Canadian RS Plan, which provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the Canadian RS Plan, the restrictions on each RS shall be lifted and one Commons Share for each RS shall be released from escrow and delivered to the Participant in accordance with the Canadian RS Plan. The United States RS Plan provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the United States RS Plan, the restrictions on each RS shall be lifted and one Common Share for each such RS shall be delivered to the Participant.

On June 29, 2012, 3,073,265 RSs were issued under the Canadian RS Plan and 1,320,000 RSs were issued under the United States RS Plan, for a total of 4,393,265 RS outstanding as of June 30, 2012.

Stock option plan

The Corporation has a stock option plan (the “Plan”), which provides that the Board of Directors of the Corporation (the “Board”) may grant from time to time, at its discretion, stock options to purchase common shares of the Corporation to directors, senior officers, employees, and consultants. The number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. In addition, the number of common shares reserved for issuance to any one person in any 12-month period shall not exceed 5% of the issued and outstanding common shares. There are additional restrictions on the number of options that may be granted to Insiders. The exercise price shall be determined by the Board of Directors, but shall not be lower than the lowest price permitted by the TSX Venture Exchange.

The exercise price of the stock options is equal to the closing market price of the underlying shares on the date before the options were granted. For employee stock options, the contractual term of options vary from five to ten years and the vesting period is at a rate of 1/3 immediately and 1/3 on each of the 12 and 24 month anniversary of the date of the grant. For non-employee stock options, the contractual term of options vary from five to ten years and the vesting period varies among the term of the option contract.

The total stock-based compensation expense for the six-month period ended June 30, 2012 was $509,065 (2011 – $154,684) with a corresponding credit to contributed surplus.

Stock-based compensation related to	**Three month period ended June 30,**		**Six month period ended June 30,**	
	2012	**2011**	**2012**	**2011**
General and administration	**120,963**	107,923	**224,878**	119,309
Research and development	**75,530**	15,799	**90,379**	21,542
Sales and marketing	**166,232**	11,330	**193,808**	13,833
Total	**362,725**	135,052	**509,065**	154,684

(Unaudited - In Canadian dollars)

The Corporation used the Black-Scholes option pricing model to estimate the fair value of the options granted based on the following weighted average assumptions:

Risk-free interest rate	1.69%
Expected life	5.5 years
Volatility	117%
Expected dividends	Nil
Weighted average share price	$0.39

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

During the six-month period ended June 30, 2012, the weighted average fair value of options granted was $0.32 (2011 – $0.21).

The weighted average remaining contractual life for the stock options outstanding as at June 30, 2012 is 6.88 years (December 31, 2011 – 4.37 years).

The following table summarizes activity related to stock options for the period ended June 30, 2012 and for the twelve-month period ended December 31, 2011:

	June 30, 2012		**December 31, 2011**	
	Stock options outstanding #	**Weighted average exercise price $**	**Stock options outstanding #**	**Weighted average exercise price $**
Balance – Beginning of period	**7,143,864**	**0.20**	6,737,864	0.20
Granted	**3,000,000**	**0.42**	1,606,000	0.25
Exercised	**(2,607,265)**	**0.19**	(50,000)	0.19
Forfeited	**(13,334)**	**0.26**	(23,366)	0.20
Expired	**(26,666)**	**0.21**	(1,126,634)	0.32
Balance – End of period	**7,496,599**	**0.29**	7,143,864	0.20
Balance – Exercisable	**4,834,328**	**0.24**	5,793,299	0.19

(Unaudited - In Canadian dollars)

7) Earnings (loss) per share

	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Income (loss) attributable to common shareholders (numerator)	**(1,317,948)**	51,424	**(2,473,409)**	108,610
Weighted average number of common shares outstanding (denominator)				
Basic	**172,523,273**	118,313,811	**145,490,275**	118,313,811
Effect of dilutive securities - stock options	**-**	2,164,279	**-**	2,148,688
Diluted	**172,523,273**	120,478,090	**145,490,275**	120,462,499
Basic and diluted earnings (loss) per common share	**(0.01)**	0.00	**(0.02)**	0.00

The effect of stock options was not included in the calculation of diluted loss per share in the three-month and six-month period ended June 30, 2012 as the result would be anti-dilutive.

8) Financial Instruments and Risk Management

Fair value

The carrying value of cash and cash equivalents, restricted cash deposits, accounts receivable and others, and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity and these financial instruments are classified as level one - quoted price in the fair value hierarchy.

Risk arising from financial instruments and risk management

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign exchange), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

Risk management is the responsibility of the corporate finance function. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors.

