Smart Employee Benefits Inc.

Unaudited Interim Consolidated Financial Statements
February 28, 2017

To the Shareholders of Smart Employee Benefits 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 report is consistent with the consolidated 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 consolidated 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 Professional Accountants, has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements.

April 28, 2017

"*John McKimm"* "*Robert Prentice"*

Chief Executive Officer Chief Financial Officer

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Smart Employee Benefits Inc.

Unaudited Interim Consolidated Statements of Financial Position

	Note	Feb 28, 2017	Nov 30, 2016
Cash and cash equivalents		$ 842,719	$ 2,442,757
Accounts receivable		19,681,817	17,330,315
Inventory		308,760	247,817
Prepaids and deposits		947,076	652,102
Total Current Assets		**21,780,372**	**20,672,991**
Long-term deposits		93,412	93,412
Notes receivable	**17**	3,360,541	3,153,179
Equipment	**5**	769,284	798,484
Software	**6**	1,705,285	1,778,535
Intellectual property	**6**	77,458	80,208
Customer relationships	**7**	6,851,099	7,453,382
Trade names	**8**	4,870,744	5,257,319
Goodwill	**4**	15,613,324	15,613,324
Total Assets		**$ 55,121,519**	**$ 54,900,834**
Bank loan	**9**	$ 11,947,327	$ 11,154,140
Current portion of term bank loan	**9**	1,050,000	1,050,000
Accounts payable and accrued liabilities		15,523,121	15,670,000
Deferred revenue	**10**	426,881	435,234
Notes payable	**13,17**	8,651,013	9,215,997
Equipment leases payable	**11**	3,661	6,786
Government remittances and current taxes payable		970,654	1,071,671
Current portion of contingent consideration payable	**21**	1,570,513	27,475
Current portion of convertible debt	**12**	1,723,334	2,224,492
Total Current Liabilities		**41,866,504**	**40,855,795**
Equipment leases payable	**11**	6,338	7,148
Contingent consideration payable	**21**	2,106,302	3,649,340
Convertible debt	**12**	1,374,898	1,640,238
Term bank loan	**9**	1,051,000	1,226,000
Notes payable	**13,15**	1,832,286	1,832,286
Deferred income taxes		2,698,219	2,698,219
Preferred shares		350,000	350,000
Total Long Term Liabilities		**9,419,043**	**11,403,231**
Share capital	**14**	27,429,568	24,937,594
Share issue costs		(980,504)	(963,492)
Contributed surplus		3,494,544	3,224,582
Warrants	**14**	4,872,193	4,141,964
Options	**14**	1,206,484	1,274,342
Accumulated Deficit		(31,831,847)	(29,611,206)
Total Shareholders' Equity		**4,190,438**	**3,003,784**
Non-controlling interest in subsidiaries	**4**	**(354,465)**	**(361,976)**
		3,835,973	**2,641,808**
Total Liabilities and Shareholders' Equity		**$ 55,121,519**	**$ 54,900,834**

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

Approved on behalf of the Board:

" Stephen Peacock" — Director

"John McKimm" — Director

Smart Employee Benefits Inc.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity

	Share Capital		Warrants		Options		Contributed Surplus	Share Issue Costs	Accumulated Deficit	Total Shareholders Equity	Non-controlling Interest
	Number	$	Number	$	Number	$	$	$	$	$	$
Balances November 30, 2015	**95,392,483**	**21,935,275**	**20,846,500**	**3,590,780**	**7,231,500**	**1,700,743**	**2,168,909**	**(835,519)**	**(21,608,641)**	**6,951,547**	**(520,319)**
Acquisition of Maplesoft Group Inc.	4,000,000	1,280,000	1,000,000	297,800	-	-	-	-	-	1,577,800	-
Private placement	4,000,000	827,600	4,000,000	772,400	-	-	-	(42,570)	-	1,557,430	-
Finder warrants re private placement	-	-	297,500	59,827	-	-	-	(59,827)	-	-	-
Expiration of options	-	-	-	-	(400,000)	-	-	-	-	-	-
DSU	30,056	12,500	-	-	-	-	-	-	-	12,500	-
Net loss for the period	-	-	-	-	-	-	-	-	(2,376,861)	(2,376,861)	-
Net loss for the period attributed to non-controlling interest	-	-	-	-	-	-	-	-	(20,123)	(20,123)	20,123
Balances February 29, 2016	**103,422,539**	**24,055,375**	**26,144,000**	**4,720,807**	**6,831,500**	**1,700,743**	**2,168,909**	**(937,916)**	**(24,005,625)**	**7,702,293**	**(500,196)**
Balances November 30, 2016	**109,673,574**	**24,937,594**	**32,130,935**	**4,141,964**	**8,370,000**	**1,274,342**	**3,224,582**	**(963,492)**	**(29,611,206)**	**3,003,784**	**(361,976)**
Private placement	16,762,115	2,491,974	16,762,115	860,449	-	-	-	-	-	3,352,423	-
Finder warrants re private placement	-	-	367,500	17,012	-	-	-	(17,012)	-	-	-
Expiry of warrants	-	-	(2,971,500)	(147,232)	-	-	147,232	-	-	-	-
Share-based compensation	-	-	-	-	-	54,872	-	-	-	54,872	-
Expiry of options	-	-	-	-	(300,000)	(122,730)	122,730	-	-	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(2,202,918)	(2,202,918)	-
Net income for the year attributed to non-controlling interest	-	-	-	-	-	-	-	-	(7,511)	(7,511)	**7,511**
Balances February 28, 2017	**126,435,689**	**27,429,568**	**46,289,050**	**4,872,193**	**8,070,000**	**1,206,484**	**3,494,544**	**(980,504)**	**(31,831,847)**	**4,190,438**	**(354,465)**

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

Smart Employee Benefits Inc.

