ANNUAL REPORT 2012

TECHNOLOGY ENABLES MARKET OPPORTUNITIES

Smart Employee Benefits

WWW.SEB-INC.COM

Smart Employee Benefits Inc.
(formerly Whiteknight Acquisitions Inc.)

Consolidated Financial Statements

November 30, 2012

To the Shareholders of Smart Employee Benefits Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditor.

MSCM LLP, an independent firm of Chartered Accountants, was appointed by the shareholders to audit the annual consolidated financial statements and report directly to them.

March 26, 2013

"John McKimm"	*"Robert Prentice"*
Chief Executive Officer	Chief Financial Officer

MSCM LLP
Accountants & Advisors for a Complex World®

Independent Auditor's Report

To the Shareholders of Smart Employee Benefits Inc.

We have audited the accompanying consolidated financial statements of Smart Employee Benefits Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at November 30, 2012 and the consolidated statement of changes in shareholders' equity (deficiency), consolidated statement of comprehensive loss and consolidated statement of cash flows for the period from October 1, 2011 to November 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Smart Employee Benefits Inc. and its subsidiaries as at November 30, 2012, their financial performance and their cash flows for the period from October 1, 2011 to November 30, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which indicates that the Company has incurred net operating loss, has a negative working capital and negative cash flows for the period ended November 30, 2012. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

Other Matters
The consolidated financial statements as at September 30, 2011 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated April 30, 2011.

Signed: ***"MSCM LLP"***

Toronto, Ontario
March 26, 2013

Chartered Accountants
Licensed Public Accountants

	Page

Smart Employee Benefits Inc.
Consolidated Statement of Financial Position

	November 30, 2012	*September 30, 2011*
Assets		
Cash	$ 135,189	$ 362,557
Funds in trust (Note 12)	-	400,000
Sundry receivables	15,144	36,782
Prepaids and deposits	48,354	-
Total Current Assets	198,687	799,339
Equipment, net of depreciation (Note 10)	29,335	23,250
Intangible asset, net of amortization (Note 11)	429,167	487,500
Total Assets	**$ 657,189**	**$ 1,310,089**
Liabilities		
Accounts payable and accrued liabilities (Note 12)	$ 377,974	$ 156,908
Obligation to related party (Notes 7, 17)	-	657,397
Advance re funding (Note 21)	30,000	-
Due to related company (Note 9)	48,205	
Convertible debt (Note 12)	-	919,891
Due to shareholders (Note 13)	5,100	4,100
Total Current Liabilities	461,279	1,738,296
Shareholders' Equity (Deficiency)		
Share capital (Note 14)	3,657,558	36,500
Share issue costs (Note 14)	(306,012)	-
Contributed surplus (Note 12)	49,191	44,902
Warrants (Note 14)	1,462,029	-
Options (Note 14)	64,518	-
Deficit	(4,731,374)	(509,609)
Total Shareholders' Equity (Deficiency)	195,910	(428,207)
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 657,189**	**$ 1,310,089**

The accompanying notes are an integral part of these consolidated financial statements.

Going concern (Note 2)

Related party transactions (Note 17)

Commitments (Note 20)

Approved on behalf of the Board:

"Walter Simone" — Director

"Stephen Peacock" — Director

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

	Share Capital		Warrants		Options		Contrib Surplus	Share Issue Costs	Deficit	Total Equity (Deficiency)
	Number	$	Number	$	Number	$	$	$	$	$
For the period December 17, 2010 to September 30, 2011										
Issue of common shares for cash	3,000,001	36,500	-	-	-	-	-	-	-	36,500
Issue of convertible debt	-	-	-	-	-	-	44,902	-	-	44,902
Net loss for the period	-	-	-	-	-	-	-	-	(509,609)	(509,609)
Balances September 30, 2011	**3,000,001**	**36,500**	**-**	**-**	**-**	**-**	**44,902**	**-**	**(509,609)**	**(428,207)**
Issue of convertible debt	-	-	-	-	-	-	4,289	-	-	4,289
Reverse Take-over of WKA by SES										-
Eliminate SES common shares	(3,000,001)	-	-	-	-	-	-	-	-	-
Issue of shares by WKA	30,000,010	-	-	-	-	-	-	-	-	-
Notionally SES acquires WKA	5,800,000	1,276,000	300,000	-	580,000	-	-	-	-	1,276,000
Conversion of SES debt	6,093,000	1,305,900	1,305,000	195,750	-	-	-	-	-	1,501,650
Concurrent financing										-
Issue of shares	6,491,667	1,947,500	-	-	-	-	-	(202,325)	-	1,745,175
Issue of warrants		(908,342)	6,491,667	908,342				-		-
Issue of broker warrants	-	-	649,167	103,687	-	-	-	(103,687)	-	-
Balance giving effect to the RTO transaction	**48,384,677**	**3,657,558**	**8,745,834**	**1,207,779**	**580,000**	**-**	**49,191**	**(306,012)**	**(509,609)**	**4,098,907**
Issue of warrants July 11, 2012	-	-	1,695,000	254,250	-	-	-	-	-	254,250
Issue of options August 16, 2012	-	-	-	-	500,000	44,096	-	-	-	44,096
Issue of options September 13, 2012	-	-	-	-	250,000	19,865	-	-	-	19,865
Issue of options November 22, 2012	-	-	-	-	50,000	557	-	-	-	557
Net loss for the period October 1, 2011 to November 30, 2012	-	-	-	-	-	-	-	-	(4,221,765)	(4,221,765)
Balances November 30, 2012	**48,384,677**	**3,657,558**	**10,440,834**	**1,462,029**	**1,380,000**	**64,518**	**49,191**	**(306,012)**	**(4,731,374)**	**195,910**

The accompanying notes are an integral part of these consolidated financial statements.

