SMART EMPLOYEE BENEFITS INC

www.seb-inc.com

Management Discussion and Analysis

For the quarter ended February 28, 2015

Contents

Management Discussion and Analysis of Financial Statements

This Management Discussion and Analysis ("MD&A") of Smart Employee Benefits Inc. (the "Company" or "SEB") covers the first quarter financial statement and events during and subsequent to the quarter ended February 28, 2015 up to the date of this report April 29, 2015. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the quarter ended February 28, 2015. All financial information is prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars unless otherwise indicated.

The Company is a reporting issuer in Ontario, Alberta and British Columbia, and is listed on the TSX-V under the symbol SEB. SEB documents and securities filings can be viewed on the SEDAR website (www.sedar.com) and additional information on the Company can be obtained via the Company's website at www.SEB-inc.com

Forward Looking Statements, Risks and Uncertainties

Certain statements in this MD&A may constitute "forward-looking" statements that 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" or other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties.

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; valuation mandates; and restrictions on growth. Given these risks and others described elsewhere in this document, 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, and, except in compliance 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**.**

Company Overview

Smart Employee Benefits Inc., through its global infrastructure, is uniquely positioned to offer a full suite of technology-enabled services and solutions to its geographically diverse clientele. Through two divisions, both public and private organizations are able to leverage project and consulting expertise, proprietary software offerings, group benefit administration and claims adjudication, auxiliary health services and information technology training and licensing.

The Technology Division serves corporate and government clients through three inter-related segments:

- Logitek and Inforica – Development, implementation, integration and hosting of software solutions for big data environments, retail supply chain, PCI compliant transaction processing, and energy management, amongst others;
- SOMOS – Leaders in the provision of information technology solutions in central Canada. Services include: business, project, portfolio and IT consulting, and licensing and training for Marval™ and Prince2™; and
- Paradigm – Premier supplier of the most trusted consulting professionals in Western Canada, offering both IT and business consulting services, with a renowned reputation for continuous professional development.

The Health and Wellness Division focuses on software-enabled services in the Personal Health Sector and delivers its offerings to corporate and government clientele through four inter-related segments:

- SES Benefits – Utilizing its leading-edge proprietary benefit adjudication and administration software, SES is able to provide cost-effective flexible group plan design and administration, and fast, accurate secure claims adjudication to all types of customers;
- Banyan – Leveraging leading-edge proprietary disability management software, both national and global employers and insurers are offered full spectrum solutions in disability and workers compensation claims management;
- Meschino Health and Adeeva – Web-based individual health management platform, offering personalized assessments and education, in addition to being a producer of high quality products and formulations directed toward promoting health; and
- Consulting – Offering risk management solutions through health-related data analysis and consulting services including benefit program design, workers compensation and disability management audits, actuarial consulting, and strategies for wellness and mental health in the workplace.

Company Achievements

Since inception, SEB has implemented the following:

- Market Leading Technology – through acquisition and development, the Company has created mission critical, leading edge technology solutions which provide a significant competitive advantage in several key industry sectors, in particular employee group benefit solutions and health claims processing.
- Experienced Management and Board – SEB has recruited a very experienced Board of Directors and management team with a proven track record building and managing companies utilizing both organic and acquisition growth strategies. The team has extensive industry experience and business relationships.
- Business Model – implemented a Software as a Service (SAAS) business model resulting in a recession resistant, annuity based revenue stream.

- 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.
- Public Company- became a TSX-V publicly listed company with more than 60% of shares held by insiders. This is an excellent vehicle on which to drive an acquisition based growth strategy.
- New Capital – sourced over $12.4 million of new capital which has allowed the Company to execute its growth plan.
- Acquisitions – To date, SEB has closed nine acquisitions. Seven in previous years, and two in the quarter. The projected financial result is a solid base of sustainable annual revenue in excess of $60 million. In addition, the Company has established a physical presence in both Central and Western Canada.

Company Developments During and Subsequent to the Quarter ended February 28, 2015

Operating Results for the Quarter

First quarter 2015 has been a busy period for the Board and Management of SEB. Two significant acquisitions/investments, associated financings, and restructuring have been completed laying the foundation for the Company's strategic vision of modernizing the healthcare industry via technology.

For the quarter ended February 28, 2015, SEB recorded net income of $454,945 which included the net gain on the sale of a portion of business in the amount of $1,200,000. Also included was interest expense of $125,124 and non-cash expenses totaling $1,070,687. Non-cash expenses include stock-based compensation cost of $157,837, accretion of interest related to SEB's convertible financings of $194,512, amortization of $683,330, depreciation of $35,008 and the income tax provision on the results from continuing operations in the amount of $69,378.

Acquisition/Investment

During the quarter, SEB expanded its Technology Division through the acquisition of the Paradigm Group.

The Paradigm Group provide management consulting, change management, and application and IT services to corporate and government clients throughout the Prairie Provinces. Their unique specialty practices and strong client relationships include healthcare, government, technology integrators, insurance and utilities. SEB gives Paradigm the opportunity to incorporate advanced software and solutions that will deliver significant added value for the majority of Paradigm's client base.

The Health and Wellness Division also expanded through acquisitions/investments. During the quarter, SEB acquired control of the Banyan Group and 50% of SEB Benefits and HR Consulting.