Unaudited Interim Consolidated Statements of Comprehensive Loss

For the three months ended February 28, 2017

	Note		Dec 1, 2016 to Feb 28, 2017		Dec 1, 2015 to Feb 29, 2016
Revenue		$	**23,147,959**	$	**23,367,818**
Cost of revenues					
Compensation			18,960,358		18,691,262
Other costs of revenue			467,207		454,847
			19,427,565		19,146,109
Gross Margin			**3,720,394**		**4,221,709**
Expenses					
Salaries and other compensation costs	**17**		2,064,527		2,427,712
Office and general			1,138,307		1,167,597
Professional fees			458,107		449,126
Amortization	**6,7,8**		1,084,075		1,004,404
Depreciation of equipment	**5**		48,970		103,512
Share-based compensation	**14**		54,872		26,601
			4,848,858		**5,178,952**
Loss before the following:			**(1,128,464)**		**(957,243)**
Acquisition and financing costs			516,555		317,727
Interest expense			502,087		761,590
Accretion of interest	**12**		55,178		189,504
Loss before income tax			(2,202,284)		(2,226,064)
Provision for income tax			634		-
Net loss before discontinued operations		$	**(2,202,918)**	$	**(2,226,064)**
Net loss from discontinued operations, net of tax	**4**		-		150,797
Net loss and comprehensive loss		$	**(2,202,918)**	$	**(2,376,861)**
Attributed to non-controlling interest		$	**7,511**	$	**20,123**
Attributed to common shareholders		$	**(2,210,429)**	$	**(2,396,984)**
Weighted average number of shares	**14**		**117,950,024**		**103,392,483**
Net loss per common share					
- basic and diluted		$	**(0.02)**	$	**(0.02)**

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

Smart Employee Benefits Inc.

Unaudited Interim Consolidated Statements of Cash Flows
For the three months ended February 28, 2017

	Notes	Dec 1, 2016 to Feb 28, 2017	Dec 1, 2015 to Feb 29, 2016
Net loss and comprehensive loss for the year		**$ (2,202,918)**	**$ (2,376,861)**
Items not affecting cash:			
Amortization of intangible assets	**6,7,8**	1,084,075	1,004,404
Depreciation of equipment	**5**	48,970	103,512
Accretion of interest	**12**	55,178	189,504
Share-based compensation		54,871	26,601
Accrued interest		91,014	-
Cash used in operating activities from continuing operations before the following:		(868,810)	(1,052,840)
Change in non-cash working capital	**19**	(2,255,463)	(335,751)
Cash flows used in operating activities of continuing operations		**(3,124,273)**	**(1,388,591)**
Cash flows from operating activities of discontinued operations		-	150,797
Cash flows used in operating activities		**(3,124,273)**	**(1,237,794)**
Purchase of software, intellectual property and equipment	**5, 6**	-	(195,547)
Proceeds from sale of business		-	75,000
Acquisition and financing costs		(516,555)	(365,677)
Cash flows used in investing activities		**(516,555)**	**(486,224)**
Proceeds (Repayment) of operating line		793,187	(408,009)
Repayment of bank term loan	**9**	(175,000)	(175,000)
Proceeds from equity financings	**14**	3,245,000	1,557,430
Proceeds from exercised options	**14**	-	12,500
Proceeds (Repayment) of equipment leases		3,302	(1,675)
Repayment of equipment loans		(4,023)	(3,125)
Repayment of short-term notes		(1,000,000)	75,000
Repayment of convertible debt	**12**	(821,677)	-
Cash flows from financing activities		**2,040,790**	**1,057,121**
Net decrease in cash and cash equivalents		(1,600,038)	(666,897)
Cash and cash equivalents, beginning of period		2,442,757	1,877,170
Cash and cash equivalents, end of period		**$ 842,719**	**$ 1,210,273**

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

1. Nature of Operations

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

These financial statements are the unaudited interim consolidated financial statements of Smart Employee Benefits Inc. and its active subsidiary and associated companies as discussed below listed by operating segment:

Company	SEB Ownership
Technology Division	
APS - Antian Professional Services Inc.	100%
Inforica Inc.	50%
Logitek Technology Ltd.	100%
Maplesoft Group Inc.	100%
Paradigm Consulting Group Inc.	100%
SOMOS Consulting Group Ltd.	100%
Stroma Service Consulting Inc.	100%
Benefits Division	
Adeeva Nutrutionals Canada Inc.	100%
Meschino Health and Wellness Corporation	75%
SEB Administrative Services Inc.	100%
SEB Benefits and HR Consulting Inc.	50%
SES Benefits Canada Corporation	100%
SEB Analytics Inc.	50%
Corporate Division	
Smart Employee Solutions Inc.	100%

The Company's head office is located at 5500 Explorer Drive, 4th Floor, Mississauga, Ontario, L4W 5C7 and its registered and records office address is 2355 Skymark Avenue, Suite 300, Mississauga, Ontario, L4W 4Y6.

2. Going Concern

At February 28, 2017, the Company had a working capital deficiency of $20,086,132 (November 30, 2016 - $20,182,804), and an accumulated deficit of $31,831,847 (November 30, 2016 - $29,611,206). During the period of the unaudited interim consolidated financial statements, the Company incurred a net loss of $2,202,918 (net loss of $2,376,861 for the three months ending February 29, 2016), and negative cash flow from continuing operations of $3,124,273 ($1,237,794 for the three months ending February 29, 2016). These conditions raise significant doubt about the ability of the Company to continue as a going concern without additional equity or debt financing. Management of the Company has to date been successful in raising capital through equity and debt offerings; however, there is no assurance that the Company will continue to be successful in the future.

Acquisitions and investments in associate companies are made with the goal of obtaining positive cash flows partially based on restructurings and other initiatives. The Company continues to improve its results; however, there is no assurance that the Company will be able to produce net income or generate positive cash flow from operations in the foreseeable future. Based on these events and conditions, there are 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.

These unaudited interim consolidated financial statements do not reflect the adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue as a going concern.

3. Basis of Presentation

These unaudited 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, 2016. The accounting policies adhered to are consistent with those of the previous financial year. The information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

4. Business Combinations and Associate Investments

(a) Banyan Work Health Solutions

The acquisition of Banyan Work Health Solutions was unwound in July, 2016. It is accounted for as discontiunued operations in the comparative period's financial statements.

4. Business Combinations and Associate Investments (continued)

(b) Acquisition of Maplesoft Group Inc.