Smart Employee Benefits Inc.
Consolidated Statement of Comprehensive Loss

	October 1, 2011 to November 30, 2012	***December 17, 2010 to September 30, 2011***
Revenue (Note 17)	**$ 294,298**	**$ 50,681**
Cost of revenues		
Claims	158,781	28,337
Premiums	56,302	7,589
	215,083	35,926
Gross Margin	**79,215**	**14,755**
Operating Costs		
Salaries and other compensation costs	1,286,887	550,852
Professional fees	570,763	10,339
Office and general	403,222	18,327
Development costs (Note 9)	289,791	-
	2,550,663	579,518
	(2,471,448)	**(564,763)**
Share-based compensation (Note 14)	318,768	-
Interest	86,164	4,500
Amortization of software licence (Note 11)	58,333	12,500
Depreciation of equipment (Note 10)	8,162	1,750
Accretion of bonus shares re convertible notes (Note 12)	196,650	7,656
Accretion of interest (Notes 12, 17)	241,002	40,973
Fair value adjustment on related party loan (Note 17)	-	(122,533)
Listing expense on RTO (Note 8)	841,238	-
	1,750,317	**(55,154)**
Net loss and comprehensive loss	**$ (4,221,765)**	**$ (509,609)**
Weighted average number of shares outstanding for the period (Note 14)		
- basic and diluted	39,142,552	30,000,010
Loss from operations per common share		
- basic and diluted	$ (0.11)	$ (0.02)

The accompanying notes are an integral part of these consolidated financial statements.

Smart Employee Benefits Inc.

Consolidated Statement of Cash Flows

	October 1, 2011 to November 30, 2012	*December 17, 2010 to September 30, 2011*
Net loss for the period	**$ (4,221,765)**	**$ (509,609)**
Add items not involving cash:		
Amortization of software licence	58,333	12,500
Depreciation (Note 10)	8,161	1,750
Accreted interest (Notes 12, 17)	241,002	40,973
Accreted bonus	196,650	7,656
Share-based compensation	318,768	-
Fair value adjustment	-	(122,533)
Listing expense on RTO	841,238	-
Non-cash working capital	185,514	262,470
Total adjustments	**1,849,666**	202,816
Cash used in operating activities	**(2,372,099)**	**(306,793)**
Cash flows from investing activities		
Advance from related company	48,205	-
Purchase of equipment	(14,247)	-
Cash flows from investing activities	**33,958**	**-**
Cash flows from financing activities		
Proceeds from share issue	1,745,175	36,500
Cash acquired on RTO	443,598	-
Related party obligation	(750,000)	-
Advances from shareholders	1,000	4,100
Debt issuance costs	(14,000)	(21,250)
Short-term loans	30,000	-
Proceeds from issue of debt	655,000	650,000
Cash provided by financing activities	**2,110,773**	**669,350**
Net change in cash for the period	(227,368)	362,557
Cash, beginning of period	362,557	-
Cash, end of period	**$ 135,189**	**$ 362,557**

Supplemental Information:
Interest paid in cash during the period from October 1, 2011 to November 30, 2012 was $19,501. No cash interest was paid in the period ending September 30, 2011. No income taxes have been paid.

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Smart Employee Benefits Inc. (the "Company" or "SEB") is a technology company providing software-enabled services in the areas of healthcare transaction processing, software solutions, and professional services for corporate and government clients.

Smart Employee Benefits Inc. was incorporated under the *Business Corporations Act (Ontario)* on December 23, 2010 as Whiteknight Acquisitions Inc. The Company was incorporated as a "Capital Pool Corporation" ("CPC"), as this term is defined in the policies of the TSX Venture Exchange (the "Exchange"). On July 11, 2012 the Company completed a Qualifying Transaction as this term is defined in the policies of the Exchange when it acquired 100% of the issued and outstanding shares of Smart Employee Solutions Inc. under the terms of a reverse-takeover transaction (the "Transaction") and on July 19, 2012, the shares of SEB began trading on the Exchange under the symbol "SEB" (see Note 8).

These financial statements are the consolidated financial statements of Smart Employee Benefits Inc. and its subsidiary companies, all incorporated under the Business Corporations Act of Ontario:

- Smart Employee Solutions Inc., incorporated on December 17, 2010,
- SES Benefits Canada Corporation, incorporated on April 29, 2011,
- SES Financial Corporation, incorporated April 14, 2011, and
- SES International Inc., incorporated December 17, 2010.

SES Financial Corporation and SES International Inc. have no material assets and have engaged in no activities up to the date of the consolidated statement of financial position.

SES Financial Corporation is owned 50% by the Company and 50% by certain shareholders of the Company on an individual basis. SES Financial Corporation had no significant operations during the period and had no assets or liabilities and therefore, the non-controlling interest is determined to be nil.

The Company's head office is Suite 800, 5935 Airport Road, Mississauga, Ontario, L4V 1W5 and its registered and records office address is Suite 300, 2355 Skymark Avenue, Mississauga, Ontario, L4W 4Y6.

These consolidated financial statements represent the transition year of the Company, following the reverse take-over of Whiteknight Acquisitions Inc. ("WKA") on July 11, 2012 by the shareholders of Smart Employee Solutions Inc. ("SES"). The Company has elected to use November 30 as its year-end for financial reporting purposes, being, the year-end of WKA, whereas SES had a year end of September 30. As a result, these consolidated financial statements cover the period from October 1, 2011 to November 30, 2012. The Company will henceforth issue annual and interim statements based on using November 30 as its year-end.

These consolidated financial statements were authorized for issuance by the Board of Directors on March 26, 2013.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

The Company has incurred a significant operating loss during the periods of the consolidated financial statements and negative cash flows from operations for the periods. There is no assurance that the Company will be able to generate net income or positive cash flows from operations in the foreseeable future. Based on these events and conditions there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To remain a going concern, the Company will require additional capital to enable it to further develop its software and achieve other business objectives. It cannot be determined at this time whether these objectives will be realized. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern.