Banyan operates as a full spectrum Disability Management (DM) TPA serving employers and disability insurers. Its offerings include claims management, field rehabilitation services and a full range of specialized assessments/interventions to support its holistic approach to DM. Banyan is also a provider of Disability Benefit Technology solutions and is well established across Canada and extends into the United States, Australia and New Zealand.

During the quarter, the acquisition of 50% of SEB Benefits and HR Consulting was completed. This consulting company provides innovative services and solutions for corporate and government clients in the areas of group and individual health benefits, retirement plans and human resources. These services complement the suite of services currently offered by the Health and Wellness Division.

Below is a timeline of the above noted acquisitions/investments:

- Nov 3, 2014—SEB acquired 50% of Banyan Work Health Solutions Inc., BITS Licensing Inc. and Banyan IT Solutions Inc.;
- Dec 1, 2014—SEB gained control of Banyan Work Health Solutions Inc., BITS Licensing Inc. and Banyan IT Solutions Inc.;
- Dec 31, 2014--SEB acquired 100% of the Paradigm Group of Companies in escrow, through its wholly owned subsidiary SOMOS Consulting Group. The deal was released from escrow on March 9, 2015; and
- February 11, 2015—SEB closed its 50% investment in SEB Benefits and HR Consulting Inc.

Financings

The above noted acquisitions, the continued development of SEB's technology platform, and the Company's operations during the startup phase were funded through a mixture of returns from existing business, and equity and debt financing. Below is a timeline of the financing activities which took place during and subsequent to the quarter:

- December 1, 2014 – February 28, 2015—during the quarter 2,367,722 warrants were exercised at an average price of $0.53. Proceeds to the Company were $1,262,725. As well, 160,000 options were exercised for proceeds of $56,000; and
- March 10, 2015 – The Company closed new credit facilities with a Schedule A bank in the amount of $8,775,000.

Restructuring

Operating changes continue to be made to each of the entities to streamline operations, reduce costs, and leverage synergies between the companies. During the quarter, three of the companies (SOMOS Consulting Group Ltd., SOMOS Information Technologies and Adelante Management) were amalgamated to reduce overhead costs. Additional corporate amalgamations are planned for 2015, once transition of vendor status, credentials and contracts can be assured.

Further operational streamlining was concluded on December 19, 2014. The Company's wholly owned subsidiary Logitek Technology Ltd. sold its EDI business including all existing IP and support infrastructure in Canada. The gross proceeds of the sale ($2,150,000) are reflected in the Q1, 2015 financial statements.

Company Business Model and Strategy

SEB has been focused on delivering a full suite of technology and health solutions to its clientele which complement the Company's leading edge health claims adjudication platform. 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 can easily adapt to managing the end-to-end business processes in both environments. These markets are in excess of $60.0 billion in Canada, with the employee group benefit portion growing over 80% in the past decade. Through acquisitions, SEB intends to acquire additional client relationships and vendor status to support a complementary organic growth environment with both employers and government.

SEB’s growth strategy has been acquisitions driven. In the Health and Wellness Division, acquisitions target 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 platform over time. In the Technology Division, SEB is focused on companies which have established vendor relationships, security clearances and project references that are required to bid on government contracts, in addition to, technology providers with operations and/or products which are specific to Health Care processing/operations and/or products which are related and/or complementary to Health Care processing, such as energy management, re-insurance, etc.

The growth plan for 2015 calls for SEB to continue to execute its acquisition program and at the same time launch organic growth initiatives.

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 synergistic opportunities for cross selling, in addition to cost savings on infrastructure and references necessary for successful responses to RFPs.

Operations Overview

Acquisitions

Paradigm Consulting Group

During the quarter, on December 31, 2014, SEB indirect wholly owned subsidiary, 101270941 Saskatchewan Ltd., acquired all of the issued and outstanding shares of Paradigm Consulting Group Inc. and all of the issued and outstanding units, directly and indirectly, of PCGI Consulting Services Partnership (collectively referred to as "Paradigm"). This deal was closed in escrow until the amalgamations described below were completed.

Due to the fact that the Paradigm acquisition involved the purchase of shares as well as the purchase of partnership units, both directly and indirectly through holding companies of certain of the vendors, various companies were amalgamated to simplify the corporate structure and to enable the business acquired to reside in a single company. The purchaser company, 101270941 Saskatchewan Ltd., was amalgamated with Paradigm Consulting Group Inc., 101275162 Saskatchewan Ltd. (formerly 5677387 Manitoba Ltd. before its continuance into Saskatchewan), Craven Farms Ltd., 101275149 Saskatchewan Ltd. (formerly 4311612 Manitoba Inc. before its continuance into Saskatchewan) and 101271586 Saskatchewan Ltd. The name of the amalgamated company is Paradigm Consulting Group Inc.; and all of the issued and outstanding shares of this company are owned by SOMOS Consulting Group Ltd., a wholly owned subsidiary of SEB.

On March 9, 2015, the various continuances and amalgamations were completed and the Paradigm transaction documents were released from escrow.

Over the past 24 years Paradigm and PCGI have provided management consulting, change management, and application and IT services to corporate and government clients throughout the Prairie Provinces. Paradigm has more than 150 consultants, mostly employees, who service a legacy client base where the top 10 clients have an average engagement history of over 12 years. Paradigm's unique specialty practices and strong client relationships include healthcare, government, technology integrators, insurance and utilities. The SEB Group gives Paradigm the opportunity to incorporate advanced software and solutions that will deliver significant added value for the majority of Paradigm's client base.

