Smart Employee Benefits Inc.

Management Discussion and Analysis
For the period ending August 31, 2014

October 30, 2014

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

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:

Healthcare

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

Technology

(i) 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.

(ii) 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.

(iii) 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 “Software as a Service” business model driven by unique software solutions and systems integration expertise. The three specialty practice areas are fully integrated with common infrastructure supporting all areas of focus.

Company Status

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 6 acquisitions and has announced two more that are expected to give the company a solid base of sustainable profitable revenue in excess of $60 million and offices in Toronto, Ottawa, North Bay, Winnipeg and Regina.

Company developments during the quarter ending August 31, 2014

- ✓ June 11, 2014—SEB acquired 100% of Stroma Service Consulting Inc.
- ✓ August 20, 2014—SEB announced the proposed acquisition of 50% of Banyan Work Health Solutions Inc., BITS Licensing Inc. and Banyan IT Solutions Inc.
- ✓ August 25, 2014—SEB announced it had entered into a letter of agreement to acquire Paradigm Consulting Group Inc. and PCGI Consulting Services
- ✓ August 27, 2014—SEB announced it had entered into a letter of agreement to acquire 50% of SEB Benefits & HR Consulting Inc.

Company developments subsequent to August 31, 2014

- ✓ September 11, 2014—SEB announced it had executed a technology partnership agreement with SecureKey Technologies Inc.
- ✓ October 14, 2014—SEB announced it had executed a technology partnership agreement with Sapphire Digital Health Solutions Inc.
- ✓ October 21, 2014—SEB announced a financing through the issue of $3,000,000 of Equity Units at $0.50 per unit, each unit consisting of one SEB common share and one SEB common share purchase warrant.

Company Business Model and Strategy

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 $60.0 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 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 and 2015 calls for SEB to continue to execute its acquisition program and at the same time launch organic growth initiatives.

Acquisition closed during the quarter ending August 31, 2014

Stroma Service Consulting Inc.

On June 11, 2014 the Company, through SOMOS Consulting Group Ltd., acquired 100% of Stroma Service Consulting Inc. ("Stroma"), a company providing consulting services to various clients including the Government of Ontario for $650,000 in cash; $250,000 in promissory notes paying interest at an annualized rate of 3% with annual principal repayments over a 3 year period and convertible into shares of SEB at $0.50, $0.60 and $0.70 per common share of SEB in years one, two and three, respectively; and the issuance of 1,125,000 shares of SEB. In connection with the transaction, 700,000 SEB share purchase warrants were granted to Mark Sherry, who is continuing in his role as President of Stroma, and 300,000 warrants, in the aggregate, were granted to other employees of Stroma. The warrants have a four year term and are exercisable at $0.50, $0.55, $0.60 and $0.70 per common share of SEB in years one, two, three and four of the term, respectively

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 experience with Information Technology Infrastructure Library ("ITIL") and Stroma's stellar references add to SEB's 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.

Announced acquisitions

Banyan Work Health Solutions Inc.
On August 20, 2014, the Company announced the proposed acquisition of 50% of Banyan Work Health Solutions Inc., BITS Licensing Inc. and Banyan IT Solutions Inc. ("Banyan Group"). The Banyan Group operates as a full spectrum Disability Management ("DM") TPA provider 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. The Banyan Group is also a provider of Disability Benefit Technology solutions. The Banyan Group is now well established across Canada and extends into the United States, Australia & New Zealand.

The purchase price of the 50% equity interest of the Banyan Group is $3.0 million, $2.0 million paid in cash and $1.0 million paid in SEB shares. Additionally, 1,000,000 share purchase warrants will be issued as retention warrants to key Banyan Group employees. The cash portion will be paid at closing. The price of the $1.0 million of SEB shares will be determined based on the ten day weighted average trading price on the TSXV prior to the closing date. The shares will be issued on closing, subject to a 36 month escrow. The shares will be released from escrow in six-month intervals, the first release date being six months following the closing of the transaction. The allocation of the SEB shares to Banyan Group Shareholders will be pro rata with the allocation of the cash payment. The 1,000,000 retention warrants will be issued and allocated among the Banyan Group employees based on criteria to be agreed upon by Banyan executive management and SEB executive management and in accordance with the rules and policies of the TSXV.