Market risk and foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Corporation's income or the value of its financial instruments.

The Corporation's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products and services to customers invoiced in foreign currencies and the purchase of services invoiced in foreign currencies. Of the Corporation's accounts receivable and accounts payable at June 30, 2012, 65% is denominated in U.S. dollars and 7% in U.K. pound sterling (December 31, 2011 - 60% in U.S. dollars and 4% in U.K. pound sterling) and 30% is denominated in U.S. dollars and 3% in U.K. pound sterling (December 31, 2011 - 7% in U.S. dollars and 3% in U.K. pound sterling), respectively. During the six-month period ended June 30, 2012, revenue was approximately 61% in U.S. dollars and 9% in U.K. pound sterling (2011 - 44% in U.S. dollars and 9% in U.K. pound sterling) and expenses were approximately 39% in U.S. dollars (2011 - 8% in U.S. dollars).

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.

Credit risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to clients including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Corporation assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

As at June 30, 2012, the largest amounts due from two customers accounted for 24%, and 11% respectively of the Corporation's total accounts receivable (December 31, 2011 - one customer - 54%).

The following table sets out details of the age of accounts receivable that are outstanding and related allowance for doubtful accounts:

	June 30, 2012	**December 31, 2011**
Current	**3,076,505**	1,545,917
31 - 60 days	**130,758**	157,430
61 - 90 days	**151,956**	1,269,963
Over 91 days	**519,922**	7,475
Less: allowance for doubtful accounts	**(28,471)**	(1,972)
Total accounts receivable, net	**3,850,670**	2,978,813

Included in accounts receivable is $200,071 (2011 - Nil) for customers on quarterly payment plans for annual contracts. These amounts are also included in deferred revenue, which offsets the credit risk on these receivables.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss within other operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated statements of loss and comprehensive loss.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maintain sufficient readily available cash 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. As at June 30, 2012, the Corporation was holding cash and cash equivalents of $2,486,085 (December 31, 2011 - $1,301,229).

9) Management of capital

The Corporation defines capital that it manages as the aggregate of its shareholders' equity and interest-bearing debt. The Corporation's objectives when managing capital are to ensure that it can provide products and services to its customers and returns to its shareholders.

As at June 30, 2012, total managed capital was $19,033,345 (December 31, 2011 - $973,790) comprised of shareholders' equity of $18,909,502 (December 31, 2011 - $826,294) and interest-bearing debt of $123,843 (December 31, 2011 - $147,496).

In conjunction with the business combination on April 10, 2012, the Corporation completed a private placement and received $1,895,813 in cash. On April 21, 2012, the Corporation paid a cash dividend of $1,186,529 to shareholders of record on April 9, 2012.

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions and operating results. The Corporation, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances.

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy and objectives with respect to capital risk management remains unchanged for the six-month period ended June 30, 2012.

(Unaudited - In Canadian dollars)

10) Segmented information

The Corporation has three reportable segments, two of which offer different products and services: the group insurance division and the property and casualty division.

- The Group Insurance software division provides an advanced and practical software solution to a network of Employee Benefits Brokers and Third Party Administrator partners to enable them to adjudicate and pay health and dental claims.
- The Property and casualty division provides powerful, accurate and easy-to-use claims processing, estimating software solutions and analytical services for Property and Casualty Insurers. The collaborative workflow management, mobile estimating, claims triage solutions and analytical services allow insurers to reduce costs while delivering a market-leading claims experience.
- The Head office consists of general and administration expenses and stock-based compensation which have not been allocated to the operating segments.

Revenues are generated from external customers in Canada, the United States, and other countries outside of North America and all material assets are located in Canada and United States.

In the six month period ended June 30, 2012, there was one customer (2011 - one customer) who accounted for more than 10% of the Corporation's revenue. The Corporation earned approximately $2,366,000 (2011 - $860,000) of its revenue from the Property and casualty software customer.