On December 1, 2015 the Company acquired Maplesoft Group Inc. ("Maplesoft"), an Ottawa-based business with regional offices in Calgary, Montreal and Toronto under the following terms:

1. The purchase price of Maplesoft common and preferred shares was $4,000,000. It was satisfied by the issuance of 4,000,000 SEB common shares at a deemed price of $0.50 per share and a promissory note of $2,000,000 (the "Promissory Note"). The SEB shares issued on the transaction were subject to contractual escrow releases. The Promissory Note bore interest at 6% per annum. It was due March 31, 2016 and extended to February 7, 2017. The Maplesoft common and preferred shares are pledged in support of various debt facilities assumed in the transaction.

2. Term debt was assumed of approximately $8,428,028 plus a revolving operating credit facility of up to $7,500,000. SEB guaranteed $4,784,000 of the debt. The CEO of the Company personally guaranteed $2,560,000 of the debt.

3. The Company committed to make a working capital investment in Maplesoft of $1,500,000. Prior to acquisition, the Company had advanced Maplesoft $1,125,671 related to the working capital investment.

4. 1,000,000 share purchase warrants were issued for employee and consultant retention. The warrants have a five year term, vest over a 48-month period, and have an exercise price of $0.50 per share.

5. Payment of performance incentive consideration equivalent to 15% of the increase of the enterprise value of Maplesoft Consulting Inc. over a five year period (the "Performance Incentive Payments").

In addition, the Company committed to provide an advance of $2,000,000 to former Maplesoft shareholders to be secured by the SEB shares issued to such shareholders and other Maplesoft related assets where the shareholders have an interest. The advance will be offset against any amounts owed to such shareholders including the Performance Incentive Payments. As of February 28, 2017, $464,309 was advanced to former Maplesoft shareholders.

4. Business Combinations and Associate Investments (continued)

(b) Acquisition of Maplesoft Group Inc. (continued)

The fair value of consideration transferred was as follows:

	Note		
Shares issued		$	1,280,000
Promissory note issued	**13**		2,000,000
Warrants issued	**14**		297,800
Bank indebtedness	**9**		6,845,549
Debt assumed	**13**		6,768,098
Contingent consideration payable	**21**		908,839
Total		**$**	**18,100,286**

The fair value is allocated to assets acquired was as follows:

	Note		
Net tangible assets		$	2,832,867
Non-controlling interest in subsidiaries			(148,131)
Trade names	**8**		4,950,000
Customer relationships	**7**		4,090,000
Goodwill			8,326,595
Deferred income taxes			(1,951,045)
Total		**$**	**18,100,286**

Net tangible assets of Maplesoft on acquisition are as follows:

Working capital	$	2,269,617
Litigation contingency		(255,000)
Notes receivable		449,635
Equipment		368,615
Net tangible assets	**$**	**2,832,867**

4. Business Combinations and Associate Investments (continued)

(c) Summary of Goodwill

	Feb 28, 2017	Nov 30, 2016
Logitek Technology Ltd.	$ 553,655	$ 553,655
Inforica Inc.	935,165	935,165
Adeeva Nutritionals Canada Inc.	620,464	620,464
Stroma Service Consulting Inc.	366,985	366,985
Paradigm Consulting Group Inc.	4,697,380	4,697,380
SEB Benefits and HR Consulting Inc.	113,080	113,080
Maplesoft Group Inc.	8,326,595	8,326,595
Total Goodwill	**$ 15,613,324**	**$ 15,613,324**

(d) Non-controlling Interest

	Investment	Net Income (Loss)	Total
Balance, November 30, 2015	**$ (243,775)**	**$ (276,544)**	**$ (520,319)**
Acquisition of Maplesoft Group Inc.	148,131	-	148,131
Net income attributed to non-controlling interest	-	10,212	10,212
Balance November 30, 2016	**$ (95,644)**	**$ (266,332)**	**$ (361,976)**
Net income attributed to non-controlling interest	-	7,511	7,511
Balance Febuary 28, 2017	**$ (95,644)**	**$ (258,821)**	**$ (354,465)**

5. Equipment

	Cost			Accumulated Depreciation			Net Balance	
	Nov 30, 2016	Additions (Disposal)	Feb 28, 2017	Nov 30, 2016	Additions (Disposal)	Feb 28, 2017	Feb 28, 2017	Nov 30, 2016
Furniture and office equipment	$ 602,171	$ -	$ 602,171	$ 302,503	$ 10,991	$ 313,494	$ 288,677	$ 299,668
Computer hardware	975,592	-	975,592	686,453	3,471	689,924	285,667	289,140
Computer hardware under lease	267,786	-	267,786	193,383	5,400	198,783	69,003	74,403
Leaseholds	159,335	-	159,335	24,062	9,337	33,399	125,936	135,273
Total	**$ 2,004,884**	**$ -**	**$ 2,004,884**	**$ 1,206,401**	**$ 29,199**	**$ 1,235,600**	**$ 769,284**	**$ 798,484**

6. Software and Intellectual Property

(a) Software

	Cost			Accumulated Amortization			Net Balance	
	Nov 30, 2016	Additions	Feb 28, 2017	Nov 30, 2016	Expense	Feb 28, 2017	Feb 28, 2017	Nov 30, 2016
HCS licence (1)	$ 500,000	$ -	$ 500,000	$ 270,833	$ 12,500	$ 283,333	$ 216,667	$ 229,167
HCS admin system (2)	648,293	-	648,293	123,871	16,109	139,980	508,313	524,422
Logitek (3)	798,210	-	798,210	305,979	19,955	325,934	472,276	492,231
Inforica (4)	240,000	-	240,000	96,000	12,000	108,000	132,000	144,000
Adeeva (5)	110,000	-	110,000	39,417	5,500	44,917	65,083	70,583
Meschino (6)	327,511	1,009	328,520	12,006	8,188	20,194	308,326	315,505
Paradigm	119,475	329	119,805	119,475	43	119,518	287	0
Maplesoft	31,493	-	31,493	28,865	295	29,160	2,333	2,627
	$ 2,774,982	**$ 1,338**	**$ 2,776,320**	**$ 996,446**	**$ 74,589**	**$ 1,071,036**	**$ 1,705,284**	$ 1,778,535

1) A software license which performs the adjudication of health benefit claims ("Adjudication Software"). The License provides (a) a perpetual, irrevocable, transferable and exclusive right to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right to use the Adjudication Software outside Canada. It is being amortized over 10 years on a straight-line basis.
2) The Company developed an administrative platform linked to the Adjudication Software to generate further health benefit processing revenues. It is being amortized over 10 years on a straight-line basis.
3) Logitek developed a number of proprietary pieces of software, particularly in the management of retail supply-chain. It is being amortized over 10 years on a straight-line basis.
4) Inforica has developed proprietary software, particularly in the field of energy management. It is being amortized over 5 years on a straight-line basis.
5) Adeeva technology consists of product formulations. It is being amortized over 5 years on a straight-line basis.
6) Meschino has developed a wellness information technology platform. It is being amortized over 10 years on a straight-line basis.