The transaction remains subject to completion of definitive documents between the parties and approval of the TSXV

Paradigm Consulting Group
On August 26, 2014, the Company announced it had entered into a letter of agreement to acquire Paradigm Consulting Group Inc. and PCGI Consulting Services (collectively referred to as "Paradigm"). 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, made up of firm consideration of $13,427,864 and additional consideration of up to $2,365,572 if certain performance targets are achieved. In addition 1,000,000 share purchase warrants are to be issued for employee retention. Paradigm has no debt and has a strong working capital position.

The "firm consideration" consists of the following:

1. Cash at closing - $9,288,112 (including $1,600,000 of a working capital balance sheet adjustment at closing).
2. Vendor Note - $1,182,786 principal, 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 note is convertible at the time of repayment into SEB shares with the conversion price based on the ten day weighted average share price of SEB shares trading on the TSXV at the time of closing of the SEB/Paradigm transaction, and subject to the rules and policies of the TSXV.
3. SEB shares - $2,956,966 of SEB shares based on the ten day weighted average trading price of SEB shares on the TSXV prior to the closing date. The shares are subject to a 36-month escrow provision, with shares being released every six months in equal amounts following the closing of the transaction.
4. 1,000,000 share purchase warrants to be issued to employees as a retention incentive, with a 48-month term and an exercise price equal to the weighted average of the trading price of the SEB shares for the ten trading days prior to the closing date, and subject to the rules and policies of the TSXV. The warrants have 36-month contractual escrow provisions vesting in equal amounts every six months.

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

1. $1,774,179 to be paid at the end of year three, subject to meeting a cumulative EBITDA of $8,870,898.
2. $591,393 to be paid at the end of year four, subject to meeting a cumulative EBITDA of $11,827,864.
3. Excess performance consideration - 20% of excess EBITDA over an annual benchmark EBITDA of $2,956,966 will be paid as a bonus pool for each year of four years.

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

The transaction remains subject to completion of definitive documents between the parties and approval by the TSXV.

SEB Benefits & HR Consulting Inc

On August 27, 2014 SEB announced it had entered into a Letter of Agreement ("LOA") to acquire 50% of SEB Benefits & HR Consulting Inc. ("SEBCON"). Pursuant to the LOA, SEBCON will acquire the consulting practices of Joseph Ricciuti, Paul Serafini, Julie Holden and Sandra Routledge ("Operating Shareholders"). SEB will own 50% of SEBCON with the Operating Shareholders owning the other 50%.

SEBCON will operate 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.

SEB will acquire 50% of SEBCON. The terms of the transaction are as follows:

1. $100,000 of SEB Shares ("SEB Shares") trading on the TSXV will be allocated among the four Operating Shareholders on terms agreed to amongst them. The SEB Shares will be issued at closing based on the ten day weighted average share price trading on the TSXV prior to closing. The SEB Shares will be 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 will be exercisable at $0.50 per SEB share in a term of 36 months and will vest on the same terms as the SEB Shares stated above. The warrants will be 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.

The transaction remains subject to completion of definitive documents between the parties and approval of the TSXV.

Partnerships

SecureKey Technologies Inc.

On September 11, 2014, SEB announced a technology partnership with SecureKey Technologies Inc. ("SecureKey"), the identity and authentication solutions provider that links consumer ID to trusted devices. SecureKey's high-performance and strong dynamic authentication platform will be integrated into SEB's group benefits and health claims processing solutions. SEB appreciates the importance of preserving the confidentiality of client information. The technology partnership with SecureKey is another step in ensuring SEB's PCI compliant processing environment employs the leading security solution.

SecureKey is the identity and authentication provider for organizations that deliver online consumer services. SecureKey eliminates the need to store passwords by securely linking consumer ID to trusted devices, while providing consumers with the choice, control and convenience over how they access the services they want. SecureKey delivers a high-performance, easy-to-use, strong dynamic authentication platform that reduces the burden, cost, and risks associated with authenticating millions of consumers while also improving the user experience. SecureKey is headquartered in Toronto, with offices in Boston, Washington D.C., and San Francisco. The company is backed by a world-class group of venture and corporate investors.

Sapphire Digital Health Solutions Inc.
On October 14, 2014 SEB announced a technology partnership with Sapphire Digital Health Solutions Inc. (“Sapphire”).

Sapphire’s first-to-market, unique health record system dramatically improves the quality, relevance and timeliness of essential health information. This includes all imaging. It is the power of health information. From routine care to emergency treatment and second opinions, personal health records help doctors make faster, better decisions – anytime, anywhere. SEB views the Sapphire personal health record as an important value add for health benefit clients, and where appropriate, will incorporate Sapphire’s technology solutions in all of its health benefit solutions, including benefits administration and adjudication, health and wellness, and disability management.

