



Smart Employee Benefits Inc.

**Management Discussion and Analysis
For the period ending May 31, 2014**

July 30, 2014

Basis of Presentation

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

The Company’s consolidated financial statements and accounting policies are in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. All dollar amounts are in Canadian dollars unless otherwise indicated.

Forward looking statements

Certain statements in this MD&A may constitute “forward-looking” statements, which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of SEB, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described elsewhere in this document. The risks and uncertainties include: the ability to achieve profitability and manage growth; reliance on and retention of competent staff; competition; performance obligations and client satisfaction; general state of the economy; possible acquisitions; possible future litigation; insurance limits; legislative and regulatory changes; revenue and cash flow volatility; operating risks; protection of intellectual property; appraisal mandates; restrictions on growth. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, SEB cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and, except in accordance with applicable law, SEB assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, SEB undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of SEB, its financial or operating results, or its securities.

Introduction

SEB is a technology company providing “business processes software, solutions and services” to corporate and government clients with specialty practices in the following areas:

- (i) **Healthcare**
Emphasis is on managing group employee benefit solutions and health claims processing environments. This is a primary growth area for the company.
- (ii) **Supply Chain Solutions and Services**
Emphasis is on providing fully hosted Software as a Service (“SaaS”) solutions in retail, manufacturing, financial services, government, energy and healthcare for supplying and managing supply chain infrastructure. The company is well established in this space and this presence provides a strong platform for healthcare initiatives. Health claims processing is a supply chain business process.
- (iii) **Systems Integration and Software Development**
Internal teams drawn from more than 100 technical employees and contract consultants with support infrastructures in India and China provide specialty skill sets in project management, ERP solutions, recruiting, training, Microsoft solutions, data management, etc. A major strength of SEB is customized, fully integrated solutions targeted directly to the needs of SEB clients. Providing highly customized, integrated solutions is a strong competitive advantage in servicing health benefit solution clients.
- (iv) **Professional Services**
Primary emphasis is on staff augmentation for supporting and managing human capital requirements. Employee group benefit solutions is a major component of the contract between the employer and the employee.

SEB operates a “Services” business model driven by unique software solutions and systems integration expertise. The four specialty practice areas are fully integrated with common infrastructure supporting all areas of focus.

Company Status

SEB has implemented the following:

- i) **Market Leading Technology** – through acquisition and development created mission critical, leading edge technology solutions which provide the company a serious competitive advantage in several key industry sectors, in particular employee group benefit solutions and health claims processing.
- ii) **Experienced Management and Board** – put in place a very experienced Board of Directors and Management team with a proven track record of building and managing companies utilizing both organic and acquisition growth strategies. The team has over 250 years of experience with extensive industry and business relationships.
- iii) **Business Model** – implemented a Services business model driven by unique, high value added technology solutions that provides a competitive advantage driving a recession resistant, annuity revenue business model.

- iv) **Pipeline of Acquisitions Candidates** – created a strong pipeline of acquisition/investment candidates in a fragmented industry in which SEB is well positioned to be a consolidator.
- v) **Public Company**- created a publicly listed vehicle with more than 60% of shares held by insiders. This is the platform to drive an acquisition based growth model.
- vi) **New Capital** – sourced over \$9.4 million of new capital which has positioned the company to execute its growth plan.
- vii) **Acquisitions** – SEB has closed 5 acquisitions and has announced a sixth that is expected to give the company a solid base of sustainable profitable revenue in excess of \$25 million and offices in Toronto, Ottawa and North Bay.

Company developments during the quarter ending May 31, 2014

- ✓ March 14, 2013—SEB acquired Adeeva Nutritionals Canada Inc. and the wellness assets and business of Dr. James Meschino Health and Wellness.
- ✓ March 18, 2014—SEB’s wholly owned subsidiary, Somos Consulting Group Ltd., acquired APS - Antian Professional Services Inc.
- ✓ May, 2014—4,216,000 shares were issued upon exercise of share purchase warrants resulting in a cash inflow of \$1,366,850. The exercise price of the warrants ranged from \$0.30 to \$0.50. Insiders represented \$1,000,000 of the proceeds of the warrants exercised of which \$560,500 were proceeds from warrants executed at \$0.50.

