

Smart Employee Solutions Inc.
Interim Unaudited Consolidated Financial Statements
March 31, 2012

Notice

The accompanying unaudited interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

To the Shareholders of Smart Employee Solutions Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited interim 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.

October 12, 2012

John McKimm

Chief Executive Officer

Robert Prentice

Chief Financial Officer

Smart Employee Solutions Inc.

Table of Contents

March 31, 2012

	Page
Interim Unaudited Consolidated Financial Statements	
Interim Unaudited Consolidated Statements of Financial Position	4
Interim Unaudited Consolidated Statements of Changes in Shareholders' Equity	5
Interim Unaudited Consolidated Statements of Comprehensive Loss	6
Interim Unaudited Consolidated Statements of Cash Flows	7
Notes to Interim Unaudited Consolidated Financial Statements	8 - 24

Smart Employee Solutions Inc.
Interim Unaudited Consolidated Statements of Financial Position

As at	March 31, 2012 (unaudited)	December 31, 2011 (unaudited)	September 30, 2011
Assets			
Cash	\$ 90,361	\$ 366,008	\$ 362,557
Funds in trust (Note 10)	-	135,510	400,000
Sundry receivables	73,484	39,578	36,782
Prepays and deposits	16,667	16,667	-
Total Current Assets	180,512	557,763	799,339
Equipment, net of depreciation (Note 8)	26,838	27,904	23,250
Intangible asset, net of amortization (Note 9)	462,500	475,000	487,500
Total Assets	\$ 669,850	\$ 1,060,667	\$ 1,310,089
Liabilities			
Accounts payable and accrued liabilities	\$ 347,879	\$ 157,122	\$ 156,908
Obligation to related party (Notes 7, 14)	750,000	698,627	657,397
Convertible debt (Note 10)	1,284,887	1,228,350	919,891
Due to shareholders (Note 15)	5,100	5,100	4,100
Total Current Liabilities	2,387,866	2,089,199	1,738,296
Non-controlling interest (Note 1)	-	-	-
Shareholders' Deficiency			
Share capital (Note 11)	36,500	36,500	36,500
Contributed surplus (Notes 10, 11)	49,191	49,191	44,902
Deficit	(1,803,707)	(1,114,223)	(509,609)
Total Shareholders' Deficiency	(1,718,016)	(1,028,532)	(428,207)
Total Liabilities and Shareholders' Deficiency	\$ 669,850	\$ 1,060,667	\$ 1,310,089

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

Going concern (Note 2)
 Related party transactions (Note 14)
 Commitments (Note 18)
 Subsequent event (Note 19)

Smart Employee Solutions Inc.

Interim Unaudited Consolidated Statements of Changes in Shareholders' Deficiency

	<u>Common Shares</u>		Contributed Surplus \$	Deficit \$	Shareholders' Deficiency \$
	Number	Amount \$			
<i>For the period December 17, 2010 (date of incorporation) to September 30, 2011</i>					
Balance, December 17, 2010	-	-	-	-	-
Issuance of common shares for cash (Note 11)	3,000,001	36,500	-	-	36,500
Issuance of convertible debt (Note 10)	-	-	44,902	-	44,902
Net loss and comprehensive loss for the period	-	-	-	(509,609)	(509,609)
Balance, September 30, 2011	3,000,001	36,500	44,902	(509,609)	(428,207)
<i>For the three months ending December 31, 2011 (unaudited)</i>					
Balance, September 30, 2011	3,000,001	36,500	44,902	(509,609)	(428,207)
Issuance of convertible debt (Notes 10)	-	-	4,289	-	4,289
Net loss and comprehensive loss for the period	-	-	-	(604,614)	(604,614)
Balance, December 31, 2011	3,000,001	36,500	49,191	(1,114,223)	(1,028,532)
<i>For the three months ending March 31, 2012 (unaudited)</i>					
Balance, December 31, 2011	3,000,001	36,500	49,191	(1,114,223)	(1,028,532)
Net loss and comprehensive loss for the period	-	-	-	(689,485)	(689,485)
Balance, March 31, 2012	3,000,001	36,500	49,191	(1,803,708)	(1,718,017)

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

Smart Employee Solutions Inc.
Interim Unaudited Consolidated Statements of Comprehensive Loss

