Smart Employee Benefits Inc.

Management Discussion and Analysis
For the period ending November 30, 2013

March 31, 2014

Basis of Presentation

This Management Discussion and Analysis ("MD&A") of Smart Employee Benefits Inc. ("Company" or "SEB") dated March 31, 2014 should be read in conjunction with the consolidated financial statements for the period ended November 30, 2013.

The Company's consolidated financial statements and accounting policies are in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. All dollar amounts are in Canadian dollars unless otherwise indicated.

Forward looking statements

Certain statements in this MD&A may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of SEB, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described elsewhere in this document. The risks and uncertainties include: the ability to achieve profitability and manage growth; reliance on and retention of competent staff; competition; performance obligations and client satisfaction; general state of the economy; possible acquisitions; possible future litigation; insurance limits; legislative and regulatory changes; revenue and cash flow volatility; operating risks; protection of intellectual property; appraisal mandates; restrictions on growth. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, SEB cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and, except in accordance with applicable law, SEB assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, SEB undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of SEB, its financial or operating results, or its securities.

Introduction

SEB is a technology company providing "business processes software, solutions and services" to corporate and government clients with specialty practices in the following areas:

(i) Healthcare

Emphasis is on managing group employee benefit solutions and health claims processing environments. This is a primary growth area for the company.

(ii) Supply Chain Solutions and Services

Emphasis is on providing fully hosted Software as a Service ("SaaS") solutions in retail, manufacturing, financial services, government, energy and healthcare for supplying and managing supply chain infrastructure. The company is well established in this space and this presence provides a strong platform for healthcare initiatives. Health claims processing is a supply chain business process.

(iii) Systems Integration and Software Development

Internal teams drawn from more than 100 technical employees and contract consultants with support infrastructures in India and China provide specialty skill sets in project management, ERP solutions, recruiting, training, Microsoft solutions, data management, etc. A major strength of SEB is customized, fully integrated solutions targeted directly to the needs of SEB clients. Providing highly customized, integrated solutions is a strong competitive advantage in servicing health benefit solution clients.

(iv) Professional Services

Primary emphasis is on staff augmentation for supporting and managing human capital requirements. Employee group benefit solutions is a major component of the contract between the employer and the employee.

SEB operates a "Services" business model driven by unique software solutions and systems integration expertise. The four specialty practice areas are fully integrated with common infrastructure supporting all areas of focus.

Company Status

Over the past 36 months, SEB has implemented the following:

i) **Market Leading Technology** – through acquisition and development created mission critical, leading edge technology solutions which provide the company a serious competitive advantage in several key industry sectors, in particular employee group benefit solutions and health claims processing.

ii) **Experienced Management and Board** – put in place a very experienced Board of Directors and Management team with a proven track record of building and managing companies utilizing both organic and acquisition growth strategies. The team has over 250 years of experience with extensive industry and business relationships.

iii) **Business Model** – implemented a Services business model driven by unique, high value added technology solutions that provides a competitive advantage driving a recession resistant, annuity revenue business model.

iv) **Pipeline of Acquisitions Candidates** – created a strong pipeline of acquisition/investment candidates in a fragmented industry in which SEB is well positioned to be a consolidator.

v) **Public Company**- created a publicly listed vehicle with more than 60% of shares held by insiders. This is the platform to drive an acquisition based growth model.

vi) **New Capital** – sourced over $9.4 million of new capital which has positioned the company to execute its growth plan.

vii) **Acquisitions** – SEB has closed 5 acquisitions and has announced a sixth that is expected to give the company a solid base of sustainable profitable revenue in excess of $25 million and offices in Toronto, Ottawa and North Bay.

Company developments during the fiscal year ending November 30, 2013

- ✓ December 27, 2012—SEB closed a convertible notes financing of $554,000
- ✓ February 6, 2013—SEB closed the acquisition of Logitek Technology Ltd.
- ✓ February 7, 2013—Latiq Qureshi, President and CEO of Logitek Technology Ltd., joined the Board of Directors.
- ✓ February 27, 2013—SEB closed an equity placement of $1,106,000.
- ✓ March 5, 2013—SEB closed the acquisition of the SOMOS Group of Companies.
- ✓ April 1, 2013—Christine Hrudka, a pharmacist and entrepreneur from Saskatchewan, joined the Board of Directors.
- ✓ April 23, 2013--the SEB granted 1,219,000 options to 57 key employees within SEB and its subsidiaries and its new Director, Christine Hrudka.
- ✓ May 8, 2013—Ron Barbaro, previously the Lead Director of the Board of Directors, was appointed as Chairman of the Board. This step transitioned the Chairman position from being held by an Inside Director to being held by an Independent Director.
- ✓ May 14, 2013—SEB closed a convertible-notes financing of $1,025,000 acquired by independent directors of SEB, of whom one was the Chairman.
- ✓ September 6, 2013—SEB closed a convertible-notes financing of $975,000, of which $840,000 was acquired by pro-group or insiders of SEB.
- ✓ October 22, 2013—SEB announced that it had agreed, via a Memorandum of Agreement, to acquire Stroma Service Consulting Inc.
- ✓ November 18, 2013—SEB closed an equity private placement of $500,000

Company developments subsequent to November 30, 2013

- ✓ December 2, 2013—SEB acquired 50% of Inforica Inc.
- ✓ February 12, 2014—SEB closed a $2,000,000 convertible note financing
- ✓ March 14, 2013—SEB acquired Adeeva Nutritionals Canada Inc. and the wellness assets and business of Dr. James Meschino Health and Wellness.
- ✓ March 18, 2014—SEB's wholly owned subsidiary, Somos Consulting Group Ltd., acquired APS - Antian Professional Services Inc.