Company developments subsequent to May 31, 2014

- ✓ June 11, 2014—SEB acquired 100% of Stroma Service Consulting Inc.

Company Business Model and Strategy

SEB has been focused on developing its technology platform for managing group benefit solutions and health claims processing environments. SEB has automated the administration, payment processing and reporting environment around an already-proven adjudication environment. SEB has a development team in Canada and also uses offshore resources to continue to enhance the automation and integration. There are two primary target markets in Canada – employee group benefits which exceed \$35.0 billion annually and government funded benefits (federal and provincial) which are in excess of \$25.0 billion. SEB’s technology platform is easily adaptable to managing the end-to-end business processes in both environments. These markets are in excess of \$60.0 billion in Canada, with the employee group benefit portion growing over 80% in the past decade.

SEB has spent over \$6.0 million since 2011 automating the administration, payment processing/billing and reporting modules of its platform and integrating these modules into an already proven leading edge adjudication platform. Current management of SEB has also changed the revenue model to a “SaaS” (Software as a Service) model where services can be provided in either a private or public cloud. Previously, the adjudication software was primarily being sold in the traditional software “license and maintenance” revenue model. The SaaS model changes the purchase decision to an “operating budget” decision from a “capital budget” decision and the revenue becomes a more stable, long-term annuity stream. Through acquisitions, SEB intends to acquire the client relationships and vendor status to support a

complementary organic growth model with both employers and government business opportunities.

SEB's technology platform manages the total business processing services for group benefit solutions and health claims processing on one fully-integrated technology environment. The SEB technology platform is open architecture, rules based and modular, and allows clients to utilize either a fully integrated solution or modules. SEB's "rules-based adjudication" environment is very unique and when combined with a fully-integrated Administration - Payment Processing/Billing – Real-Time, Self-Serve Reporting modules will provide unique and highly competitive solutions to the marketplace, both in Canada and globally. SEB can administer, adjudicate and report for all benefit types in one fully integrated environment. Rules creation is an administrative, not a programming exercise. Highly customized and flexible processing solutions can be created easily and cost effectively.

The health benefits division of SEB operates as a licensed TPA and broker. The opportunity for SEB is to increase the capture and retention of revenue by providing fully integrated services and solutions, currently being outsourced by most Insurers and TPAs to third parties, and turn cost centres to profit centres.

SEB's growth strategy is acquisitions driven. On the employee group benefit side, acquisitions target TPAs (Third Party Administrators), as well as broker and consultant organizations that provide solutions and services to employers. The objective is to secure the client relationships and transition many of the front and back-office business processes to the SEB technology environment over time; in effect, turning cost centres into profit centres. On the government side, SEB is targeting technology companies (primarily IT) that have established vendor relationships, security clearances and project references that are required to bid on government contracts. All government contracts are competitive RFP (Request for Proposal) processes, which require the requisite credentials to be eligible to bid. SEB's acquisition strategy with government is to establish the essential credentials required to bid competitively.

The growth plan for 2014 calls for SEB to continue to execute its acquisition program and at the same time launch organic growth initiatives.

Acquisitions closed during the quarter ending May 31, 2014

Adeeva Nutritionals Canada Inc. and the Wellness assets and business of Dr. James Meschino Health and Wellness.

On March 14, 2014, SEB acquired Adeeva Nutritionals Canada Inc. ("Adeeva") and the Wellness assets and business of Dr. James Meschino Health and Wellness.

SEB issued \$525,000 of SEB shares at a price of \$0.51 per share to acquire all of the debt and issued and outstanding shares of Adeeva. The transaction resulted in the issuance of 1,027,418 shares of SEB in consideration for all of the acquired debt and shares of Adeeva. No fractional shares were issued to holders of the debt and shares of Adeeva sold to SEB. In addition, the holders of the debt acquired by Adeeva have been issued a royalty agreement whereby they can earn, in the aggregate, up to \$1,000,000 (based on the future revenues of Adeeva only), The SEB shares issued pursuant to this transaction are subject to contractual escrow releases of one third per annum over 36 months. The price of the SEB shares was determined by the weighted

average trading price for the ten trading days prior to closing. In addition, SEB will be making a working capital injection into Adeeva as may be required to fund growth initiatives.

