**Automated Benefits Corp.**

Interim Consolidated Financial Statements
(Unaudited)
**Quarter ended March 31, 2012**

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Interim Consolidated financial statements
(Unaudited)
**March 31, 2012**

## Notice

The accompanying unaudited interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

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

| | **March 31, 2012** | **December 31, 2011** |
|---|---|---|
| | **$** | **$** |
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 845,712 | 1,301,229 |
| Accounts receivable and others (Note 6) | 2,333,134 | 2,981,569 |
| Prepaid expenses and other assets (Notes 3, 6 and 13) | 753,705 | 612,184 |
| | 3,932,551 | 4,894,982 |
| **Restricted cash deposits** | 207,000 | 207,000 |
| **Property and equipment** | 300,208 | 298,486 |
| **Intangible assets** | 58,973 | 54,001 |
| | 4,498,732 | 5,454,469 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 2,774,034 | 2,642,368 |
| Current portion of deferred revenue | 1,220,443 | 1,422,925 |
| | 3,994,477 | 4,065,293 |
| **Long-term liabilities** | | |
| Deferred revenue | 338,901 | 284,025 |
| Finance lease obligations | 99,616 | 99,616 |
| Customer deposit | 179,741 | 179,241 |
| | 4,612,735 | 4,628,175 |
| **Shareholders' equity (deficit)** | | |
| Share capital (Note 4) | 16,430,309 | 16,358,685 |
| Contributed surplus | 9,390,464 | 9,246,924 |
| Deficit | (25,934,776) | (24,779,315) |
| | (114,003) | 826,294 |
| | 4,498,732 | 5,454,469 |

*Commitments*

*See accompanying notes*

**Automated Benefits Corp.**
Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - In Canadian dollars, except per share amounts)

| | **Three-month period ended March 31, 2012** | **Three-month period ended March 31, 2011** |
|---|---|---|
| | **$** | **$** |
| **Revenue** | 2,360,928 | 1,666,776 |
| **Cost of sales** | 371,471 | 342,972 |
| | 1,989,457 | 1,323,804 |
| **Expenses** | | |
| General and administration (Note 4) | 1,121,784 | 668,460 |
| Research and development (Notes 4 and 13) | 411,809 | 280,589 |
| Sales and marketing (Note 4) | 647,037 | 298,949 |
| Transaction related expenses | 912,081 | - |
| Other operating expenses (Note 10) | 51,207 | 22,837 |
| | 3,143,918 | 1,270,835 |
| **Income (Loss) before finance income (costs) and other income** | (1,154,461) | 52,969 |
| Finance income and other income (Note 11) | 851 | 4,309 |
| Finance costs (Note 12) | (1,851) | (92) |
| **Net income (loss) and comprehensive income (loss) for the period** | (1,155,461) | 57,186 |
| **Basic and diluted earnings (loss) and comprehensive income (loss) per common share** (Note 5) | **$** | **$** |
| | (0.01) | 0.00 |
| **Weighted average number of common shares outstanding** (Note 5) | # | # |
| **Basic** | 118,457,278 | 118,313,811 |
| **Diluted** | 118,457,278 | 120,463,880 |

*See accompanying notes*

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

| | Common shares<br>$ | Contributed surplus<br>$ | Deficit<br>$ | Total shareholders' equity<br>$ |
|---|---|---|---|---|
| **January 1, 2011** | 16,325,999 | 8,999,137 | (24,685,090) | 640,046 |
| Stock-based compensation (Note 4) | - | 19,632 | - | 19,632 |
| Net income for the period | - | - | 57,186 | 57,186 |
| **March 31, 2011** | 16,325,999 | 9,018,769 | (24,627,904) | 716,864 |
| | | | | |
| **December 31, 2011** | 16,358,685 | 9,246,924 | (24,779,315) | 826,294 |
| Share issuance for services (Note 3) | 68,381 | - | - | 68,381 |
| Share options exercised (Note 4) | 4,667 | (2,800) | - | 1,867 |
| Share issuance costs | (1,424) | - | - | (1,424) |
| Stock-based compensation (Note 4) | - | 146,340 | - | 146,340 |
| Net loss for the period | - | - | (1,155,461) | (1,155,461) |
| **March 31, 2012** | 16,430,309 | 9,390,464 | (25,934,776) | (114,003) |

