Symbility Solutions Inc.
Management's Discussion and Analysis
March 15, 2013

This Management's Discussion and Analysis ("MD&A") for Symbility Solutions Inc. (the "Corporation") should be read with the audited consolidated financial statements for the year ended December 31, 2012. The consolidated financial statements for the year ended December 31, 2012 of the Corporation were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Any reference to the Corporation specifically relates to the company as separate from its operating segments. 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.

All amounts are expressed in thousands of Canadian dollars unless otherwise noted.

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 financial statements and this MD&A have been reviewed by the Corporation's Audit Committee and approved by its Board of Directors.

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 are forward-looking information.

Aside from specific commentary in sections of this document, management has made the following material factors and assumptions in providing forward-looking information:

- The markets for the software products 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 succeeding

- The software offered by the Corporation 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 International customer contracts.
- The Corporation had one customer that represents more than 10% of consolidated revenue in 2012 and management has assumed that these contracts continue generating revenue at similar levels in 2013.
- That the Corporation 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 March 15, 2013.

Non-IFRS Measures

In addition to disclosing results in accordance with IFRS as issued by the IASB, 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 income (loss) prepared in accordance with IFRS as issued by the IASB.

Overall Performance and Overview

The year ended December 31, 2012 was a strong revenue growth year for the Corporation compared to the year ended December 31, 2011. Consolidated revenue grew approximately 108% as a result of the Transaction (defined below) and customer deployments. Operating expenses (including transaction related expenses) increased 152% as compared to the prior year, however excluding transaction related expenses, operating expenses increased by 144%. The net loss for the year ended December 31, 2012 is approximately $3,393 compared to net loss of $94 for the comparable period. Adjusted EBITDA was $831 for the year ended December 31, 2012 compared to $807 for the comparable period. The Corporation had 80 employees as at December 31, 2012 (2011 – 41). The Corporation ended the year with cash and cash equivalents of $15,008.

The year was a transformational year with the Transaction (described below and in Note 5 to the Financial Statements), the doubling of operations; expansion of the senior management team; a focused investment in sales and marketing resources; the change in our corporate name to Symbility Solutions Inc. and the completion of a $10 million public financing.

<u>Operating segments</u>

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

- 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 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 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 Discussion of Operations for details on the financial performance of each operating segment.

The Corporations operating segments, Symbility and Adjudicare reported the following business developments in 2012:

Symbility

Market Position

Property and Casualty Insurers operate in a highly challenging environment, characterized by complexity of information and multiple stakeholder perspectives, in which reducing claims cycle time is a critical advantage point in the delivery of superior policyholder service.

Designed by experts in insurance software, Symbility's technology streamlines and accelerates claims processing, from remote field estimate to settlement.

Symbility's open architecture and SaaS (Software as a Service) model eliminates software maintenance, streamlines integration with existing infrastructures, including policy administration systems, and minimizes the burden on IT resources. Insurance carriers, mitigation specialists, restoration contractors, independent adjusters, third party administrators, material suppliers and additional partner vendors have immediate access to Symbility's timely updates and enhancements, ensuring that their businesses benefit from the latest technology improvements. Plus, industry-leading usability reinforced by Symbility's deep technical support capabilities ensures a frictionless experience for all users and optimizes ROI for our customers.

Transaction

In April of 2012, Symbility announced it had completed the acquisition of the claims division of Marshall, Swift & Boeckh ("MSB" and the "MSB Claims Business"), a wholly owned subsidiary of Decision Insight Information Group (the "Transaction" or "Acquisition"). 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 applications; means property insurers now have an alternative enterprise solution to provide their policyholders a better claims experience. MSB has also entered into a long-term strategic data license agreement to integrate MSB's claims estimation data into Symbility's mobile claims software.