For the Period:	<i>October 1, 2011 to March 31, 2012 (unaudited)</i>	<i>January 1, 2012 to March 31, 2012 (unaudited)</i>	<i>October 1, 2011 to December 31, 2011 (unaudited)</i>	<i>December 17, 2010 to September 30, 2011</i>
Revenue	\$ 112,286	\$ 54,342	\$ 57,944	\$ 50,681
Cost of revenues				
Claims	61,493	29,351	32,142	28,337
Premiums	23,295	11,499	11,796	7,589
	84,788	40,850	43,938	35,926
Gross Margin	27,498	13,492	14,006	14,755
Operating Costs				
Salaries and other compensation costs	479,413	259,415	219,998	550,852
Professional fees	196,209	55,649	140,560	10,339
Office and general	154,652	79,972	74,680	18,327
Interest	49,411	26,028	23,383	4,500
Amortization of software licence	25,000	12,500	12,500	12,500
Depreciation of equipment	3,499	1,749	1,750	1,750
Accretion of bonus	192,524	159,752	32,772	7,656
Accretion of interest	220,888	107,911	112,977	40,973
	1,321,596	702,976	618,620	646,897
Income before undernoted	(1,294,098)	(689,484)	(604,614)	(632,142)
Fair value adjustment on related party loan (Note 14)	-	-	-	122,533
Non-controlling interest (Note 1)	-	-	-	-
Net loss and comprehensive loss	\$ (1,294,098)	\$ (689,484)	\$ (604,614)	\$ (509,609)
Weighted average number of shares outstanding for the period (Note 11)				
- basic and diluted	3,000,001	3,000,001	3,000,001	1,888,889
Loss from operations per common share				
- basic and diluted	\$ (0.43)	\$ (0.23)	\$ (0.20)	\$ (0.27)

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

Smart Employee Solutions Inc.
Interim Unaudited Consolidated Statement of Cash Flows

For the Period:	<i>October 1, 2011 to March 31, 2012</i>	<i>January 1, 2012 to March 31, 2012</i>	<i>October 1, 2011 to December 31, 2011</i>	<i>December 17, 2010 to September 30, 2011</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Net loss for the period	\$ (1,294,098)	\$ (689,484)	\$ (604,614)	\$ (509,609)
Add items not involving cash:				
- amortization of software licence (Note 9)	25,000	12,500	12,500	12,500
- depreciation (Note 8)	3,499	1,749	1,750	1,750
- accreted interest (Note 10)	220,888	107,911	112,977	40,973
- accreted bonus (Note 10)	192,524	159,752	32,772	7,656
- fair value adjustment on related party loan (Note 14)	-	-	-	(122,533)
- non-cash working capital (Note 16)	(3,422)	(2,902)	(520)	262,470
Total adjustments	438,489	279,010	159,479	202,816
Cash used in operating activities	(855,609)	(410,474)	(445,135)	(306,793)
Cash flows from investing activities				
Purchase of equipment	(7,087)	(683)	(6,404)	-
Cash flows from investing activities	(7,087)	(683)	(6,404)	-
Cash flows from financing activities				
Proceeds from issuance of shares (Note 11)	-	-	-	36,500
Advances from shareholders	1,000	-	1,000	4,100
Debt issuance costs (Note 10)	(65,500)	-	(65,500)	(21,250)
Proceeds from issue of debt (Note 10)	255,000	-	255,000	650,000
Release of funds in trust	400,000	135,510	264,490	-
Cash provided by financing activities	590,500	135,510	454,990	669,350
Net change in cash for the period	(272,196)	(275,647)	3,451	362,557
Cash, beginning of period	362,557	366,008	362,557	-
Cash, end of period	\$ 90,361	\$ 90,361	\$ 366,008	\$ 362,557

Supplemental Information:

No interest has been paid or received. No income taxes have been paid.

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

1. Nature of Operations

Smart Employee Solutions Inc. (the "Company", "Corporation" or "SES") was incorporated under the Business Corporations Act of Ontario on December 17, 2010 as SES Technologies Inc. On January 18, 2011 the Company changed its name to SES – Software, Solutions and Service, Inc. On September 30, 2011 the Company changed its name to Smart Employee Solutions Inc. Since the Company's operations commenced in July 2011, comparative statements of comprehensive loss and cash flows for the period from December 17, 2010 (date of incorporation) to December 31, 2010 are not presented.

