



Smart Employee Benefits Inc.

**Unaudited Condensed Interim Consolidated Financial Statements
May 31, 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.

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

MNP 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.

July 24, 2013

John McKimm

Chief Executive Officer

Robert Prentice

Chief Financial Officer

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Smart Employee Benefits Inc.
Unaudited Condensed Interim Consolidated Statements of Financial Position

	<i>May 31, 2013</i>	<i>November 30,</i>
	<i>(unaudited)</i>	<i>2012</i>
Cash	\$ 881,060	\$ 135,189
Accounts receivable	2,113,595	15,144
Prepays and deposits	188,336	48,354
Total Current Assets	3,182,991	198,687
Advances to acquisition target (Note 20)	500,000	-
Equipment, net of depreciation (Note 5)	473,536	29,335
Acquired software, net of amortization (Note 6)	2,547,500	429,167
Customer relationships, net of amortization (Note 7)	1,671,952	-
Total Assets	\$ 8,375,979	\$ 657,189
Bank loan (Note 8)	\$ 548,790	\$ -
Accounts payable and accrued liabilities	1,415,792	426,179
Deferred revenue (Note 9)	687,925	-
Current portion of Leases payable (Note 10)	41,522	-
Current portion of Equipment loans (Note 11)	64,583	-
Due to shareholders (Note 13)	5,100	5,100
Total Current Liabilities	2,763,712	431,279
Leases payable (Note 10)	31,712	-
Equipment loans (Note 11)	43,375	-
Convertible debt (Note 12)	1,702,556	30,000
Total Long Term Liabilities	1,777,643	30,000
Share capital (Note 14)	7,046,557	3,657,558
Share issue costs	(306,012)	(306,012)
Contributed surplus	871,598	49,191
Warrants (Note 14)	2,678,781	1,462,029
Options (Note 14)	436,259	64,518
Deficit	(6,892,559)	(4,731,374)
Total Shareholders' Equity	3,834,624	195,910
Total Liabilities and Shareholders' Equity	\$ 8,375,979	\$ 657,189

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

Approved on behalf of the Board:

Ron Barbaro
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 Share Issue		Total Equity (Deficiency)	
	Number	\$	Number	\$	Number	\$	Surplus	Costs		
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	-	-	-	-	-	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
Acquisition of Somos March 5, 2013										
Issue of shares	2,500,000	875,000	-	-	-	-	-	-	-	875,000
Issue of warrants	-	-	1,000,000	222,700	-	-	-	-	-	222,700
Issue of convertible debt	-	-	-	-	-	-	217,637	-	-	217,637
Convertible financing May 13, 2013	-	-	1,025,000	89,175	-	-	128,185	-	-	217,360
Exercise of warrants	300,000	60,000	(300,000)	-	-	-	-	-	-	60,000
Issue of options to employees, consultants and directors	-	-	-	-	1,519,000	335,091	-	-	-	335,091
Net loss for the period	-	-	-	-	-	-	-	-	(1,281,475)	(1,281,475)
Balances May 31, 2013	61,042,850	7,046,557	16,711,610	2,678,781	2,899,000	436,259	871,598	(306,012)	(6,892,559)	3,834,624