3. Basis of Presentation

Statement of Compliance
These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies adopted are consistent with those of the previous financial year.

Basis of Measurement
These consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Use of Estimates and Judgements
The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to these consolidated financial statements are disclosed in Note 6.

3. Basis of Presentation - continued

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

4. Summary of Significant Accounting Policies

Revenue

The Company records monthly premiums received from clients as revenue in the month for which the premiums are collectable. Generally, the revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Equipment

The Company records as assets the cost of equipment as purchased. The Company records depreciation of its equipment according to the following rates, which approximate the useful lives of these assets:

Furniture and office equipment	20% straight-line
Computer equipment	30% straight-line

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being account for on a prospective basis.

Intangible Assets

The Company's intangible assets consist of a software licence (Notes 7 and 11). The Company amortizes the software over its estimated useful life of 10 years on a straight-line basis. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being account for on a prospective basis.

4. Summary of Significant Accounting Policies – continued

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Share-based Payments

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the consolidated financial statements with a corresponding increase in options. The fair value, using the Black Scholes model, determined at the grant date of the equity-settled share based payments is expensed over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Share purchase warrants are recorded to warrants on the consolidated statement of financial position when issued and valued using the Black Scholes model.

Restricted Cash

Cash which is subject to legal or contractual restrictions on its use is classified separately as restricted cash.

4. Summary of Significant Accounting Policies – continued

Loss Per Share

Basic loss per share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Fair value through profit or loss
Financial assets at fair value through profit or loss ("FVTPL") are measured at their fair value with changes in fair value recognized in net income or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities, convertible debt and amounts due to shareholders.

4. Summary of Significant Accounting Policies – continued

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) for substantially the full term of the asset or liability; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data and unobservable inputs supported by little or no market activity.

All fair value through profit or loss financial instruments are measured at fair value using Level 1 inputs.

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at September 30, 2011 and November 30, 2012:

Fair value through profit and loss:
- Cash

Loans and receivables:
- Funds in trust - restricted
- Sundry receivables

Other financial liabilities:
- Accounts payable and accrued liabilities
- Obligation to related party
- Due to related company
- Convertible debt
- Due to shareholders

4. Summary of Significant Accounting Policies – continued

The Company initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

(a) Fair values through profit and loss are measured at fair value at the end of the reporting period with any gain or loss recognized immediately in earnings. Interest and dividends earned from held-for-trading are also included in income for the period.

(b) Other financial liabilities are measured at amortized cost using the effective interest method.

(c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in earnings.

Impairment

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying value and its fair value. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

4. Summary of Significant Accounting Policies – continued

Impairment - continued

Non-financial assets - continued
Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning in later periods. These new standards, which have not been applied within these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements:

IFRS 9, Financial Instruments: Classification and Measurement issued in November 2009, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 10, Consolidated Financial Statements, replaces the consolidation guidance in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee for annual periods beginning on or after January 1, 2013.

IFRS 11, Joint Arrangements, introduces new accounting requirements for joint arrangements, replacing IAS 31, Interests in Joint Ventures. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation for annual periods beginning on or after January 1, 2013.

IFRS 12, Disclosure of Interests in Other Entities, requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement, for annual periods beginning on or after January 1, 2013.

IFRS 13, Fair Value Measurement, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard, for annual periods beginning on or after January 1, 2013. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

5. Recent Accounting Pronouncements - continued

Amendments to IAS 1, Presentation of financial statements, requires entities to group items in other comprehensive income based on whether the items are potentially re-classifiable to profit or loss subsequent to initial recognition and is effective for annual periods beginning on or after July 1, 2012.

IAS 27, Separate Financial Statements, has been revised to address the presentation of parent company financial statements that are not consolidated financial statements and is effective for annual periods beginning on or after January 1, 2013.

IAS 38, Investments in Associates and Joint Ventures, has been revised and prescribes the accounting treatment for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures and is effective for annual periods beginning on or after January 1, 2013.

The Company has not yet assessed the impact of these standards.

6. Summary of Accounting Estimates and Judgements

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Insofar as all financial assets and liabilities are realizable or payable within one year of the consolidated statement of financial position date, their fair value is estimated to be the same as their recorded value.

Intangible assets - Impairment

The Company's impairment tests for intangible assets are based on value in use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

7. Significant Agreements

Software Licencing Agreement

Effective July 1, 2011, the Company entered into a licence agreement ("Licence") with Bevertec, CST Inc. ("Bevertec") a shareholder of the Company, to acquire from Bevertec the licence of a software platform which provides the adjudication of health benefit claims ("Adjudication Software"). The Licence provides (a) a perpetual, irrevocable, transferable and exclusive right and license to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right and world-wide license to use the Adjudication Software outside Canada.

The price to be paid under the terms of the Licence was a payment of $500,000 and then a royalty stream of payments ("Royalty") payable as follows: up to $0.5 million based on 1% of the first $50 million of sales revenue; up to $2 million based on 2% the next $100 million in sales revenue; and up to $5 million based on 3% of the next $167 million of sales revenue.

This asset is recorded as an intangible asset (Note 11). The liability was recorded under "Due to related party" (Note 17). The Company initially recognized the Adjudication Software Licence at the acquisition cost of $500,000 and is amortizing that amount over 10 years on a straight-line basis.

8. Reverse Take-over ("RTO") Transaction

RTO Transaction

On July 11, 2012, Whiteknight Acquisitions Inc. ("Whiteknight") acquired 100% of the issued and outstanding shares of Smart Employee Solutions Inc. ("SES"), a private company (the "Transaction"). The Transaction constituted a Qualifying Transaction of Whiteknight as such term is defined in Policy 2.4 of the Corporate Finance Manual of the TSXV.