Paradigm is a very strategic acquisition for SEB, bringing significant government and corporate client relationships along with technical skills and expertise, which allow SEB to compete more effectively in Western Canada, particularly in the areas of healthcare and benefits administration and adjudication. SEB has made significant progress in developing a presence in Western Canada and Paradigm consolidates SEB's strength, providing local presence and delivery capability to service and manage important client relationships in this marketplace.

The purchase price of Paradigm is up to $15,793,436, consisting of firm consideration of $13,427,864 and additional consideration of up to $2,365,572 if certain performance targets are achieved.
The "firm consideration" consists of the following:

1. Cash of $9,288,112 (including a proposed $1,600,000 of a working capital balance sheet adjustment).
2. Vendor notes in the aggregate principal amount of $1,182,786, with interest accruing at an annual rate of 3% payable quarterly in arrears with one third of the outstanding principal payable at the end of year two and the balance payable at the end of year three. The notes are convertible into SEB shares at $0.50 per share.

3. 5,913,877 SEB shares with a deemed value of $2,956,966. The shares are subject to a 36-month contractual escrow, with shares being released every six months in equal amounts following the closing of the transaction.

In addition, 1,000,000 share purchase warrants were issued to Paradigm employees as a retention incentive, of which 12,500 warrants were issued to Paradigm's President and 20,000 warrants were issued to Paradigm's Vice President of Finance. The majority of Paradigm employees received an allocation of warrants. All warrants have a 48-month term and an exercise price of $0.50 per share. The warrants vest in equal amounts every six months following the closing of the transaction.

The "additional consideration", payable in cash, consists of up to:

1. $1,774,179 to be paid at the end of year three following closing, subject to meeting a cumulative EBITDA of $8,870,898.
2. $591,393 to be paid at the end of year four following closing, subject to meeting a cumulative EBITDA of $11,827,864.

If the cumulative EBITDA targets are reached prior to the three year and four year benchmarks, respectively, the additional consideration will be paid earlier.

In addition, Paradigm employees will be entitled to participate in two annual bonus pools:

1. All employees of Paradigm will be entitled to participate in a bonus pool, with the aggregate pool amount calculated as the amount exceeding a benchmark of $2,956,966 EBITDA for Paradigm in each year over a 4 year period from the closing at a rate of 20% of such excess.
2. Senior management of Paradigm shall be entitled to participate in a bonus pool calculated as 5% of the EBITDA of Paradigm.

SEB Benefits & HR Consulting Inc.

On Feb 11, 2015 SEB closed its investment in SEB Benefits and HR Consulting Inc. (SEBCON), which owns the consulting practices of Joseph Ricciuti, Paul Serafini, Julie Holden and Sandra Routledge (collectively, the "Operating Shareholders"). SEB has acquired 50% of the issued and outstanding shares of SEBCON with the Operating Shareholders owning the other 50%. SEBCON operates as a consulting company providing innovative services and solutions for corporate and government clients in the areas of Group and Health Benefits, Retirement Plans and Human Resources. The terms of the transaction are as follows:

1. $100,000 of SEB Shares ("SEB Shares") allocated among the four Operating Shareholders. The SEB Shares were issued at $0.50 per share. The SEB Shares are subject to a contractual escrow over a 24 month period, released 25% every 6 months.
2. 50,000 share purchase warrants to acquire SEB shares. The warrants are exercisable at $0.50 per SEB share for a term of 36 months and vest on the same terms as the SEB Shares stated above. The warrants were issued to three of the four Operating Shareholders.
3. Business Infrastructure - SEB will provide, at no cost to SEBCON, office space, technology support and such other infrastructure support as may be required for a period of 36 months, subject to SEBCON achieving targeted financial results.
4. Working Capital - SEB will provide agreed upon working capital loans during the first year of operation, including accounts receivable funding.
5. Other - SEB will provide SEBCON other support including health benefits for employees, licensing and professional liability insurance.

Dispositions

EDI Sale

On December 19, 2014, SEB announced that Logitek Technology Ltd. (“Logitek”), a wholly owned subsidiary of SEB, entered into an agreement with DiCentral Corporation (“DiCentral”) to jointly service the Canadian Electronic Data Interchange (“EDI”) market. As part of this transaction, DiCentral acquired Logitek’s EDI business, including all existing IP and support infrastructure in Canada, for $2,150,000. On closing, Logitek received $1,000,000, $750,000 cash was paid January 15, 2015 and the remaining $400,000 is payable over 24 months in varying amounts in 6 month intervals.

Logitek will operate as a strategic partner-reseller of DiCentral’s EDI solutions. DiCentral has co-located with Logitek at Logitek’s offices in Mississauga, Ontario. Logitek personnel will continue to support existing clients in the same infrastructure. Over time, select applications will be migrated to DiCentral solutions. SEB will also deploy DiCentral’s EDI technology solutions in SEB’s health benefits administration and health claims processing environments. Logitek’s “EDI” business was approximately 35% of Logitek’s total sales.