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

	<i>Mar 1, 2013 to May 31, 2013 (unaudited)</i>	<i>Apr 1, 2012 to Jun 30, 2012 (unaudited)</i>	<i>Dec 1, 2012 to May 31, 2013 (unaudited)</i>	<i>Jan 1, 2012 to Jun 30, 2012 (unaudited)</i>
Revenue	\$ 3,299,472	\$ 57,520	\$ 3,642,613	\$ 111,862
Cost of revenues				
Compensation	2,243,992	-	2,413,879	-
Other	378,198	41,743	464,590	82,593
	2,622,190	41,743	2,878,469	82,593
Gross Margin	677,282	15,777	764,144	29,269
Operating Costs				
Salaries and other compensation costs	936,508	320,037	1,438,749	579,452
Professional fees	178,288	208,375	324,408	264,024
Office and general	262,771	60,211	400,016	140,183
	1,377,567	588,623	2,163,173	983,659
Income before the undernoted	(700,285)	(572,846)	(1,399,029)	(954,390)
Share-based compensation (Note 14)	335,091	-	371,741	-
Interest and financing fees	35,030	30,978	116,007	57,006
Amortization (Notes 6, 7)	150,999	12,500	190,454	25,000
Depreciation of equipment (Note 5)	16,200	1,749	24,449	3,498
Accretion of bonus shares re convertible notes	-	-	-	159,752
Accretion of interest (Note 12)	43,870	20,113	59,504	128,024
	581,190	65,340	762,155	373,280
Net loss and comprehensive loss	\$ (1,281,475)	\$ (638,186)	\$ (2,161,184)	\$ (1,327,670)
Weighted average number of shares outstanding for the period (Note 14)				
- basic and diluted	60,941,763	30,000,010	58,530,652	30,000,010
Loss from operations per common share				
- basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.04)

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

	<i>Mar 1, 2013 to May 31, 2013 (unaudited)</i>	<i>Apr 1, 2012 to Jun 30, 2012 (unaudited)</i>	<i>Dec 1, 2012 to May 31, 2013 (unaudited)</i>	<i>Jan 1, 2012 to Jun 30, 2012 (unaudited)</i>
Net loss for the period	\$ (1,281,475)	\$ (638,186)	\$ (2,161,184)	\$ (1,327,670)
Add items not involving cash:				
amortization	150,999	12,500	190,454	25,000
depreciation	16,200	1,749	24,449	3,498
accreted interest	43,870	20,113	59,504	128,024
accretion of bonus shares re convertible notes	-	-	-	156,222
share-based compensation	335,091	-	371,741	-
non-cash working capital (Note 18)	362,730	443,088	397,786	443,716
Total adjustments	908,890	477,450	1,043,934	756,460
Cash used in operating activities	(372,585)	(160,736)	(1,117,250)	(571,210)
Cash flows from investing activities				
Purchase of software (Note 6)	-	(113,850)	(160,000)	(113,850)
Advances to acquisition target	(425,000)	-	(485,000)	-
Purchase of equipment (Note 5)	(80,819)	-	(83,605)	(683)
Cash flows from investing activities	(505,819)	(113,850)	(728,605)	(114,533)
Cash flows from financing activities				
Proceeds from convertible issue (Note 12)	965,000	-	1,489,000	-
Cash acquired on acquisition of Logitek (Note 4)	-	-	90,628	-
Net cash on acquisition of Somos (Note 4)	(119,504)	-	(119,504)	-
Proceeds from equity issue (Note 14)	-	-	1,106,000	-
Exercise of warrants	60,000	-	60,000	-
Short term loans	-	225,000	-	225,000
Funds held in trust	742,421	-	-	135,510
Net change in capital leases	10,237	-	7,505	-
Repayment of equipment loans	(30,125)	-	(41,903)	-
Cash provided by financing activities	1,628,029	225,000	2,591,726	360,510
Net change in cash for the period	749,625	(49,586)	745,871	(325,233)
Cash, beginning of period	131,435	90,361	135,189	366,008
Cash, end of period	\$ 881,060	\$ 40,775	\$ 881,060	\$ 40,775

Supplemental Information:

No interest was paid in cash during the three months ending May 31, 2013.

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

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Notes to Unaudited Condensed Interim Consolidated financial statements

May 31, 2013

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 in Canada:

- Logitek Technology Ltd.,
- SOMOS Consulting Group Ltd.,
- Smart Employee Solutions Inc.,
- SES Benefits Canada Corporation,
- SES Financial Corporation,
- SES International Inc.

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 July 24, 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

Smart Employee Benefits Inc.