To effect the Transaction, Whiteknight issued 30,000,010 common shares in exchange for the 3,000,001 common shares of SES, being 100% of the issued and outstanding capital of SES, resulting in the shareholders of SES becoming the controlling shareholders of Whiteknight.

On July 19, 2012, the TSX Venture Exchange approved the Transaction, resulting in the shares of the Company beginning to trade on the exchange under the symbol "SEB".

Concurrent Financing

Concurrent with the closing of the Transaction, the Company closed a financing ("Concurrent Financing") whereby 6,491,667 units, each unit consisting of one common share and one common share-purchase warrant, were issued at a price of $0.30 per unit for a total of $1,947,500. The Company incurred transaction costs of $202,325 in fees and commissions and issued 649,167 broker share-purchase warrants (see Note 14(b)(VI)).

8. Reverse Take-over ("RTO") Transaction - continued

Conversion of Debt

Also concurrent with the closing of the Transaction, the Company issued 6,093,000 common shares and 1,305,000 common share-purchase warrants to holders of SES convertible debt on conversion and extinguishment of the convertible debt (see Notes 14 and 12).

Name Change

At a shareholder meeting held on July 30, 2012, the shareholders of Whiteknight voted to change the name of Whiteknight to "Smart Employee Benefits Inc.".

Accounting

Although the transaction resulted in SES becoming a wholly-owned subsidiary of Whiteknight, the transaction constitutes a reverse takeover of Whiteknight and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 *Share-based Payment* and IFRS 3 *Business Combinations*. As Whiteknight did not qualify as a business according to the definition in IFRS 3, this reverse take-over transaction does not constitute a business combination; rather, it is treated as an issuance of shares by SES for the net monetary assets of Whiteknight, followed by a recapitalization of SES.

The net assets of Whiteknight received were as follows:

Cash	$ 443,598
Deposit	15,000
Less: accounts payable	23,836
Total net assets acquired	434,762
Notional price paid for WKA shares	1,276,000
Resulting share adjustment expensed	$ (841,238)

Transaction costs incurred by the Company were expensed.

Further to the reverse take-over transaction, the consolidated financial statements for the period ended November 30, 2012 reflect the assets, liabilities and results of operations of SES, the legal subsidiary, and Whiteknight (now renamed to SEB). The comparative consolidated statements of financial position at September 30, 2011 and the comparative consolidated statements of operations and cash flows for the period ended September 30, 2011 are those of SES (the legal subsidiary of SEB subsequent to the RTO) prior to the RTO.

9. Due to related party

As more fully described in Note 21, the Company completed its acquisition of Logitek Technology Limited ("Qlogitek") on February 6, 2013. In the interim, the Company received development work from Qlogitek which had not been paid for at the end of the reporting period. During the period ended November 30, 2012 Qlogitek charged the Company $289,791 in development costs.

10. Equipment

	Cost ($)			Accumulated Depreciation ($)			Net
	Opening Balance	Additions during period	Closing Balance	Opening Balance	Expense during period	Closing Balance	
For the period December 17, 2010 to September 30, 2011							
Furniture and office equipment	-	5,000	5,000	-	250	250	
Computer equipment	-	20,000	20,000	-	1,500	1,500	
	-	**25,000**	**25,000**	**-**	**1,750**	**1,750**	**23,250**
For the period October 1, 2011 to November 30, 2012							
Furniture and office equipment	5,000	1,743	6,743	250	1,162	1,412	
Computer equipment	20,000	12,504	32,504	1,500	7,000	8,500	
	25,000	**14,247**	**39,247**	**1,750**	**8,162**	**9,912**	**29,335**

11. Intangible Asset

The intangible asset consists of a licence of software which provides the adjudication of health benefit claims ("Adjudication Software"). The Licence provides (a) a perpetual, irrevocable, transferable and exclusive right and license to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right and world-wide license to use the Adjudication Software outside Canada (see Note 7).

	Cost ($)			Accumulated Amortization ($)			Net
For the Period	Opening Balance	Additions during period	Closing Balance	Opening Balance	Expense during period	Closing Balance	
December 17, 2010 to September 30, 2011	-	500,000	500,000	-	12,500	12,500	**487,500**
October 1, 2011 to November 30, 2012	500,000	-	500,000	12,500	58,333	70,833	**429,167**

12. Convertible Debt

SES issued $1,305,000 in Convertible Term Notes Financing ("Notes") between July and December, 2011. The Notes were Promissory Notes of the Company, secured by a General Security Agreement against the assets of the Company and by a personal guarantee of the Chief Executive Officer and President of the Company. The Notes were due at the earlier of the closing of the Transaction or July 25, 2012.

The Notes paid 8% interest. Interest of $84,889 was accrued and recorded in accounts payable and accrued liabilities to July 11, 2012.

The Notes converted to shares of the Company at $0.24 per share, a 20% discount to the share price of the Company used for the Transaction.

In addition, per the terms of the Notes, certain bonus amounts were granted to Note-holders as follows (the bonuses converted at the share price for the Transaction, being $0.30 per share):

- Notes for which the funds were received prior to September 1, 2011 received a bonus payment of 7% of the principal amount
- Notes for which the funds were received between September 1, 2011 and December 31, 2011 received a Bonus payment of 3% of the principal amount
- All Note-holders received a bonus of 10% of the principal amount, as the Transaction did not close before February 28, 2012

	Conversion of Debt to Common Shares		
	Debt Amount	**Conversion rate**	**Shares on conversion**
Convertible debt principal amount	$1,305,000	$0.24	5,437,500
Bonus amount of 7% of principal amount received prior to September 1, 2011	47,250		
Bonus amount of 3% of principal amount received subsequent to September 1, 2011	18,900		
Bonus amount of 10% of principal amount due to Transaction occurring after February 28, 2012	130,500		
Total bonuses converted to shares	**196,650**	$0.30	**655,500**
Total debt converted to shares	**$1,501,650**		**6,093,000**

The Note-holders on conversion of the Notes also received a warrant for each one dollar of Note value to purchase one share of the Company post the Transaction, at an exercise price of $0.30 until May 31, 2014 (see Note 14(b)(V)).