The “Wellness Assets” owned by Adeeva and James Meschino are being transitioned to a new company, “Meschino Health & Wellness Corporation” (“MH&WC”) focused specifically on providing “Wellness Solutions” to employee group benefits clients. SES Benefits Canada Corporation (“SES Benefits”), a wholly-owned subsidiary of SEB, owns 80% of MH&WC. Dr. Meschino retains 20% of MH&WC. Both companies will operate as subsidiaries within SEB’s “Benefits Division”.

Dr. Meschino’s Wellness Assessment combined with over 30 years of research, published material, on-line videos and other wellness content are readily accessible and available online, and are delivered within a fully automated environment which is unique in the industry. Dr. Meschino will lead the SES Benefits Wellness Division in the provision of Wellness Solutions as a key element of SES Benefits group health benefit solutions. Dr. Meschino and Adeeva’s fully automated environment complements SEB’s fully integrated health benefits processing environment. Like Dr. Meschino’s wellness environment, SEB’s fully integrated ‘administration-adjudication-payment processing-reporting’ platform for managing group benefit environments is also unique. The SEB platform provides the most flexible and automated administration, adjudication and reporting systems in the industry. Dr. Meschino’s Wellness Solutions environment integrates seamlessly into the SEB platform. Wellness is a very important element of most benefit solutions today, capturing a significant percentage of benefit plan dollars within most group benefit plans. The acquisition of the Wellness Assets of Adeeva and James Meschino form an integral part of the SEB strategy of offering unique, highly automated group benefit solutions to its clients.

Adeeva is a producer of high quality natural health products and formulations directed towards promoting overall health, slowing the biological processes of aging, combating degenerative diseases and providing adjunctive nutritional support in the case of specific health conditions.

Antian Professional Services Inc.

On March 18, 2014, SEB’s wholly owned subsidiary, Somos Consulting Group Ltd., closed the acquisition of APS - Antian Professional Services Inc. (“Antian”).

The total value of the Antian transaction was \$682,183 subject to final working capital adjustments post closing. Per the terms of the share purchase agreement, Antian shareholders received Cash of \$357,701 and a Vendor Take Back Promissory Note (“VTB”) in the principal amount of \$324,482 paying interest at an annualized rate of 3% with quarterly principal repayments over a 5-year period. The VTB is convertible into SEB shares at any time at a value of \$0.75 per SEB share during the term of the VTB.

Antian is a turnkey communication and personnel service provider with more than 30 years’ experience with the private and public sectors. Antian offers personnel placement, administrative and professional services, marketing and communications, exhibits, conferences & events, promotional items and web design, ebusiness, web hosting and other technical services. Antian has held a Supply Arrangement for Event Management Services as well as an NMSO for Exhibit Management Services for numerous years.

Its clients have included the Canadian Armed Forces and Department of National Defence, Via Rail, CMHC, NRCan, PWGSC, CIDA and other Government organizations

Acquisition closed subsequent to May 31, 2014

Stroma Service Consulting Inc.

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

Stroma provides software, consulting, and training services as an IT Service Management company. Stroma’s client base is in both Canada and the US. Significant clients include various Canadian health ministries along with other government departments. Stroma has completed a number of successful healthcare projects, has relevant security clearances, many valuable corporate and government project references and key vendor arrangements with both corporate and government clients.

Stroma’s deep experience with Information Technology Infrastructure Library (“ITIL”) and Stroma’s stellar references add to SEB’s growing Canadian presence, particularly in Ottawa and Toronto. This acquisition is in line with our focus on deepening client relationships in government and healthcare. Stroma has a history of profitability and brings unique expertise that adds to the suite of solutions and services that enhance SEB’s healthcare and SOMOS technology offerings to corporate and government sectors. Stroma client references significantly enhance the SEB group’s ability to respond to business opportunities.