Product Strategy

Our core Product Strategy for Symbility is built around four key modules:

- Symbility Mobile Claims is an intuitive field estimating solution designed to enhance adjuster and third-party contractor productivity, it allows field staff to capture claims information in virtually any form to quickly and accurately generate on-site estimates, even in extreme conditions with no Internet access.
- Symbility Claims Connect is a robust workflow management solution enabling end-to-end collaboration across the entire claims processing environment and fast, accurate analysis of key claims processing performance metrics. With Claims Connect, all participants, from field estimators to staff adjusters to building contractors and even the insured, gain rapid, secure and rights-defined access to claims data, enhancing communication to dramatically reduce time-to-resolution of the claim.
- Symbility Inside Adjuster is a powerful triage solution created specifically for inside desk adjusting of property claims to streamline the First Notice of Loss (FNOL) process. This solution allows staff adjusters to rapidly and easily prioritize, route for follow-up, or settle claims according to severity. Inside Adjuster allows carriers to reduce claims cycle times – a critical measurement in policyholder satisfaction.
- Symbility Analytics Services provide analytics and change management services, including reporting tools include: template reports and report builder to create custom reports; improve the accuracy of claim handling and the fairness of indemnity payouts, measure current performance and identify areas for improvement; identify specific company best practice targets; compare target best practices against the industry results and increase compliance and consistency.

In 2011, Symbility invested significant resources into further evolving our product offering, while adhering to the following principles: (1) agility - quickly delivering new features and functionality at a high level of quality when existing or new potential customers identify new requirements, (2) collaboration - Symbility's use of web-based technology changes the positioning of its offering from a basic tool to estimate the cost of a loss, to a workflow management tool that enables insurance adjusters, independent adjusters, and multiple contractors to all collaborate on a claim to increase efficiencies and give the insurer more visibility and control in the settlement process, and (3) flexibility - Symbility's pricing database strategy is agnostic. The system is designed to accept information from any pricing database, including those provided by third party data suppliers and customized pricing arrangements that insurers have negotiated with the supply chain.

In 2012, Symbility delivered 11 releases, 21 major enhancements and 161 new features. We added 2 new pricing databases and 5 new/improved categories within the database.

For 2013, Symbility has 17 enhancements identified including the release of our Smartphone application expected on March 18, 2013, a material purchase program workflow integration, and database intelligence. This evolution of our product functionality will continue to maintain Symbility as a leading edge supplier of a cutting-edge, easy-to-use, cloud-based claims processing and estimating technology that optimizes claims performance for the Property & Casualty insurance industry.

Sales & Marketing Initiatives

On October 4, 2012, Symbility announced it had expanded the sales leadership team with the addition of a Senior Vice President, Global Sales & Marketing. Subsequent to this, we have also expanded our Enterprise sales team in 2012 and continue to invest in sales and marketing resources and activities in 2013.

Symbility's 2013 Symposium brought together a diverse claims community including mitigation specialists, restoration contractors, independent adjusters, third party administrators, material suppliers and additional partner vendors, plus half of the top 10 Property insurance companies in the market, to network, collaborate and discuss the future of the Property and Casualty industry and how we can collectively improve the claims processing experience for all participants. The event included a dynamic and insightful keynote presentation from Don Tapscott, one of the world's leading authorities on innovation, media and the economic and social impact of technology. Marc-Olivier Huynh, CTO & Founder of Symbility Solutions highlighted Symbility's product roadmap, including a demonstration of the Symbility Mobile Claims product on an iPad. Forrester Research presented on the importance of achieving a great customer experience and provided adoption trends and best practices in the Property and Casualty insurance industry as illustrations. Finally, a panel discussion made up of company CEO's in the insurance industry, from carrier through to the supply chain, focused on the current challenges facing the Property and Casualty industry in improving the customer experience.

Outlook

Management feels that all of the pieces are in place to create significant growth in Symbility:

- Symbility has invested and will continue to invest heavily in sales resources and marketing activities,
- Farmers' success is a validation of our technology by one of the largest insurers in the world,
- The adjuster and supply chain has strarted to use our products,
- The strategic partnership with MSB provides access to a credible pricing database,
- Our market analysis shows a high proportion of top 25 carriers contracts are ending and likely to be opened to competition, and
- Symbility has shown its existing and prospective international customers that we are committed to investing in and supporting the international market through customer successes and investment in our first European based employee responsible for international business development.

We feel confident that this can be leveraged into significant revenue growth in 2013 and 2014.

Adjudicare

Market Position

Adjudicare simplifies the group benefit process by giving its customers, Third Party Administrators ("TPAs") and group insurance brokers, the tools to control their group benefit business. We work with our customers' end-user clients to provide, through a web-based portal, access to the status of their health benefit claims. As a result, our software adjudication has come to redefine the marketplace because it is simple to use, simple to understand and proven to increase output as it decreases costs. Also, Adjudicare can be fully integrated into a TPAs existing system.