Bonus payments were accreted at their effective interest rate over the term of the Notes and were accounted for in accounts payable and accrued liabilities.

12. Convertible Debt - continued

In arriving at a fair value of the liability component of the convertible notes, the Company has used a discount rate of 27.5% to determine a discounted present value of the debt due on conversion.

The equity component of $49,191 at November 30, 2012 ($44,902 at September 30, 2011), arising from the difference between the coupon and effective interest rates, has been recorded as Contributed Surplus. The difference between the face value and fair value of the Notes was charged against earnings as accreted interest using the effective interest rate method.

	Amount $					
	Face Value of Notes	Equity Component	Debt Issue Costs	Liability Component at Fair Value	Accreted Interest	Balance of Obligation
Balance September 30, 2011	**1,050,000**	**(44,902)**	**(96,250)**	**908,848**	**11,043**	**919,891**
October 1, 2011 to December 31, 2011	255,000	(4,289)	(14,000)	236,711	71,748	308,459
Balance December 31, 2011	**1,305,000**	**(49,191)**	**(110,250)**	**1,145,559**	**82,791**	**1,228,350**
January 1, 2012 to March 31, 2012	-	-	-	-	56,537	56,537
Balance March 31, 2012	**1,305,000**	**(49,191)**	**(110,250)**	**1,145,559**	**139,328**	**1,284,887**
April 1, 2012 to June 30, 2012	-	-	-	-	20,113	20,113
Balance June 30, 2012	**1,305,000**	**(49,191)**	**(110,250)**	**1,145,559**	**159,441**	**1,305,000**
Conversion of Notes to common shares July 11, 2012 (Note 14)						(1,305,000)
Balance November 30, 2012						-

Funds in trust amounting to $400,000 at September 30, 2011 represent the proceeds from the issue of Notes which remained in the solicitor's trust account at the end of the reporting period. Those funds were subsequently released to the Company.

13. Due to Shareholders

The funds were advanced by individuals who were founding shareholders of subsidiaries of the Company; the advances have no set terms of repayment and do not bear interest.

14. Capital

(a) Authorized share capital
Unlimited number of common shares

(b) Common shares issued and outstanding

	Number of shares	Amount $
Original Whiteknight share capital		
Shares issued by Whiteknight for cash January 19, 2011 (I)	2,800,000	280,000
Shares issued by Whiteknight pursuant to IPO April 23, 2011 (II)	3,000,000	600,000
Total	5,800,000	880,000
Original SES share capital (III)	3,000,001	36,500
RTO transaction		
Elimination of existing share capital	(3,000,001)	(880,000)
Value of notionally issuing 5,800,000 Whiteknight shares at the fair value, being the average price for shares issued in the RTO transaction	-	1,276,000
Issue of shares by Whiteknight in exchange for 100% of shares of SES (IV)	30,000,010	-
Issue of shares pursuant to conversion of SES Notes (V)	6,093,000	1,501,650
Issue of warrants on conversion of debt	-	(195,750)
Issue of shares pursuant to Concurrent Financing (VI)	6,491,667	1,947,500
Issue of warrants attached to Concurrent Financing	-	(908,342)
Balance November 30, 2012	**48,384,677**	**3,657,558**

I. These shares are the original shares issued for cash to the founders of Whiteknight. The shares are subject to an Escrow Agreement pursuant to policies of the Exchange. Under the terms of the Escrow Agreement, below is the schedule of release dates for the shares in escrow. These shares are notionally valued at $0.22 per share, being the average cost of all shares issued in conjunction with the Transaction, after deducting the value ascribed to the warrants issued with the shares.

II. On April 23, 2011, Whiteknight completed its initial public offering via the issuance of 3,000,000 common shares at a price of $0.20 per common share for gross proceeds of $600,000. 15,000 of these common shares are held in escrow subject to the same terms as noted in note 14(b)(I).

III. The amount paid in cash for the original share issue of SES was $36,500. The 3,000,001 shares of SES have been eliminated as part of the accounting for the Transaction, after being exchanged for the 30,000,010 shares of Whiteknight.

14. Capital - continued

IV. On July 11, 2012, Whiteknight issued 30,000,010 shares in exchange for all of the 3,000,001 shares of SES (see Note 8). As part of the accounting for the Transaction, no value is assigned to those shares. These shares are held in escrow, subject to an Escrow Agreement pursuant to policies of the Exchange. Under the terms of the Escrow Agreement, below is the schedule of release dates for the shares in escrow.

V. On July 11, 2012, Whiteknight exchanged 6,093,000 shares for SES Convertible Notes (see Notes 8 and 12). Pursuant to the same terms as in Note 14 (b)(IV) above, 206,996 shares were placed into escrow

VI. On July 11, 2012, Whiteknight completed a Concurrent Financing by the issuance of 6,491,667 shares (see Note 8). Pursuant to the same terms as in Note 14 (b)(IV) above, 2,391,667 shares were placed into escrow.