(b) Intellectual Property

Intellectual property acquired with Adeeva includes video and written content related to health issues. It is being amortized over 10 years on a straight-line basis as reflected in the table below:

	Cost			Accumulated Amortization			Net Balance	
	Nov 30, 2016	Additions	Feb 28, 2017	Nov 30, 2016	Expense	Feb 28, 2017	Feb 28, 2017	Nov 30, 2016
Adeeva (1)	$ 110,000	$ -	$ 110,000	$ 29,792	$ 2,750	$ 32,542	$ 77,458	$ 80,208
	$ 110,000	**$ -**	**$ 110,000**	**$ 29,792**	**$ 2,750**	**$ 32,542**	**$ 77,458**	**$ 80,208**

7. Customer Relationships

	Cost	Accumulated Amortization			Net Balance	
	Feb 28, 2017	**Nov 30, 2016**	**Expense**	**Feb 28, 2017**	**Feb 28, 2017**	**Nov 30, 2016**
Logitek	$ 482,355	$ 383,143	$ 24,118	$ 407,261	$ 75,094	$ 99,212
SOMOS	430,209	361,040	21,510	382,550	47,659	69,169
Inforica	500,000	300,000	25,000	325,000	175,000	200,000
Antian	63,097	34,179	3,155	37,334	25,763	28,918
Adeeva	170,000	94,917	8,500	103,417	66,583	75,083
Stroma	660,000	341,000	33,000	374,000	286,000	319,000
Paradigm	5,650,000	2,260,000	282,500	2,542,500	3,107,500	3,390,000
Maplesoft	4,090,000	818,000	204,500	1,022,500	3,067,500	3,272,000
Total	**$ 12,045,661**	**$4,592,279**	**$ 602,283**	**$5,194,562**	**$ 6,851,099**	**$ 7,453,382**

8. Trade Names

	Cost	Accumulated Amortization			Net Balance	
	Feb 28, 2017	**Nov 30, 2016**	**Expense**	**Feb 28, 2017**	**Feb 28, 2017**	**Nov 30, 2016**
Logitek	$ 283,500	$ 217,350	$ 14,175	$ 231,525	$ 51,975	$ 66,150
SOMOS	388,000	291,000	19,400	310,400	77,600	97,000
Inforica	270,000	162,000	13,500	175,500	94,500	108,000
Adeeva	300,000	167,500	15,000	182,500	117,500	132,500
Stroma	260,000	134,331	13,000	147,331	112,669	125,669
Paradigm	1,280,000	512,000	64,000	576,000	704,000	768,000
Maplesoft	4,950,000	990,000	247,500	1,237,500	3,712,500	3,960,000
Total	**$7,731,500**	**$2,474,181**	**$ 386,575**	**$ 2,860,756**	**$4,870,744**	**$ 5,257,319**

9. Bank Indebtedness

Paradigm Facility

On March 10, 2015, credit facilities were obtained by Paradigm Consulting Group Inc. ("Paradigm") with a major Canadian Schedule I bank.

The facilities consisted of:

i. A $4,200,000 term loan acquisition facility which bears interest at the Canadian Dollar Prime Rate (the "Prime Rate") plus 1.75%, depending on the amount advanced under the facility, has a term of 4 years and may be repaid at any time without penalty. The loan is repayable over a 48 month term, interest payable monthly in arrears which results in monthly payments of $87,500 plus accrued interest. Additional annual repayment of principal equal to 50% of annual free cash flows to be applied against the facility in reverse order of maturity. During Q1 2017, the Company made principal repayments of $175,000 and the outstanding balance as of February 28, 2017 was $2,101,000, $1,050,000 being the current portion and $1,051,000 being the non-current portion.

ii. Paradigm also obtained a $3,000,000 operating demand facility, bearing interest at the Prime Rate plus 0.75% to 1.75% (depending on Paradigm's debt to EBITDA ratio. The outstanding balance as of February 28, 2017 on the operating demand facility was $2,511,647.

Paradigm's credit facilities are secured by a first charge over all of the assets of Paradigm, contain positive, negative and financial covenants, and include other usual and customary terms and conditions. The Company and Paradigm, have provided guarantees pursuant to the credit facilities. The Company was in compliance with the financial covenants as at February 28, 2017.

Maplesoft Facility

On July 8, 2016, Maplesoft expanded an existing credit facility with a major international asset based lender in the amount of up to $12,500,000 (the "Maplesoft Facility"). The borrowers under the Maplesoft Facility are Maplesoft Group Inc., Somos Consulting Group Ltd, APS - Antian Professional Services Inc. and Logitek Technology Ltd.

The Credit Facility had a two-year term and bore interest at the greater of 0.5% or the one-month U.S. Dollar London Interbank Offered Rate, plus 6.5% per annum. The amount available under the Credit Facility is a revolving loan based on a formula calculated on the billed and un-billed accounts receivable of the borrowers. The Credit Facility was secured by a first charge over all of the assets of certain subsidiaries of the Company, contains positive, negative and financial covenants, and includes other usual and customary terms and conditions. SEB provided a guarantee under the Credit Facility. The Company was in compliance with the financial covenants as at February 28, 2017.