*See accompanying notes*

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

| | Three-month period ended March 31, 2012 $ | Three-month period ended March 31, 2011 $ |
|---|---|---|
| **Operating activities** | | |
| Net income (loss) for the period | (1,155,461) | 57,186 |
| Items not affecting cash | | |
| Stock-based compensation | 146,340 | 19,632 |
| Issuance of shares for services | 68,381 | - |
| Depreciation and amortization | 25,635 | 11,473 |
| | (915,105) | 88,291 |
| Net change in non-cash working capital items (Note 9) | (43,843) | (352,176) |
| **Cash used in operating activities** | (958,948) | (263,885) |
| **Investing activities** | | |
| Purchase of property and equipment | (24,891) | (8,671) |
| Purchase of intangible assets | (7,441) | (6,973) |
| Note receivable (Note 3) | 40,424 | - |
| Transaction related expenses | 506,652 | - |
| **Cash provided by (used in) investing activities** | 514,744 | (15,644) |
| **Financing activities** | | |
| Long-term finance lease payments | (11,756) | (4,341) |
| Proceeds from exercise of share options | 1,867 | - |
| Cost of issuance of shares | (1,424) | - |
| **Cash used in financing activities** | (11,313) | (4,341) |
| **Net decrease in cash** | (455,517) | (283,870) |
| **Cash and cash equivalents-Beginning of period** | 1,301,229 | 1,292,516 |
| **Cash and cash equivalents-End of period** | 845,712 | 1,008,646 |
| **Supplementary cash flow information** | | |
| Interest paid | 1,851 | 92 |
| Interest received | 1,017 | 635 |

*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 and Montreal, Québec.

The Corporation has two wholly owned subsidiaries, Automated Benefits Inc. ("Adjudicare") and Symbility Solutions Inc. ("Symbility Canada") both located in Toronto, Ontario. Symbility in turn has one wholly owned subsidiary, Symbility Solutions (U.S.A.) Inc. ("Symbility USA") which was incorporated in the State of Delaware. Symbility Canada and Symbility USA are jointly referred to on a consolidated basis as "Symbility".

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of Automated Benefits Corp. on May 29, 2012.

## 2) Significant accounting policies

a) Statement of compliance

These interim consolidated financial statements for the three-month period ended March 31, 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 three-month period ended March 31, 2012 should be read together with the annual consolidated financial statements for the year ended December 31, 2011.

b) Basis of presentation

These interim consolidated financial statements include the accounts of the Corporation, and its wholly owned subsidiaries: Adjudicare and Symbility. 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 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 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. 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) Related party transactions**

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 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.

For the three-month period ended March 31, 2012, the Corporation expensed $65,375 (March 31, 2011 - $20,500) for services provided by the Directors of the Corporation.

For the three-month period ended March 31, 2012, the Corporation issued 195,374 common shares with an estimated weighted average fair value of $0.35 per share for an aggregate value of $68,381 to the Directors of the Corporation for services provided in 2011. 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.

All of the above transactions with the Directors of the Corporation were recorded at the exchange amount.

(Unaudited - in Canadian dollars)

## 4) Share capital

Authorized

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

Issued

| | Common shares | |
|---|---|---|
| | # | $ |
| **Balance - December 31, 2011** | 118,444,148 | 16,358,685 |
| Shares issued for services rendered | 195,374 | 68,381 |
| Share options exercised | 13,333 | 4,667 |
| Share issuance costs | | (1,424) |
| **Balance - March 31, 2012** | 118,652,855 | 16,430,309 |
| **Total share capital** | | 16,430,309 |

### 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 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 months from 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.

(Unaudited - in Canadian dollars)

The total stock-based compensation expense for the three-month period ended March 31, 2012 was $146,340 (2011 – $19,632) with a corresponding credit to contributed surplus.

**Stock-based compensation related to**

| | March 31, 2012 | March 31, 2011 |
|---|---|---|
| | $ | $ |
| General and administration | 103,915 | 11,385 |
| Research and development | 14,849 | 5,743 |
| Sales and marketing | 27,576 | 2,504 |
| **Total** | 146,340 | 19,632 |

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

| | March 31, 2012 |
|---|---|
| Risk-free interest rate | 1.57% |
| Expected life | 5.5 years |
| Volatility | 117% |
| Expected dividends | Nil |
| Weighted average share price | $0.35 |

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 three-month period ended March 31, 2012, the weighted average fair value of options granted was $0.29 (2011 – no options were granted).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2012 is 4.83 years (December 31, 2011 – 4.37 years).