Financial Overview

Quarterly Balance sheet

	Feb 28, 2015	*Nov 30, 2014*	*Aug 31, 2014*	*May 31, 2014*	*Feb 28, 2014*	*Nov 30, 2013*	*Aug 31, 2013*	*May 31, 2013*
Cash	$ 3,232,971	$ 403,096	$ 180,862	$ 1,737,535	$ 707,687	$ 257,608	$ 685,766	$ 881,060
Accounts receivable	10,721,191	5,092,777	5,373,033	3,820,419	3,405,557	2,551,968	2,032,056	2,113,595
Funds in lawyer's trust account	1,500,000	-	-	-	-	-	-	-
Inventory	65,015	95,825	118,928	108,862	-	-	-	-
Prepaids and deposits	755,140	464,910	705,378	664,472	79,511	82,188	149,115	188,336
Total Current Assets	**16,274,317**	**6,056,608**	**6,378,201**	**6,331,288**	**4,192,755**	**2,891,764**	**2,866,937**	**3,182,991**
Advances to acquisition target	-	-	-	-	-	749,892	745,000	500,000
Long term deposits	275,352	275,352	158,474	-	-	-	-	-
Investments in associates	68,477	3,300,892	-	-	-	-	-	-
Equipment	1,005,373	623,489	837,646	653,356	550,654	472,343	462,422	473,536
Software	3,096,784	1,990,169	2,731,939	2,821,971	2,862,007	1,740,584	2,485,000	2,547,500
Intellectual property	89,833	92,583	250,000	250,000	-	-	-	-
Customer relationships	6,325,670	2,013,808	1,433,659	1,026,964	1,029,017	1,094,167	1,583,415	1,671,952
Trade names	5,598,636	1,235,369	1,225,100	961,000	662,900	704,800	-	-
Goodwill	6,722,860	3,283,157	1,980,489	1,612,190	1,325,310	1,147,793	-	-
Total Assets	**$ 39,457,302**	**$ 18,871,427**	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**	**$ 8,801,343**	**$ 8,142,774**	**$ 8,375,979**
Bank loan	$ 1,391,300	$ 1,482,208	$ 1,555,784	$ 878,193	$ 722,836	$ 846,819	$ 969,802	$ 548,790
Accounts payable and accruals	6,098,616	4,504,779	2,893,603	2,912,639	2,023,736	1,896,195	1,209,013	1,415,792
Deferred revenue	553,654	721,520	933,237	729,671	243,495	356,289	569,565	687,925
Current portion of equipment leases	23,205	35,260	77,205	67,152	67,830	96,659	14,491	41,522
Current portion of equipment loans	25,843	32,625	38,000	43,375	56,583	73,708	17,125	64,583
Current portion of convertible debt	1,737,388	678,928	-	-	-	-	-	-
Current portion of contingent liabiliti	90,000	93,962	-	-	-	-	-	-
Government remittances	1,023,563	775,091	755,087	765,655	752,660	20,186	-	-
Short term notes	9,270,211	7,099	677,769	5,100	135,537	5,100	5,100	5,100
Total Current Liabilities	**20,213,780**	**8,331,472**	**6,930,685**	**5,401,785**	**4,002,677**	**3,294,956**	**2,785,096**	**2,763,712**
Equipment leases payable	4,375	8,998	48,362	14,038	38,273	36,546	48,870	31,712
Contingent consideration payable	3,158,618	1,137,555	248,613	248,613	-	-	-	-
Equipment loans	-	-	-	-	-	-	73,708	43,375
Convertible debt	3,309,132	4,009,624	4,457,270	4,151,397	3,868,038	2,628,045	2,334,815	1,702,556
Deferred income taxes	836,003	865,027	571,214	571,214	571,214	571,214	-	-
Preferred shares issued by subsidiary	350,000	350,000	350,000	350,000	350,000	-	-	-
Total Long Term Liabilities	**7,658,128**	**6,371,204**	**5,675,459**	**5,335,262**	**4,827,525**	**3,235,805**	**2,457,393**	**1,777,643**
Share capital	19,997,823	15,093,131	11,085,786	10,454,437	8,538,149	7,878,625	7,113,837	7,046,557
Share issue costs	(612,979)	(612,978)	(504,580)	(504,580)	(504,580)	(504,580)	(306,012)	(306,012)
Contributed surplus	1,308,502	926,216	1,011,348	930,546	779,501	724,486	977,599	871,598
Warrants	3,996,188	3,693,108	3,029,971	2,699,971	2,699,971	2,552,739	2,732,504	2,678,781
Options	1,413,059	1,255,222	692,548	586,477	311,397	311,397	447,099	436,259
Deficit	(15,097,522)	(15,499,981)	(12,653,725)	(10,968,052)	(9,785,035)	(8,692,085)	(8,064,742)	(6,892,559)
Total Shareholders' Equity	**11,005,071**	**4,854,718**	**2,661,348**	**3,198,799**	**2,039,403**	**2,270,582**	**2,900,285**	**3,834,624**
Non-controlling interest in subsidiaries	**580,323**	**(685,967)**	**(271,984)**	**(279,077)**	**(246,962)**	**-**	**-**	**-**
Total Liabilities and Shareholders' Equity	**$ 39,457,302**	**$ 18,871,427**	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**	**$ 8,801,343**	**$ 8,142,774**	**$ 8,375,979**

Balance Sheet Discussion

Accounts receivable

Accounts receivable increased $5,628,414 during the quarter. The increase in receivables is attributable to the consolidation of Paradigm ($4,145,382), and Banyan ($488,407).