Adjudicare's claim history feature allows clients to transfer all data into the system, regardless of what software it originated from. Any concerns about contamination or breaches in security are eradicated as all reports list client information in varied orders. Scrambling protects the output as it prevents valuable information from being decoded. Adjudicare provides clients with total control over the entire claims management experience while it provides multiple opportunities to grow our customers' business.

Product Strategy

Our core Product Strategy for Adjudicare is built around four key modules:

- Adjudication and claims payment – for health & dental claims, health care spending accounts and First Nations eligibility
- Online claims access and portal – for plan administrators and member administration
- Benefit Plan services – for enhanced benefits such as Employee Assistance Plans, Stop Loss programs and out of country coverage.
- Union Pro™ – the only web-based solution to track union members hour/dollar banking data and benefit plan eligibility

In 2011, Adjudicare focused on leveraging its technology to provide a platform for additional products that could make our clients more competitive when bidding on groups against insurance companies and other TPAs.

In 2012, Adjudicare delivered 4 releases, 10 major enhancements and multiple new features, including: system notifications, benefit plan conditions, First Nations plan administration capabilities, provincial dispensing fee caps, hour banking capabilities, sliding co-insurance management, and other product features.

For 2013, Adjudicare has additional enhancements planned for online claims submission using a mobile application and adding a claims communication system to manage the multiple modules that Adjudicare has developed in the past and for future market driven opportunities.

Sales & Marketing Initiatives

Adjudicare has determined that the market opportunity has expanded due to the Product Strategy and expanded the sales and marketing resources as of 2013.

The Third Party Administrators' Association of Canada ("TPAAC") has created a new Provisional Membership category which will be of benefit for our network of TPAs. TPAAC is a non-profit association, which includes some of the largest TPAs in Canada, and represents the interests of its members to the insurance industry and the various Provincial and Federal Government regulatory bodies.

Outlook

Management feels that the efforts made in the past two years have created a complete benefits platform for our partners and generated a significant amount of momentum going into 2013:

- 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 enables expansion into new market segments such as unions and new geographies such as Quebec.
- Additional investments into sales and marketing such as the Adjudicare partner event have already demonstrated that they have enabled our partners to network and work together to grow their business with Adjudicare. Adjudicare has also added two new sales representatives in Eastern Canada.

With all of these components in place, management believes that Adjudicare can continue to grow in 2013.

<u>Selected Annual Financial Information</u>

This financial information has been prepared in accordance with IFRS as issued by IASB. For further information and significant accounting policies, please see Notes 2 and 3 of the audited consolidated financial statements for the years ended December 31, 2012 and 2011 ("Financial Statements").

In thousands of dollars, except per share amounts.

For the years ended December 31,	**2012**	2011	2010
Symbility Revenue	**12,936**	4,734	3,127
Adjudicare Revenue	**3,601**	3,212	2,722
Consolidated Revenue	**16,537**	7,946	5,849
Adjusted EBITDA	**831**	807	77
Net Loss	**(3,393)**	(94)	(264)
Earnings (loss) per share	**(0.02)**	(0.00)	(0.00)
Dividend on common shares	**0.01**	-	-

As at December 31,	**2012**	2011	2010
Total Assets	**36,409**	5,454	3,055
Total Long Term Liabilities	**459**	563	147

The primary variation in revenue over this period was a result to the Transaction (see Note 5 to the Financial Statements) and the rollout of Farmers Insurance Exchange ("Farmers") started on January 19, 2012. Adjusted EBITDA has been impacted by additional expenses related to these events and investment in research and development, management and sales and marketing to enable further growth in 2013 and 2014. Net Loss includes the costs of the Transaction, higher amortization of intangible assets from the Transaction and higher stock-based compensation.

<u>Discussion of Operations</u>

The following discussion includes and explanation of the primary factors in changes in operations. Additional, less significant changes are not articulated

Revenue

For the years ended December 31,	**2012**	2011
Symbility	**$12,936**	$4,734
Adjudicare	**3,601**	3,212
Total	**$16,537**	$7,946

Symbility's revenue increase relates primarily to the incremental revenue from the newly acquired MSB Claims Business ($4,550), increased revenue from the contract with Farmers ($2,970) and other customers.