Other Potential Acquisitions

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

- Third Party Administrators, Insurance Brokerage operations and Consultants;
- technology providers with operations and/or products which are specific to Health Care processing such as wellness platforms, pharmacy benefit management (PBM), health data management services, niche groups such as international students; and
- technology providers with operations and/or products which are related and/or complementary to Health Care processing, such as energy management, re-insurance, etc.

Summary of Objectives and Strategies

SEB’s immediate objective is to reach sustainable profitability through acquisitions, which will quickly establish a critical mass of business and client relationships from which to launch

organic growth initiatives. Organic growth initiatives include both the transitioning of health-care clients to the SEB technology environment and the winning of new business through the RFP process. Acquisitions bring the infrastructure and references necessary for successful responses to RFPs.

Operations

Quarterly Balance sheet

	May 31, 2014	Feb 28, 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012	Sep 30, 2012
Cash	\$ 1,737,535	\$ 707,687	\$ 257,608	\$ 685,766	\$ 881,060	\$ 131,435	\$ 135,189	\$ 234,016
Funds in trust	-	-	-	-	-	742,421	-	-
Short term investments	202,302	202,302	-	-	-	-	-	-
Accounts receivable	3,618,117	3,203,255	2,551,968	2,032,056	2,113,595	630,772	15,144	226,648
Inventory	108,862	-	-	-	-	-	-	-
Prepays and deposits	664,472	79,511	82,188	149,115	188,336	80,110	48,354	16,667
Total Current Assets	6,331,288	4,192,755	2,891,764	2,866,937	3,182,991	1,584,738	198,687	477,331
Advances to acq target	-	-	749,892	745,000	500,000	75,000	-	-
Equipment	653,356	550,654	472,343	462,422	473,536	393,428	29,335	30,501
Software	2,821,971	2,862,007	1,740,584	2,485,000	2,547,500	2,610,000	429,167	808,755
Intellectual property	250,000	-	-	-	-	-	-	-
Customer relationships	1,026,964	1,029,017	1,094,167	1,583,415	1,671,952	665,462	-	-
Trade names	961,000	662,900	704,800	-	-	-	-	-
Goodwill	1,612,190	1,325,310	1,147,793	-	-	-	-	-
Total Assets	\$ 13,656,769	\$ 10,622,643	\$ 8,801,343	\$ 8,142,774	\$ 8,375,979	\$ 5,328,628	\$ 657,189	\$ 1,316,587
Bank loan	\$ 878,193	\$ 722,836	\$ 846,819	\$ 969,802	\$ 548,790	\$ 282,110	\$ -	\$ -
Accts pay and accruals	2,912,639	2,023,736	1,896,195	1,209,013	1,415,792	715,867	377,974	528,493
Deferred revenue	729,671	243,495	356,289	569,565	687,925	207,477	-	-
Current portion of Leases	67,152	67,830	96,659	14,491	41,522	44,153	-	-
Current portion of Equip loans	43,375	56,583	73,708	17,125	64,583	81,500	-	-
Due to related company	-	-	-	-	-	-	48,205	-
Convertible debt	-	-	-	-	-	-	30,000	-
Government remittances	765,655	752,660	20,186	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-
Due to shareholders	5,100	135,537	5,100	5,100	5,100	5,100	5,100	5,100
Total Current Liabilities	5,401,785	4,002,677	3,294,956	2,785,096	2,763,712	1,336,207	461,279	533,593
Leases payable	14,038	38,273	36,546	48,870	31,712	18,844	-	-
Royalty liability	248,613	-	-	-	-	-	-	-
Equipment loans	-	-	-	73,708	43,375	56,583	-	-
Convertible debt	4,151,397	3,868,038	2,628,045	2,334,815	1,702,556	728,683	-	-
Deferred income taxes	571,214	571,214	571,214	-	-	-	-	-
Total Long Term Liabilities	4,985,262	4,477,525	3,235,805	2,457,393	1,777,643	804,110	-	-
Minority interest	(279,077)	(246,962)	-	-	-	-	-	-
Preferred shares Inforica	350,000	350,000	-	-	-	-	-	-
Share capital	10,454,437	8,538,149	7,878,625	7,113,837	7,046,557	6,111,557	3,657,558	4,046,567
Share issue costs	(504,580)	(504,580)	(504,580)	(306,012)	(306,012)	(306,012)	(306,012)	(321,012)
Contributed surplus	930,546	779,501	724,486	977,599	871,598	525,776	49,191	49,191
Warrants	2,699,971	2,699,971	2,552,739	2,732,504	2,678,781	2,366,906	1,462,029	1,073,020
Options	586,477	311,397	311,397	447,099	436,259	101,168	64,518	20,000
Deficit	(10,968,052)	(9,785,035)	(8,692,085)	(8,064,742)	(6,892,559)	(5,611,084)	(4,731,374)	(4,084,772)
Total Shareholders' Equity (Deficiency)	3,198,799	2,039,403	2,270,582	2,900,285	3,834,624	3,188,311	195,910	782,994
Total Liabilities and Shareholders' Equity	\$ 13,656,769	\$ 10,622,643	\$ 8,801,343	\$ 8,142,774	\$ 8,375,979	\$ 5,328,628	\$ 657,189	\$ 1,316,587