Funds in lawyer's trust

During the quarter, the Chairman of the Board of Directors advanced $1,500,000 paying interest at 10% per annum due June 15, 2015. The funds were released from trust subsequent to the quarterend.

Inventory

The inventory decreased by $30,810 during the prior quarter. This is attributable to sales in Adeeva.

Prepaids and deposits

Prepaids increased by $290,230 in the quarter due to the consolidation of Paradigm ($66,513) and Banyan ($142,432).

Long term deposits

The long term deposit amount contains the deposit for the corporate premises located in Mississauga ON. This amount remains unchanged from previous quarter.

Investment in associates

The investment in associates decreased by $3,232,415 from prior quarter due to the change of control of Banyan. Effective December 1, 2015, Banyan is no longer considered an associate, and the company results are fully consolidated with SEB's.

Equipment

The category of "Equipment" is comprised of the depreciated value of furniture, computer hardware and computer hardware under capital lease. This amount increased over prior year by $381,884 due to the inclusion of equipment of Paradigm ($155,512) and Banyan ($247,671) offset by the depreciation recorded in previously consolidated entities.

Software, Intellectual property, Customer relationships, Trade names and Goodwill

Prior to Q1, 2015 the Company acquired control of six companies (Logitek, SOMOS, Inforica, Antian, Adeeva, and Stroma) and interest in one other (Banyan). During the quarter, the Company acquired control of Banyan, and two other companies (Paradigm and SEBCON). The difference between the purchase price of these companies, and the tangible assets has been attributed to intangible assets such as software, intellectual property, customer relations, trade names and goodwill. Where material, an external valuator was/will be used to determine the allocation of value to these intangible assets. As a result of Banyan's change in control and this quarter's acquisitions, Software increased $1,106,615, Customer relationships increased $4,311,862, Trade names increased $4,363,267 and Goodwill increased $3,439,703 over the prior quarter.

Bank loan

The bank loan decreased by $90,908 prior quarter due to the net increase in cash during the quarter.

Accounts payable and accruals

Accounts payable and accruals increased over the previous quarter by $1,593,837 due to the consolidation of companies acquired during the year. As mentioned above, these companies include Banyan

($1,005,111), Paradigm ($1,690,166) and SEBCON ($6,299). These amounts were offset by the decrease in overall payables due to seasonal fluctuations in demand.

Deferred revenue

Deferred revenue is the amount of licensing fees and consulting service revenue paid in advance of services being rendered. This amount decreased over prior quarter by $167,866 as deferred revenues were taken into income.

Government remittances

The liability for government remittances increased over prior quarter by $248,472. This amount represents the additional tax provision associated with the sale of a portion of Logitek's business.

Short term notes

Short term notes increased by $9,263,112. The increase reflects the amount of temporary short term promissory notes given to Paradigm shareholders until the transaction was released from escrow on March 9, 2015, as well as, $1,500,000 due to the Chairman of the Board.

Equipment leases and loans

Both equipment leases and loans have decreased over prior quarter, representing payments on existing leases/loans. No new equipment leases or loans were entered into during the quarter.

Contingency liability

Total contingent liability increased by $2,017,101 over prior quarter, primarily due to the consideration contingently payable for Banyan ($378,500) and Paradigm ($2,000,000).

Convertible debt

The net increase in convertible debt for the quarter was $357,968. This includes $1,182,786 convertible notes issued on the acquisition of Paradigm offset by the conversion/redemption of $554,000 notes on December 27, 2014.

Deferred income taxes

The decrease of $29,024 over prior quarter's deferred income tax expenses is a reflection of timing differences associated with the amortization of intangible assets.

Preferred shares issued by subsidiary

Inforica converted existing debt to preference shares with a royalty component. The holders of the preference shares can request they be retracted on October 18, 2018 for the face value of $350,000.