Adjudicare's revenue growth is from its existing customers and due to a number of new small clients.

Cost of Sales

For the years ended December 31,	**2012**	2011
Symbility	**$1,665**	$87
Adjudicare	**1,537**	1,336
Total	**$3,202**	$1,423

Symbility now incurs cost of sales due to the recent acquisition of the MSB Claims Business for:

- Data centers under a Transitional Support Agreement ("TSA") 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 – 15 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 license

Symbility's cost of sales attributed to fixed non-cash amortization expense of the database license was $635 for the year December 31, 2012 (2011 – nil). Generally, for increases in revenue, there is no significant incremental cost of sales (other than the data cost sharing), however additional operating expenses are incurred.

Adjudicare's 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 fees paid to third parties. Cost of sales is directly variable with revenue for Adjudicare.

General and Administration

For the years ended December 31,	**2012**	2011
Symbility	**$2,836**	$1,005
Adjudicare	**874**	797
Head office	**2,026**	1,176
Total	**$5,736**	$2,978

Symbility's increase relates mainly to compensation and related expenses of personnel ($77), travel expenses ($124) and services received under the TSA with MSB ($698) and professional fees ($292), all incurred to enable the integration of the MSB Claims Business and growth in Symbility's business.

Adjudicare had no significant change in expenses.

Head Office expense increase relates to investment in additional personnel ($377), additional professional fees ($265) and higher stock-based compensation expenses for new and existing personnel ($277).

Research and Development

For the years ended December 31,	**2012**	2011
Symbility	**$1,988**	$877
Adjudicare	**523**	506
Head office	**207**	40
Total	**$2,718**	$1,423

Symbility's increase is due to additional personnel and consultants hired to support product development initiatives and quality assurance ($856), and a reduction in the estimate of scientific research and experimental development ("SR&ED") tax credits ($350). The Corporation has undergone a review of some of its SR&ED claims and as a result has reduced the estimate of recoverable amounts which resulted in the above expense.

Adjudicare's increase mainly relates to a decrease in the previous estimate of SR&ED tax credits which has resulted in an expense ($91) rather than a recovery of expenses.

Head Office R&D expenses increased for stock-based compensation expenses for new and existing personnel ($144).

Sales and Marketing

For the years ended December 31,	**2012**	2011
Symbility	**$5,015**	$1,285
Adjudicare	**561**	295
Head office	**663**	44
Total	**$6,239**	$1,624

Symbility's increase is due its focus on sales and marketing to enable future growth. The increase relates to additional personnel and related expenses ($2,119), commission expenses ($660), travel expenses ($412) non-cash amortization expense of customer relationships from the Transaction ($313), and the costs of increased marketing activities ($242). Management will continue to invest heavily in sales and marketing resources in 2013 & 2014.

Adjudicare's increase relates to investment of additional sales and marketing personnel and related expenses ($160). Adjudicare also incurred expenses to enhance the marketing and positioning strategy of the business ($58).

The Head Office increase is mainly due to higher stock-based compensation expenses which are not allocated to the operating divisions ($623) and offset by some other small changes.

Transaction Related Expenses

For the years ended December 31,	**2012**	2011
Total	**$1,831**	$527

Transaction related expenses were incurred to complete the Acquisition of the MSB Claims Business previously described.

Other Operating Expenses

For the years ended December 31,	**2012**	2011
Total	**$197**	$58

Other operating expenses include depreciation and amortization (excluding intangible assets acquired in the Transaction) and foreign exchange. The increase relates to the increase in depreciation for property and equipment and amortization of assets due to assets purchased in 2012 and 2011 and the fluctuation of the foreign exchange rate.

Adjusted EBITDA

The Corporation has provided a reconciliation of Adjusted EBITDA to IFRS net loss in the following table:

For the years ended December 31,	**2012**	2011
IFRS Net Loss	**$(3,393)**	$(94)
Finance and other income	**(9)**	(2)
Depreciation and amortization	**1,099**	64
Stock-based compensation	**1,296**	251
Transaction related expenses	**1,831**	527
Income tax expense	**7**	7
Adjusted EBITDA	**$831**	$807

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-based compensation expenses) 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 its officers and employees and under the Restricted Share Plans to measure achievement.