Quarterly Income statement

	<i>Mar 1, 2014 to May 31, 2014</i>	<i>Dec 1, 2013 to Feb 28, 2014</i>	<i>Sep 1, 2013 to Nov 30, 2013</i>	<i>Jun 1, 2013 to Aug 31, 2013</i>	<i>Mar 1, 2013 to May 31, 2013</i>	<i>Dec 1, 2012 to Feb 28, 2013</i>	<i>Oct 1, 2012 to Nov 30, 2012</i>	<i>Jul 1, 2012 to Sep 30, 2012</i>
Revenue	\$ 5,754,539	\$ 4,257,290	\$ 3,505,874	\$ 3,005,052	\$ 3,299,472	\$ 343,141	\$ 66,556	\$ 57,937
Cost of revenues								
Compensation	3,826,131	3,356,047	2,900,794	2,319,632	2,243,992	169,887	-	-
Other	615,140	61,107	(261,990)	123,658	378,198	86,392	38,339	50,213
	4,441,271	3,417,154	2,638,804	2,443,290	2,622,190	256,279	38,339	50,213
Gross Margin	1,313,268	840,136	867,070	561,762	677,282	86,862	28,217	7,724
Operating Costs								
Salaries and other comp costs	1,108,346	844,577	783,266	973,570	936,508	502,241	224,077	263,360
Professional fees	128,182	175,595	155,219	168,499	178,288	146,120	23,394	142,785
Office and general	509,484	464,537	553,810	283,023	262,771	137,245	94,413	93,946
Development costs	-	-	112,613	-	-	-	289,791	-
	1,746,012	1,484,709	1,604,908	1,425,092	1,377,567	785,606	631,675	500,091
Loss before the following:	(432,744)	(644,573)	(737,838)	(863,330)	(700,285)	(698,744)	(603,458)	(492,367)
Share-based compensation	275,080	-	(116,864)	10,840	335,091	36,650	44,518	274,250
Interest	161,739	105,079	19,706	58,975	35,030	80,977	-	5,775
Amortization	194,378	197,084	156,080	151,082	150,999	39,455	8,333	12,500
Depreciation	28,231	25,228	82,763	20,973	16,200	8,249	1,165	1,749
Accretion of bonus shares re convertible	-	-	-	-	-	-	4,126	-
Accretion of interest	122,960	90,431	59,384	66,983	43,870	15,634	-	-
Share adjustment on RTO	-	-	-	-	-	-	(15,000)	856,238
	782,388	417,822	201,069	308,853	581,190	180,965	43,142	1,150,512
Loss before:	(1,215,132)	(1,062,395)	(938,907)	(1,172,183)	(1,281,475)	(879,709)	(646,600)	(1,642,879)
Minority interest	(32,115)	30,555						
Income tax recovery	-	-	311,563	-	-	-	-	-
Net loss and comprehensive loss	\$ (1,183,017)	\$ (1,092,950)	\$ (627,344)	\$ (1,172,183)	\$ (1,281,475)	\$ (879,709)	\$ (646,600)	\$ (1,642,879)