Schedule of Release of Shares from Escrow:

	Note (above)					
	I	**II**	**IV**	**V**	**VI**	**Total**
July 19, 2012	280,000	1,500	1,500,001	10,350	119,583	1,911,434
January 19, 2013	420,000	2,250	1,500,001	10,350	119,583	2,052,184
July 19, 2013	420,000	2,250	3,000,001	20,700	239,167	3,682,117
January 19, 2014	420,000	2,250	3,000,001	20,700	239,167	3,682,117
July 19, 2014	420,000	2,250	4,500,002	31,049	358,750	5,312,051
January 19, 2015	420,000	2,250	4,500,002	31,049	358,750	5,312,051
July 19, 2015	420,000	2,250	12,000,004	82,798	956,667	13,461,719
	2,800,000	**15,000**	**30,000,010**	**206,996**	**2,391,667**	**35,413,673**

(c) Share purchase warrants

			Number of Warrants Outstanding					
			Sep 30, 2011	Activity During Period			November 30, 2012	
	Exercise Price	Expiry	Outstanding	Issued	Expired	Exercised	Outstanding	Exercisable
(i)	$ 0.20	April 23, 2013	300,000	-	-	-	300,000	300,000
(ii)	$ 0.30	May 31, 2014	-	1,305,000	-	-	1,305,000	1,305,000
(iii)	$ 0.30	May 31, 2014	-	1,695,000	-	-	1,695,000	654,750
(iv)	($0.45 to July 11, 2013) ($0.55 to July 11, 2014) ($0.65 to July 11, 2015)	July 11, 2015	-	6,491,667	-	-	6,491,667	4,219,583
(v)	$ 0.30	July 11, 2014	-	649,167	-	-	649,167	649,167
			300,000	**10,140,834**	**-**	**-**	**10,440,834**	**7,128,500**
Weighted average exercise price per share			**$ 0.20**	**$ 0.52**	**-**	**-**	**$ 0.51**	**$ 0.50**

14. Capital - continued

i. In connection with an IPO closed on April 23, 2011, Whiteknight granted the agents of the offering the option to acquire 300,000 common shares at a price of $0.20 per share for a period of 24 months following the IPO.

ii. On July 11, 2012, Whiteknight issued 1,305,000 share purchase warrants per the terms of the conversion of SES convertible term notes (see Note 12), on completion of Whiteknight's Qualifying Transaction (see Note 8). Each warrant may be exchanged for one common share until May 31, 2014 at a price of $0.30 per share. All warrants vested immediately, subject to a regulatory hold period of four-months following the issue date; 45,000 warrants were placed in escrow as per below. The share purchase warrants were valued at $195,750 using the Black-Scholes option-pricing model with the following assumptions: expected life of 23 months, risk-free rate of 0.96%, expected dividend yield of 0% and expected volatility of 100%.

iii. On July 11, 2012, 1,695,000 share purchase warrants were issued to employees and consultants of SES, on completion of Whiteknight's Qualifying Transaction (see Note 8). Each warrant may be exchanged for one common share until May 31, 2014 at a price of $0.30 per share. All warrants vested immediately, however, 1,095,000 warrants were escrowed as per below. The share purchase warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 23 months, risk-free rate of 0.96%, expected dividend yield of 0% and expected volatility of 100%. These warrants are deemed to be issued as part of the Company's employee option plan (see Note 14(d)).

iv. On July 11, 2012, 6,491,667 share purchase warrants were issued as part of a financing executed concurrent to the closing of the Transaction (see Notes 8 and 14(b)). Each warrant may be exchanged for one common share until July 11, 2015 at a price of $0.45 per share until July 11, 2013, $0.55 per share until July 11, 2014 and $0.65 per share until July 11, 2015. All warrants vested immediately; however, 2,391,667 warrants were escrowed as per below. The share purchase warrants were valued at $908,342 using the Black-Scholes option-pricing model with the following assumptions: expected life of 36 months, risk-free rate of 0.96%, expected dividend yield of 0% and expected volatility of 100%.

v. In connection with the Concurrent Financing (see Notes 8 and 14(a)) on July 11, 2012, Whiteknight granted the agents of the Concurrent Financing the option to acquire 649,167 common shares at a price of $0.30 per share for a period of 24 months following the close of the Concurrent Financing. The agent options were valued at $103,687 using the Black-Scholes option-pricing model using the following assumptions: expected life of two years, risk free rate of 0.96%, expected dividend yield of 0% and expected volatility of 100%.

14. Capital - continued

Schedule of Release of warrants from escrow

	Note (see above)			
	ii	**iii**	**iv**	**Total**
July 19, 2012	2,250	54,750	119,583	176,583
January 19, 2013	2,250	54,750	119,583	176,583
July 19, 2013	4,500	109,500	239,167	353,167
January 19, 2014	4,500	109,500	239,167	353,167
July 19, 2014	6,750	164,250	358,750	529,750
January 19, 2015	6,750	164,250	358,750	529,750
July 19, 2015	18,000	438,000	956,667	1,412,667
Total	**45,000**	**1,095,000**	**2,391,667**	**3,531,667**

(d) Share purchase options

Upon completion of the RTO, the Company continued the Whiteknight stock option plan (the "Plan"). The Plan is administered by the Board of Directors of the Company which establishes the exercise prices, vesting conditions and expiry date of the options. The number of common shares reserved for issuance under the Plan is 4,838,467. At November 30, 2012, the Company had 1,380,000 options issued and outstanding under the terms of the Plan. In addition, 1,695,000 share purchase warrants issued in July, 2012, as part of the completion of the RTO (See Note 8) were deemed to be part of the Plan by the TSX Venture Exchange.

			Number of Options Outstanding					
	Exercise		Sep 30, 2011	Activity During Period			November 30, 2012	
	Price	Expiry	Outstanding	Issued	Expired	Exercised	Outstanding	Exercisable
(i)	$ 0.20	July 30, 2013	493,000	-	-	-	493,000	493,000
(i)	$ 0.20	April 5, 2016	87,000	-	-	-	87,000	87,000
(ii)	$ 0.33	Aug 16, 2015	-	500,000	-	-	500,000	100,000
(iii)	$ 0.34	May 31, 2014	-	50,000	-	-	50,000	-
(iv)	$ 0.34	Sep 13, 2015	-	200,000	-	-	200,000	-
(v)	$ 0.33	Nov 22, 2015	-	50,000	-	-	50,000	-
			580,000	**800,000**	**-**	**-**	**1,380,000**	**680,000**
Weighted avg exercise price			**$ 0.20**	**$ 0.33**	-	-	**$ 0.28**	**$ 0.22**

