Smart Employee Benefits Inc.

Unaudited Condensed Interim Consolidated Financial Statements
February 28, 2013

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited condensed interim consolidated financial statements by an entity's auditor.

To the Shareholders of Smart Employee Benefits Inc.:

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

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

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

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

MSCM LLP has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited condensed interim consolidated financial statements by an entity's auditor.

April 23, 2013

John McKimm

Chief Executive Officer

Robert Prentice

Chief Financial Officer

Smart Employee Benefits Inc.

Unaudited Condensed Interim Consolidated Statements of Financial Position

	February 28, 2013 (unaudited)	*November 30, 2012*
Cash	$ 131,435	$ 135,189
Funds in trust (Note 14)	742,421	-
Accounts receivable	630,772	15,144
Prepaids and deposits	80,110	48,354
Total Current Assets	**1,584,738**	**198,687**
Advances to acquisition target (Note 20)	75,000	-
Equipment, net of depreciation (Note 5)	393,428	29,335
Acquired software, net of amortization (Note 6)	2,610,000	429,167
Customer relationships, net of amortization (Note 7)	665,462	-
Total Assets	**$ 5,328,628**	**$ 657,189**
Bank loan (Note 8)	$ 282,110	$ -
Accounts payable and accrued liabilities	651,208	426,179
Government obligations	64,659	-
Deferred revenue (Note 9)	207,477	-
Current portion of Leases payable (Note 10)	44,153	-
Current portion of Equipment loans (Note 11)	81,500	-
Due to shareholders (Note 13)	5,100	5,100
Total Current Liabilities	**1,336,207**	**431,279**
Leases payable (Note 10)	18,844	-
Equipment loans (Note 11)	56,583	-
Convertible debt (Note 12)	728,683	30,000
Total Long Term Liabilities	**804,110**	**30,000**
Share capital (Note 14)	6,111,557	3,657,558
Share issue costs	(306,012)	(306,012)
Contributed surplus	525,776	49,191
Warrants (Note 14)	2,366,906	1,462,029
Options (Note 14)	101,168	64,518
Deficit	(5,611,084)	(4,731,374)
Total Shareholders' Equity	**3,188,311**	**195,910**
Total Liabilities and Shareholders' Equity	**$ 5,328,628**	**$ 657,189**

Going concern (Note 2)
Related party transactions (Note 17)
Commitments (Note 19)

Approved on behalf of the Board:

Walter Simone — Director

Stephen Peacock — Director

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

Smart Employee Benefits Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

	Share Capital		Warrants		Options		Contrib Surplus	Share Issue Costs	Deficit	Total Equity (Deficiency)
	Number	$	Number	$	Number	$	$	$	$	$
Balances November 30, 2012	**48,384,677**	**3,657,558**	**10,440,833**	**1,462,029**	**1,380,000**	**64,518**	**49,191**	**(306,012)**	**(4,731,375)**	**195,909**
Convertible debt December 27, 2012										
Issue of debt	-	-	-	-	-	-	95,082	-	-	95,082
Issue of Finder warrants	-	-	99,777	16,224	-	-	-	-	-	16,224
Acquisition of Logitek Feb 6, 2013										
Issue of shares	6,698,173	2,009,452	-	-	-	-	-	-	-	2,009,452
Issue of warrants	-	-	1,000,000	227,200	-	-	-	-	-	227,200
Issue of convertible debt	-	-	-	-	-	-	381,503	-	-	381,503
Equity financing Feb 27, 2013										
Issue of units	3,160,000	507,496	3,160,000	598,504	-	-	-	-	-	1,106,000
Issue of Finder warrants	-	(62,949)	286,000	62,949	-	-	-	-	-	-
Net loss for the period December 1, 2012 to February 28, 2013	-	-	-	-	-	36,650	-	-	(879,709)	(843,059)
Balances February 28, 2013	**58,242,850**	**6,111,557**	**14,986,610**	**2,366,906**	**1,380,000**	**101,168**	**525,776**	**(306,012)**	**(5,611,084)**	**3,188,311**

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

Smart Employee Benefits Inc.

Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss

	Dec 1, 2012 to Feb 28, 2013 (unaudited)	*Jan 1, 2012 to Mar 31, 2012 (unaudited)*
Revenue	**$ 343,141**	**$ 54,342**
Cost of revenues		
Compensation	169,887	-
Other	86,392	40,850
	256,279	40,850
Gross Margin	**86,862**	**13,492**
Operating Costs		
Salaries and other compensation costs	502,241	259,415
Professional fees	146,120	55,649
Office and general	137,245	79,972
	785,606	**395,036**
Income before the undernoted	**(698,744)**	**(381,544)**
Share-based compensation (Note 14)	36,650	-
Interest and financing fees	80,977	26,028
Amortization (Notes 6, 7)	39,455	12,500
Depreciation of equipment (Note 5)	8,249	1,749
Accretion of bonus shares re convertible notes	-	159,752
Accretion of interest (Note 12)	15,634	107,911
	180,965	**307,940**
Net loss and comprehensive loss	**$ (879,709)**	**$ (689,484)**
Weighted average number of shares outstanding for the period (Note 14)		
- basic and diluted	56,065,961	39,142,552
Loss from operations per common share		
- basic and diluted	$ (0.02)	$ (0.02)

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

Smart Employee Benefits Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows

	Dec 1, 2012 to Feb 28, 2013 (unaudited)	*Jan 1, 2012 to Mar 31, 2012 (unaudited)*
Net loss for the period	**$ (879,709)**	**$ (689,484)**
Add items not involving cash:		
amortization	39,455	12,500
depreciation	8,249	1,749
accreted interest	15,634	107,911
accretion of bonus shares re convertible notes	-	159,752
share-based compensation	36,650	-
deferred revenue	(54,476)	-
non-cash working capital (Note 18)	89,532	(2,902)
Total adjustments	**135,044**	**279,010**
Cash used in operating activities	**(744,665)**	**(410,474)**
Cash flows from investing activities		
Purchase of software (Note 6)	(160,000)	-
Advances to acquisition target	(60,000)	-
Purchase of equipment (Note 5)	(2,786)	(683)
Cash flows from investing activities	**(222,786)**	**(683)**
Cash flows from financing activities		
Proceeds from convertible issue (Note 12)	524,000	135,510
Cash acquired on acquisition of Logitek (Note 4)	90,628	-
Proceeds from equity issue (Note 14)	1,106,000	-
Funds held in trust	(742,421)	-
Repayment of capital leases	(2,732)	-
Repayment of equipment loans	(11,778)	-
Cash provided by financing activities	**963,697**	**135,510**
Net change in cash for the period	(3,754)	(275,647)
Cash, beginning of period	135,189	366,008
Cash, end of period	**$ 131,435**	**$ 90,361**

Supplemental Information:

Interest paid in cash during the three months ending February 28, 2013 was $2,564.

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

1. Nature of Operations

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

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

- Logitek Technology Ltd., incorporated on November 25, 1996,
- Smart Employee Solutions Inc., incorporated on December 17, 2010
- SES Benefits Canada Corporation, incorporated on April 29, 2011,
- SES Financial Corporation, incorporated April 14, 2011, and
- SES International Inc., incorporated December 17, 2010

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

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

The Company’s head office is Suite 100, 125 Commerce Valley Drive West, Markham, Ontario, L3T 7W4 and its registered and records office address is Suite 300, 2355 Skymark Avenue, Mississauga, Ontario, L4W 4Y6.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on April 23, 2013.

2. Going Concern

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

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

To remain a going concern, the Company will require additional capital to enable it to further develop its software and achieve other business objectives. It cannot be determined at this time whether these objectives will be realized. These 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.

3. Basis of Presentation

Statement of Compliance
These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended November 30, 2012. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

4. Acquisition of Logitek Technology Ltd.

On February 6, 2013 SEB closed the acquisition of Logitek Technology Ltd ("Qlogitek").

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

SEB has allocated the portion of the purchase cost which exceeds the net assets acquired to software developed by Qlogitek ($2,000,000) and to Qlogitek's customer relations ($675,750).

Software (Note 6)--Qlogitek has developed a number of proprietary pieces of software, particularly in the management of customer's supply-chain in the retail field. The internet-based software is used extensively and repeatedly by a number of well-known large retailers to manage their product supply arrangements, incorporating suppliers in 70 countries.