9. Bank Indebtedness (continued)

Operating Loan		**Feb 28, 2017**		**Nov 30, 2016**
Paradigm facility	$	2,511,647	$	2,804,102
Maplesoft facility				
Maplesoft		7,432,482		7,180,077
Somos		1,487,610		1,169,961
Logitek		515,588		-
	$	**11,947,327**	**$**	**11,154,140**

Term Loan		**Feb 28, 2017**		**Nov 30, 2016**
Paradigm facility	$	2,101,000	$	2,276,000
Current Portion	$	1,050,000	$	1,050,000
Long term Portion		1,051,000		1,226,000
	$	**2,101,000**	**$**	**2,276,000**

Subsequent to quarter-end new credit facilities were obtained and the above facilities repaid. See Note 23 for further details.

10. Deferred Revenue

Deferred Revenue is a combination of annual licence fee payments for software and advance payments from clients for training courses. Amounts are recognized as revenue in accordance with the Company's revenue recognition policy.

11. Equipment Leases Payable

The Company has an obligation under a capital leases as follows:

Type	**Maturity**		**Monthly Payment**		**Feb 28, 2017**		**Nov 30, 2016**
Equipment Lease	Aug, 2018	$	270	$	9,999	$	13,934
Current portion					3,661		6,786
Long term portion					6,338		7,148
				$	9,999	$	13,934

12. Convertible Debt

		Liability							Accreted Interest			Balance	
		Face Value of Notes											
Maturity Date	Conversion Price	Nov 30/16	Additions/ Repayments /Conversions	Feb 28/17	Equity Com-ponent	Warrants	Debt Issue Costs	Liability	Bal Nov 30 2016	Accretion	Bal Feb 28 2017	Feb 28/17	Nov 30/16
(1) Dec 31, 2016	$ 0.30	970,000	(436,667)	533,334	(137,911)	(147,232)	(248,191)	-	635,946	(102,612)	533,334	533,334	970,000
(2) Dec 31, 2016	$ 0.30	1,000,000	-	1,000,000	(143,656)	(75,850)	(87,630)	692,864	307,136	-	307,136	1,000,000	1,000,000
(3) Dec 31, 2016	$ 0.30	190,000	-	190,000	(34,531)	(14,875)	(8,540)	132,054	57,946	-	57,946	190,000	190,000
(4) Jun 6, 2017	$ 0.70	83,334	-	83,334	(80,802)	-	-	2,532	61,961	6,321	68,282	70,814	64,493
(5) Dec 30, 2017	$ 0.50	1,106,390	(368,428)	737,962	(382,286)	-	-	355,676	224,140	28,018	252,158	607,834	948,244
(6) Feb 6, 2018	$ 0.75	651,858	-	651,858	(303,437)	-	-	348,421	208,686	14,666	223,352	571,773	557,107
(7) Mar 18, 2019	$ 0.75	151,916	(16,582)	135,333	(96,230)	-	-	39,103	79,199	6,173	85,372	124,478	134,886
Totals		**$ 4,153,498**	**$ (821,677)**	**$ 3,331,821**	**$ (1,178,853)**	**$ (237,957)**	**$ (344,361)**	**$ 1,570,650**	**$ 1,575,014**	**$ (47,435)**	**$ 1,527,579**	**$3,098,232**	**$ 3,864,730**
Current portion of convertible debt												$1,723,334	$ 2,224,492
Long term portion of convertible debt												1,374,898	1,640,238
												$3,098,232	**$ 3,864,730**

12. Convertible Debt (continued)

1) On February 14, 2014, the Company closed a financing of $2,000,000 of Convertible Notes with a term of 2 years, paying 8% interest. The Notes were convertible into common shares of the Company at $0.50 per share during the first year of the Notes, and $0.60 during the second year of the Notes. The Company paid finder's fees of $205,600 in cash, legal fees of $42,591, and 320,000 share purchase warrants, exercisable at $0.50 per share for a period of three years.

   In arriving at a fair value of the liability component of the Convertible Notes, the Company used a discount rate of 18% to determine a discounted present value of the debt due on conversion. The equity component of $240,523 at February 12, 2014, 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.

   The warrants were valued at $147,232 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%.

   In the first quarter of 2016 the maturity date was amended to August 12, 2016 and the interest rate was amended to 10%.

   In July, 2016 the Company amended the terms of the Convertible Notes such that the maturity date was extended to December 31, 2016. For the period August 12, 2016 to December 31, 2016 the interest rate was amended from 10% to 12% and the conversion price was amended to $0.30 per share. The noteholders agreed to waive security against the shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. held by the Company. The amendment of the Covertible Notes was treated as a modification for accounting purposes.

   During 2016, $10,000 of the Notes were converted to common shares of the Company and $970,000 of the Notes were repaid. In Q1, 2017, $436,667 of the Notes were repaid.

2) On May 14, 2013, the Company completed a private placement offering of $1,025,000 units (the "Units"); with each Unit consisting of (i) a $1.00 principal amount convertible secured subordinated promissory note of the Company and (ii) one common share purchase warrant of SEB. The Company paid a finder's fee of $60,000 and legal fees of $27,630. The value of the warrants and debt issue costs were allocated against the liability and equity components based on their relative fair values. These notes were issued to two directors of the Company (Note 17).

   The Warrants were exercisable at any time for a period of 12 months from the date of closing at an exercise price of $0.50 for one common share of the Company.

   The Notes had a three year term maturing May 13, 2016. The notes bore interest at an annual rate of 9.75%, with interest calculated and paid monthly in arrears. The Notes were convertible into the common shares of the Company 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.

12. Convertible Debt (continued)

The equity component of $143,656 arose from the difference between the coupon and effective interest rates and 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. In arriving at a fair value of the liability component of the convertible notes, the Company used a discount rate of 18% to determine a discounted present value of the debt.

The warrants were valued at $75,850 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%.

In July 2016, the Company amended the terms of the Convertible Notes. The maturity date was extended to December 31, 2016 and for the period from July 26, 2016 to December 31, 2016 the interest rate was amended to 12% the conversion price was amended to $0.30 per share. The noteholders agreed to waive security against the shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. (collectively the "Banyan Shares") held by SEB. The amendment of the Covertible Notes was treated as a modification for accounting purposes.