	Six-month period ended June 30, 2012			
	Group insurance software	**Property and casualty software**	**Head office**	**Total**
Revenue	1,790,848	5,156,519	-	6,947,367
Cost of sales	733,823	613,880	2,369	1,350,072
Gross margin	1,057,025	4,542,639	(2,369)	5,597,295
Expenses	846,296	4,975,872	2,246,525	8,068,693
Segment income (loss) before finance income (costs) and other income	210,729	(433,233)	(2,248,894)	(2,471,398)
Finance income and other income	628	107	754	1,489
Finance costs	(28)	-	(3,472)	(3,500)
Segment income (loss)	211,329	(433,126)	(2,251,612)	(2,473,409)
As at June 30, 2012				
Operating assets	1,283,034	21,091,466	425,435	22,799,935
Assets not allocated to segments -Cash and cash equivalents	-	-	2,486,085	2,486,085
Total operating assets	1,283,034	21,091,466	2,911,520	25,286,020
Operating liabilities	1,034,397	4,369,906	972,215	6,376,518
Additions to property and equipment, intangible assets and goodwill	2,001	17,787,876	58,757	17,848,634

(Unaudited - In Canadian dollars)

	Six-month period ended June 30, 2011			
	Group insurance software	**Property and casualty software**	**Head office**	**Total**
Revenue	1,554,414	2,126,396	-	3,680,810
Cost of sales	638,233	51,059	-	689,292
Gross margin	916,181	2,075,337	-	2,991,518
Expenses	729,805	1,590,774	565,803	2,886,382
Segment income (loss) before finance income (costs) and other income	186,376	484,563	(565,803)	105,136
Finance income and other income	824	197	4,358	5,379
Finance costs	(969)	(142)	(794)	(1,905)
Segment income (loss)	186,231	484,618	(562,239)	108,610
As at December 31, 2011				
Operating assets	1,302,859	2,530,694	319,687	4,153,240
Assets not allocated to segments -Cash and cash equivalents	-	-	1,301,229	1,301,229
Total operating assets	1,302,859	2,530,694	1,620,916	5,454,469
Operating liabilities	976,690	2,173,472	1,478,013	4,628,175
Additions to property and equipment and intangible assets	11,220	146,891	186,636	344,747

Geographic Information

The Corporation's revenues by geographic areas for the six-month period ended June 30, 2012 and June 30, 2011 and non-current assets as of June 30, 2012 and December 31, 2011 are as follows:

	Revenue for the six-month period ended		Non-current assets as of	
	June 30, 2012	**June 30, 2012**	**June 30, 2012**	**December 31, 2011**
Canada	**2,056,830**	2,056,830	**585,228**	552,222
United States	**4,280,977**	4,280,977	**17,456,667**	7,265
International	**609,560**	609,560	**-**	-
Total	**6,947,367**	6,947,367	**18,041,895**	559,487

(Unaudited - In Canadian dollars)

11) Net change in non-cash working capital items

	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Accounts receivable and others	**(698,071)**	(62,797)	**(49,636)**	(488,321)
Prepaid expenses and other assets	**30,947**	36,943	**(150,998)**	(252,834)
Accounts payable and accrued liabilities	**1,066,579**	(163,604)	**703,348**	(36,185)
Deferred revenue	**47,167**	(237,256)	**(100,439)**	(1,548)
Other long-term liabilities	**20,500**	92,241	**21,000**	92,241
	467,122	(334,473)	**423,275**	(686,647)

The net change in non-cash working capital items excluded financing activities related to property and equipment under long-term finance lease obligations of $1,162 (2011 - $(1,242)) and investing activities related to transaction related payable of $(452,391) (2011 - Nil) and note receivables of $40,424 (2011 - Nil).

12) Other operating expenses

	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Depreciation and amortization	**48,170**	12,972	**73,805**	24,444
Foreign exchange (gain) loss, net	**5,921**	5,700	**31,493**	17,064
Total other operating expenses	**54,091**	18,672	**105,298**	41,508

13) Finance income and other income

	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Interest income on cash and cash equivalents	**161**	438	**328**	1,021
Interest income on restricted cash deposits	**467**	631	**1,151**	1,093
Other finance and other income	**10**	-	**10**	3,265
Total finance income and other income	**638**	1,069	**1,489**	5,379

14) Finance costs

	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Interest expense on loans	**-**	142	**-**	142
Interest expense on finance lease obligations	**1,634**	390	**3,410**	390
Other finance charges	**15**	1,281	**90**	1,373
Total finance costs	**1,649**	1,813	**3,500**	1,905

15) Scientific research and experimental development tax credits

In the six month period ended June 30, 2012, the Corporation has recorded investment tax credits totaling $163,472 (2011 - $190,723) and reduced research and development expenditures by this amount. The Corporation has accumulated $1,451,370 of non-refundable investment tax credits which can be carried forward to reduce future federal income taxes payable and will begin to expire in 2023. As at June 30, 2012, the Corporation had $507,486 (December 31, 2011 - $344,014) of tax credits recorded within the other assets.

16) Subsequent events

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.

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.