Notes to Unaudited Condensed Interim Consolidated financial statements

May 31, 2013

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. Acquisitions

(a) 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 170 countries.

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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 on a preliminary basis 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
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(b) Acquisition of Somos Consulting Group Ltd.

On March 5, 2013 the Company announced the closing of the acquisition of Somos Consulting Group Ltd. (“SOMOS”). SOMOS shareholders, as part of the Transaction price terms, received \$325,000 in cash, 2,500,000 SEB shares (“Shares”) and 1,000,000 SEB Share Purchase Warrants (“Warrants”). The Shares will be escrowed over a period of 30 months released in various amounts at 6 month intervals. The Warrants will 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 also included SEB issuing to the SOMOS shareholders a five year convertible note in the aggregate principal amount of \$400,000 (the “Convertible Note”). The Convertible Note bears interest at a rate of 3% per annum. Interest shall be paid quarterly and principal may be repaid annually in equal installments. The Convertible Note shall be convertible into common shares of SEB at an escalating conversion price of \$0.45, \$0.55, \$0.65, \$0.70 and \$0.75 per common share of SEB from years’ one through five, respectively. The parties have also agreed to adjust the purchase price upwards by a portion of outstanding SRED credits collected by SOMOS, post-closing, to a maximum increase in the purchase price of \$287,000, as such credits are paid/remitted to SOMOS or for its benefit.

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

Cash	\$ 325,000
Shares issued (Note 14)	875,000
Warrants issued (Note 14)	222,700
Convertible note issued (Note 12)	400,000
Total	\$ 1,822,700

The cost to SEB is allocated on a preliminary basis to assets acquired as follows:

Net assets of Somos on acquisition	\$ 727,711
Customer relationships (Note 7)	1,094,989
Total	\$ 1,822,700

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Net assets of Somos on acquisition were as follows:

Assets

Cash	\$ 205,496
Accounts receivable	1,402,865
Prepaid expenses	23,079
Property, plant and equipment	15,422
Total assets	\$ 1,646,862

Liabilities

Accounts payable and accrued liabilities	879,788
Deferred revenue	39,363
Total liabilities	\$ 919,151

Net assets	\$ 727,711
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5. Equipment

	Bal Nov 30/12	Acquire Logitek	Adds	Bal Feb 28/13	Acquire Somos	Adds	Bal May 31/13
Cost							
Furniture	6,743	151,074	-	157,817	58,327	3,879	220,023
Computer hardware	32,504	950,376	-	982,880	145,284	18,383	1,146,547
Computer hardware under lease	-	300,188	-	300,188	-	25,137	325,325
Office equipment	-	91,390	2,786	94,176	31,199	33,420	158,796
Total	39,247	1,493,029	2,786	1,535,062	234,810	80,819	1,850,692
Accumulated depreciation							
Furniture	1,412	102,065	700	104,177	56,359	2,100	162,637
Computer hardware	8,500	827,973	4,949	841,422	133,262	6,300	980,984
Computer hardware under lease	-	147,835	2,100	149,935	-	6,300	156,235
Office equipment	-	45,599	500	46,099	29,701	1,500	77,300
Total	9,912	1,123,473	8,249	1,141,634	219,322	16,200	1,377,156
Net total	29,335	369,556	(5,463)	393,428	15,488	64,619	473,536

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Notes to Unaudited Condensed Interim Consolidated financial statements

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6. Software

	Nov 30, 2012	Acquire Logitek	Adds	Feb 28, 2013	Adds	May 31, 2013
Cost						
HCS licence (1)	500,000	-	-	500,000	-	500,000
HCS admin system (2)	-	-	160,000	160,000	-	160,000
Logitek software - previously purchased (3)	-	50,000	-	50,000	-	50,000
Logitek software on acquisition (4)	-	2,000,000	-	2,000,000	-	2,000,000
Total	500,000	2,050,000	160,000	2,710,000	-	2,710,000
Accumulated amortization						
HCS licence (1)	70,833	-	12,500	83,333	12,500	95,833
HCS admin system (2)	-	-	-	-	-	-
Logitek software - previously purchased (3)	-	-	-	-	-	-
Logitek software on acquisition (4)	-	-	16,667	16,667	50,000	66,667
Total	70,833	-	29,167	100,000	62,500	162,500
Net total	429,167	2,050,000	130,833	2,610,000	(62,500)	2,547,500

- 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 170 countries. The software is being amortized over 10 years on a straight-line basis. See Note 4.