Company Business Model and Strategy

For the past 36 months SEB has been focused on developing its technology platform for managing group benefit solutions and health claims processing environments. SEB has automated the administration, payment processing and reporting environment around an already-proven adjudication environment. SEB has a development team in Canada and also uses offshore resources to continue to enhance the automation and integration. There are two primary target markets in Canada – employee group benefits which exceed $35.0 billion annually and government funded benefits (federal and provincial) which are in excess of $25.0 billion. SEB's technology platform is easily adaptable to managing the end-to-end business processes in both environments. These markets are in excess of $56.0 billion in Canada, with the employee group benefit portion growing over 80% in the past decade.

SEB has spent over $6.0 million since 2011 automating the administration, payment processing/billing and reporting modules of its platform and integrating these modules into an already proven leading edge adjudication platform. Current management of SEB has also changed the revenue model to a "SaaS" (Software as a Service) model where services can be provided in either a private or public cloud. Previously, the adjudication software was primarily being sold in the traditional software "license and maintenance" revenue model. The SaaS model changes the purchase decision to an "operating budget" decision from a "capital budget" decision and the revenue becomes a more stable, long-term annuity stream. Through acquisitions, SEB intends to acquire the client relationships and vendor status to support a complementary organic growth model with both employers and government business opportunities.

SEB's technology platform manages the total business processing services for group benefit solutions and health claims processing on one fully-integrated technology environment. The SEB technology platform is open architecture, rules based and modular, and allows clients to utilize either a fully integrated solution or modules. SEB's "rules-based adjudication" environment is very unique and when combined with a fully-integrated Administration - Payment Processing/Billing – Real-Time, Self-Serve Reporting modules will provide unique and highly competitive solutions to the marketplace, both in Canada and globally. SEB can administer, adjudicate and report for all benefit types in one fully integrated environment. Rules creation is an administrative, not a programming exercise. Highly customized and flexible processing solutions can be created easily and cost effectively. The largest current implementation of the SEB Adjudication Environment is Oman Insurance in Dubai.

The health benefits division of SEB operates as a licensed TPA and broker. The opportunity for SEB is to increase the capture and retention of revenue by providing fully integrated services and solutions, currently being outsourced by most Insurers and TPAs to third parties, and turn cost centres to profit centres.

SEB's growth strategy is acquisitions driven. On the employee group benefit side, acquisitions target TPAs (Third Party Administrators), as well as broker and consultant organizations that provide solutions and services to employers. The objective is to secure the client relationships and transition many of the front and back-office business processes to the SEB technology environment over time; in effect, turning cost centres into profit centres. On the government side, SEB is targeting technology companies (primarily IT) that have established vendor relationships, security clearances and project references that are required to bid on government contracts. All government contracts are competitive RFP (Request for Proposal) processes, which require the requisite credentials to be eligible to bid. SEB's acquisition strategy with government is to establish the essential credentials required to bid competitively.

The growth plan for 2014 calls for SEB to continue to execute its acquisition program and at the same time launch organic growth initiatives.

Logitek Technology Limited

In a news release dated February 7, 2013 SEB announced that it had closed the acquisition of Logitek Technology Ltd ("Qlogitek").

SEB issued, in satisfaction of the purchase price, 6,698,173 SEB shares ("Shares") and 1,000,000 Share Purchase Warrants ("Warrants"). SEB 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, SEB 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.

Qlogitek is in the supply-chain software business. It supplies and hosts, on a software-as-a-service model, various software products which help to manage the supply chains of many large well-known entities in Canada such as the LCBO, Sears, Rogers, Best Buy, The Bargain Shop, and many other large clients.

SEB views this acquisition as an important first step as SEB views the provision of health care benefits as a type of supply chain with many characteristics similar to that of supply chains in other industries. Qlogitek brings proven technology to manage such supply chains, which will be applicable to the SEB health-care solution.

Supply-chain Technology

Supply Chain Processes permeate the infrastructure of every business operation in every organization of any significant size. SEB management views Health Claims Processing as a specialized supply chain environment. The SEB proprietary Adjudication software, surrounded with Administration – Claims Paying – Reporting modules creates a health claims processing supply chain, supported by the supply-chain technological expertise of Qlogitek.

SOMOS Group of Companies

On March 5, 2013, SEB announced that it had closed the acquisition of 100% of the SOMOS Group of Companies ("SOMOS").

SOMOS shareholders, as part of the Transaction price terms, received $325,000 in cash, 2,500,000 SEB shares ("Shares") at a notional price of $0.35 per share and 1,000,000 SEB Share Purchase Warrants ("Warrants"). The Shares are escrowed over a period of 30 months to be released in various amounts at 6 month intervals. The Warrants have a term of 60 months and an escalating exercise price per common share of SEB every 12 months of $0.45, $0.55, $0.65,

$0.70, and $0.75. In addition, the purchase price was satisfied by SEB issuing to the SOMOS shareholders a five year convertible note in the aggregate principal amount of $400,000 (the “Convertible Note”). The Convertible Note bears 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 SEB at an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 per common share of SEB 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.

SOMOS is an Ottawa-based Management Consulting, services and training company in business since 1991. SOMOS offers management solutions, professional services, training and project management solutions to corporate clients in technology, aerospace and defense, and governments, both federal and provincial. SOMOS has extensive vendor arrangements with corporate and government clients, and has enjoyed significant, profitable growth in the past few years where sales are now exceeding $7.0 million annually with a substantial pipeline of annuity business and business prospects.

Based on its existing vendor relationships with the Government of Canada and other large organizations, SOMOS offers opportunities for SEB to market its other services and products, particularly its health claims processing.

Inforica Group of Companies

On December 2, 2013 SEB acquired 50% of Inforica Inc. through a share subscription made by SEB’s wholly owned subsidiary, Logitek Technology Ltd. for consideration of $500,000.