Sapphire Digital Health Solutions Inc. is a privately held business based in Waterloo. Developed by Dr. William Plaxton in response to over 15 years of treating acutely ill and injured intensive care unit patients with absent or incomplete medical histories. Sapphire’s personal health record system offers a unique, innovative way to collect, organize, store and share lifetime health histories, including imaging, while protecting client privacy and data integrity.

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

- Third Party Administrators, 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.

Operations

Quarterly Statement of Financial Position

	Aug 31, 2014	*May 31, 2014*	*Feb 28, 2014*	*Nov 30, 2013*	*Aug 31, 2013*	*May 31, 2013*	*Feb 28, 2013*	*Nov 30, 2012*
Cash	$ 180,862	$ 1,737,535	$ 707,687	$ 257,608	$ 685,766	$ 881,060	$ 131,435	$ 135,189
Funds in trust	-	-	-	-	-	-	742,421	-
Short term investments	202,302	202,302	202,302	-	-	-	-	-
Accounts receivable	5,170,731	3,618,117	3,203,255	2,551,968	2,032,056	2,113,595	630,772	15,144
Inventory	118,928	108,862	-	-	-	-	-	-
Prepaids and deposits	705,378	664,472	79,511	82,188	149,115	188,336	80,110	48,354
Total Current Assets	**6,378,201**	**6,331,288**	**4,192,755**	**2,891,764**	**2,866,937**	**3,182,991**	**1,584,738**	**198,687**
Advances to acq target	-	-	-	749,892	745,000	500,000	75,000	-
Loan receivable	158,474	-	-	-	-	-	-	-
Equipment	837,646	653,356	550,654	472,343	462,422	473,536	393,428	29,335
Software	2,731,939	2,821,971	2,862,007	1,740,584	2,485,000	2,547,500	2,610,000	429,167
Intellectual property	250,000	250,000	-	-	-	-	-	-
Customer relationships	1,433,659	1,026,964	1,029,017	1,094,167	1,583,415	1,671,952	665,462	-
Trade names	1,225,100	961,000	662,900	704,800	-	-	-	-
Goodwill	1,980,489	1,612,190	1,325,310	1,147,793	-	-	-	-
Total Assets	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**	**$ 8,801,343**	**$ 8,142,774**	**$ 8,375,979**	**$ 5,328,628**	**$ 657,189**
Bank loan	$ 1,555,784	$ 878,193	$ 722,836	$ 846,819	$ 969,802	$ 548,790	$ 282,110	$ -
Accts pay and accruals	2,893,603	2,912,639	2,023,736	1,896,195	1,209,013	1,415,792	715,867	377,974
Deferred revenue	933,237	729,671	243,495	356,289	569,565	687,925	207,477	-
Current portion of Equipment Leases	77,205	67,152	67,830	96,659	14,491	41,522	44,153	-
Equip loans	38,000	43,375	56,583	73,708	17,125	64,583	81,500	-
Due to related company	-	-	-	-	-	-	-	48,205
Convertible debt	-	-	-	-	-	-	-	30,000
Government remittances	755,087	765,655	752,660	20,186				
Short term notes	677,769	5,100	135,537	5,100	5,100	5,100	5,100	5,100
Total Current Liabilities	**6,930,685**	**5,401,785**	**4,002,677**	**3,294,956**	**2,785,096**	**2,763,712**	**1,336,207**	**461,279**
Equipment leases	48,362	14,038	38,273	36,546	48,870	31,712	18,844	-
Royalty liability	248,613	248,613	-	-	-	-	-	-
Equipment loans	-	-	-	-	73,708	43,375	56,583	-
Convertible debt	4,457,270	4,151,397	3,868,038	2,628,045	2,334,815	1,702,556	728,683	-
Deferred income taxes	571,214	571,214	571,214	571,214	-	-	-	-
Total Long Term Liabilities	**5,325,459**	**4,985,262**	**4,477,525**	**3,235,805**	**2,457,393**	**1,777,643**	**804,110**	**-**
Minority interest	(271,984)	(279,077)	(246,962)	-	-	-	-	-
Preferred shares Inforica	350,000	350,000	350,000	-	-	-	-	-
Share capital	11,085,786	10,454,437	8,538,149	7,878,625	7,113,837	7,046,557	6,111,557	3,657,558
Share issue costs	(504,580)	(504,580)	(504,580)	(504,580)	(306,012)	(306,012)	(306,012)	(306,012)
Contributed surplus	1,011,348	930,546	779,501	724,486	977,599	871,598	525,776	49,191
Warrants	3,029,971	2,699,971	2,699,971	2,552,739	2,732,504	2,678,781	2,366,906	1,462,029
Options	692,548	586,477	311,397	311,397	447,099	436,259	101,168	64,518
Deficit	(12,653,725)	(10,968,052)	(9,785,035)	(8,692,085)	(8,064,742)	(6,892,559)	(5,611,084)	(4,731,374)
Total Shareholders' Equity (Deficiency)	**2,661,348**	**3,198,799**	**2,039,403**	**2,270,582**	**2,900,285**	**3,834,624**	**3,188,311**	**195,910**
Total Liabilities and Shareholders' Equity	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**	**$ 8,801,343**	**$ 8,142,774**	**$ 8,375,979**	**$ 5,328,628**	**$ 657,189**