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7. Customer relationships

	Nov 30, 2012	Acquire Logitek	Adds	Feb 28, 2013	Acquire Somos	Adds	May 31, 2013
Cost							
Logitek (1)	-	675,750	-	675,750	-	-	675,750
Somos (2)	-	-	-	-	1,094,989	-	1,094,989
Total	-	675,750	-	675,750	1,094,989	-	1,770,739
Accumulated amortization							
Logitek (1)	-	-	10,288	10,288	-	33,750	44,038
Somos (2)	-	-	-	-	-	54,749	54,749
Total	-	-	10,288	10,288	-	88,499	98,787
Net total	-	675,750	(10,288)	665,462	1,094,989	(88,499)	1,671,952

- (1) 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.
- (2) Somos' customer base is mostly the Canadian federal government and related government agencies. The Company values the relationships and standing offers held by Somos. The amount is being amortized over 5 years on a straight-line basis.

8. Bank loan

On May 13, 2013, the Company announced that it had entered into credit facility arrangements (the "Facility") with a leading Canadian Chartered Bank, including a revolving credit facility of \$1,000,000, plus additional ancillary related facilities of approximately \$200,000. The Facility was provided to wholly-owned subsidiaries Somos Consulting Group Ltd. and Logitek Technology Ltd. and was guaranteed by SEB.

9. Deferred revenue

The bulk of this amount is due to Logitek Technology Ltd. receiving 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, \$582,346 is amortized at \$52,941 per month, while \$14,502 is amortized at \$3,625 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

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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 May, 2014 to January, 2017. See Note 19.

12. Convertible debt

	Amount \$					
	Face Value of Notes	Equity Component	Warrants	Debt Issue Costs		Liability Component at Fair Value
Balance November 30, 2012	-	-	-	-	-	-
(1) Financing issued December 27, 2012	554,000	(45,032)	-	(66,274)	-	442,694
(2) Acquisition of Logitek, Feb 6, 2013	651,858	(381,503)	-	-	-	270,355
Balance February 28, 2013	1,205,858	(426,535)	-	(66,274)	-	713,049
(3) Acquisition of Somos, March 5, 2013	400,000	(217,637)	-	-	-	182,363
(4) Financing May 13, 2013	1,025,000	(128,185)	(89,175)	(60,000)	-	747,640
Balance May 31, 2013	2,630,858	(772,357)	(89,175)	(126,274)	-	1,643,052

	Liability Component at Fair Value	Accreted Interest			Balance of Obligation	
		Period ended Feb 28, 2013	Period ended May 31, 2013	YTD May 31, 2013	Feb 28, 2013	May 31, 2013
Balance November 30, 2012	-	-	-	-	-	-
(1) Financing issued December 27, 2012	442,694	9,276	13,913	23,189	451,970	465,883
(2) Acquisition of Logitek, Feb 6, 2013	270,355	6,358	19,075	25,433	276,713	295,788
	713,049	15,634	32,988	48,622	728,683	761,671
(3) Acquisition of Somos, March 5, 2013	182,363	-	10,882	10,882	-	193,245
(4) Financing May 13, 2013	747,640	-	-	-	-	747,640
Balance May 31, 2013	1,643,052	15,634	43,870	59,504	728,683	1,702,556

- 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.

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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.