Customer relations (Note 7)--The customer base which utilizes Qlogitek's supply-chain management software is broad-based, from appliances to electronics to alcohol to general merchandise. The customers include the LCBO, the Bay, Rogers, Danby, etc.

The cost of the acquisition to SEB is determined as follows:

Shares issued (Note 14)	$ 2,009,452
Warrants issued (Note 14)	227,200
Convertible note issued (Note 12)	651,858
Total	**$ 2,888,510**

The cost to SEB is allocated to assets acquired as follows:

Net assets of Logitek on acquisition	$ 212,760
Customer relationships (Note 7)	675,750
Developed software (Note 6)	2,000,000
Total	**$ 2,888,510**

Net assets of Logitek on acquisition were as follows:

Assets	
Cash	$ 90,628
Accounts receivable	754,373
Prepaid expenses	2,383
Advances	15,000
Intangibles	50,000
Property, plant and equipment	217,203
Equipment under capital leases	152,353
Total assets	**$ 1,281,940**
Liabilities	
Bank loan	228,022
Accounts payable and accrued liabilities	298,875
Deferred revenue	261,953
Income taxes payable	64,740
Equipment loans	149,861
Obligations under capital leases	65,729
Total liabilities	**$ 1,069,180**
Net assets	**$ 212,760**

5. Equipment

For the period December 1, 2012 to February 28, 2013

	Opening Balance	Acquisition of Logitek	Additions	Closing Balance
Cost				
Furniture	6,743	151,074	-	157,817
Computer hardware	32,504	950,376	2,786	985,666
Computer hardware under lease	-	300,188	-	300,188
Office equipment	-	91,390	-	91,390
Total	**39,247**	**1,493,029**	**2,786**	**1,535,062**
Accumulated depreciation				
Furniture	1,412	102,065	700	104,177
Computer hardware	8,500	827,973	4,949	841,422
Computer hardware under lease	-	147,835	2,100	149,935
Office equipment	-	45,599	500	46,099
Total	**9,912**	**1,123,473**	**8,249**	**1,141,634**
Net total	**29,335**	**369,556**		**393,428**

6. Software

For the period December 1, 2012 to February 28, 2013

	Opening Balance	Acquisition of Logitek	Additions	Closing Balance
Cost				
HCS licence (1)	500,000	-	-	500,000
HCS admin system (2)	-	-	160,000	160,000
Logitek software - previously purchased (3)	-	50,000	-	50,000
Logitek software on acquisition (4)	-	2,000,000	-	2,000,000
Total	**500,000**	**2,050,000**	**160,000**	**2,710,000**
Accumulated amortization				
HCS licence (1)	70,833	-	12,500	83,333
HCS admin system (2)	-	-	-	-
Logitek software - previously purchased (3)	-	-	-	-
Logitek software on acquisition (4)	-	-	16,667	16,667
Total	**70,833**	**-**	**29,167**	**100,000**
Net total	**429,167**	**2,050,000**		**2,610,000**

1) A licence of software which provides the adjudication of health benefit claims ("Adjudication Software"). The Licence provides (a) a perpetual, irrevocable, transferable

and exclusive right and license to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right and world-wide license to use the Adjudication Software outside Canada. It is being amortized over 10 years on a straight-line basis.

2) The Company has engaged software development companies to develop computer software to be used by the Company to generate revenue. The Company will begin amortizing the software when it is ready to be used by the Company to generate revenue.

3) This is software previously acquired by Qlogitek which is not being used yet. When it is incorporated into use, it will be suitably amortized.

4) Qlogitek has developed a number of proprietary pieces of software, particularly in the management of customer's supply-chain in the retail field. The internet-based software is used extensively and repeatedly by a number of well-known large retailers to manage their product supply arrangements, incorporating suppliers in 70 countries. The software is being amortized over 10 years on a straight-line basis. See Note 4.