Quarterly cash flows

	<i>Mar 1, 2014 to May 31, 2014</i>	<i>Dec 1, 2012 to Feb 28, 2014</i>	<i>Sep 1, 2013 to Nov 30, 2013</i>	<i>Jun 1, 2013 to Aug 31, 2013</i>	<i>Mar 1, 2013 to May 31, 2013</i>	<i>Dec 1, 2012 to Feb 28, 2013</i>	<i>Oct 1, 2012 to Nov 30, 2012</i>	<i>Jul 1, 2012 to Sep 30, 2012</i>
Net loss for the period	\$ (1,183,017)	\$ (1,092,950)	\$ (627,344)	\$ (1,172,183)	\$ (1,281,475)	\$ (879,709)	\$ (646,602)	\$ (1,642,879)
Add items not involving cash:								
deferred tax recovery	-	-	(311,563)	-	-	-	-	-
amortization	194,378	197,084	156,125	151,037	150,999	39,455	8,333	12,500
depreciation	28,231	25,228	82,763	20,973	16,200	8,249	1,165	1,749
accreted interest	122,960	90,431	59,384	66,983	43,870	15,634	-	-
accreted share bonus re debt	-	-	-	-	-	-	4,126	-
share-based compensation	275,080	-	(116,864)	10,840	335,091	36,650	44,518	274,250
share adjustment for RTO	-	-	-	-	-	-	(15,000)	856,238
non-cash working capital	389,192	(730,775)	(76,925)	216,633	362,730	35,056	(11,328)	(242,824)
Total adjustments	1,009,841	(418,032)	(207,080)	466,466	908,890	135,044	31,814	901,913
Cash used in operating activities	(173,176)	(1,510,982)	(834,424)	(705,717)	(372,585)	(744,665)	(614,788)	(740,966)
Cash flows from investing activities								
Advance to related company	-	-	5,500	-	-	-	48,205	-
Purchase of software	-	-	(40,000)	-	-	(160,000)	371,255	(257,405)
Net cash on acquisition of Logitek	-	-	330	-	-	90,628	-	-
Net cash on acquisition of SOMOS	-	-	-	-	(119,504)	-	-	-
Net cash on acquisition of Inforica	-	29,064	-	-	-	-	-	-
Net cash on acquisition of Adeeva	6,209	-	-	-	-	-	-	-
Net cash on acquisition of Antian	98,458	-	-	-	-	-	-	-
Advance re acquisition target	-	-	(4,892)	(245,000)	(425,000)	(60,000)	-	-
Purchase of equipment	(81,826)	(26,625)	(92,751)	(9,859)	(80,819)	(2,786)	1	(7,161)
Cash flows from investing activities	22,841	2,439	(131,813)	(254,859)	(625,323)	(132,158)	419,461	(264,566)
Cash flows from financing activities								
Proceeds from equity financings	-	-	500,000	-	-	1,106,000	217,325	1,730,175
Issue costs on equity financings	-	-	(147,870)	-	-	-	(202,325)	-
Cash acquired on RTO	-	-	-	-	-	-	-	443,598
Exercise of warrants	1,368,850	254,800	67,500	-	-	-	-	-
Exercise of options	22,438	4,725	(58,687)	67,280	60,000	-	-	-
Related party obligation	-	-	-	-	-	-	-	(750,000)
Convertible debt to be issued	-	-	(30,000)	-	-	-	30,000	-
Advances from shareholders	(155,437)	(8,486)	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	51,500	-
Financing through capital leases	(24,913)	-	115,433	-	-	-	-	-
Repayment of equipment loans	(13,208)	(17,125)	(14,757)	(26,998)	(19,888)	(14,510)	-	-
Repayment of capital leases	-	(27,101)	(47,957)	-	-	-	-	-
Repayment of notes payable	(17,547)	-	(10,714)	-	-	-	-	(225,000)
Proceeds from convertible debt	-	1,751,809	340,000	725,000	965,000	524,000	400,000	-
Issue costs on convertible financings	-	-	(174,869)	-	-	-	-	-
Funds in trust	-	-	-	-	742,421	(742,421)	(400,000)	-
Cash provided by financing activities	1,180,183	1,958,622	538,079	765,282	1,747,533	873,069	96,500	1,198,773
Net change in cash for the period	1,029,848	450,079	(428,158)	(195,294)	749,625	(3,754)	(98,827)	193,241
Cash, beginning of period	707,687	257,608	685,766	881,060	131,435	135,189	234,016	40,775
Cash, end of period	\$ 1,737,535	\$ 707,687	\$ 257,608	\$ 685,766	\$ 881,060	\$ 131,435	\$ 135,189	\$ 234,016