The Company is a technology company servicing the Employee Group Benefits segment of the Insurance Industry. SES operates as a Third Party Administrator ("TPA") which owns its own health benefit claims Adjudication Software Platform.

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

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

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

SES Financial Corporation is owned 50% by the Company and 50% by the 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.

These interim unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

2. Going Concern

These interim unaudited 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 and has negative working capital at the date of the consolidated financial statements and negative cash flows from operations for the periods. There is no assurance that the Company will be able to generate net income or positive cash flows from operations in the foreseeable future. Based

on these events and conditions there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To remain a going concern, the Company will require additional capital to enable it to further develop its acquired software and acquire third-party administrator business to achieve a level of revenue-generating business. This also includes executing a listing transaction resulting in the shares of the Company being traded on a public exchange (Note 7) ("Listing Transaction"). It cannot be determined at this time whether these objectives will be realized. These interim unaudited consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern.

3. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

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

Use of Estimates and Judgements

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

Functional and presentation currency

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

4. Summary of Significant Accounting Policies

Revenue

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

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;

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

Equipment

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

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

Intangible assets

The Company's intangible assets consist of a software licence (Notes 7 and 9). The Company amortizes the software over its estimated useful life of 10 years on a straight-line basis. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being account for on a prospective basis.

Income Taxes

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

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

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

Share Capital

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

Share-based Payments

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share

based payments is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Share purchase warrants are recorded to Contributed surplus when issued and valued using the Black Scholes model.

Restricted Cash

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

Loss per share

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

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

Non-derivative Financial Instruments

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

Fair value through profit or loss

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

Loans and receivables

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and

are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities, obligations for lease of software, convertible debt and amounts due to shareholders.

Equity instruments

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

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

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

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

Financial Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at September 30, 2011 and March 31, 2012:

Fair value through profit and loss:

- Cash

Loans and receivables:

- Funds in trust - restricted
- Sundry receivables

Other financial liabilities:

- Accounts payable and accrued liabilities
- Obligation to related party
- Convertible debt
- Due to shareholders

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

- (a) Fair values through profit and loss are measured at fair value at the statement of financial position date with any gain or loss recognized immediately in earnings. Interest and dividends earned from held-for-trading are also included in income for the period.
- (b) Other financial liabilities are measured at amortized cost using the effective interest method.
- (c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in earnings.

Impairment

Financial assets

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

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

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

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

5. Recent Accounting Pronouncements

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

IFRS 9, Financial Instruments: Classification and Measurement issued in November 2009, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

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

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

IFRS 12, Disclosure of Interests in Other Entities, requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

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

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

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

IAS 38, Investments in Associates and Joint Ventures, has been revised and prescribes the accounting treatment for investments and sets out the requirements for the applicable of the equity method when accounting for investments in associates and joint ventures and is effective for annual periods beginning on or after January 1, 2015.

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

6. Summary of Accounting Estimates and Judgements

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

Fair Value of Financial Instruments

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

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Equipment

Equipment is recorded at the purchase price of the equipment. The asset's useful life is estimated and an amortization rate is determined appropriately. Annually the assets are reviewed to determine if the estimate of their useful lives is still appropriate.

Intangible assets

Intangible assets are recorded at the purchase price of the asset. The asset's useful life is estimated and an amortization rate is determined appropriately. Annually the assets are reviewed to determine if the estimate of their useful lives is still appropriate.

7. Significant Agreements

Listing Transaction

On July 19, 2011, the Company executed a Letter of Intent with Whiteknight Acquisitions Inc. ("Whiteknight"), a Capital Pool Company trading on the TSX Venture exchange ("TSXV"), whereby Whiteknight will acquire 100% of the issued and outstanding shares of the Company, through an exchange of securities following which the shareholders of the Company will

become the controlling shareholders of Whiteknight (“Listing Transaction”). The proposed agreement will result in Whiteknight issuing 30,000,000 common shares in exchange for the 3,000,001 outstanding common shares of the Company. The Transaction is intended to constitute the Qualifying Transaction of Whiteknight as such term is defined in Policy 2.4 of the Corporate Finance Manual of the TSXV. The shares of the Company will, upon completion of the Listing Transaction, be traded on the TSXV.