Quarterly Statement of Comprehensive Loss

	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*	*Dec 1, 2012 to Feb 28, 2013*	*Oct 1, 2012 to Nov 30, 2012*
Revenue	**$ 5,749,929**	**$ 5,454,539**	**$ 4,257,290**	**$ 3,505,874**	**$ 3,005,052**	**$ 3,299,472**	**$ 343,141**	**$ 66,556**
Cost of revenues								
Compensation	4,290,056	3,526,131	3,356,047	2,900,794	2,319,632	2,243,992	169,887	-
Other	297,888	615,140	61,107	(261,990)	123,658	378,198	86,392	38,339
	4,587,944	4,141,271	3,417,154	2,638,804	2,443,290	2,622,190	256,279	38,339
Gross Margin	**1,161,985**	**1,313,268**	**840,136**	**867,070**	**561,762**	**677,282**	**86,862**	**28,217**
Operating Costs								
Salaries and other comp costs	1,229,655	1,108,346	844,577	783,266	973,570	936,508	502,241	224,077
Professional fees	129,160	128,182	175,595	155,219	168,499	178,288	146,120	23,394
Office and general	814,458	509,484	464,537	553,810	283,023	262,771	137,245	94,413
Development costs	-	-	-	112,613	-	-	-	289,791
	2,173,273	**1,746,012**	**1,484,709**	**1,604,908**	**1,425,092**	**1,377,567**	**785,606**	**631,675**
Loss before the following:	**(1,011,288)**	**(432,744)**	**(644,573)**	**(737,838)**	**(863,330)**	**(700,285)**	**(698,744)**	**(603,458)**
Share-based compensation	106,071	275,080	-	(116,864)	10,840	335,091	36,650	44,518
Interest	153,532	161,739	105,079	19,706	58,975	35,030	80,977	-
Amortization	249,287	194,378	197,084	156,080	151,082	150,999	39,455	8,333
Depreciation	24,188	28,231	25,228	82,763	20,973	16,200	8,249	1,165
Accretion of bonus shares re convertible	-	-	-	-	-	-	-	4,126
Accretion of interest	134,214	122,960	90,431	59,384	66,983	43,870	15,634	-
Share adjustment on RTO	-	-	-	-	-	-	-	(15,000)
	667,292	**782,388**	**417,822**	**201,069**	**308,853**	**581,190**	**180,965**	**43,142**
Loss before:	**(1,678,580)**	**(1,215,132)**	**(1,062,395)**	**(938,907)**	**(1,172,183)**	**(1,281,475)**	**(879,709)**	**(646,600)**
Minority interest	7,093	(32,115)	30,555					
Income tax recovery	-	-	-	311,563	-	-	-	-
Net comprehensive loss	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**	**$ (879,709)**	**$ (646,600)**