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.

	Fiscal 2012				Fiscal 2011			
	Dec 31, 2012 (Q4)	Sep 30, 2012 (Q3)	Jun 30, 2012 (Q2)	Mar 31, 2012 (Q1)	Dec 31, 2011 (Q4)	Sep 30, 2011 (Q3)	Jun 30, 2011 (Q2)	Mar 31, 2011 (Q1)
Symbility Revenue	$3,728	$4,052	$3,674	$1,482	$1,407	$1,201	$1,238	$888
Adjudicare Revenue	$928	$882	$912	$879	$838	$819	$776	$779
Consolidated Revenue	$4,656	$4,934	$4,586	$2,361	$2,245	$2,020	$2,014	$1,667
Adjusted EBITDA	$161	$469	$272	($71)	$324	$146	$232	$105
Net Income (Loss)	($761)	($159)	($1,318)	($1,155)	($290)	$88	$51	$57
Net Income (Loss) per Share(1)	($0.00)	($0.00)	($0.01)	($0.01)	$0.00	$0.00	$0.00	$0.00

(1) Rounded to the nearest cent in each quarter.

Over the past eight quarters, revenue has increased for the following reasons:

- Symbility completed the Transaction on April 10, 2012 which contributes to incremental revenue.
- Symbility has started to recognize revenue from the rollout of its new customers and users.
- Adjudicare has grown its customer base and has incremental growth in existing customers.

Symbility revenue is based in part on claims volumes and typically has higher claims in the second and third quarter based on seasonal weather effects. Symbility expects that the growth in breadth and depth of our customer base and the evolution of our pricing model we will reduce this seasonality in the future. Adjudicare has limited seasonality due to the nature of the business.

Adjusted EBITDA is impacted by the seasonality of the Symbility revenue and timing of activities such as marketing events generally determined by the industry. The revenue growth and the Acquisition have in general increased Adjusted EBITDA (see explanation below on Q4 2012).

The quarterly net losses incurred by the Corporation increased in the four quarters ended Q4 2011, Q1 2012, Q2 2012 and Q3 2012 due to the transaction related expenses ($527, $912, $887 and $34 respectively) including legal, accounting, consulting and travel expenses related to the Transaction. Following the Acquistion, the database license and the customer relations (which are subject to amortization) are being amortized over 10 years and 5 years respectively, have also impacted the net losses.

Discussion of Operations - Fourth Quarter

Revenue

For the three months ended December 31,	**2012**	2011
Symbility	**$3,728**	$1,407
Adjudicare	**928**	838
Total	**$4,656**	$2,245

Symbility had revenue growth related to revenue from the contract with Farmer's ($444), revenue from the Acquisition ($1,672) and new customer or organic growth ($236).

Adjudicare's revenue growth is from its existing customers and due to a number of new small clients.

Cost of Sales

For the three months ended December 31,	**2012**	2011
Symbility	**$561**	$18
Adjudicare	**408**	358
Total	**$969**	$376

Symbility's cost of sales increase is attributed to fixed non-cash amortization expense of the database license was ($220) and the operation of the data center ($120).

Adjudicare's cost of sales is directly variable with revenue for Adjudicare.

General and Administration

For the three months ended December 31,	**2012**	2011
Symbility	**$536**	$238
Adjudicare	**188**	209
Head office	**537**	312
Total	**$1,261**	$759

Symbility's increase relates to increases in travel expenses ($52), services received under the TSA with MSB ($233), an increase in our allowance for doubtful accounts ($38) and professional fees ($33), all incurred to enable the integration of the MSB Claims Business and growth in Symbility's business.

Adjudicare had no significant change in General and Admin expenses other than reduced travel.

Head Office expense increase relates to additional professional fees and public company costs ($113) and higher stock-based compensation expenses for new and existing personnel ($95).

Research and Development

For the three months ended December 31,	**2012**	2011
Symbility	**$833**	$220
Adjudicare	**248**	130
Head office	**60**	7
Total	**$1,141**	$337

Symbility's increase is due to additional personnel and consultants hired to support product development initiatives and quality assurance ($267), and a reduction in the estimate of scientific research and experimental development ("SR&ED") tax credits ($345) which resulted in an expense rather than a reduction of expense.