Completion of the Listing Transaction is subject to approval of TSXV and to the execution of a purchase and sale agreement between the Company and Whiteknight.

There is no assurance that the Company will complete the Listing Transaction.

Software Licencing Agreement

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

The price to be paid under the terms of the Licence is a payment of \$500,000 on the earlier of the completion of the Listing Transaction and July 22, 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.

This asset is recorded as an intangible asset. The liability is recorded under “Due to related party” (Note 14). The Company is accounting for the Adjudication Software Licence at fair value of \$500,000 and amortizing that amount over 10 years on a straight-line basis.

The Company agreed to repay to Bevertec on completion of the Listing Transaction an amount of \$250,000 provided to the Company as a working capital loan.

8. Equipment

	Cost (\$)			Accumulated Amortization (\$)		
	Additions			Expense		
	Opening Balance	during period	Closing Balance	Opening Balance	during period	Closing Balance
<i>For the period October 1, 2011 to December 31, 2011 (unaudited)</i>						
Furniture and office equipment	5,000	1,060	6,060	250	250	500
Computer equipment	20,000	5,344	25,344	1,500	1,500	3,000
	25,000	6,404	31,404	1,750	1,750	3,500
Less: accumulated amortization			3,500			
Net book value			27,904			
<i>For the period January 1, 2012 to March 31, 2012 (unaudited)</i>						
Furniture and office equipment	6,060	683	6,743	500	248	748
Computer equipment	25,344	-	25,344	3,000	1,500	4,500
	31,404	683	32,086	3,500	1,748	5,248
Less: accumulated amortization			5,248			
Net book value			26,838			

9. Intangible Asset

	Cost (\$)			Accumulated Amortization (\$)		
	Additions			Expense		
	Opening Balance	during period	Closing Balance	Opening Balance	during period	Closing Balance
<i>For the period October 1, 2011 to December 31, 2011 (unaudited)</i>						
Software licence (Notes 7, 14)	500,000	-	500,000	12,500	12,500	25,000
	500,000	-	500,000	12,500	12,500	25,000
Less: accumulated amortization			25,000			
Net book value			475,000			
<i>For the period January 1, 2012 to March 31, 2012 (unaudited)</i>						
Software licence (Notes 7, 14)	500,000	-	500,000	25,000	12,500	37,500
	500,000	-	500,000	25,000	12,500	37,500
Less: accumulated amortization			37,500			
Net book value			462,500			

10. Convertible Debt

The Company has issued \$1,305,000 in Convertible Term Notes Financing (“Notes”).

The Notes are Promissory Notes of the Company, secured by a General Security Agreement against the assets of the Company and by a personal guarantee of the Chief Executive Officer and President of the Company.

The Notes pay 8% interest, accrued monthly in arrears, payable in cash on the earlier of the Listing Transaction (Note 7) or July 25, 2012. Interest of \$26,028 has been accrued and recorded in accounts payable and accrued liabilities for the three month period ending March 31, 2012 (\$4,500 for the period ended September 30, 2011 and \$23,383 for the three month period ended December 31, 2011).

The Notes will be repaid at the earlier of the Listing Transaction or July 25, 2012.

The Notes will convert to shares of the Company immediately prior to a Listing Transaction at a 20% discount to the share price of the Company used for the Listing Transaction.

Notes for which the funds were received prior to September 1, 2011 will receive a bonus payment of 7% of the principal amount of each of the Notes outstanding on the closing of a Listing Transaction at the option of the Company in cash or in the shares of the Company resulting from the Listing Transaction, the price used to convert the Bonus Payment to shares being equal to the price used for the Listing Transaction.

Notes for which the funds were received subsequent to September 1, 2011 will receive a Bonus payment of 3% of the principal amount of each of the Notes outstanding on the closing of a Listing Transaction at the option of the Company in cash or in the shares of the Company resulting from the Listing Transaction, the price used to convert the Bonus Payment to shares being equal to the price used for the Listing Transaction.

Since the Listing Transaction did not occur by February 28, 2012, the Company has an additional obligation in the amount of \$130,500, payable in shares of the Company post the Listing Transaction, at the option of the Company, or in cash on July 25, 2012.