The Inforica Group is a Mississauga, Ontario based company that has been in operation for over a decade. Sales have historically fluctuated between $2.5 million and $5.0 million annually. The company has a history of profitability. During the past year, the Inforica Group has invested heavily in several business initiatives and has been looking for an investment partner that brings both capital and expertise to assist Inforica in taking advantage of these business opportunities. The Inforica Group and SEB Group had been working closely together for several months prior to finalizing the Investment by SEB. The key features of Inforica include:

1. India outsourcing office (approximately 45 employees) with significant ability to scale and provide various services including software development and support, business process outsourcing, call center & telemarketing services, conducting business both locally in India, the Middle East and North America. India resources are also brought to Canada to work on select projects where skill sets are difficult to source in Canada.

2. Dubai (free zone company) operations with extensive business relationships in the area. There are significant opportunities for providing technology to TPAs, Insurers, and hospitals. OMAN Insurance is the largest installation of SEB adjudication software (an early version of the software). There are many potential applications of SEB’s software platform in the UAE and surrounding Middle East Region. The governments in that region mandate health benefits for all employees. Inforica has strong relationships with senior executives who are primarily responsible for many Insurer and TPA clients in the area.

3. Software Vendor Partnerships that include value-added reseller (“VAR”), independent software vendor (“ISV”), and Systems Integrator partnerships that have been put in place and developed for the past decade. SEB Group companies can leverage these software vendor partnerships to gain access to expertise, early software release programs, partner support channels and software licenses at discounted prices for partners, to be able to deliver competitive solutions to their customers. Following is a list of the key partnerships:

    3.1. Microsoft: Inforica has a strong partnership with Microsoft that has grown over the past few years and covers the following Microsoft Gold & Silver Competencies – Business Intelligence, Customer Relationship Management, Application Development, Office 365 and Data Platform. Inforica also has an ISV Royalty agreement in place with Microsoft.

    3.2. Interactive Intelligence: a Global provider of contact center automation, unified communications, and business process automation software and services for mid-size to large organizations.

    3.3. TimeXtender: a Global provider of metadata driven and agile Data Warehousing and ETL (extract, transform and load) software dedicated to the Microsoft SQL (structured query language) platform.

    3.4. PNMSoft: provides Business Process Management Software solutions to businesses and organizations worldwide.

4. Client Relationships are extensive. Inforica has many very strong client relationships.

5. Energy Management Software and Business Process Solutions that help companies measure, analyze, manage and save on their energy consumption and costs. This comes with key client relationships, and is a strong strategic fit with QLogitek’s supply chain platform. The value of Inforica Energy is primarily a very profitable software and business process services arm with an excellent client list. Inforica’s software-as-a-service Energy Information Management solution runs on the Microsoft Azure Cloud and integrates seamlessly with multiple Sub-metering and Building Systems using a gateway developed by Inforica. The business process services are transaction based and are delivered in a cost effective, smart-sourced, onshore-offshore model using resources in Canada and India. This flexible infrastructure can easily be adapted to handle healthcare transactions. Capability within this infrastructure creates very cost effective solutions for supporting SEB healthcare clients.

6. References for RFP submissions. References are critical to winning new business both with governments and in the corporate sector. Inforica Group have many key references which allows SEB, SOMOS and QLogitek to qualify for more bidding categories on federal and provincial government opportunities. SEB’s healthcare solutions have significant application within both provincial and federal governments where references are required to bid on the projects.

7. Expanding QLogitek capabilities. Inforica adds significant depth and expertise to QLogitek and provides QLogitek the ability to scale and take on new projects without adding to the

fixed cost structure. This allows QLogitek to enhance services to its existing client base and to provide cost effective new services.

Adeeva Nutritionals Canada Inc. ("Adeeva") and the Wellness assets and business of Dr. James Meschino Health and Wellness.

On March 14, 2014, SEB acquired Adeeva Nutritionals Canada Inc. ("Adeeva") and the Wellness assets and business of Dr. James Meschino Health and Wellness.

SEB has agreed to issue $525,000 of SEB shares at a price of $0.51 per share to acquire all of the debt and issued and outstanding shares of Adeeva. The transaction will result in the issuance of 1,027,418 shares of SEB in consideration for all of the acquired debt and shares of Adeeva. No fractional shares were issued to holders of the debt and shares of Adeeva sold to SEB. In addition, the holders of the debt acquired by Adeeva have been issued a royalty agreement whereby they can earn, in the aggregate, up to $1,000,000 (based on the future revenues of Adeeva only), The SEB shares issued pursuant to this transaction are subject to contractual escrow releases of one third per annum over 36 months. The price of the SEB shares was determined by the weighted average trading price for the ten trading days prior to closing. In addition, SEB will be making a working capital injection into Adeeva as may be required to fund growth initiatives.

The "Wellness Assets" owned by Adeeva and James Meschino are being transitioned to a new company, (Meschino Health & Wellness Corporation) ("MH&WC") focused specifically in providing "Wellness Solutions" to employee group benefits clients. SES Benefits Canada Corporation ("SES Benefits"), a wholly-owned subsidiary of SEB, owns 80% of MH&WC. Dr. Meschino retains 20% of MH&WC. Both companies will operate as subsidiaries within SEB's "Benefits Division".

Dr. Meschino's Wellness Assessment combined with over 30 years of research, published material, on-line videos and other wellness content are readily accessible and available online, and are delivered within a fully automated environment which is unique in the industry. Dr. Meschino will lead the SES Benefits Wellness Division in the provision of Wellness Solutions as a key element of SES Benefits group health benefit solutions. Dr. Meschino and Adeeva's fully automated environment complements SEB's fully integrated health benefits processing environment. Like Dr. Meschino's wellness environment, SEB's fully integrated 'administration-adjudication-payment processing-reporting' platform for managing group benefit environments is also unique. The SEB platform provides the most flexible and automated administration, adjudication and reporting systems in the industry. Dr. Meschino's Wellness Solutions environment integrates seamlessly into the SEB platform. Wellness is a very important element of most benefit solutions today, capturing a significant percentage of benefit plan dollars within most group benefit plans. The acquisition of the Wellness Assets of Adeeva and James Meschino form an integral part of the SEB strategy of offering unique, highly automated group benefit solutions to its clients.