(Unaudited - in Canadian dollars)

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

| | March 31, 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 | 1,010,000 | 0.35 | 1,606,000 | 0.25 |
| Exercised | (13,333) | 0.14 | (50,000) | 0.19 |
| Forfeited | (13,334) | 0.26 | (23,366) | 0.20 |
| Expired | (6,666) | 0.26 | (1,126,634) | 0.32 |
| Balance – End of period | 8,120,531 | 0.21 | 7,143,864 | 0.20 |
| Balance – Exercisable | 6,109,961 | 0.20 | 5,793,299 | 0.19 |

**5) Earnings (loss) per share**

| | **Three-month period ended March 31, 2012** | **Three-month period ended March 31, 2011** |
|---|---|---|
| | $ | $ |
| Income (loss) attributable to common shareholders (numerator) | (1,155,461) | 57,186 |
| Weighted average number of common shares outstanding (denominator) | # | # |
| Basic | 118,457,278 | 118,313,811 |
| Effect of dilutive securities - stock options | - | 2,150,069 |
| Diluted | 118,457,278 | 120,463,880 |
| | $ | $ |
| Basic and diluted earnings (loss) per common share | (0.01) | 0.00 |

The effect of stock options was not included in the calculation of diluted loss per share in the period ended March 31, 2012 as the result would be anti-dilutive.

## 6) 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 March 31, 2012, 53% (December 31, 2011 - 64%) and 12% (December 31, 2011 - 10%), respectively, are denominated in U.S. dollars and U.K. pound sterling. During the three-month period ended March 31, 2012, approximately 58% (2011 - 48%) of revenue and approximately 25% (2011 - 6%) of expenses were incurred in U.S. dollars and U.K. pound sterling.

As at March 31, 2012, the fluctuation of the U.S. dollar of 1% will result in a gain or loss of approximately $26,000 in net loss and comprehensive loss. The Corporation's exposure to foreign currency changes for all other currencies is not material.

(Unaudited - in Canadian dollars)

*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 March 31, 2012, the largest amount due from two customers accounted for 28% and 16% 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:

| | **March 31, 2012**<br>**$** | **December 31, 2011**<br>**$** |
|---|---:|---:|
| Current | 1,527,051 | 1,545,917 |
| 31 - 60 days | 594,566 | 157,430 |
| 61 - 90 days | 66,213 | 1,269,963 |
| Over 91 days | 143,978 | 7,475 |
| Less: allowance for doubtful accounts | (2,827) | (1,972) |
| **Total accounts receivable, net** | 2,328,981 | 2,978,813 |

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 March 31, 2012, the Corporation was holding cash and cash equivalents of $845,712 (December 31, 2011 - $1,301,229).

At March 31, 2012, the Corporation had negative working capital due to Net loss for the period (primarily related to transaction related expenses incurred). The net balance of the Corporation's highly liquid assets (cash and accounts receivable) and its liabilities requiring payment in cash (accounts payable and accrued liabilities) was $404,812. The Corporation had negotiated extended payment terms on some of the professional service providers related to the Transaction (see Subsequent events) to manage its liquidity. In conjunction with the Transaction on April 10, 2012, the Corporation completed a private placement and received $1,895,813 in cash. On April 11, 2012, the Corporation paid a dividend of $1,186,529 to shareholders of record on April 9, 2012. As part of the Transaction on April 10, 2012, the Corporation also received $1,283,142 in cash to provide for the working capital deficiency of the Acquired.

The receipt of the private placement, net of the dividend, and the receipt of the additional cash for the working capital deficiency have assisted in the Corporation in managing liquidity.

## 7) 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 March 31, 2012, total managed capital was $21,737 (December 31, 2011 - $973,790) comprised of shareholders' equity of $(114,003) (December 31, 2011 - $826,294) and interest-bearing liabilities of $135,740 (December 31, 2011 - $147,496).

At March 31, 2012, the Corporation had negative equity due to the transaction related expenses incurred during the quarter. The Corporation had negotiated extended payment terms on some of the Transaction related expenses to manage its capital. In conjunction with the Transaction on April 10, 2012, the Corporation completed a private placement and received $1,895,813 in cash. On April 11, 2012, the Corporation paid a cash dividend of $1,186,529 to shareholders of record on April 9, 2012.