Quarterly Income statement

	Quarters							
	Dec 1, 2014 to Feb 28, 2015	*Sep 1, 2014 to Nov 30, 2014*	*Jun 1, 2014 to Aug 31, 2014*	*Mar 1, 2014 to May 31, 2014*	*Dec 1, 2013 to Feb 28, 2014*	*Sep 1, 2013 to Nov 30, 2013*	*Jun 1, 2013 to Aug 31, 2013*	*Mar 1, 2013 to May 31, 2013*
Revenue	**$ 11,281,580**	**$ 4,560,462**	**$ 5,749,929**	**$ 5,454,539**	**$ 4,257,290**	**$ 3,505,874**	**$ 3,005,052**	**$ 3,299,472**
Cost of revenues								
Compensation	7,342,872	2,528,583	4,290,056	3,526,131	3,356,047	2,900,794	2,319,632	2,243,992
Other	1,218,595	1,068,470	297,888	615,140	61,107	(261,990)	123,658	378,198
	8,561,467	3,597,053	4,587,944	4,141,271	3,417,154	2,638,804	2,443,290	2,622,190
Gross Margin	**2,720,113**	**963,409**	**1,161,985**	**1,313,268**	**840,136**	**867,070**	**561,762**	**677,282**
Operating costs								
Salaries and other comp costs	1,099,572	1,497,028	1,062,747	941,438	703,318	750,879	828,570	791,508
Professional fees	118,078	242,802	129,160	128,182	175,595	155,219	168,499	178,288
Office and general	810,234	740,260	814,458	509,484	464,537	553,810	283,023	262,771
Development costs	172,125	193,315	166,908	166,908	141,259	145,000	145,000	145,000
	2,200,009	**2,673,405**	**2,173,273**	**1,746,012**	**1,484,709**	**1,604,908**	**1,425,092**	**1,377,567**
Income (Loss) before the following:	**520,104**	**(1,709,996)**	**(1,011,288)**	**(432,744)**	**(644,573)**	**(737,838)**	**(863,330)**	**(700,285)**
Share-based compensation	157,837	593,892	106,071	275,080	-	(116,864)	10,840	335,091
Interest	125,124	126,465	153,532	161,739	105,079	19,706	58,975	35,030
Amortization	683,300	391,671	249,287	194,378	197,084	156,080	151,082	150,999
Depreciation	35,008	150,807	24,188	28,231	25,228	82,763	20,973	16,200
Accretion of interest	194,512	446,382	134,214	122,960	90,431	59,384	66,983	43,870
Equity in income of associate		(28,192)	-	-	-	-	-	-
	(675,677)	**(3,391,021)**	**667,292**	**782,388**	**417,822**	**201,069**	**308,853**	**581,190**
Income tax expense (recovery)	69,378	(257,930)	-	-	-	(311,563)	-	-
Loss before:	**(745,055)**	**(3,133,091)**	**(1,678,580)**	**(1,215,132)**	**(1,062,395)**	**(938,907)**	**(1,172,183)**	**(1,281,475)**
Gain on sale of a portion of business (net of tax)	**1,200,000**	-	-	-	-	-	-	-
Net comprehensive income (loss)	**$ 454,945**	**$ (3,133,091)**	**$ (1,678,580)**	**$ (1,215,132)**	**$ (1,062,395)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**
Attributed to non-controlling interest	**$ 52,486**	**$ (286,835)**	**$ 7,093**	**$ (32,115)**	**$ 30,555**	-	-	-
Attributed to common shareholder	**$ 402,459**	**$ (2,846,256)**	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**

Income Statement Analysis and Discussion

Revenue

Revenue for the quarter was $11,281,580 compared to $4,560,462 in the previous quarter. The increase in revenue was due to the inclusion of the revenues of the newly acquired/controlled companies. These include: Banyan for the period December 1, 2014 to February 28, 2015 ($2,002,833), and Paradigm for the period from January 1, 2015 to February 28, 2015 ($3,887,028) and SEBCON for the month of February, 2015 ($19,029).

Cost of revenues,

Compensation

The Compensation portion included in "Cost of revenues" reflects contractor costs in SOMOS, Logitek, Paradigm, Banyan and Inforica. During Q1, 2015, these costs increased by $4,814,289 from the previous quarter. This is primarily due to the inclusion of costs of Paradigm ($3,260,757) and Banyan ($1,583,199).

Other

"Other" under this classification represents expenses directly incurred to earn the revenue stream. This includes sales commissions and cost of inventory. The increase of $150,125 over previous quarter is consistent with the acquisition of new companies by the SEB.

Operating costs

Salaries and other compensation costs

Salaries and other compensation costs decreased by $397,456 over Q4, 2014. The change is a combination of operational streamlining and decreased seasonal demand.

Professional fees

Annual professional fees decreased $124,724 from prior quarter. Prior quarter contained additional legal costs associated with the increase volume and complexity of prior year acquisitions and, the added costs of audit and review to meet the requirements of both the TSX-V and the financing agreements.

Office and general

Office costs for the quarter increased by $69,974. This reflects additional costs from the consolidation of newly acquired companies.

Development costs

The Company continues to enhance its Health Care Systems, specifically the claims adjudication software and administration modules. The ongoing development work performed on the adjudication software and the administration modules which will support and wrap around the adjudication software is performed by SEB employees and third party developers. The amount of HCS development work expensed in the quarter was $172,125 in the quarter. This is a slight decrease of $21,190 from Q4, 2014.

Share based compensation

Share based compensation decreased by $436,055 over previous quarter. This is a non-cash incentive used by the Company to retain key employees in the companies acquired during this time frame and retain new ones.

Amortization
The $291,629 increase in amortization costs over previous quarter reflects the additional amortization of intangibles acquired during the quarter.

Depreciation
Depreciation decreased by $115,799 over the previous quarter due to year-end adjustments which were included in Q4, 2014 results.

Interest accretion
The decrease in interest accretion of $251,870 over the previous quarter is partially a result of the conversion/redemption of $554,000 of convertible notes during the quarter.