Operating results for the period

For the quarter ending May 31, 2014, SEB recorded a loss of \$1,183,017 which included non-cash costs of \$620,649, made up of accretion of non-cash interest of \$122,960 related to SEB's Convertible Financings, share-based compensation of \$275,080 relating to options issued to employees and consultants, amortization of \$194,378 and depreciation of \$28,231. Results also included non-operating acquisition-related professional fees of \$84,482. The adding back of the non-cash and acquisition-related items results in an adjusted loss of \$477,886.

Revenue

Revenue for the quarter was \$5,754,539 compared to \$3,299,472 in the comparable period ending May 31, 2013. The increase in revenue was due to the inclusion of the revenues of the Inforica group and revenues of Antian Professional Services and Adeeva Nutritionals (Canada).

Cost of revenues

The Compensation portion of Cost of revenues primarily reflects the cost of contractors of Inforica and Antian and product costs of Adeeva during the period, and not present in the previous comparable quarter, resulting in the large increase.

Operating costs

Of the other operations costs, the largest was salaries and other compensation costs of \$1,108,346 (a portion of which was related to software development and maintenance); the next single type of expense was professional fees of \$128,192, some of which was related to the one-time costs of closing of the Antian and Adeeva acquisitions as well as some audit and valuation costs.

Cash

The major source of cash during the quarter was proceeds from the exercise of 4,216,000 warrants in the amount of \$1,366,850, being an average exercise price of \$0.32 per share. The largest use of cash other than operating expenses was approximately \$500,000 in deposits, \$353,000 for office premises and \$150,000 as part of a large contract undertaken for a department of the Government of Canada.

Software Development

The Company continues to enhance its Health Care Systems software, including its claims adjudication software as well as administration modules.

The ongoing development work performed on the adjudication software is performed by SEB employees and is expensed as part of Salaries and other compensation costs. The work is expensed as opposed to being capitalized as the system is fully operational and is currently being used to process health benefit claims.

The administration modules which will support and wrap around the adjudication software are being developed by a combination of SEB employees and third party developers under the supervision of SEB management. Costs to date have been capitalized under Acquired software, to be amortized as the software is implemented.

Liquidity

The Company is targeting being cash-positive from operations upon the anticipated acquisition of businesses with positive cash flows and the subsequent improvement of those cash flows by rationalizing costs and migrating currently out-sourced transaction costs to the SEB transaction processing operations.

At this date, the Company is in its early development stage and is in the process of developing sustainable revenue for generation of cash flow. During this period, it relies on raising necessary cash to fund operations and software development through issues of equity capital or debt which is convertible to equity capital.

Equipment leases

The Company finances equipment from time to time using equipment leases. The leases are amortized over the term of the lease. Expiry dates range from August, 2014 to October 2016.

Equipment loans

The Company finances equipment from time to time using equipment loans secured by the specific pieces of equipment financed by the loans. Termination dates range from May, 2014 to February, 2017.