7. Customer relationships

For the period December 1, 2012 to February 28, 2013

	Opening Balance	Acquisition of Logitek	Additions	Closing Balance
Cost (Note 4)	-	675,750	-	675,750
Accumulated amortization	-	-	10,288	10,288
Net	**-**	**675,750**	**(10,288)**	**665,462**

The retail customer base which utilizes Qlogitek's supply-chain management software is broad-based, from appliances to electronics to alcohol to general merchandise. The customers include the LCBO, the Bay, Rogers, Danby, etc. See Note 4. The amount is being amortized over 5 years on a straight-line basis.

8. Bank loan

QLogitek has an overdraft facility with a Schedule "A" bank, secured by its accounts receivable with the covenant of the former substantive shareholder of Logitek. At the date of the balance sheet Logitek was not meeting its covenants under the terms of the facility. The facility is currently being re-negotiated in light of the acquisition of Logitek by SEB.

9. Deferred revenue

Logitek Technology Ltd. has received advance payments from clients for software development work to be done and for licencing revenues. The amounts are amortized over the length of the periods covered by the advance payments. Of the balance, $101,700 is amortized at $50,850 per month, while $25,378 is amortized at $3,208 per month; the remainder will be taken into revenue over an indefinite period as earned.

10 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 December 1, 2013 to November 1, 2015. See Note 19.

11. 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, 2013 to January, 2017. See Note 19.

12. Convertible debt

For the period December 1, 2012 to February 28, 2013

	Amount $					
	Face Value of Notes	Equity Component	Debt Issue Costs	Liability Component at Fair Value	Accreted Interest	Balance of Obligation
Balance November 30, 2012	-	-	-	-	-	-
Convertible notes issued December 27, 2012 (1)	554,000	(45,032)	(66,274)	442,694	9,276	451,970
Convertible note issued in conjunction with the acquisiton of Logitek, February 6, 2013 (2)	651,858	(381,503)	-	270,355	6,358	276,713
Balance February 28, 2013	**1,205,858**	**(426,535)**	**(66,274)**	**713,049**	**15,634**	**728,683**

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

   In arriving at a fair value of the liability component of the convertible Notes, the Company has used a discount rate of 25% to determine a discounted present value of the debt due on conversion.

   The equity component of $45,032 at February 28, 2013, arising from the difference between the coupon and effective interest rates, has been recorded as Contributed Surplus. The difference between the face value and fair value of the Notes is being charged against earnings as accreted interest using the effective interest rate method.

The cash issue costs of $22,450 have been recorded as Contributed Surplus.

The cost of issuing 99,777 Finder warrants have been recorded as Warrants in shareholder's equity. The warrants were valued at $16,224 using the Black-Scholes option-pricing model using the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

2) On February 6, 2013, the Company closed the acquisition of Logitek Technology Ltd. (Note 4). As part of the transaction and in order to retire $651,858 of debt owing by Logitek, the Company issued a five year convertible note in the amount of $651,858 with an annualized interest rate of 3% and an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 from years one through five.

The equity component of $381,503 at February 28, 2013, arising from the difference between the coupon and effective interest rates, has been recorded as Contributed Surplus. The difference between the face value and fair value of the Notes was charged against earnings as accreted interest using the effective interest rate method. In arriving at a fair value of the liability component of the convertible Notes, the Company has used a discount rate of 25% to determine a discounted present value of the debt due on conversion.

13. Due to Shareholders

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

14. Share Capital

(a) Authorized
Unlimited number of common shares

(b) Common shares issued and outstanding

	Number of shares	Amount $
Balance November 30, 2012	**48,384,677**	**3,657,558**
Acquisition of Logitek Technology Ltd. (1)	6,698,173	2,009,452
Equity financing February 27, 2013 (2)	3,160,000	507,496
Finder warrants issued re Equity financing (2)	-	(62,949)
Balance February 28, 2013	**58,242,850**	**6,111,557**

1) On February 6, 2013 the SEB closed the acquisition of Logitek Technology Ltd. SEB issued, in satisfaction of the $2,009,452 purchase price, 6,698,173 SEB shares and 1,000,000 Share Purchase Warrants. See Note 4.