Quarterly Cash Flows

	Dec 1, 2013 to Feb 28, 2014	*Sep 1, 2014 to Nov 30, 2014*	*Jun 1, 2014 to Aug 31, 2014*	*Mar 1, 2014 to May 31, 2014*	*Dec 1, 2012 to Feb 28, 2014*	*Sep 1, 2013 to Nov 30, 2013*	*Jun 1, 2013 to Aug 31, 2013*	*Mar 1, 2013 to May 31, 2013*
Results from continuing operations:	**$ (745,055)**	**$ (3,127,558)**	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**
Add items not involving cash:								
deferred tax recovery			-	-	-	(311,563)	-	-
amortization	683,330	391,672	249,287	194,378	197,084	156,125	151,037	150,999
depreciation	35,008	150,807	24,188	28,231	25,228	82,763	20,973	16,200
accreted interest	194,512	441,873	138,722	122,960	90,431	59,384	66,983	43,870
share-based compensation	157,837	593,892	106,071	275,080	-	(116,864)	10,840	335,091
equity income from associate	-	(28,192)	-	-	-	-	-	-
non-cash working capital	(2,441,977)	1,733,049	(395,147)	389,192	(730,775)	(76,925)	216,633	362,730
Total adjustments	**(1,371,290)**	**3,283,101**	**123,121**	**1,009,841**	**(418,032)**	**(207,080)**	**466,466**	**908,890**
Cash used in operating activities	**(2,116,345)**	**155,543**	**(1,562,552)**	**(173,176)**	**(1,510,982)**	**(834,424)**	**(705,717)**	**(372,585)**
Cash flows from investing activities								
Cash received on sale of company	1,750,000	-	-	-	-	-	-	-
Advance to related company	-	-	-	-	-	5,500	-	-
Purchase of software	(68,782)	(141,702)	-	-	-	(40,000)	-	-
Acquisition of Antian	-	(357,701)	-	-	-	-	-	-
Acquisition of Stroma	-	(650,000)	-	-	-	-	-	-
Acquisition of Banyan	-	(1,575,000)	-	-	-	-	-	-
Net cash on acquisiton of Logitek	-	-	-	-	-	330	-	-
Net cash on acquisiton of SOMOS	-	-	-	-	-	-	-	(119,504)
Net cash on acquisition of Inforica	-	(16,864)	-	-	29,064	-	-	-
Net cash on acquisition of Adeeva	-	-	-	6,209	-	-	-	-
Net cash on acquisition of Antian		357,701	-	98,458	-	-	-	-
Net cash on acquisition of Stroma		302,453	(650,000)	-	-	-	-	-
Net cash on investment in Banyan	848,559	-	-	-	-	-	-	-
Net cash on acquisition of Paradigm	1,159,848	-	-	-	-	-	-	-
Advance to acquisition target	-	-	-	-	-	(4,892)	(245,000)	(425,000)
Purchase of equipment	(5,626)	58,686	(137,283)	(81,826)	(26,625)	(92,751)	(9,859)	(80,819)
Cash flows from investing activities	**1,933,999**	**(2,022,427)**	**(787,283)**	**22,841**	**2,439**	**(131,813)**	**(254,859)**	**(625,323)**
Cash flows from financing activities								
Proceeds from equity financings	-	3,000,000	-	-	-	500,000	-	-
Issue costs on equity financings	-	(55,858)	-	-	-	(147,870)	-	-
Exercise of warrants	1,262,725	150	59,750	1,368,850	254,800	67,500	-	-
Exercise of options	56,000	26,375	9,100	22,438	4,725	(58,687)	67,280	60,000
Convertible debt to be issued	-	-	-	-	-	(30,000)	-	-
Advances from shareholders	-	163,923	-	(155,437)	(8,486)	-	-	-
Financing through capital leases	-	(44,377)	44,377	-	-	115,433	-	-
Repayment of equipment loans	(6,782)	(5,375)	(5,375)	(13,208)	(17,125)	(14,757)	(9,873)	(19,888)
Repayment of equipment leases	(16,678)	(36,933)	-	(24,913)	(27,101)	(47,957)	(17,125)	-
Advances (repayment of short term not	-	(653,153)	672,699	(17,547)	-	(10,714)	-	-
Proceeds from convertible debt	-	235,580	12,611	-	1,751,809	340,000	725,000	965,000
Issue costs on convertible debt	-	(248,192)	-	-	-	(174,869)	-	-
Repayment of convertible debt	(33,044)	(35,092)	-	-	-	-	-	-
Funds in trust	-	-	-	-	-	-	-	742,421
Cash provided by financing activities	**1,262,221**	**2,347,048**	**793,162**	**1,180,183**	**1,958,622**	**538,079**	**765,282**	**1,747,533**
Net change in cash for the period	2,829,875	222,234	(1,556,673)	1,029,848	450,079	(428,158)	(195,294)	749,625
Cash, beginning of period	403,096	180,862	1,737,535	707,687	257,608	685,766	881,060	131,435
Cash, end of period	**$ 3,232,971**	**$ 403,096**	**$ 180,862**	**$ 1,737,535**	**$ 707,687**	**$ 257,608**	**$ 685,766**	**$ 881,060**

Liquidity

The Company is targeting being cash-positive from operations during fiscal 2015.

Up to this date, the Company has been in the early development stage and was in the process of developing/acquiring sustainable revenue for generation of cash flow. During that period, it relied on raising the necessary cash through issues of equity capital or debt which is convertible to equity capital to fund acquisitions, operations and software development.

Sources and Uses of Cash

The major sources of cash during the quarter were proceeds from the exercise of options ($56,000), the exercise of warrants ($1,262,725) and the sale of the EDI business ($1,750,000).

The major uses of cash during the quarter was the funding of operations. Cash used in operating activities for the quarter was $2,116,345, compared to $1,510,982 in the comparable quarter prior year.