Summary of financial commitments as at May 31, 2014

	Balance May 31, 2014	Payments due by fiscal year					
		2014	2015	2016	2017	2018	2019
Convertible debt							
Notes issued December 2012	554,000	-	554,000	-	-	-	-
Note issued in acquisition of Logitek Technology Ltd.	651,858	-	-	-	-	651,858	-
Financing May 13, 2013	1,025,000	-	-	1,025,000	-	-	-
Financing August 30, 2013	725,000	-	-	725,000	-	-	-
Financing Sept 6, 2013	250,000	-	-	250,000	-	-	-
Financing Feb 12, 2014	2,000,000	-	-	2,000,000	-	-	-
Note issued in acquisition of Antian Professional Services	306,935	15,200	61,963	63,865	65,824	67,844	32,239
Total	5,512,793	15,200	615,963	4,063,865	65,824	719,702	32,239
Equipment loans							
Loan #1	9,000	4,500	4,500	-	-	-	-
Loan #2	34,375	6,250	12,500	12,500	3,125	-	-
Total	43,375	10,750	17,000	12,500	3,125	-	-
Equipment leases							
Lease #1	19,686	4,375	8,749	6,562	-	-	-
Lease #2	1,676	1,676	-	-	-	-	-
Lease #3	11,548	4,852	6,696	-	-	-	-
Lease #4	11,883	5,313	6,570	-	-	-	-
Lease #5	1,899	1,899	-	-	-	-	-
Lease #6	34,499	18,818	15,681	-	-	-	-
Total	81,191	36,933	37,696	6,562	-	-	-
Premise leases							
Lease #1	19,250	19,250	-	-	-	-	-
Lease #2	41,205	41,205	-	-	-	-	-
Lease #3	842,700	28,090	168,540	168,540	168,540	168,540	140,450
Lease #4	2,668,340	190,803	472,577	545,822	604,418	633,716	221,005
Total	3,571,495	279,348	641,117	714,362	772,958	802,256	361,455

Convertible Financing

Part of the purchase price of Antian Professional Services on March 18, 2014 was a convertible Note in the amount of \$324,482 paying interest at 3% per annum with a term of 5 years. Payments of principal are made quarterly. The note is convertible at any time to SEB common shares during the term at a rate of \$0.75 per share.

Transactions with Related Parties

Bevertec CST Inc.

Bevertec CST Inc. (“Bevertec”) is a related party to the Company by virtue of holding approximately 13% of the common shares of the Company as of this date. An officer and director of Bevertec is also a Director of the Company. There are two types of transactions between Bevertec and the Company:

(1) The Company processes group benefit health claims for Bevertec which accounted for \$44,246 in revenue recorded by the Company in the quarter ended March 31, 2014.

(2) **Software Licencing Agreement**

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

The price to be paid under the terms of the Licence was a payment of \$500,000 (paid August, 2012) and then a royalty stream of payments (“Royalty”) payable as follows: up to \$0.5 million based on 1% of the first \$50 million of sales revenue; up to \$2 million based on 2% the next \$100 million in sales revenue; and up to \$5 million based on 3% of the next \$167 million of sales revenue.

The timing and amount of royalty stream payments is not determinable due to ongoing enhancement of the software functionality and its sale is dependent on successful acquisitions, no amount has been accrued for fair value of royalty payments.

Disclosure Controls and Internal Control Risks

The President and Chief Executive Officer and the Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with International Financial Reporting Standards.

The Design of the Company’s internal control over financial reporting was assessed as of the date of the Management Discussion and Analysis. Based on this assessment, it was determined that the lack of segregation of duties among the Company’s staff created the potential for a weakness in internal control over financial reporting. The lack of segregation is a result of the limited number of staff at this time, which is consistent with the business needs.

As business develops, staff will be added such that proper segregation of duties will be instituted. In the meantime, management exerts control over activities by signing all contracts and all cheques and carefully reviewing financial reports.

Risk factors

The Company's growth and performance are subject to a number of risks such as consumer demand, client acceptance of the Company's products and services, industry competition, technological obsolescence, obtaining and retaining competent staff and failure to obtain sufficient capital to build the required infrastructure.

Going Concern

The Company has incurred significant operating losses during the period and has negative working capital at the balance sheet date. Based on these events and conditions there is material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and, therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To remain a going concern, the Company will require additional capital to enable it to further develop its acquired software and to obtain the revenue-generating business it believes it can achieve. It cannot be determined at this time whether these objectives will be realized.

Additional Information

Additional information relating to the Company is available on the Company's website at www.SEB-inc.com and on SEDAR at www.sedar.com.