2) On February 27, 2013 SEB closed a financing of $1,106,000 consisting of 3,160,000 Units at $0.35 per Unit where each Unit consists of 1 Common Share and 1 Common Share Purchase Warrant. The Common Share Purchase Warrants are exercisable over a four year period at a price of $0.50 in year one, $0.55 in year two, $0.65 in year three and $0.75 in year four. The Company paid finder's fees of $50,050 cash and 286,000 warrants, exercisable at $0.35 per share for a period of two years from closing. See Note 14 (c) for discussion on warrants. At February 28, 2013, an amount of $742,421 remained in the trust account of SEB's counsel.

(c) Share purchase warrants

			Number of Warrants Outstanding					
			Nov 30, 2012	Activity During Period			February 28, 2013	
	Exercise Price	Expiry	Outstanding	Issued	Expired	Exercised	Outstanding	Exercisable
	$ 0.20	April 23, 2013	300,000	-	-	-	300,000	300,000
	$ 0.30	May 31, 2014	1,305,000	-	-	-	1,305,000	1,305,000
	$ 0.30	May 31, 2014	1,695,000	-	-	-	1,695,000	169,500
	$0.45 to July 11, 2013 $0.55 to July 11, 2014 $0.65 to July 11, 2015	July 11, 2015	6,491,667	-	-	-	6,491,667	4,339,167
	$ 0.30	July 11, 2014	649,167	-	-	-	649,167	649,167
(1)	$ 0.45	Dec 27, 2014	-	99,777	-	-	99,777	99,777
(2)	$0.45 to Feb 6, 2014 $0.55 to Feb 6, 2015 $0.65 to Feb 6, 2016 $0.75 to Aug 6, 2016	August 6, 2016	-	1,000,000	-	-	1,000,000	-
(3)	$0.50 to Feb 27, 2014 $0.55 to Feb 27, 2015 $0.65 to Feb 27, 2016 $0.75 to Feb 27, 2017	Feb 27, 2017	-	3,160,000	-	-	3,160,000	-
(4)	$ 0.35	Feb 27, 2015	-	286,000	-	-	286,000	286,000
			10,440,834	**4,545,777**	**-**	**-**	**14,986,611**	**7,148,611**
Weighted average exercise price per share			**$ 0.45**	**$ 0.60**	**-**	**-**	**$ 0.50**	**$ 0.45**

1) On December 27, 2012 the Company closed a financing of $554,000 of convertible Notes with a term of 2 years, paying 10% interest. The Company paid finder's fees including 99,777 share purchase warrants, exercisable at $0.45 per share for a period of two years. The cost of issuing 99,777 Finder warrants have been recorded as Warrants in shareholder's equity. The warrants were valued at $16,224 using the Black-Scholes option-pricing model using the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

2) On February 6, 2013 SEB closed the acquisition of Logitek Technology Ltd. As part of the price, SEB issued, 1,000,000 Share Purchase Warrants ("Warrants"). The Warrants have a term of 42 months and an escalating exercise price every 12 months of $0.45, $0.55 and $0.65 during the first three years of the term and at $0.75 for the last six

months of the term. The Warrants contain performance vesting conditions during their term equating to cumulative revenue and EBITDA targets of $15.0 million and $3.0 million, respectively. The warrants were valued at $227,200 using the Black-Scholes option-pricing model using the following assumptions: expected life of 42 months, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

3) On February 27, 2013 SEB closed an equity financing of $1,106,000 consisting of 3,160,000 Units at $0.35 per Unit where each Unit consists of 1 Common Share and 1 Common Share Purchase Warrant. The Common Share Purchase Warrants are exercisable over a four year period at a price of $0.50 in year one, $0.55 in year two, $0.65 in year three and $0.75 in year four. The warrants were valued at $598,504 using the Black-Scholes option-pricing model using the following assumptions: expected life of four years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

4) The Company paid finder's fees in connection with the $1,106,000 equity financing, including 286,000 warrants, exercisable at $0.35 per share for a period of two years from closing. The warrants were valued at $62,949 using the Black-Scholes option-pricing model using the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

(d) Share purchase options

The SEB stock option plan (the "Plan") is administered by the Board of Directors of the Company which establishes the exercise prices, vesting conditions and expiry date of the options. The number of common shares reserved for issuance under the Plan at February 28, 2013 is 5,824,850. At February 28, 2013, the Company had 1,380,000 options issued and outstanding under the terms of the Plan. In addition, 1,695,000 share purchase warrants are considered to be part of the Plan.