During 2016, $25,000 of the Notes were repaid.

3) On September 6, 2013, the Company issued $250,000 of units, under the terms of a private placement offering totaling $975,000 of units (the "Units"); with each Unit consisting of (i) a $1.00 principal amount convertible secured subordinated promissory note of the Company (the "Notes") and (ii) one common share purchase warrant of the Company (the "Warrants").

The Company incurred legal costs of $8,540 directly attributed to the issuance. The value of the warrants and debt issue costs have been allocated against the liability and equity components based on their relative fair values.

The Warrants are exercisable at any time until May 13, 2014 at an exercise price of $0.50 for 1 common share of the Company.

The Notes had a three year term maturing May 13, 2016 (the "Maturity Date"). The Notes bore interest at an annual rate of 9.75%, with interest calculated and paid monthly in arrears. The Notes were convertible into the common shares of SEB at any time at $0.50 per share until May 13, 2014, $0.60 per share until May 13, 2015 and $0.75 per share until May 13, 2016.

The equity component of $34,531 arose from the difference between the coupon and effective interest rates and 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. In arriving at a fair value of the liability component of the convertible Notes, the Company used a discount rate of 18% to determine a discounted present value of the debt.

The warrants were valued at $14,875 using the Black-Scholes option-pricing model using the following assumptions: expected life of 9 months, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

In July 2016, the Company amended the terms of the Convertible Notes. The maturity date was extended to December 31, 2016 and for the period from July 26, 2016 to December 31, 2016 the interest rate was amended to 12% the conversion price was amended to $0.30 per share. The noteholders agreed to waive security against the shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. (collectively the "Banyan Shares") held by SEB. The amendment of the Covertible Notes was treated as a modification for accounting purposes. During 2016, $60,000 of the Notes were repaid.

12. Convertible Debt (continued)

4) On June 6, 2014, the Company closed the acquisition of Stroma Service Consulting Inc. Part of the purchase price was $250,000 in promissory notes paying interest at an annualized rate of 3% with annual principal repayments over a 3 year period and convertible into shares of SEB at $0.50, $0.60 and $0.70 per common share of SEB in years one, two and three, respectively.

   In arriving at a fair value of the liability component of the convertible Notes, the Company used a discount rate of 18% to determine a discounted present value of the debt due on conversion. The equity component of $80,802, 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.

   During 2016, payment of $83,333 of the principal were made, according to the agreed repayment schedule.

5) On December 31, 2014, the Company acquired Paradigm Consulting Group Inc. and PCGI Consulting Services Partnership, amalgamated into one company, named Paradigm Consulting Group Inc. (Note 4). The purchase price included vendor notes ("Notes") in the aggregate principal amount of $1,106,390, with interest accruing at an annual rate of 3% payable quarterly in arrears with one third of the outstanding principal payable at the end of year two and the balance payable at the end of year three. The notes are convertible into SEB shares at $0.50 per share.

   In arriving at a fair value of the liability component of the convertible Notes, the Company used a discount rate of 18% to determine a discounted present value of the debt due on conversion. The equity component of $382,286, 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.

   On December 31, 2016, the Company repaid $368,428 of the Notes per the repayment schedule.

6) On February 6, 2013, the Company closed the acquisition of Logitek. 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%, payable quarterly and an escalating conversion price of $0.45, $0.55, $0.65, $0.70 and $0.75 from years one through five, respectively.

   The equity component of $303,437 arose from the difference between the coupon and effective interest rates. 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. In arriving at a fair value of the liability component of the convertible notes, the Company used a discount rate of 18% to determine the present value of the debt.

7) On March 1, 2014, the Company closed the acquisition of APS - Antian Professional Services. A portion of the consideration was a convertible note in the amount of $324,482 paying interest at 3% per annum with a term of 5 years. The note is repayable over a term of 5 years with blended quarterly payments of $17,547. The note is convertible at any time to common shares during the term at a rate of $0.75 per share.

12. Convertible Debt (continued)

In arriving at a fair value of the liability component of the convertible Notes, the Company used a discount rate of 18% to determine a discounted present value of the debt due on conversion. The equity component of $96,230, 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. In Q1, 2017, $16,582 of the Notes were repaid.

13. Notes payable

	Note	Feb 28, 2017	Nov 30, 2016
Advance from Chairman of the Board	**17**	$ 1,500,000	$ 1,500,000
Advance from President of the Company	**17**	-	501,560
Accrued interest	**17**	366,483	323,482
Loan assumed on Maplesoft acquisition, maturing March 31, 2017, interest rate of 12% per annum		2,410,000	2,410,000
Loan assumed on Maplesoft acquisition, maturing March 7, 2017, interest rate of 12% per annum		2,650,000	2,650,000
Loan assumed on Maplesoft acquisition, maturing March 7, 2017, interest rate of 13% per annum		948,720	948,720
Loan assumed on Maplesoft acquisition, maturing December 31, 2016, interest rate of 10% per annum		865,000	865,000
Loan assumed on Maplesoft acquisition, maturing December 24, 2019 interest rate of 11% per annum		1,826,510	1,826,510
Other		(83,414)	23,011
Notes payable		**$ 10,483,299**	**$ 11,048,283**
Short-Term notes payable		8,651,013	9,215,997
Long-Term notes payable		1,832,286	1,832,286
		$ 10,483,299	**$ 11,048,283**

The advance from the Chairman of the Board is due on demand and bears interest at 12% per annum. During Q1, 2017, the Company recorded interest expense of $43,000. As at February 28, 2017, the Company has accrued interest of $366,483.

The President provided direction to the Company in Q1, 2017 to apply the advance noted above (November 30, 2016 balance $501,560) and accrued interest towards Tranche 2 of the $5 million unit offering announced in Q4, 2016.

14. Share Capital

(a) Authorized

Unlimited number of common shares

(b) Common shares issued and outstanding

	Shares #		Amount
Balance November 30, 2016	**109,673,574**	**$**	**24,937,594**
Private placement	16,762,115		3,352,423
Warrants issued in private placement	-		(860,449)
Balance February 28, 2017	**126,435,689**	**$**	**27,429,568**

On December 23, 2016 and February 3, 2017, the Company closed Tranches 2 and 3 of the $5 million unit offering announced in Q4, 2016. Gross proceeds of the two Tranches totaled $3,352,423. Valuation of warrants issued on the transaction are described in full below.