Quarterly Statement of Cash Flows

	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*	*Dec 1, 2012 to Feb 28, 2013*	*Oct 1, 2012 to Nov 30, 2012*
Net loss for the period	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**	**$ (627,344)**	**$ (1,172,183)**	**$ (1,281,475)**	**$ (879,709)**	**$ (646,602)**
Add items not involving cash:								
deferred tax recovery	-	-	-	(311,563)	-	-	-	-
amortization	249,287	194,378	197,084	156,125	151,037	150,999	39,455	8,333
depreciation	24,188	28,231	25,228	82,763	20,973	16,200	8,249	1,165
accreted interest	138,722	122,960	90,431	59,384	66,983	43,870	15,634	-
accreted share bonus re debt	-	-	-	-	-	-	-	4,126
share-based compensation	106,071	275,080	-	(116,864)	10,840	335,091	36,650	44,518
fair value adjustment	-	-	-	-	-	-	-	-
share adjustment for RTO	-	-	-	-	-	-	-	(15,000)
non-cash working capital	(395,147)	389,192	(730,775)	(76,925)	216,633	362,730	35,056	(11,328)
Total adjustments	**123,121**	**1,009,841**	**(418,032)**	**(207,080)**	**466,466**	**908,890**	**135,044**	**31,814**
Cash used in operating activities	**(1,562,552)**	**(173,176)**	**(1,510,982)**	**(834,424)**	**(705,717)**	**(372,585)**	**(744,665)**	**(614,788)**
Cash flows from investing activities								
Advance to related company	-	-	-	5,500	-	-	-	48,205
Purchase of software	-	-	-	(40,000)	-	-	(160,000)	371,255
Net cash on acquisiton of Logitek	-	-	-	330	-	-	90,628	-
Net cash on acquisiton of SOMOS	-	-	-	-	-	(119,504)	-	-
Net cash on acquisition of Inforica	-	-	29,064	-	-	-	-	-
Net cash on acquisition of Adeeva	-	6,209	-					
Net cash on acquisition of Antian	-	98,458	-					
Net cash on acquisition of Stroma	(650,000)	-	-	-				
Advance to acquisition target	-	-	-	(4,892)	(245,000)	(425,000)	(60,000)	-
Purchase of equipment	(137,283)	(81,826)	(26,625)	(92,751)	(9,859)	(80,819)	(2,786)	1
Cash flows from investing activities	**(787,283)**	**22,841**	**2,439**	**(131,813)**	**(254,859)**	**(625,323)**	**(132,158)**	**419,461**
Cash flows from financing activities								
Proceeds from equity financings	-	-	-	500,000	-	-	1,106,000	217,325
Issue costs on equity financings	-	-	-	(147,870)	-	-	-	(202,325)
Cash acquired on RTO	-	-	-	-	-	-	-	-
Exercise of warrants	59,750	1,368,850	254,800	67,500	-	-	-	-
Exercise of options	9,100	22,438	4,725	(58,687)	67,280	60,000	-	-
Related party obligation	-	-	-	-	-	-	-	-
Convertible debt to be issued	-	-	-	(30,000)	-	-	-	30,000
Advances from shareholders	-	(155,437)	(8,486)	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	51,500
Financing through capital leases	44,377	-	-	115,433	-	-	-	-
Repayment of equipment loans	(5,375)	(13,208)	(17,125)	(14,757)	(9,873)	(19,888)	(14,510)	-
Repayment of capital leases	-	(24,913)	(27,101)	(47,957)	(17,125)	-	-	-
Notes payable	672,699	(17,547)	-	(10,714)	-	-	-	-
Proceeds from convertible debt	12,611	-	1,751,809	340,000	725,000	965,000	524,000	400,000
Issue costs on convertible debt	-	-	-	(174,869)	-	-	-	-
Funds in trust	-	-	-	-	-	742,421	(742,421)	(400,000)
Cash provided by financing activities	**793,162**	**1,180,183**	**1,958,622**	**538,079**	**765,282**	**1,747,533**	**873,069**	**96,500**
Net change in cash for the period	(1,556,673)	1,029,848	450,079	(428,158)	(195,294)	749,625	(3,754)	(98,827)
Cash, beginning of period	1,737,535	707,687	257,608	685,766	881,060	131,435	135,189	234,016
Cash, end of period	**$ 180,862**	**$ 1,737,535**	**$ 707,687**	**$ 257,608**	**$ 685,766**	**$ 881,060**	**$ 131,435**	**$ 135,189**

Operating results for the period

For the quarter ending August 31, 2014, SEB recorded a loss of $1,685,673 which included non-cash costs of $518,268, made up of accretion of non-cash interest of $138,722 related to SEB's Convertible Financings, share-based compensation of $106,071 relating to options issued to employees and consultants, amortization of $249,287 and depreciation of $24,188.

Results also included non-operating acquisition-related professional fees of $129,160. In addition, the Company incurred one-time moving costs of approximately $93,944 for both the Ottawa office and the Toronto office, which resulted in the combining in one office of SEB, Logitek, Inforica and Adeeva. The adding back of the non-cash and acquisition-related items results in a more-normalized loss of $944,302.