- 3) On March 5, 2013 the Company announced the closing of the acquisition of Somos Consulting Group Ltd. The purchase price included SEB issuing to the SOMOS shareholders a five year convertible note in the aggregate principal amount of \$400,000 (the "Convertible Note"). The Convertible Note bears interest at a rate of 3% per annum. Interest shall be paid quarterly and principal may be repaid annually in equal installments. The Convertible Note shall be convertible into common shares of SEB at an escalating conversion price of \$0.45, \$0.55, \$0.65, \$0.70 and \$0.75 per common share of SEB from years' one through five, respectively.

The equity component of \$217,637 at May 31, 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.

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

The Warrants are exercisable at any time for a period of 12 months from the date of closing at an exercise price of \$0.50 for 1 common share of SEB.

The Notes have a three year term maturing May 13, 2016 (the "Maturity Date"). The Notes bear interest at an annual rate of 9.75%, with interest calculated and paid monthly in arrears. The principal amount of the Notes, to the extent not previously converted or repaid, will, on the Maturity Date, be repayable in its entirety. The Notes are convertible into the common shares of SEB at any time at \$0.50 per share in year 1, \$0.60 per share in year 2 and \$0.75 per share in year 3.

The equity component of \$128,185 at May 31, 2013, arising from the difference between the

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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.

The warrants were valued at \$89,175 using the Black-Scholes option-pricing model using the following assumptions: expected life of 12 months, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

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
Acquisition of Somos Consulting Group Ltd. (3)	2,500,000	875,000
Exercise of options	300,000	60,000
Balance May 31, 2013	61,042,850	7,046,557

- 1) On February 6, 2013 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,

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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.

- 3) On March 5, 2013 SEB closed the acquisition of Somos Consulting Group Ltd. for consideration which include 2,500,000 SEB shares, the market price of the shares being \$0.35 for a total of \$875,000. See Note 4.

(c) Share purchase warrants

Exercise Price	Expiry	Number of Warrants Outstanding					
		Feb 28, 2013	Activity During Period			May 31, 2013	Exercisable
		Outstanding	Issued	Expired	Exercised	Outstanding	
\$ 0.20	April 23, 2013	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	July 11, 2015	6,491,667	-	-	-	6,491,667	4,339,167
\$0.65 to July 11, 2015							
\$ 0.30	July 11, 2014	649,167	-	-	-	649,167	649,167
(1) \$ 0.45	Dec 27, 2014	99,777	-	-	-	99,777	99,777
\$0.45 to Feb 6, 2014							
(2) \$0.55 to Feb 6, 2015	August 6, 2016	1,000,000	-	-	-	1,000,000	-
\$0.65 to Feb 6, 2016							
\$0.75 to Aug 6, 2016							
\$0.50 to Feb 27, 2014							
(3) \$0.55 to Feb 27, 2015	Feb 27, 2017	3,160,000	-	-	-	3,160,000	3,160,000
\$0.65 to Feb 27, 2016							
\$0.75 to Feb 27, 2017							
(4) \$ 0.35	Feb 27, 2015	286,000	-	-	-	286,000	286,000
\$0.45 to Mar 1, 2014							
(5) \$0.55 to Mar 1, 2015	March 1, 2018	-	1,000,000	-	-	1,000,000	1,000,000
\$0.65 to Mar 1, 2016							
\$0.70 to Mar 1, 2017							
\$0.75 to Mar 1, 2018							
(6) \$ 0.50	May 13, 2014	-	1,025,000	-	-	1,025,000	1,025,000
		14,986,611	2,025,000	-	300,000	16,711,611	12,033,611
Weighted average exercise price per share		\$ 0.50	\$ 0.57	-	\$ 0.20	\$ 0.51	\$ 0.53