Adeeva is a producer of high quality natural health products and formulations directed towards promoting overall health, slowing the biological processes of aging, combating degenerative diseases and providing adjunctive nutritional support in the case of specific health conditions.

Antian Professional Services Inc.
On March 18, 2014, SEB's wholly-owned subsidiary, Somos Consulting Group Ltd., closed the acquisition of APS - Antian Professional Services Inc. ("Antian").

The total value of the Antian transaction was $682,183 subject to final working capital adjustments post closing. Per the terms of the share purchase agreement, Antian shareholders will receive Cash of $357,701 and a Vendor Take Back Promissory Note ("VTB") in the principal amount of $324,482 paying interest at an annualized rate of 3% with quarterly principal repayments over a 5-year period. The VTB is convertible into SEB shares at any time at a value of $0.75 per SEB share during the term of the VTB.

Antian is a turnkey communication and personnel service provider with more than 30 years' experience with the private and public sectors. Antian offers personnel placement, administrative and professional services, marketing and communications, exhibits, conferences & events, promotional items and web design, ebusiness, web hosting and other technical services. Antian has held a Supply Arrangement for Event Management Services as well as an NMSO for Exhibit Management Services for numerous years.

Its clients have included the Canadian Armed Forces and Department of National Defence, Via Rail, CMHC, NRCan, PWGSC, CIDA and other Government organizations

Planned Acquisition

Stroma Service Consulting Inc.
October 22, 2013—SEB announced that it had agreed, via a Memorandum of Agreement, to acquire Stroma Service Consulting Inc. for the following consideration:

- Cash: - $700,000;
- Vendor Take Back: - $300,000 paying interest at an annualized rate of 3% with annual principal repayments over a 3 year period and convertible into shares of the Company at $0.50, $0.60 and $0.70 in years one, two and three, respectively;
- SEB Shares: - $500,000 at $0.40 per SEB share with escrow terms over a period of 36 months;
- Common share purchase warrants: - 1,000,000 warrants exercisable over a period of 4 years at $0.50, $0.55, $0.60 and $0.70, respectively, with escrow terms tied to retention.

Stroma provides software, consulting, and training services as an IT Service Management company. Stroma's client base is in both Canada and the US. Significant clients include various Canadian health ministries along with other government departments. Stroma has completed a number of successful healthcare projects, has relevant security clearances, many valuable corporate and government project references and key vendor arrangements with both corporate and government clients.

Stroma's deep ITIL experience and stellar references adds to our growing Canadian presence, particularly in Ottawa and Toronto. This acquisition is in line with our focus on deepening client relationships in government and healthcare. Stroma has a history of profitability and brings unique expertise that adds to the suite of solutions and services that enhance SEB's healthcare and SOMOS technology offerings to corporate and government sectors. Stroma client references significantly enhance the SEB group's ability to respond to business opportunities.

SEB expects to close this acquisition shortly.

Other Potential Acquisitions
As part of its growth strategy as discussed above, SEB is in various levels of discussions/negotiations with:

- Third Party Administrators ("TPA's"), Insurance Brokerage operations and Consultants;
- technology providers with operations and/or products which are specific to Health Care processing such as wellness platforms, pharmacy benefit management (PBM), health data management services, niche groups such as international students; and
- technology providers with operations and/or products which are related and/or complementary to Health Care processing, such as energy management, re-insurance, etc.

Summary of Objectives and Strategies
SEB's immediate objective is to reach sustainable profitability through acquisitions, which will quickly establish a critical mass of business and client relationships from which to launch organic growth initiatives. Organic growth initiatives include both the transitioning of health-care clients to the SEB technology environment and the winning of new business through the RFP process. Acquisitions bring the infrastructure and references necessary for successful responses to RFPs.

Board of Directors – New Directors

Latiq Qureshi
On February 7, 2013, Latiq Qureshi, the president of Logitek Technology Ltd. joined the Board as a Non-independent Director, upon the closing of the acquisition of Logitek by SEB. Mr. Qureshi founded Logitek Technology Ltd. in 1999 and has built it into a highly respected provider of supply-chain management software to major retail organizations such as the LCBO, Rogers, Sears, The Bay, Target, and many others. Mr. Qureshi founded Logitek's parent company, Logitek Data Sciences Ltd. – a systems integration and professional services firm – in 1976 He is both an entrepreneur and a gifted technician. The Government of Canada recognized Mr. Qureshi with the Queen Elizabeth II Golden Jubilee Medal for his commitment, perseverance and support for community leadership.

Christine Hrudka
On April 1, 2013, Christine Hrudka joined the Board as an independent director. Ms. Hrudka has spent 30 year in the in the pharmaceutical industry and brings additional expertise and business relationships to the Board of SEB. Expenditures in Drugs in most employee benefit plans are between 45% and 50% of the cost of the plans. Industry reports drug costs for Canadians in 2011 exceeded $31.0 billion. Among other things, Ms. Hrudka's experiences assist the SEB Group in better adapting its technology environment to satisfy the needs of our clients, particularly in the area of drug benefits.

Christine has an extensive understanding of retail pharmacy which has come from her ownership of both chain and independent pharmacies in the Province of Saskatchewan. She has also been involved in many other entrepreneurial endeavors including software development and the roll out of new to market pharmaceutical products. As a front line user, Christine has an in-depth knowledge of most major benefit plans.