14. Capital - continued

(d) Share purchase options - continued

i. On April 7, 2011, the directors of Whiteknight were granted an aggregate of 580,000 options exercisable for 5 years from the date of issue at an exercise price of $0.20 per share. Per the terms of the options grant, the options must be exercised within one year of the grantee ceasing to be an officer or director of the Company. On July 30, 2012, all but one of the grantees ceased to be an officer or director; therefore 493,000 of the 580,000 options now expire July 30, 2013; the remaining 87,000 options expire April 7, 2016. The options are subject to escrow and are to be released from escrow according to the timetable below:

Release Date	Release
July 19, 2012	58,000
January 19, 2013	87,000
July 19, 2013	87,000
January 19, 2014	87,000
July 19, 2014	87,000
January 19, 2015	87,000
July 19, 2015	87,000
Total	**580,000**

ii. On August 16, 2012, the independent directors of the Company were granted an aggregate of 500,000 options exercisable for 5 years from the date of issue at an exercise price of $0.33 per share. The stock options were valued at $100,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of five years, risk free rate of 1.00%, expected dividend yield of 0%, and expected volatility of 100%. The options vest as follows: 100,000 on date of issue; 100,000 on February 16, 2013; 100,000 on August 16, 2013; 100,000 on February 16, 2014; 100,000 on August 16, 2014.

iii. On September 13, 2012, the Company granted 50,000 options exercisable until May 31, 2014 at an exercise price of $0.34 per share. The options vest as follows: 25,000 on December 13, 2012 and 25,000 on March 13, 2013. The stock options were valued at $8,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of 20 months, risk free rate of 1.16%, expected dividend yield of 0%, and expected volatility of 100%.

14. Capital - continued

(d) Share purchase options – continued

iv. On September 13, 2012, the Company granted 200,000 options exercisable until September 13, 2015 at an exercise price of $0.34 per share. The options vest as follows: 40,000 on December 13, 2012; 40,000 on March 13, 2013; 40,000 on September 13, 2013; 40,000 on March 13, 2014; and 40,000 on September 13, 2014.The stock options were valued at $42,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 1.16%, expected dividend yield of 0%, and expected volatility of 100%.

v. On November 22, 2012, the Company granted 50,000 options exercisable until November 22, 2015 at an exercise price of $0.33 per share. The options vest as follows: 25,000 on February 22, 2013; and 25,000 on May 22, 2013.The stock options were valued at $8,500 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 1.11%, expected dividend yield of 0%, and expected volatility of 100%.

(e) Loss per Share

The weighted average number of common shares outstanding for the period from October 1, 2011 to November 30, 2012 was 39,142,552 (30,000,010 for the period December 17, 2010 to September 30, 2011).

The dilutive effect of options and warrants outstanding was not included as it would serve to reduce the loss per share reported.

15. Financial Instruments

Fair Values

The Company's financial instruments consist of cash, funds in trust, sundry receivables, accounts payable and accrued liabilities, convertible debt, obligation to related parties and due to shareholder. The fair values of these financial instruments, other than cash, approximate their carrying values due to the short-term nature of these financial instruments. Cash has been classified as fair value through profit and loss and is stated at fair value.

Carrying value and fair value of financial assets and liabilities are summarized as follows:

	November 30, 2012		September 30, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Classification	$	$	$	$
Fair value through profit and loss	135,189	135,189	362,557	362,557
Loans and receivables	15,144	15,144	436,782	436,782
Other financial liabilities	461,279	461,279	1,738,296	1,738,296

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not exposed to any significant interest rate risk as the Company has no interest-bearing debt outstanding as at November 30, 2012.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations such as accounts payable out of cash.

The Company is not exposed to any foreign exchange or price risk.

16. Capital Management

The Company's capital consists of share capital, contributed surplus, options and warrants in the amount of $5,233,296 as at November 30, 2012 ($956,391 at September 30, 2011 consisting of share capital and convertible debt). The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company is not subject to any externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

17. Related Party Transactions

Bevertec CST Inc.
Bevertec is a related party to the Company by virtue of its ownership of common shares of the Company. A Director of the Company is also an officer and director of Bevertec. In addition, $226,598 of the $294,298 in revenue recorded by the Company in these consolidated financial statements was derived from transactions with Bevertec.

Obligation to Related Party
Amounts payable to Bevertec are as follows:

Amount relating to a software licencing agreement as described in Note 7	$	500,000
Amount relating to $25,000 for equipment such as computers, etc. and $225,000 repayment for costs incurred as early-stage funding for start-up.		250,000
Fair value adjustment on related party loan		(122,533)
Fair value of obligation on date of signing of license agreement		**627,467**
Interest accreted during the period ending September 30, 2011		29,930
Balance of obligation as reported September 30, 2011	**$**	**657,397**
Interest accreted October 1, 2011 to June 30, 2012		92,603
Balance of obligation as reported June 30, 2012	**$**	**750,000**
Payment of obligation		(750,000)
Balance of obligation November 30, 2012	**$**	-

In arriving at a fair value of the obligation to related party, the Company used a discount rate of 27.5% to determine a discounted present value.

17. Related Party Transactions – continued

The fair value adjustment of $122,533, arising from the difference between the coupon and effective interest rates, was recorded in the consolidated statement of comprehensive loss in the period ended September 30, 2011. The amount of the fair value adjustment was charged against earnings as accreted interest using the effective interest rate method.

Other

Management fees payable to two shareholders of the Company, the President, Chief Executive Officer and Chief Information Officer and the other being the Chief Financial Officer, Chief Operating Officer and Corporate Secretary, were recorded during the period October 1, 2011 to November 30, 2012 totalling $455,000 ($225,000 during the period December 17, 2010 to September 30, 2011). The President, Chief Executive Officer and Chief Information Officer is also a director of the Company.