The receipt of the private placement, net of the dividend, has assisted in the Corporation in managing capital.

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 three-month period ended March 31, 2012.

## 8) 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 the United Kingdom and all material assets are located in Canada.

In the first quarter of 2012, there were two customers each of which accounted for more than 10% of the Corporation's revenue. The Corporation earned approximately $242,000 and $797,000 of its revenue from two Property and casualty software customers, respectively.

In the first quarter of 2011, there were two customers each of which accounted for 10% or more of the Corporation's revenue. The Corporation earned approximately $177,000 and $338,000 of its revenue from Property and casualty software customers, respectively.

(Unaudited - in Canadian dollars)

| **March 31, 2012** | **Group insurance software** | **Property and casualty software** | **Head office** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Revenue | 878,809 | 1,482,119 | - | 2,360,928 |
| Cost of sales | 353,046 | 18,425 | - | 371,471 |
| Gross margin | 525,763 | 1,463,694 | - | 1,989,457 |
| Expenses | 417,743 | 1,879,543 | 846,632 | 3,143,918 |
| Segment income (loss) before finance income (costs) and other income | 108,020 | (415,849) | (846,632) | (1,154,461) |
| Finance income and other income | 314 | 56 | 481 | 851 |
| Finance costs | (28) | - | (1,823) | (1,851) |
| Segment income (loss) | 108,306 | (415,793) | (847,974) | (1,155,461) |
| Operating assets | 1,308,664 | 2,007,887 | 289,162 | 3,605,713 |
| Assets not allocated to segments | | | | |
| Cash and cash equivalents | - | - | 845,712 | 845,712 |
| Total operating assets | 1,308,664 | 2,007,887 | 1,134,874 | 4,451,425 |
| Operating liabilities | 946,410 | 2,010,559 | 1,655,766 | 4,612,735 |
| Additions to property and equipment and intangible assets | 1,721 | 11,476 | 19,135 | 32,332 |

(Unaudited - in Canadian dollars)

| **March 31, 2011** | **Group insurance software** | **Property and casualty software** | **Head office** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Revenue | 778,285 | 888,491 | - | 1,666,776 |
| Cost of sales | 312,442 | 30,530 | - | 342,972 |
| Gross margin | 465,843 | 857,961 | - | 1,323,804 |
| Expenses | 319,134 | 766,097 | 185,604 | 1,270,835 |
| Segment income (loss) before finance income (costs) and other income | 146,709 | 91,864 | (185,604) | 52,969 |
| Finance income and other income | 377 | 51 | 3,881 | 4,309 |
| Finance costs | - | (9) | (83) | (92) |
| Segment income (loss) | 147,086 | 91,906 | (181,806) | 57,186 |
| | | | | |
| **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 |

(Unaudited - in Canadian dollars)

### Geographic Information

The Corporation's revenues by geographic areas for the three-month period ended March 31, 2012 and March 31, 2011 are as follows:

| | **Three-month period ended March 31, 2012** | **Three-month period ended March 31, 2011** |
|---|---|---|
| | **$** | **$** |
| Canada | 983,231 | 863,110 |
| United States | 1,135,475 | 627,038 |
| United Kingdom | 242,222 | 176,628 |
| Total | 2,360,928 | 1,666,776 |

The Corporation's non-current assets as at March 31, 2012 and December 31, 2011 are as follows:

| | **March 31, 2012** | **December 31, 2011** |
|---|---|---|
| | **$** | **$** |
| Canada | 558,916 | 552,222 |
| United States | 7,265 | 7,265 |
| Total | 566,181 | 559,487 |

(Unaudited - in Canadian dollars)

## 9) Net change in non-cash working capital items

| | Three-month period ended March 31, 2012 $ | Three-month period ended March 31, 2011 $ |
|---|---|---|
| Accounts receivable and others | 648,435 | (425,524) |
| Prepaid expenses and other assets | (181,945) | (289,777) |
| Accounts payable and accrued liabilities | (363,227) | 127,417 |
| Deferred revenue | (147,606) | 235,708 |
| Other long-term liabilities | 500 | - |
| | (43,843) | (352,176) |

The net change in non-cash working capital items excluded financing activities related to property and equipment under long-term finance lease obligations of $(11,756) (2011 - $(357)) and investing activities related to transaction related expenses of $506,652 (2011 - Nil) and note receivables of $40,424 (2011 - Nil).