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

The Notes will receive a warrant for each one dollar of Note value to purchase one share of the Company post the Listing Transaction, at an exercise price of \$0.30 until May 31, 2014. The warrants have not yet been issued.

Smart Employee Solutions Inc.
Notes to interim unaudited consolidated financial statements
March 31, 2012

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

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

The equity component of \$49,191 at March 31, 2012 and December 31, 2011 (\$44,902 at September 30, 2011), arising from the difference between the coupon and effective interest rates, has been recorded as Contributed Surplus. The difference between the face value and fair value of the Notes is being charged against earnings as accreted interest using the effective interest rate method.

Debt issuance costs have been recorded against the Notes. Debt issuance costs consists of commissions paid to consultants in cash and a fee paid in cash to a related party for providing a personal guarantee on all Notes issued. The Company has committed to issue warrants to the consultants. The estimated fair value of the warrants committed to be issued using the Black-Scholes option pricing model was \$20,000 which has been recorded against the Notes as a debt issuance cost. The following assumptions were used in the Black-Scholes option pricing model: stock price and exercise price of \$3, risk-free interest rate of 1.3%, volatility of 50%, average expected life of 3 years, dividend yield of nil and forfeiture rate of nil.

Funds in trust amounting to \$400,000 at September 30, 2011 and \$135,510 at December 31, 2011 represent the proceeds from the issue of Notes which remained in the solicitor's trust account at the period end. Those funds were subsequently released to the Company.

11. Share Capital

(a) Authorized

Unlimited number of non-cumulative, redeemable, retractable, voting 8% Class A shares

An unlimited number of voting Class B shares

An unlimited number of non-cumulative, redeemable, retractable, non-voting 9% Class C shares

An unlimited number of non-voting Class D shares

An unlimited number of non-voting Class E shares

(b) Issued and Outstanding

	Number of shares	Amount \$
Balance, December 17, 2010	-	-
Issuance of Class B shares of the Company for cash	3,000,001	36,500
Balance, September 30, 2011 and March 31, 2012	3,000,001	36,500

On December 17, 2010, the Company issued 1,000,000 Class B shares at a price of \$0.001 per share for gross proceeds of \$1,000.

On May 26, 2011, the Company issued 1,000,000 Class B shares at a price of \$0.034 per share for gross proceeds of \$34,000.

On May 26, 2011, the Company issued 1,000,001 Class B shares at a price of \$0.0014999 per share for gross proceeds of \$1,500.

(c) Stock Purchase Warrants

The Company has authorized the issue of up to 300,000 share purchase warrants, each warrant entitling the holder to purchase one Class B share in the Company. No warrants have been issued as at March 31, 2012. 20,000 warrants have been committed to consultants exercisable at an exercise price of \$3 until May 31, 2014 (Note 10).

(d) Stock Options

As of March 31, 2012, the Company had not authorized the issue of stock purchase options.

(e) Loss per Share

The weighted average number of common shares outstanding for the three months ending March 31, 2012 and for the three months ending December 31, 2011 was 3,000,001 (1,888,889 for the period December 17, 2010 to September 30, 2011).

12. Financial Instruments

Fair Values

The Company's financial instruments consist of cash, funds in trust, sundry receivables, accounts payable and accrued liabilities, convertible debt, obligation to related parties and due to shareholder. The 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:

Classification	March 31, 2012		September 30, 2011	
	(unaudited)			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Fair value through profit and loss	90,361	90,361	362,557	362,557
Loans and receivables	73,484	73,484	436,782	436,782
Other financial liabilities	2,387,866	2,387,866	1,738,296	1,738,296

Credit Risk

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

Interest Rate Risk

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

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. Its convertible debt obligations is expected to be settled by converting the debt to equity on the occurrence of a Listing Transaction as described in Note 7, which is expected to occur within 6 months of the consolidated statement of financial position date. The convertible debt is due in July, 2012, if no Listing Transaction occurs. There is no certainty that a Listing Transaction will occur.

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

13. Capital Management

The Company's capital currently consists of share capital and convertible debt in the amount of \$1,321,887 at March 31, 2012 (\$976,391 at September 30, 2011). 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.

14. Related Party Transactions

Bevertec CST Inc.