Operations

Quarterly Balance sheet

	Nov 30, 2013	*Aug 31, 2013*	*May 31, 2013*	*Feb 28, 2013*	*Nov 30, 2012*	*Sep 30, 2012*	*Jun 30, 2012*	*Mar 31, 2012*
Cash	$ 257,608	$ 685,766	$ 881,060	$ 131,435	$ 135,189	$ 234,016	$ 40,775	$ 90,361
Funds in trust	-	-	-	742,421	-	-	-	-
Accounts receivable	2,551,968	2,032,056	2,113,595	630,772	15,144	226,648	91,452	73,484
Prepaids and deposits	82,188	149,115	188,336	80,110	48,354	16,667	16,667	16,667
Total Current Assets	2,891,764	2,866,937	3,182,991	1,584,738	198,687	477,331	148,894	180,512
Advances to acq target	749,892	745,000	500,000	75,000	-	-	-	-
Equipment	472,343	462,422	473,536	393,428	29,335	30,501	25,089	26,838
Acquired software	1,560,000	2,485,000	2,547,500	2,610,000	429,167	808,755	563,850	462,500
Customer relationships	971,092	1,583,415	1,671,952	665,462	-	-	-	-
Trade names	807,806	-	-	-	-	-	-	-
Goodwill	1,287,079	-	-	-	-	-	-	-
Total Assets	**$ 8,739,976**	**$ 8,142,774**	**$ 8,375,979**	**$ 5,328,628**	**$ 657,189**	**$ 1,316,587**	**$ 737,833**	**$ 669,850**
Bank loan	$ 846,819	$ 969,802	$ 548,790	$ 282,110	$ -	$ -	$ -	$ -
Accts pay and accruals	1,896,195	1,209,013	1,415,792	715,867	426,179	528,493	808,935	347,879
Deferred revenue	356,289	569,565	687,925	207,477	-	-	-	-
Current portion of Leases	96,659	14,491	41,522	44,153	-	-	-	-
Current portion of Equip loans	73,708	17,125	64,583	81,500	-	-	-	-
Income tax payable	20,186	-	-	-	-	-	-	-
Convertible debt	-	-	-	-	-	-	1,305,000	1,284,887
Short term loans	-	-	-	-	-	-	225,000	-
Due to shareholders	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Total Current Liabilities	3,294,956	2,785,096	2,763,712	1,336,207	431,279	533,593	3,094,035	2,387,866
Leases payable	36,546	48,870	31,712	18,844	-	-	-	-
Equipment loans	-	73,708	43,375	56,583	-	-	-	-
Convertible debt	2,628,045	2,334,815	1,702,556	728,683	30,000	-	-	-
Deferred income taxes	456,814	-	-	-	-	-	-	-
Total Long Term Liabilities	3,121,405	2,457,393	1,777,643	804,110	30,000	-	-	-
Share capital	7,878,625	7,113,837	7,046,557	6,111,557	3,657,558	4,046,567	36,500	36,500
Share issue costs	(504,580)	(306,012)	(306,012)	(306,012)	(306,012)	(321,012)	-	-
Contributed surplus	854,240	977,599	871,598	525,776	49,191	49,191	49,191	49,191
Warrants	2,552,739	2,732,504	2,678,781	2,366,906	1,462,029	1,073,020	-	-
Options	311,397	447,099	436,259	101,168	64,518	20,000	-	-
Deficit	(8,768,806)	(8,064,742)	(6,892,559)	(5,611,084)	(4,731,374)	(4,084,772)	(2,441,893)	(1,803,707)
Total Shareholders' Equity (Deficiency)	2,323,615	2,900,285	3,834,624	3,188,311	195,910	782,994	(2,356,202)	(1,718,016)
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 8,739,976**	**$ 8,142,774**	**$ 8,375,979**	**$ 5,328,628**	**$ 657,189**	**$ 1,316,587**	**$ 737,833**	**$ 669,850**

Quarterly Income statement

	Year	Quarters								
	Dec 1, 2012 to Nov 30, 2013	*Sep 1, 2013 to Nov 30, 2013*	*Jun 1, 2013 to Aug 31, 2013*	*Mar 1, 2013 to May 31, 2013*	*Dec 1, 2012 to Feb 28, 2013*	*Oct 1, 2012 to Nov 30, 2012*	*Jul 1, 2012 to Sep 30, 2012*	*Apr 1, 2012 to Jun 30, 2012*	*Jan 1, 2012 to Mar 31, 2012*	*Oct 1, 2011 to Dec 31, 2011*
Revenue	**$ 10,153,539**	**$ 3,505,874**	**$ 3,005,052**	**$ 3,299,472**	**$ 343,141**	**$ 66,556**	**$ 57,937**	**$ 57,520**	**$ 54,342**	**$ 57,944**
Cost of revenues										
Compensation	7,634,305	2,900,794	2,319,632	2,243,992	169,887	-	-	-	-	-
Other	326,258	(261,990)	123,658	378,198	86,392	38,339	50,213	41,743	40,850	43,938
	7,960,563	2,638,804	2,443,290	2,622,190	256,279	38,339	50,213	41,743	40,850	43,938
Gross Margin	**2,192,976**	**867,070**	**561,762**	**677,282**	**86,862**	**28,217**	**7,724**	**15,777**	**13,492**	**14,006**
Operating Costs										
Salaries and other comp costs	3,195,585	783,266	973,570	936,508	502,241	224,077	263,360	320,037	259,415	219,998
Professional fees	648,126	155,219	168,499	178,288	146,120	23,394	142,785	208,375	55,649	140,560
Office and general	1,236,849	553,810	283,023	262,771	137,245	94,413	93,946	60,211	79,972	74,680
Development costs	112,613	112,613	-	-	-	289,791	-	-	-	-
	5,193,173	**1,604,908**	**1,425,092**	**1,377,567**	**785,606**	**631,675**	**500,091**	**588,623**	**395,036**	**435,238**
Income before the undernoted	**(3,000,197)**	**(737,838)**	**(863,330)**	**(700,285)**	**(698,744)**	**(603,458)**	**(492,367)**	**(572,846)**	**(381,544)**	**(421,232)**
Share-based compensation	265,717	(116,864)	10,840	335,091	36,650	44,518	274,250	-	-	-
Interest	194,688	19,706	58,975	35,030	80,977	-	5,775	30,978	26,028	23,383
Amortization	497,616	156,080	151,082	150,999	39,455	8,333	12,500	12,500	12,500	12,500
Depreciation	128,185	82,763	20,973	16,200	8,249	1,165	1,749	1,749	1,749	1,750
Accretion of bonus shares re convertible	-	-	-	-	-	4,126	-	-	159,752	32,772
Accretion of interest	185,871	59,384	66,983	43,870	15,634	-	-	20,114	107,911	112,977
Share adjustment on RTO	-	-	-	-	-	(15,000)	856,238	-	-	-
	1,272,077	**201,069**	**308,853**	**581,190**	**180,965**	**43,142**	**1,150,512**	**65,341**	**307,940**	**183,382**
Loss before income tax recovery	**(4,272,274)**	**(938,907)**	**(1,172,183)**	**(1,281,475)**	**(879,709)**	**(646,600)**	**(1,642,879)**	**(638,187)**	**(689,484)**	**(604,614)**
Income tax recovery	311,563	311,563	-	-	-	-	-	-		
Net loss and comprehensive loss	**$ (3,960,711)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**	**$ (879,709)**	**$ (646,600)**	**$ (1,642,879)**	**$ (638,187)**	**$ (689,484)**	**$ (604,614)**