- 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

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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%.
- 5) On March 5, 2013 SEB announced it had closed the acquisition of Somos Consulting Group Ltd. As part of the price, SEB issued, 1,000,000 Share Purchase Warrants ("Warrants"). The Warrants have a term of 60 months and an escalating exercise price every 12 months of \$0.45, \$0.55, \$0.65, \$0.70 and \$0.75 during the term. The warrants were valued at \$222,700 using the Black-Scholes option-pricing model using the following assumptions: expected life of 60 months, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.
- 6) On May 14, 2013 the Company announced it completed a private placement offering of \$1,025,000 of units (the "Units"); with each Unit consisting of (i) a \$1.00 principal amount convertible secured subordinated promissory note of SEB (the "Notes") and (ii) one common share purchase warrant of SEB (the "Warrants"). The Warrants are exercisable at any time for a period of 12 months from the date of closing at an exercise price of \$0.50 for 1 common share of SEB. The warrants were valued at \$89,175 using the Black-Scholes option-pricing model using the following assumptions: expected life of 12 months, 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 May 31, 2013 is 6,104,285. At May 31, 2013, the Company had 2,899,000 options issued and outstanding

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under the terms of the Plan. In addition, 1,695,000 share purchase warrants are considered to be part of the Plan.

Exercise Price	Expiry	Number of Options Outstanding					
		Feb 28, 2013 Outstanding	Activity During Period			May 31, 2013	
			Issued	Expired	Exercised	Outstanding	Exercisable
\$ 0.20	July 19, 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	50,000
\$ 0.34	Sep 13, 2015	200,000	-	-	-	200,000	80,000
\$ 0.33	Nov 22, 2015	50,000	-	-	-	50,000	50,000
\$ 0.35	Mar 15, 2016	-	300,000	-	-	300,000	20,000
\$ 0.35	Apr 23, 2016	-	1,119,000	-	-	1,119,000	-
\$ 0.35	Apr 23, 2016	-	100,000	-	-	100,000	20,000
		1,380,000	1,519,000	-	-	2,899,000	1,000,000
Weighted avg exercise price		\$ 0.28	\$ 0.35	-	-	\$ 0.32	\$ 0.26

(e) Loss per Share

The weighted average number of common shares outstanding for the three months ending May 31, 2013 was 60,941,763 and for the three months ending June 30, 2012 was 30,000,010.

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:

Classification	May 31, 2013		November 30, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Fair value through profit and loss	881,060	881,060	135,189	135,189
Loans and receivables	2,113,595	2,113,595	15,144	15,144
Other financial liabilities	4,541,355	5,469,657	461,279	461,279

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment

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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 \$12,735,751 at May 31, 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 March 1, 2013 to May 31, 2013 totalling \$106,500 (\$97,500 during the period April 1, 2012 to June 30, 2012). The President, Chief Executive Officer and Chief Information Officer is also a director of the Company.

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18. Net Change in Non-cash Working Capital items

	<i>Mar 1, 2013 to May 31, 2013</i>	<i>April 1, 2012 to June 30, 2012</i>	<i>December 1, 2012 to May 31, 2013</i>	<i>January 1, 2012 to June 30, 2012</i>
Accounts receivable	\$ (79,958)	\$ 0	\$ 10,252	\$ (33,906)
Sundry receivables	-	(17,968)	-	(17,968)
Prepaid and deposits	(85,147)	-	(114,520)	-
Bank loan	266,680	-	320,768	-
Accounts payable and accrued liabilities	(115,271)	461,056	(115,272)	495,590
Deferred revenue	441,085	-	386,609	-
Government obligations	(64,659)	-	(90,051)	-
Total	\$ 362,730	\$ 443,088	\$ 397,786	\$ 443,716

19. Commitments

	Convertible loans	Equipment leases	Premise leases	Equipment loans	Total
Fiscal 2013	-	22,953	115,500	34,250	172,703
Fiscal 2014	-	34,030	134,750	41,083	209,863
Thereafter	2,630,858	16,251	-	32,625	2,679,734
Total	\$ 2,630,858	\$ 73,234	\$ 250,250	\$ 107,958	\$ 3,062,300

20. Advance to 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.