## 10) Other operating expenses

| | Three-month period ended March 31, 2012 $ | Three-month period ended March 31, 2011 $ |
|---|---|---|
| Depreciation and amortization | 25,635 | 11,473 |
| Foreign exchange (gain) loss, net | 25,572 | 11,364 |
| **Total other operating expenses** | 51,207 | 22,837 |

## 11) Finance income and other income

| | Three-month period ended March 31, 2012 $ | Three-month period ended March 31, 2011 $ |
|---|---|---|
| Interest income on cash and cash equivalents | 167 | 583 |
| Interest income on restricted cash deposits | 684 | 461 |
| Other finance and other income | - | 3,265 |
| **Total finance income and other income** | 851 | 4,309 |

(Unaudited - in Canadian dollars)

## 12) Finance costs

| | Three-month period ended March 31, 2012 | Three-month period ended March 31, 2011 |
|---|---|---|
| | $ | $ |
| Interest expense on finance lease obligations | 1,776 | - |
| Other finance charges | 75 | 92 |
| **Total finance costs** | 1,851 | 92 |

## 13) Scientific research and experimental development tax credits

In the first quarter of 2012, the Corporation has recorded investment tax credits totaling $87,119 (first quarter of 2011 - $75,933) and reduced research and development expenditures by this amount. The Corporation has accumulated $1,163,146 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 March 31, 2012, the Corporation had $431,133 (December 31, 2011 - $344,014) of tax credits recorded within the other assets.

## 14) Subsequent events

On January 25, 2012, the Corporation and Marshall & Swift/Boeckh ("MSB"), a wholly-owned subsidiary of Decision Insight Information Group ("Decision Insight"), announced that they have entered into a definitive arm's length agreement under which the Corporation will acquire MSB's claims division (the "Transaction") in exchange for the issuance to Decision Insight of such number of common shares of the Corporation ("Common Shares") as is equal to 30 percent of the Common Shares issued and outstanding immediately following such issuance, after adjusting for issued and outstanding options to acquire Common Shares ("Options").

In addition, in connection with the Transaction, Decision Insight has agreed to purchase by way of private placement at a price of $0.27 per Common Share (the "Private Placement") a further number of Common Shares equal to 3.29% of the Common Shares issued and outstanding immediately following the issuance of Common Shares to Decision Insight pursuant to both the Transaction and the Private Placement, after adjusting for issued and outstanding Options. Following completion of the Transaction and the Private Placement Decision Insight will become the largest shareholder of Automated Benefits, with 33.29 percent of the Common Shares, including Common Shares issuable upon the exercise of Options.

On March 27, 2012, each of the resolutions required to constitute the Transaction were approved by a majority of the votes cast by the Corporation's shareholders at the special meeting held by the Corporation. The Transaction and Private Placement closed on April 10, 2012.

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 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.

On April 10, 2012, the Corporation issued 7,021,530 common shares for a price of $0.27 per common share for an aggregate purchase value of $1,895,813 pursuant to the Private Placement. The issuance of these common shares to MSB was approved by the TSX Venture Exchange.

As of April 10, 2012, the Corporation has entered into a four-year transition services agreement with MSB with an annualized minimum commitment of $1,017,150. 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, 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.

On April 11, 2012, with a portion of the proceeds from the Private Placement, the Corporation distributed a 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 29, 2012, 4,443,265 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 and Directors of the Corporation. Each Restricted Share is subject to forfeiture as described below. 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 $160,000. There is no tax liability immediately payable for employees based in the United States and therefore no corresponding loan.

The risk of forfeiture of the Restricted Share lapses in accordance with the terms of the Restricted Share Plan. Each grant consists of three equal tranches with different forfeiture criteria. Tranche 1 of the Restricted Shares will have 20% of the risk of forfeiture lapse on each anniversary of the date of grant. Tranche 2 of the Restricted Shares will have the risk of forfeiture lapse upon the achievement of certain performance goals related to the integration of the operations of the Corporation and the Transaction over a period not to exceed two years from the Closing Date. Tranche 3 of the Restricted Shares will have 20% of the risk of forfeiture lapse equally over 5 years upon the achievement of certain financial performance based targets.

The Corporation is in process of assessing the purchase price allocation of the MSB's claims division however prior to determination of the preliminary purchase price allocation, the Corporation requires additional information related to the acquired business to determine the fair value of the assets acquired and liabilities assumed.