Quarterly cash flows

	Year	Quarters								
	Dec 1, 2012 to Nov 30, 2013	*Sep 1, 2013 to Nov 30, 2013*	*Jun 1, 2013 to Aug 31, 2013*	*Mar 1, 2013 to May 31, 2013*	*Dec 1, 2012 to Feb 28, 2013*	*Oct 1, 2012 to Nov 30, 2012*	*Jul 1, 2012 to Sep 30, 2012*	*Apr 1, 2012 to Jun 30, 2012*	*Jan 1, 2012 to Mar 31, 2012*	*Oct 1, 2011 to Dec 31, 2011*
Net loss for the period	**$ (3,960,711)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**	**$ (879,709)**	**$ (646,602)**	**$ (1,642,879)**	**$ (638,186)**	**$ (689,484)**	**$ (604,614)**
Add items not involving cash:										
deferred tax recovery	(311,563)	(311,563)	-	-	-	-	-	-	-	
amortization	497,616	156,125	151,037	150,999	39,455	8,333	12,500	12,500	12,500	12,500
depreciation	128,185	82,763	20,973	16,200	8,249	1,164	1,749	1,749	1,749	1,750
accreted interest	185,871	59,384	66,983	43,870	15,634	-	-	20,113	107,911	112,977
accreted share bonus re debt	-	-	-	-	-	4,126	-	-	159,752	32,772
share-based compensation	265,717	(116,864)	10,840	335,091	36,650	44,518	274,250	-	-	-
share adjustment for RTO	-	-	-	-	-	(15,000)	856,238	-	-	-
non-cash working capital	537,494	(76,925)	216,633	362,730	35,056	(11,327)	(242,824)	443,088	(2,902)	(520)
Total adjustments	**1,303,320**	**104,483**	**466,466**	**908,890**	**135,044**	**31,814**	**901,913**	**477,450**	**279,010**	159,479
Cash used in operating activities	**(2,657,391)**	**(522,861)**	**(705,717)**	**(372,585)**	**(744,665)**	**(614,788)**	**(740,966)**	**(160,736)**	**(410,474)**	**(445,135)**
Cash flows from investing activities										
Advance to related company	5,500	5,500	-	-	-	48,205	-	-	-	-
Purchase of software	(200,000)	(40,000)	-	-	(160,000)	371,255	(257,405)	(113,850)	-	-
Net cash on acquisiton of Logitek	90,958	330	-	-	90,628	-	-	-	-	
Net cash on acquisiton of Somos	(119,504)	-	-	(119,504)	-	-	-	-	-	
Advance re acquisition target	(734,892)	(4,892)	(245,000)	(425,000)	(60,000)	-	-	-	-	-
Purchase of equipment	(186,215)	(92,751)	(9,859)	(80,819)	(2,786)	1	(7,161)	-	(683)	(6,404)
Cash flows from investing activities	**(1,144,153)**	**(131,813)**	**(254,859)**	**(625,323)**	**(132,158)**	**419,461**	**(264,566)**	**(113,850)**	**(683)**	**(6,404)**
Cash flows from financing activities										
Proceeds from equity financings	1,606,000	500,000	-	-	1,106,000	15,000	1,730,175	-	-	-
Issue costs on equity financings	(147,870)	(147,870)								
Cash acquired on RTO	-	-	-	-	-	-	443,598	-	-	-
Exercise of warrants	67,500	67,500	-	-	-	-	-	-	-	-
Exercise of options	68,593	(58,687)	67,280	60,000	-	-	-	-	-	-
Related party obligation	-	-	-	-	-	-	(750,000)	-	-	-
Short term loans	(30,000)	(30,000)	-	-	-	30,000	-	-	-	-
Debt issuance costs	-	-	-	-	-	51,500	-	-	-	(65,500)
Financing through capital leases	115,433	115,433	-	-	-	-	-			
Repayment of equipment loans	(76,153)	(14,757)	(26,998)	(19,888)	(14,510)	-	-	-	-	-
Repayment of capital leases	(47,957)	(47,957)	-	-	-	-	-			
Repayment of notes payable	(10,714)	(10,714)	-	-	-	-	(225,000)	225,000	-	-
Proceeds from convertible debt	2,554,000	340,000	725,000	965,000	524,000	-	-	-	-	255,000
Issue costs on convertible financings	(174,869)	(174,869)	-	-	-	-	-			
Funds in trust	-	-	-	742,421	(742,421)	-	-	-	135,510	264,490
Cash provided by financing activities	**3,923,963**	**538,079**	**765,282**	**1,747,533**	**873,069**	**96,500**	**1,198,773**	**225,000**	**135,510**	**454,990**
Net change in cash for the period	122,419	(116,595)	(195,294)	749,625	(3,754)	(98,827)	193,241	(49,586)	(275,647)	3,451
Cash, beginning of period	135,189	685,766	881,060	131,435	135,189	234,016	40,775	90,361	366,008	362,557
Cash, end of period	**$ 257,608**	**$ 569,171**	**$ 685,766**	**$ 881,060**	**$ 131,435**	**$ 135,189**	**$ 234,016**	**$ 40,775**	**$ 90,361**	**$ 366,008**

Operating results for the period

For the year ending November 30, 2013, SEB recorded a loss of $3,960,711 which included non-cash items of $765,826, made up of Stock-based compensation cost of $265,717, accretion of non-cash interest of $185,871 related to SEB's Convertible Financings, amortization of $497,616, depreciation of $128,185 and deferred tax recovery of $(311,563).