(c) Share purchase warrants

			Number of Warrants Outstanding					
			Nov 30, 2016	Issued	Expired	Exercised	Feb 28, 2017	
	Exercise Price	Expiry	Outstanding				Outstanding	Exercisable
	$ 0.50	Feb 12, 2017	320,000	-	(320,000)	-	-	-
	$ 0.75	Feb 27, 2017	2,651,500	-	(2,651,500)	-	-	-
1	$ 0.40	Apr 29, 2017	600,000	-	-	-	600,000	600,000
1	$ 0.40	May 7, 2017	297,500	-	-	-	297,500	297,500
2	$ 0.75	Oct 29, 2017	2,000,000	-	-	-	2,000,000	2,000,000
2	$ 0.75	Oct 29, 2017	3,050,000	-	-	-	3,050,000	3,050,000
2	$ 0.75	Oct 29, 2017	6,000,000	-	-	-	6,000,000	-
2	$ 0.75	Nov 6, 2017	950,000	-	-	-	950,000	950,000
1	$ 0.75	Dec 7, 2017	4,000,000	-	-	-	4,000,000	-
3	$ 0.50	Jan 25, 2018	500,000	-	-	-	500,000	500,000
4	$ 0.50	Feb 11, 2018	50,000	-	-	-	50,000	12,500
5	$ 0.75	Mar 1, 2018	675,000	-	-	-	675,000	675,000
6	$ 0.30	May 2, 2018	8,264,435	-	-	-	8,264,435	8,264,435
6	$ 0.30	May 2, 2018	227,500	-	-	-	227,500	227,500
7	$0.60 to Jun 6, 2017 $0.70 to Jun 6, 2018	Jun 6, 2018	100,000	-	-	-	100,000	100,000
6	$ 0.30	Jun 23, 2018	-	7,757,800	-	-	7,757,800	7,757,800
6	$ 0.30	Jun 23, 2018	-	350,000	-	-	350,000	350,000
6	$ 0.30	Aug 3, 2018	-	9,004,315	-	-	9,004,315	9,004,315
6	$ 0.30	Aug 3, 2018	-	17,500	-	-	17,500	17,500
8	$ 0.50	Nov 4, 2018	445,000	-	-	-	445,000	296,667
9	$ 0.50	Feb 27, 2019	1,000,000	-	-	-	1,000,000	666,667
10	$ 0.50	Dec 1, 2020	1,000,000	-	-	-	1,000,000	500,000
			32,130,935	**17,129,615**	**(2,971,500)**	-	**46,289,050**	**35,269,884**
Weighted avg. exercise price per share			**$ 0.60**	**$ 0.30**	**$ 0.72**	**N/A**	**$ 0.48**	**$ 0.40**

14. Share Capital (continued)

(c) Share purchase warrants (continued)

1) On October 30, 2015, the Company closed a financing of $2,400,000 of Equity Units ("Tranche 1"). The Equity Units were issued at $0.40 per unit and each Equity Unit consists of one SEB common share and one SEB common share purchase warrant exercisable for a period of 24 months at $0.75 per share and vests on December 31, 2016. As part of the financing, SEB issued 600,000 finders warrants exercisable at $0.40 per share for a period of 18 months.

   On December 7, 2015, the Company closed a financing of $1,600,000 of Equity Units under the same terms as above ("Tranche 2"). As part of the financing, SEB issued 297,500 finders warrants exercisable at $0.40 per share for a period of 18 months.

   For Tranche 1, the warrants were valued at $826,200 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%. The finder warrants were valued at $102,540 using the Black-Scholes option-pricing model using the following assumptions: expected life of one and a half years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

   For Tranche 2, the warrants were valued at $772,400 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%. The finder warrants were valued at $59,827 using the Black-Scholes option-pricing model using the following assumptions: expected life of one and a half years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

2) On October 29, 2014 the Company closed a financing of $1,000,000 of Equity Units. The Equity Units were issued at $0.50 per unit and each Unit consists of one SEB common share and one SEB common share purchase warrant exercisable for a period of 36 months at $0.60 per share for year one and year two and $0.75 per share for year three. The warrants were valued at $350,227 using the Black-Scholes option-pricing model using the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

   On October 29, 2014 and November 6, 2014, the Company closed a financing of $2,000,000 of Equity Units. The Equity Units were issued at $0.50 per unit and each Equity Unit consists of one SEB common share and one SEB common share purchase warrant exercisable for a period of 36 months at $0.60 per share for year one and year two and $0.75 per share for year three.

   As part of the financing, SEB issued 200,000 finders warrants exercisable at $0.50 per share for a period of 24 months. The warrants were valued at $697,904 using the Black-Scholes option-pricing model using the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%. The finder warrants were valued at $52,540 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%.

3) On January 25, 2016, as part of the financing to acquire Paradigm, SEB issued 500,000 finders warrants exercisable at $0.50 per share for a period of 24 months. The finder warrants were valued at $47,950 using the Black-Scholes option-pricing model using the following assumptions: expected life of one and a half years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

14. Share Capital (continued)

(c) Share purchase warrants (continued)

4) On February 11, 2015 the Company acquired 50% of SEB Benefits & HR Consulting Inc. As part of the purchase price, the Company issued 50,000 share purchase warrants to acquire SEB shares. The warrants are exercisable at $0.50 per SEB share for a term of 36 months and vest 25% every six months. The warrants were valued at $13,080 using the Black-Scholes option-pricing model using the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

5) On March 5, 2013, the Company closed the acquisition of SOMOS. As part of the purchase price the Company issued 1,000,000 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 $174,100 using the Black-Scholes option-pricing model using the following assumptions: expected life of 5 years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

6) On November 2, 2016, the Company closed Tranche 1 of an Equity Unit financing (“Equity Unit Financing”), consisting of 8,264,435 Units, where each Unit, priced at $0.20 per Unit, consisted of one SEB common share and one SEB common share purchase warrant. The warrants have a term of 18 months from date of issue and are exercisable at $0.30 each. As part of the financing, SEB issued 227,500 finders warrants exercisable at $0.30 per share for a period of 18 months. The warrants were valued at $440,494 using the Black-Scholes option-pricing model using the following assumptions: expected life of one and a half years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%. The finder warrants were valued at $12,126 using the Black-Scholes option-pricing model using the following assumptions: expected life of one and a half years, risk free rate of 0.98%, expected dividend yield of 0% and expected volatility of 100%.