Directors, the President, Chief Executive Officer and Chief Information Officer and the Chief Financial Officer also received share based payments, for the period ending November 30, 2012, valued at $318,768.

18. Net Change in Non-cash Working Capital items

	October 1, 2011 to November 30, 2012	*December 17, 2010 to September 30, 2011*
Sundry receivables	$ 21,638	$ (36,782)
Prepaid and deposits	(33,354)	-
Accounts payable and accrued liabilities	197,230	74,252
Obligation to related party	-	225,000
Total	**$ 185,514**	**$ 262,470**

19. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the periods ended November 30, 2012 and October 31, 2011 is as follows:

	October 1, 2011 To November 30, 2012	*December 17, to September 30, 2011*
Net Loss before recovery of income taxes	$ **4,221,765**	$ 509,609
Expected income tax recovery	(1,134,599)	(145,023)
Impact of change in tax rates	12,395	-
Adjustment for RTO transaction	161,749	-
Permanent differences	-	(31,594)
Non-deductible expenses and other adjustments	170,813	29,390
Change in tax benefits not recognized	789,642	147,227
Income tax recovery reflected in the statement of comprehensive loss	$ **-**	$ -

The 2012 statutory tax rate of 26.9% differs from the 2011 statutory tax rate of 28.5% because of the reduction in the federal and provincial substantively enacted tax rates.

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Intangible assets	**$** 21,640	$ -
Share issue and deferred financing costs	**$** 438,490	$ 229,861
Non-capital losses carried forward	**$** 3,367,780	$ 700,216

The Canadian non-capital loss carry forwards expire between 2031 and 2032. Share issue and financing costs will be fully amortized by 2016. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

20. Commitments

The Company has entered into a lease agreement for its premises with estimated annual payments as follows:

Fiscal 2013	$ 193,082
Fiscal 2014	134,750
Thereafter	-
Total	**$ 327,832**

21. Subsequent events

Financing
On December 27, 2012 the Company closed a financing of $554,000 of convertible notes with a term of 2 years, paying 10% interest. The notes are convertible into common shares of the Company at $0.45 per share any time during the term of the notes. The Company paid finder's fees of $22,450 in cash and 99,777 share purchase warrants, exercisable at $0.45 per share for a period of two years. At November 30, 2012, an amount of $30,000 had been advanced towards the convertible notes.

Acquisition
On February 6, 2013, the TSX-V approved the Company's acquisition of 100% of the shares of Logitek Technology Ltd. ("Qlogitek"). The Company issued, in satisfaction of the $2,009,452 purchase price, 6,698,173 SEB shares ("Shares") and 1,000,000 share purchase warrants (the "Warrants"). The Company and the seller of QLogitek, Logitek Data Sciences Ltd., agreed to a contractual escrow arrangement pursuant to which one million Shares would be released on the closing and the balance over a period of 30 months in various amounts at 6 month intervals. The Warrants have a term of 42 months and an escalating exercise price every 12 months of $0.45, $0.55 and $0.65 during the first three years of the term and at $0.75 for the last six months of the term. The Warrants contain performance vesting conditions during their term equating to cumulative revenue and EBITDA targets of $15.0 million and $3.0 million, respectively. As part of the transaction and in order to retire $651,858 of debt owing by QLogitek, the Company issued a five year convertible note in the amount of $651,858 with an annualized interest rate of 3% and an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 from years one through five.

Financing
On February 28, 2013 the Company closed a financing of $1,106,000 consisting of 3,160,000 units at $0.35 per unit where each unit consists of 1 common Share and 1 common share purchase warrant. The common share purchase warrants are exercisable over a four year period at a price of $0.50 in year one, $0.55 in year two, $0.65 in year three and $0.75 in year four. The Company paid finder's fees of $50,050 cash and 286,000 warrants, exercisable at $0.35 per share for a period of two years from closing.

21. Subsequent events– continued

Acquisition
On March 4, 2013, the TSX-V approved the Company's acquisition of 100% of the shares of the SOMOS Group of Companies. SOMOS shareholders, as part of the transaction price terms, will receive $325,000 in cash, 2,500,000 shares of the Company at a valuation of $0.30 per share and 1,000,000 share purchase warrants (the "Warrants"). The shares will be escrowed over a period of 30 months released in various amounts at 6 month intervals. The Warrants will have a term of 60 months and an escalating exercise price per common share of the Company every 12 months of $0.45, $0.55, $0.65, $0.70, and $0.75. In addition, the purchase price will also be satisfied by the Company issuing to the SOMOS shareholders a five year convertible note in the aggregate principal amount of $400,000 (the "Convertible Note"). The Convertible Note shall bear interest at a rate of 3% per annum. Interest shall be paid quarterly and principal may be repaid annually in equal installments. The Convertible Note shall be convertible into common shares of the Company at an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 per common share of the Company from years' one through five, respectively. The parties have also agreed to adjust the purchase price upwards by a portion of outstanding SRED credits collected by SOMOS, post-closing, to a maximum increase in the purchase price of $287,000, as such credits are paid/remitted to SOMOS or for its benefit.

Acquisition
On March 15, 2013 the Company's Board of Directors approved a memorandum of agreement to acquire a 50% interest in the Inforica Group for an investment of working capital, the amount to be disclosed at a later date. Completion of the transaction is subject to final closing documentation and applicable regulatory approval.

The Inforica Group includes the following entities:

- Inforica Inc. – is a Canadian System Integration business.
- Inforica Energy Solutions Inc. – is a Canadian Energy Software Solutions and Business Process Services business, with operations in Canada, India and Dubai, UAE. The India and Dubai operations are 100% owned subsidiaries.

The Company has the first right of refusal to acquire the 50% interest in the Inforica Group not owned by the Company. Inforica Group shareholders have a right to buy back half of the Company's ownership of Inforica Inc. (only) within a 36 month period.