Revenue
Revenue for the quarter was $5,749,929 compared to $3,005,052 in the comparable period ending August 31, 2013. The increase in revenue was due to the inclusion of the revenues of the companies acquired since then: Inforica, Adeeva, Antian and Stroma. The August quarter revenue is constrained by seasonality, since a significant portion of revenue is based on contractor time and materials, and the summer is typically a period when vacations are taken.

Cost of revenues
The Compensation portion of Cost of revenues during the period primarily reflects the cost of contractors of Inforica, Antian and Stroma. The "Other" reflects primarily the product costs of Adeeva, which costs were not present in the quarter ending August 31, 2013.

Operating costs
Of the other operations costs, the largest was Salaries and Other Compensation Costs of $1,229,655 (a portion of which was related to software development and maintenance); the next largest single type of expense was Professional Fees of $129,160, some of which was related to the one-time costs of closing of the Stroma acquisition.

Cash
The major source of cash during the quarter was the advance of $600,000 to the Company by the President and CEO. The largest use of cash other than operating expenses was $650,000 for the acquisition of Stroma. In addition $400,000 of cash was expended as part of a large contract undertaken for a department of the Government of Canada. These funds were reimbursed in September.

Software Development
The Company continues to enhance its Health Care Systems software, including its claims adjudication software and 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 May, 2015 to March, 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, 2015 to February, 2017.

Summary of financial commitments as at August 31, 2014

	Balance Aug 31, 2014	Payments due in fiscal year					
		2014	2015	2016	2017	2018	2019
Convertible debt							
Financing December 20, 2012	554,000	-	554,000	-	-	-	-
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	2,000,000			2,000,000	-	-	-
Note issued on acquisition of Antian Professional Services	309,396	15,200	61,963	63,865	65,824	67,844	34,700
Note issued on acquisition of Stroma Jun 6, 2011	250,000	-	83,333	83,333	83,333	-	-
Total	**5,765,254**	**15,200**	**699,296**	**4,147,198**	**149,157**	**719,702**	**34,700**
Equipment loans							
Loan #1	6,750	2,250	4,500	-	-	-	-
Loan #2	31,250	3,125	12,500	12,500	3,125	-	-
Total	**38,000**	**5,375**	**17,000**	**12,500**	**3,125**	**-**	**-**
Equipment leases							
Lease #1	17,498	2,187	8,749	6,562	-	-	-
Lease #2	9,122	2,426	6,696	-	-	-	-
Lease #3	9,226	2,656	6,570	-	-	-	-
Lease #4	25,090	9,409	15,681	-	-	-	-
Lease #5	64,631	6,256	25,018	25,018	8,339	-	-
Total	**125,567**	**22,934**	**62,714**	**31,580**	**8,339**	**-**	**-**
Premise leases							
Lease #1	16,482	16,482	-	-	-	-	-
Lease #2	842,700	28,090	168,540	168,540	168,540	168,540	140,450
Lease #3	2,592,019	114,482	472,577	545,822	604,418	633,716	221,005
Total	**3,451,201**	**159,054**	**641,117**	**714,362**	**772,958**	**802,256**	**361,455**

Convertible Financing

Part of the purchase price of Stroma Service Consulting Inc. was $250,000 in promissory notes paying interest at an annualized rate of 3% with annual principal repayments over a 3 year period and convertible into shares of SEB at $0.50, $0.60 and $0.70 per common share of SEB in years one, two and three, respectively.

Equity Financing

Subsequent to the quarter end, on October 21, 2014, SEB announced a financing of $3,000,000 in Equity Units (the "Equity Units") – The Equity Units will be issued at $0.50 per unit and consist of one SEB common share and one SEB common share purchase warrant exercisable for a period of 36 months at $0.60 per share for year one and year two and $0.75 per share for year three. The President/CEO of SEB, through a personal holding company, subscribed for $550,000 of the Equity Units. Other management will also be participating in the financing, with the amounts to be finalized. As part of the financing, SEB will issue 200,000 finders warrants exercisable at $0.50 per share for a period of 24 months.

The first tranche of $2,525,000 closed October 29, 2014.

Transactions with Related Parties

Bevertec CST Inc.
Bevertec CST Inc. ("Bevertec") is a related party to the Company by virtue of holding approximately 13% 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 which accounted for $46,920 in premiums received by the Company in the quarter ended August 31, 2014.

(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.

Other
Of the $677,769 shown as Short Term Notes on the Balance Sheet as of August 31, 2014, $600,000 was advanced by the President and CEO. This was a demand loan, paying 10% per annum interest.

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.