Revenue
Revenue for the year was $10,153,539 compared to $294,298 in the 14 month comparable period ending November 30, 2012. The increase in revenue was due to the inclusion of the revenues of the acquired companies; Logitek Technology Ltd. for the period from February through November ($3,457,140) and Somos Consulting Group Ltd. for the period from March through November ($6,453,293).

Cost of revenues
The Compensation portion of Cost of revenues primarily reflects the cost of contractors of Logitek and SOMOS placed with clients during the period subsequent to acquisition, and not present in the previous year, resulting in the large increase.

Operating costs
Of the other operations costs, the largest was salaries and other compensation costs of $3,195,585 (a significant portion of which was related to software development and maintenance); the next was professional fees of $648,126, much of which was related to the one-time costs of closing of the financings and acquisitions as well as audit and valuation costs of $140,000

The major sources of cash during the year were proceeds from the issue of convertible financings of $2,554,000 and the issue of shares of $1,606,000, both described in detail elsewhere.

The major uses of cash during the year, other than operations, were the funds advanced to Inforica Inc. of $734,892 of which $500,000 became the purchase price of a 50% interest in Inforica on December 2, 2013, and $386,215 for the acquisition of software and computer hardware.

The yearly comparative in the financial statements is the period October 1, 2011 to November 30, 2012. Following completion in July, 2012 of the RTO by which the Company became publicly traded, SEB elected to use November 30 as its year-end for financial reporting purposes. The comparative statements are that of Smart Employee Solutions Inc., the target company in the RTO, for the period October 1, 2011 until the RTO after which the statements reflect the post-RTO combined company Smart Employee Benefits Inc.

Software Development

The Company continues to enhance its Health Care Systems software, including its claims adjudication software as well as administration modules.

The ongoing development work performed on the adjudication software is performed by SEB employees and is expensed as part of Salaries and other compensation costs. The work is expensed as opposed to being capitalized as the system is fully operational and is currently being used to process health benefit claims.

The administration modules which will support and wrap around the adjudication software are being developed by a combination of SEB employees and third party developers under the supervision of SEB management. Costs to date have been capitalized under Acquired software, to be amortized as the software is implemented.

Liquidity

The Company is targeting being cash-positive from operations upon the anticipated acquisition of businesses with positive cash flows and the subsequent improvement of those cash flows by rationalizing costs and migrating currently out-sourced transaction costs to the SEB transaction processing operations.

At this date, the Company is in its early development stage and is in the process of developing sustainable revenue for generation of cash flow. During this period, it relies on raising necessary cash to fund operations and software development through issues of equity capital or debt which is convertible to equity capital.

Equipment leases

The Company finances equipment from time to time using equipment leases. The leases are amortized over the term of the lease. Expiry dates range from April, 2014 to February, 2017.

Equipment loans

The Company finances equipment from time to time using equipment loans secured by the specific pieces of equipment financed by the loans. Termination dates range from May, 2014 to February, 2017.

Summary of financial commitments as at November 30, 2013

	Balance Nov 30, 2013	Year of Payment 2014	2015	2016	2017	2018
Convertible debt						
Notes issued December 2012	554,000	-	554,000	-	-	-
Note issued in acquisition of Logitek Technology Ltd.	651,858	-	-	-	-	651,858
Note issued in acquisition of Somos Consulting Group Ltd.	400,000	-	-	-	-	400,000
Financing May 13, 2013	1,025,000	-	-	1,025,000	-	-
Financing Sept 6, 2013	975,000	-	-	975,000	-	-
Total	**3,605,858**	**-**	**554,000**	**2,000,000**	**-**	**1,051,858**
Equipment loans						
Loan #1	19,583	19,583	-	-	-	-
Loan #2	13,500	9,000	4,500	-	-	-
Loan #3	40,625	12,500	12,500	12,500	3,125	-
Total	**73,708**	**41,083**	**17,000**	**12,500**	**3,125**	**-**
Equipment leases						
Lease #1	2,617	2,617	-	-	-	-
Lease #2	16,399	13,693	2,706	-	-	-
Lease #3	17,196	14,995	2,201	-	-	-
Lease #4	11,730	11,730	-	-	-	-
Lease #5	26,247	10,292	10,292	5,663	-	-
Lease #6	5,697	5,697	-	-	-	-
Lease #7	53,316	37,635	15,681	-	-	-
Total	**133,202**	**96,659**	**30,880**	**5,663**	**-**	**-**
Premise leases						
Lease #1	134,750	134,750	-	-	-	-
Lease #2	33,678	33,678	-	-	-	-
Lease #3	304,917	98,892	98,892	98,892	8,241	-
Total by year	**473,345**	**267,320**	**98,892**	**98,892**	**8,241**	**-**

Convertible Financing

Convertible Notes Financing December 27, 2012

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. The Notes can be prepaid by SEB without penalty or bonus at any time after the first anniversary of closing.

Convertible note issued on closing of acquisition of Logitek Technology Ltd.
On February 6, 2013, the Company closed the acquisition of Logitek Technology Ltd. As part of the transaction and in order to retire $651,858 of debt owing by Logitek, 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.

Convertible note issued on closing of acquisition of Somos Consulting Group Ltd.
On March 5, 3013 the Company closed the acquisition of Somos Consulting Group Ltd. (“SOMOS”). As part of the consideration, SEB issued to the SOMOS shareholders a five year convertible note in the aggregate principal amount of $400,000 (the “Convertible Note”). The Convertible Note bears 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 SEB at an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 per common share of SEB from years’ one through five, respectively.