		Number of Options Outstanding					
Exercise		**Nov 30, 2012**	**Activity During Period**			**February 28, 2013**	
Price	**Expiry**	**Outstanding**	**Issued**	**Expired**	**Exercised**	**Outstanding**	**Exercisable**
$ 0.20	July 30, 2013	493,000	-	-	-	493,000	493,000
$ 0.20	April 5, 2016	87,000	-	-	-	87,000	87,000
$ 0.33	Aug 16, 2015	500,000	-	-	-	500,000	200,000
$ 0.34	May 31, 2014	50,000	-	-	-	50,000	25,000
$ 0.34	Sep 13, 2015	200,000	-	-	-	200,000	40,000
$ 0.33	Nov 22, 2015	50,000	-	-	-	50,000	25,000
		1,380,000	**-**	**-**	**-**	**1,380,000**	**870,000**
Weighted avg exercise price		**$ 0.28**	-	-	-	**$ 0.28**	**$ 0.24**

(e) Loss per Share

The weighted average number of common shares outstanding for the three months ending

February 28, 2013 was 56,065,961 and for the period from January 1, 2012 to March 31, 2012 was 39,142,552.

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

15. Financial Instruments

Fair Values

The Company's financial instruments consist of cash, funds in trust, accounts receivable, accounts payable and accrued liabilities, convertible debt, equipment leases and loans, and amounts due to shareholders. The convertible debt has been discounted to its fair value. The fair values of the remaining financial instruments approximate their carrying values due to the short-term nature of these financial instruments.

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

	February 28, 2013		November 30, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Classification	$	$	$	$
Fair value through profit and loss	873,856	873,856	135,189	135,189
Loans and receivables	630,772	630,772	15,144	15,144
Other financial liabilities	2,620,492	2,140,317	461,279	461,279

Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not exposed to any significant interest rate risk.

Liquidity Risk

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

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

16. Capital Management

The Company's capital consists of share capital, contributed surplus, options and warrants in the amount of $9,834,090 at February 28, 2013 ($5,233,296 at November 30, 2012). The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company is not subject to any externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

17. Related Party Transactions

Bevertec CST Inc.

Bevertec is a related party to the Company by virtue of holding approximately 16% of the common shares of the Company. A Director of the Company is also an officer and director of Bevertec. In addition, $53,109 in revenue recorded by the Company in these unaudited condensed interim consolidated financial statements was derived from transactions with Bevertec.

Other

Two shareholders of the Company, one acting in the capacity of President, Chief Executive Officer and Chief Information Officer and the other acting as Chief Financial Officer, Chief Operating Officer and Corporate Secretary, were paid management fees during the period December 1, 2012 to February 28, 2013 totalling $97,500 ($97,500 during the period January 1, 2012 to March 31, 2012). The President, Chief Executive Officer and Chief Information Officer is also a director of the Company.

18. Net Change in Non-cash Working Capital items

	December 1, 2012 to February 28, 2013	***January 1, 2012 to March 31, 2012***
Accounts receivable	$ 90,210	$ (33,906)
Prepaid and deposits	(29,373)	-
Bank loan	54,088	-
Accounts payable and accrued liabilities	(1)	31,004
Government obligations	(25,392)	-
Total	**$ 89,532**	**$ (2,902)**

19. Commitments

	Convertible loans	Equipment leases	Premise leases	Equipment loans	Total
Fiscal 2013	-	34,430	151,416	64,375	250,220
Fiscal 2014	-	34,030	134,750	41,083	209,863
Thereafter	1,205,858	21,516	-	32,625	1,259,999
Total	**$ 1,205,858**	**$ 89,975**	**$ 286,166**	**$ 138,083**	**$ 1,720,082**

20. Subsequent events

Acquisition

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

Acquisition target

On March 19, 2013 SEB announced that SEB's Board of Directors approved a Memorandum of Agreement to acquire a 50% interest in the Inforica Group. Inforica Group will operate as an affiliate of SEB's wholly owned subsidiary, Logitek Technology Ltd. Completion of the transaction is subject to final Closing documentation and applicable regulatory approval.

21. Reclassification

Certain amounts in comparative financial statements have been reclassified to conform to current presentation.