Adjudicare's increase mainly relates to a decrease in the previous estimate of SR&ED tax credits which has resulted in an expense ($68) rather than a recovery of expenses.

Head Office R&D expenses increased for stock-based compensation expenses for new and existing personnel ($22).

Sales and Marketing

For the three months ended December 31,	**2012**	2011
Symbility	**$1,459**	$350
Adjudicare	**157**	96
Head office	**394**	18
Total	**$2,010**	$464

Symbility's increase is due its focus on sales and marketing to enable future growth. The increase relates to additional personnel and related expenses ($559), commission expenses ($221), travel expenses ($108) and non-cash amortization expense of customer relationships from the Transaction ($108). Management will continue to invest heavily in sales and marketing resources in 2013 & 2014.

Adjudicare's increase relates to additional travel expenses ($23).

The Head Office increase is mainly due to higher stock-based compensation expenses which are not allocated to the operating divisions ($380).

Transaction related expenses

For the three months ended December 31,	**2012**	2011
Total	**$ -**	$527

Transaction related expenses were incurred to complete the Acquisition of the MSB Claims Business previously described and completed earlier in the year.

Other Operating expenses

For the three months ended December 31,	**2012**	2011
Total	**$30**	$53

Other operating expenses include depreciation and amortization (excluding intangible assets acquired in the Transaction) and foreign exchange. The decrease relates to the increase in depreciation for property and equipment and amortization of assets due to assets purchased in 2012 and 2011 and offset by the fluctuation of the foreign exchange rate.

Adjusted EBITDA

The Corporation has provided a reconciliation of Adjusted EBITDA to IFRS net loss in the following table:

For the three months ended December 31,	**2012**	2011
IFRS Net Loss	**$(761)**	$(290)
Finance and other income	**(11)**	-
Depreciation and amortization	**376**	28
Stock-based compensation	**550**	52
Transaction related expenses	**-**	527
Income tax expense	**7**	7
Adjusted EBITDA	**$161**	$324

<u>Liquidity and Capital Resources</u>

The Corporation has a working capital surplus of $11,052 at December 31, 2012 as compared to $829 of working capital surplus at December 31, 2011.

The Corporation's current assets consist of cash and cash equivalents of $15,008, accounts receivable of $3,340 and prepaid and other assets of $724. Current liabilities consist of accounts payable and accrued liabilities of $3,902 and deferred revenue of $4,118.

On December 11, 2012, the Company announced that it had completed the closing of its public offering of 22,727,500 common shares at a price of $0.44 per share. Gross proceeds from the offering were approximately $10,000 resulting in cash proceeds of $8,961, net of transaction costs.

The Corporation believes it is sufficiently capitalized with a working capital surplus of $11,052 at December 31, 2012.

Commitments

As part of the Transaction, the Corporation has entered into a four-year TSA with MSB with a minimum annualized commitment of $983. 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 also entered in to the Database Licence Agreement which requires payment by the Corporation to MSB to maintain the currency of the content in the database. This is a variable cost based on various factors.

	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Finance lease obligations	$ 103	$ 46	$ 57	$ -	$ -
Operating leases [(1)]	2,024	627	1,149	248	-
Purchase obligations	426	156	270	-	-
	$ 2,553	$ 829	$ 1,476	$ 248	$ -

(1) includes the non-cancellable portion of the TSA only.

Capital Resources

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 and replaces equipment at the end of its useful life. Due to expanding real estate requirements, additional leasehold expenditures will also be required.

Subsequent to December 31, 2012, the Corporation has entered into commitments for capital expenditures under this plan of approximately $30.

Off Balance Sheet Arrangements

The Corporation did not enter into any off balance sheet arrangements during the period ended December 31, 2012 and has not done so historically.

Related Party Transactions

For the year ended December 31, 2012, the Corporation expensed $1,751 (2011 - $Nil) for services under the four-year TSA and database license agreement with MSB. The termination of the TSA 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 was on April 10, 2012 and iii) portions of the agreement upon 90 days' notice.

On July 29, 2011, the Corporation agreed to loan $40 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 was 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 plus accrued interest and the Corporation returned the shares 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 December 31, 2012, the value of these Canadian Restricted Share loans was $114, 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.