Bevertec is a related party to the Company by virtue of holding 30% of the common shares of the Company. Two of the Directors of the Company are also officers and directors of Bevertec. In addition, \$41,392 of the \$54,342 (\$42,757 of the \$57,944 for the period ended December 31, 2011) in revenue recorded by the Company in these unaudited interim consolidated financial statements was derived from transactions with Bevertec.

Obligation to Related Party

Amounts payable to Bevertec are as follows:

Payment due on earlier of the closing of a Listing Transaction or July 22, 2012 relating to a software licencing agreement as described in Note 7	\$	500,000
Payment due on earlier of the closing of a Listing Transaction or July 22, 2012 relating to \$25,000 for equipment such as computers, etc. and \$225,000 repayment for costs incurred as early-stage funding for start-up.		250,000
Fair value adjustment on related party loan		(122,533)
Fair value of obligation on date of signing of license agreement		627,467
Interest accreted during the period ending September 30, 2011		29,929
Balance of obligation as reported September 30, 2011	\$	657,397
Interest accreted October 1, 2011 to December 31, 2011 (unaudited)		41,230
Balance of obligation as reported December 31, 2011 (unaudited)	\$	698,627
Interest accreted January 1, 2012 to March 31, 2012 (unaudited)		51,373
Balance of obligation as reported March 31, 2012 (unaudited)	\$	750,000

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

The fair value adjustment of \$122,533, arising from the difference between the coupon and effective interest rates, has been recorded in the statement of comprehensive loss. The amount of the fair value adjustment is being charged against earnings as accreted interest using the effective interest rate method.

Other

Two shareholders of the Company, who are also directors, acting in the capacity of President, Chief Executive Officer and Chief Information Officer and Chief Financial Officer, Chief Operating Officer and Corporate Secretary, were paid management fees

Smart Employee Solutions Inc.
Notes to interim unaudited consolidated financial statements
March 31, 2012

during the period January 1, 2012 to March 31, 2012 totalling \$97,500 (\$225,000 during the period ended September 30, 2011).

No compensation was granted to Directors during the period in their capacity as Director.

15. Due to Shareholders

The funds advanced by the shareholders to the Company have no set terms of repayment and do not bear interest.

16. Net change in non-cash working capital items for the period

	<i>October 1, 2011 to March 31, 2012 (unaudited)</i>	<i>January 1, 2012 to March 31, 2012 (unaudited)</i>	<i>October 1, 2011 to December 31, 2011 (unaudited)</i>	<i>December 17, 2010 to September 30, 2011</i>
Sundry receivables	\$ (36,702)	\$ (33,906)	\$ (2,796)	\$ (36,782)
Prepaid and deposits	(16,667)	-	(16,667)	-
Accounts payable and accrued liabilities	49,947	31,004	18,943	74,252
Obligation to related party	-	-	-	225,000
Total	\$ (3,422)	\$ (2,902)	\$ (520)	\$ 262,470

17. Income taxes

A reconciliation of combined federal and provincial corporate income taxes at a statutory rate of 28.4% and the Corporation's effective income tax expense is as follows:

	<i>For the period January 1, 2012 to March 31, 2012 (unaudited)</i>	<i>For the period October 1, 2011 to December 31, 2011 (unaudited)</i>	<i>For the period December 17, 2010 to September 30, 2011</i>
Net loss for the period	\$ (558,984)	\$ (604,614)	\$ (509,609)
Expected income tax recovery at statutory rates	(158,751)	(171,710)	(145,023)
Permanent differences	15,000	16,563	(19,530)
Change in rates	18,000	17,427	18,507
Other	5,000	3,754	9,443
Total	(120,751)	(133,966)	(136,603)
Amount not recognized as deferred taxes	120,751	133,966	136,603
Balance	\$ -	\$ -	\$ -
Tax rate	28.40%	28.40%	28.46%

The Company has available for deduction against future taxable income non-capital losses in the amount of approximately \$1,200,000 (\$578,000 at September 30, 2011). These losses, if not utilized will expire in 2031.

The Company has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these unused carried forward losses can be utilized.

18. Commitments

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

Fiscal 2012 April to September	\$ 50,000
Fiscal 2013	50,000
Thereafter	<u>-</u>
Total	<u>\$ 100,000</u>

19. Subsequent Event

On July 11, 2012, the Company completed the Listing Transaction as described in Note 7 to these financial statements.