Convertible financing May 13, 2013
On May 14, 2013 the Company announced it completed a private placement offering of $1,025,000 of units (the "Units"); with each Unit consisting of (i) a $1.00 principal amount convertible secured subordinated promissory note of SEB (the "Notes") and (ii) one common share purchase warrant of SEB (the "Warrants").

The Warrants are exercisable at any time until May 13, 2014 at an exercise price of $0.50 for 1 common share of SEB.

The Notes have a three year term maturing on May 13, 2016 (the "Maturity Date"). The Notes bear interest at an annual rate of 9.75%, with interest calculated and paid monthly in arrears. The principal amount of the Notes, to the extent not previously converted or repaid, will, on the Maturity Date, be repayable in its entirety. The Notes are convertible into the common shares of SEB at any time at $0.50 per share until May 13, 2014, $0.60 per share until May 13, 2015 and $0.75 per share until May 13, 2016.

Convertible financing September 6, 2013
On September 6, 2013 the Company announced the closing of a private placement offering of $975,000 of units (the "Units"); with each Unit consisting of (i) a $1.00 principal amount convertible secured subordinated promissory note of SEB (the "Notes") and (ii) one common share purchase warrant of SEB (the "Warrants").

The Warrants are exercisable at any time until May 13, 2014 at an exercise price of $0.50 for 1 common share of SEB.

The Notes mature May 13, 2016 (the "Maturity Date"). The Notes bear interest at an annual rate of 9.75%, with interest calculated and paid monthly in arrears. The principal amount of the Notes, to the extent not previously converted or repaid, will, on the Maturity Date, be repayable in its entirety. The Notes are convertible into the common shares of SEB at any time at $0.50 per share until May 13, 2014, $0.60 per share until May 13, 2015 and $0.75 per share until May 13, 2016.

Convertible Financing February 12, 2014

On February 12, 2014 SEB closed a $2,000,000 convertible note offering. The $2,000,000 of unsecured convertible notes (the "Notes") of SEB were issued at a price of $1.00 per $1.00 principal of the Notes (the "Offering").

The Offering was completed through a syndicate of dealers led by MGI Securities Inc., and which included Industrial Alliance Securities Inc. (collectively, the "Agents").

The Notes have a two (2) year term maturing on the second anniversary of the date of closing (the "Maturity Date"). The Notes bear interest at an annual rate of 8%, with interest calculated and paid quarterly in arrears. The Notes are convertible into common shares in the capital of SEB ("Common Shares") at any time at $0.50 per Common Share up until the first anniversary of today's closing date (the "Closing Date"); and thereafter, the Notes are convertible into Common Shares at $0.60 per Common Share until the last business day prior to the Maturity Date. The principal amount of the Notes that has not been converted into Common Shares will be repayable on the Maturity Date.

The Agents received a work fee of $25,000 plus cash compensation of $140,000, being equal to 7% of the gross proceeds raised under the Offering, as well as 320,000 broker warrants ("Broker Warrants") with the Broker Warrants entitling the Agents to purchase 320,000 Common Shares at any time until the third anniversary of the closing of the Offering at an exercise price of $0.50 per Common Share.

Equity Financing

February 27, 2013—SEB 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.

November 18, 2013—SEB closed an equity private placement of $500,000, consisting of 1,250,000 units at a purchase price of $0.40 per unit, with each unit consisting of 1 common share of SEB and 1 common share purchase warrant of SEB. Each Share Purchase Warrant is exercisable for 1 common share of SEB at any time for a three (3) year term from the date of closing at an exercise price of $0.50 in year one, $0.55 in year two, and $0.65 in year three. The Company paid finder's fees of $25,000 cash and 75,000 warrants, exercisable at $0.40 per share for a period of two years from closing.

Transactions with Related Parties

Bevertec CST Inc.

Bevertec CST Inc. ("Bevertec") is a related party to the Company by virtue of holding approximately 15% of the common shares of the Company as of this date. An officer and director of Bevertec is also a Director of the Company. There are two types of transactions between Bevertec and the Company:

(1) The Company processes group benefit health claims for Bevertec

As discussed elsewhere, the Company is in development and has a few select clients for which it processes group benefit health claims. The largest client is Bevertec which accounted for $187,118 in revenue recorded by the Company in the year ended November 30, 2013.

(2) Software Licencing Agreement

Effective July 1, 2011, the Company entered into a licence agreement ("Licence") with Bevertec 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 (paid August, 2012) 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.

The timing and amount of royalty stream payments is not determinable due to ongoing enhancement of the software functionality and its sale is dependent on successful acquisitions, no amount has been accrued for fair value of royalty payments.

Disclosure Controls and Internal Control Risks

The President and Chief Executive Officer and the Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with International Financial Reporting Standards.

The Design of the Company's internal control over financial reporting was assessed as of the date of the Management Discussion and Analysis. Based on this assessment, it was determined that the lack of segregation of duties among the Company's staff created the potential for a weakness in internal control over financial reporting. The lack of segregation is a result of the limited number of staff at this time, which is consistent with the business needs.

As business develops, staff will be added such that proper segregation of duties will be instituted. In the meantime, management exerts control over activities by signing all contracts and all cheques and carefully reviewing financial reports.

Risk factors

The Company's growth and performance are subject to a number of risks such as consumer demand, client acceptance of the Company's products and services, industry competition, technological obsolescence, obtaining and retaining competent staff and failure to obtain sufficient capital to build the required infrastructure.

Going Concern

The Company has incurred significant operating losses during the period and has negative working capital at the balance sheet date. Based on these events and conditions there is material uncertainty 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 acquired software and to obtain the revenue-generating business it believes it can achieve. It cannot be determined at this time whether these objectives will be realized.

Additional Information

Additional information relating to the Company is available on the Company's website at www.SEB-inc.com and on SEDAR at www.sedar.com.