All of the above transactions were recorded at the exchange amount.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent assets and liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements relate to the following:

Impairment of non-financial assets

The Corporation's impairment test is based on value-in-use calculations that use a discounted cash flow model. The cash flows are derived from the projections for the next five years and are sensitive to the discount rate used as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Useful lives of key property and equipment and intangible assets

The depreciation method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Corporation.

Share-based compensation

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model for a grant of these instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the risk-free interest rate expected life of the option, volatility, performance probability and dividend yield.

Broker warrants

In determining the fair value of the broker warrants, the Corporation used the Black-Scholes option pricing model with the following assumptions: average volatility rate; market price as at the reporting date; risk-free interest rate; and the remaining expected life of the warrant. The inputs used in the Black-Scholes model are taken from observable markets.

Changes in Accounting Policies Not Yet Adopted

The following accounting pronouncements issued by the IASB were not effective as of December 31, 2012. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation's consolidated financial statements:

i) IAS 1 Presentation of Financial Statements

In June 2011, the IASB amended IAS 1 by revising how certain items are presented in OCI. Items within Other Comprehensive Income that may be reclassified to profit and loss will be presented separately from items that will not be reclassified. The standard is effective for financial years beginning on or after July 1, 2012, with early adoption permitted. The impact on the consolidated financial statements may require the Corporation to add additional disclosures than currently presented.

ii) IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9 as the first part of its project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 currently prescribes that financial assets are measured at amortized cost or fair value on the basis of how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged, however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. The other phases of this project which are currently under development include impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Corporation is in the process of assessing the impact of the new standard on its consolidated financial statements in conjunction with the completion of the other phases of this project..

iii) IFRS 10 Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, which replaces portions of IAS 27, Consolidated and Separate Financial Statements, and interpretation SIC-12, Consolidation – Special Purpose Entities. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Corporation does not believe IFRS 10 will have a material impact on its consolidated financial statements..

iv) IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13, which establishes a single source of guidance for fair value measurements when fair value is required or permitted by IFRS. IFRS 13 defines fair value, provides a single framework for measuring fair value and requires enhanced disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Corporation does not believe IFRS 13 will have a material impact on its consolidated financial statements.

v) IAS 19 Employee Benefits

In June 2011, the IASB made amendments to IAS 19 that requires entities to provide their obligation resulting from the provision for defined benefit plans and how those obligations affect its financial position, financial performance and cash flow. The amendment provides several improvements, including eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from re-measurement to be recognized in OCI and enhancing the disclosure of the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The amended version of IAS 19 is effective for financial years beginning on or after January 1, 2013, with earlier application permitted. The Corporation does not have defined benefit plans, therefore, IAS 19 is not expected to have any impact on its consolidated financial statements..

vi) IAS 27 Separate Financial Statements

In May 2011, the IASB reissued IAS 27 as the consolidation guidance is now included in IFRS 10. The amended IAS 27 prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate (non-consolidated) financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Corporation does not believe IAS 27 will have a material impact on its consolidated financial statements..

vii) IAS 28 Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28 as a result of issuing IFRS 10, IFRS 11 and IFRS 12. The mended IAS 28 prescribes the accounting guidance for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Corporation does not believe IAS 28 will have a material impact on its consolidated financial statements.

viii) IAS 32 and IFRS 7, Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB published Offsetting Financial Assets and Financial Liabilities and issued new disclosure requirements in IFRS 7, Financial Instruments: Disclosures. The effective date for the amendments to IAS 32 is for annual periods beginning on or after January 1, 2014. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively.

Financial Instruments and Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivables 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 the United Kingdom, and is therefore exposed to foreign currency risk. As at December 31, 2012, a weakening (strengthening) of the U.S. dollar of 1% will result in a positive (negative) effect on net income of approximately $24 (2011 - $17) 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 years.

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. As at December 31, 2012, the largest amounts due from two customers accounted for 19% and 11% respectively of the Corporation's total accounts receivable (2011 - one customer - 54%).

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 16 of the audited consolidated financial statements for the year ended December 31, 2012.

Disclosure of Outstanding Share Data

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

EQUITY SECURITY	NUMBER OUTSTANDING
Common Shares	204,001,263
Restricted Shares	4,293,265
Broker Warrants	1,136,375
Stock Options	10,838,899

Addition Information

Additional information concerning the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.