Summary of Financial Commitments as at February 28, 2015

	Balance Feb 28, 2015	Commitments by year 2015	2016	2017	2018	2019
Short term notes	**9,270,211**	**9,270,211**	**-**	**-**	**-**	**-**
Convertible debt						
Note issued on acquisition of Logitek Feb 6, 2013	651,858	-	-	-	651,858	-
Financing May 13, 2013	1,025,000	-	1,025,000	-	-	-
Financing August 30, 2013	725,000	-	725,000	-	-	-
Financing Sept 6, 2013	250,000		250,000	-	-	-
Financing Feb 14, 2014	1,950,000		1,950,000	-	-	-
Note issued on acquisition of Antian Professional Services	273,956	46,648	63,865	65,824	67,844	29,775
Note issued on acquisition of Stroma Jun 6, 2014	250,000	83,333	83,333	83,334	-	-
Note issued on acquisition of Paradigm on Dec 31, 2014	1,182,786			394,262	788,524	
	6,308,600	**129,981**	**4,097,198**	**543,420**	**1,508,226**	**29,775**
Equipment loans						
Loan #1	2,250	2,250	-	-	-	-
Loan #2	23,593	9,375	11,093	3,125	-	-
	25,843	**11,625**	**11,093**	**3,125**	**-**	**-**
Equipment leases						
Lease #1	13,124	6,562	6,562	-	-	-
Lease #2	3,914	3,914	-	-	-	-
Lease #3	4,270	4,270	-	-	-	-
Lease #4	6,273	6,273	-	-	-	-
	27,581	**21,019**	**6,562**	**-**	**-**	**-**
Premise leases						
Lease #1	772,475	126,405	168,540	168,540	168,540	140,450
Lease #2	2,363,055	358,095	545,822	604,418	633,716	221,005
Lease #3	81,000	81,000				
Lease #4	1,001,290	158,098	210,798	210,798	210,798	210,798
	4,217,820	**723,598**	**925,160**	**983,756**	**1,013,054**	**572,253**
Total	**$ 19,850,055**	**$ 10,156,434**	**$ 5,040,013**	**$ 1,530,301**	**$ 2,521,280**	**$ 602,028**

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, 2015 to August, 2016.

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 April, 2014 to February, 2017.

Premise leases
As a result of the acquisition of Paradigm, an additional premise lease was added to the commitment schedule. Banyan will reside, at 5500 Explorer Drive, the SEB corporate office and requires no additional disclosure.

Subsequent Events

Financing
On March 10, 2015 the Company closed new credit facilities with a major Canadian Schedule A bank in the amount of $8,775,000. The credit facilities were obtained by Paradigm Consulting Group Inc. ("Paradigm") and SOMOS Consulting Group Ltd. ("SOMOS"), both wholly owned subsidiaries of SEB. The new financing arrangements include a $4,200,000 term loan acquisition facility which was used in connection with the Corporation's acquisition of Paradigm. The acquisition facility bears interest in a range of Canadian Dollar Prime Rate (the "Prime Rate") to Prime Rate plus 1.75%, depending on the amount advanced under the facility, has a term of 3 years and may be repaid at any time without penalty.

Paradigm has also obtained a $3,000,000 operating demand facility, bearing interest at the Prime Rate plus 0.75% to 1.75%, depending on Paradigm's debt to EBITDA ratio, along with a $50,000 corporate credit card.

At the same time, SEB's wholly owned subsidiary, SOMOS, has entered into a new credit facility with the same Canadian bank to replace the current credit facility of SOMOS. The new SOMOS facility consists of a $1,500,000 operating demand loan bearing interest at the Prime Rate plus 1.875% and a $25,000 corporate credit card.

Both Paradigm's new credit facilities and the new SOMOS facility are secured by a first charge over all of the assets of certain subsidiaries of the Company, contain positive, negative and financial covenants, and include other usual and customary terms and conditions. The Company, Paradigm, SOMOS and certain other subsidiaries have provided guarantees pursuant to the new credit facilities.

Transactions with Related Parties

Bevertec CST Inc.

Bevertec CST Inc. ("Bevertec") is a related party to the Company by virtue of holding approximately 12% of the common shares of the Company as of this date. An Officer and Director of Bevertec is also a Director of the Company. The Company processes group benefit health claims for Bevertec which accounted for less than $10,000 in revenue recorded by the Company in the quarter ended February 28, 2015.

Key Management Compensation

Two shareholders of the Company, one acting in the capacity of President, Chief Executive Officer and Chief Information Officer, and another acting in a capacity of Chief Financial Officer, Chief Operating Officer and Corporate Secretary, were paid management fees during the period December 1, 2014 to February 28, 2015 totaling $106,500 (Q1, 2014 - $106,500). The President, Chief Executive Officer and Chief Information Officer is also a Director of the Company.

Related Party Receivables

Included in accounts receivable are amounts due from two Directors in the amounts of $60,000 and $112,539. These amounts are expected to be repaid within the fiscal year.

Included in short term notes is a $1,500,000 note payable to the Chairman of the Board of Directors. The note pays interest at 10% per annum and is due June 15, 2015.

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 an operating loss and negative cash flow from operations during the quarter. There is no assurance that the Company will be able to generate net income or positive cash flow from operations in the foreseeable future. Based on these events and conditions there are material uncertainties that may cast 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. The unaudited condensed interim 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.

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. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk. To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance and, where appropriate, reviews the financial condition of existing customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances. The Company is not exposed to any significant credit rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The bank loan bears interest at floating rates and as such is subject to interest rate cash flow risk resulting from market fluctuations in interest rates. The Company is not exposed to any significant interest rate risk.

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's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. It is believed that the Company will be cash positive in 2015, mitigating any potential risk.