   On December 23, 2016, the Company closed Tranche 2 of the Equity Unit Financing, consisting of 7,757,800 Units, under the same terms and conditions as Tranche 1. As part of Tranche 2, 350,000 Finder Warrants were issued under the same terms and conditions as in Tranche 1. The Unit warrants were valued at $335,307 using the same assumptions as in Tranche 1. The Finder Warrants were valued at $16,030 using the same assumptions as in Tranche 1.

   On February 3, 2017, the Company closed Tranche 3 of the Equity Unit Financing, consisting of 9,004,315 Units, under the same terms and conditions as Tranches 1 and 2. As part of Tranche 3, 17,500 Finder Warrants were issued under the same terms and conditions as in Tranche 1 and 2. The Unit warrants were valued at $505,142 using the same assumptions as in Tranche 1 and 2. The Finder Warrants were valued at $982 using the same assumptions as in Tranche 1 and 2.

7) On June 11, 2014 the Company acquired 100% of Stroma Service Consulting Inc. In connection with the transaction, 1,000,000 SEB share purchase warrants were granted to 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. The warrants were valued at $317,100 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%.

14. Share Capital (continued)

(c) Share purchase warrants (continued)

8) On November 4, 2014 the Company acquired 50% of Banyan Work Health Solutions Inc. and BITS Licensing Inc. As part of the purchase price, the Company issued 1,000,000 share purchase warrants to key Banyan employees. The warrants have an exercise price of $0.50 per share and a term of 48 months, with one-third of the warrants vesting at the end of each year for the first 36 months. The warrants were valued at $319,200 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%. During year ended November 30, 2016, the Banyan transaction was unwound and 555,000 of the share purchase warrants were cancelled.

9) Effective December 31, 2014, the Company closed in escrow the acquisition of Paradigm Consulting Group Inc. and PCGI Consulting Services Partnership, amalgamated into one company, named Paradigm Consulting Group Inc. As part of the Purchase Price, the Company issued 1,000,000 share purchase warrants to Paradigm employees as an incentive. All warrants have a 48-month term and an exercise price of $0.50 per share. The warrants vest one-sixth every six months over a 36-month period following the closing of the transaction. The warrants were valued at $290,000 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%.

10) On December 1, 2015, the Company acquired Maplesoft Group Inc. As part of the consideration paid, the Company issued 1,000,000 share purchase warrants to Maplesoft employees. All warrants have a 48-month term and an exercise price of $0.50 per share. The warrants vest one-eighth every six months over a 36-month period following the closing of the transaction. The warrants were valued at $297,800 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%.

(d) Share purchase options

The SEB stock option plan (the "Plan") is administered by the Board of Directors of the Company which establishes the exercise prices, vesting conditions and expiry date of the options. The number of common shares reserved for issuance under the Plan at February 28, 2017 is 12,643,569. At February 28, 2017, the Company had 8,070,000 options issued and outstanding under the terms of the Plan.

14. Share Capital (continued)

(d) Share purchase options (continued)

	Exercise Price	Expiry	Nov 30, 2016 Outstanding	Issued Total	Expired Total	Exercised Total	Feb 28, 2017 Outstanding	Exercisable
	$ 0.50	Feb 7, 2017	300,000	-	(300,000)	-	-	-
1	$ 0.58	Mar 31, 2017	130,000	-	-	-	130,000	130,000
2	$ 0.58	Mar 31, 2017	100,000	-	-	-	100,000	100,000
3	$ 0.42	Jul 24, 2017	250,000	-	-	-	250,000	250,000
4	$ 0.50	Sep 5, 2017	200,000	-	-	-	200,000	200,000
5	$ 0.50	Oct 23, 2017	500,000	-	-	-	500,000	500,000
6	$ 0.50	Oct 24, 2017	1,400,000	-	-	-	1,400,000	1,400,000
7	$ 0.50	Oct 24, 2017	600,000	-	-	-	600,000	600,000
8	$ 0.50	Jan 20, 2018	900,000	-	-	-	900,000	900,000
9	$ 0.50	Mar 24, 2018	350,000	-	-	-	350,000	350,000
10	$ 0.30	May 31, 2018	850,000	-	-	-	850,000	600,000
11	$ 0.30	Jul 28, 2018	500,000	-	-	-	500,000	100,000
12	$ 0.30	Jul 28, 2018	300,000	-	-	-	300,000	300,000
13	$ 0.40	Jan 18, 2019	200,000	-	-	-	200,000	200,000
14	$ 0.30	Mar 24, 2019	400,000	-	-	-	400,000	160,000
15	$ 0.30	Mar 24, 2019	290,000	-	-	-	290,000	116,000
16	$ 0.30	Apr 26, 2019	100,000	-	-	-	100,000	40,000
17	$ 0.30	May 31, 2019	100,000	-	-	-	100,000	25,000
18	$ 0.30	May 31, 2021	150,000	-	-	-	150,000	25,000
19	$ 0.30	Jul 28, 2021	750,000	-	-	-	750,000	125,000
			8,370,000	**-**	**(300,000)**	**-**	**8,070,000**	**6,121,000**
	Weighted avg exercise price		**$ 0.42**	**N/A**	**$ 0.50**	**N/A**	**$ 0.41**	**$ 0.45**

1. On March 31, 2014, the Company granted 130,000 options exercisable until March 31, 2017 at an exercise price of $0.58 per share. The stock options vested 25% every 6 months from the grant date. The stock options were valued at $38,961 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

2. On March 31, 2014, the Company granted 100,000 options exercisable until March 31, 2017 at an exercise price of $0.58 per share. The stock options vested 25% every 6 months from the grant date. The stock options were valued at $25,280 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

3. On July 24, 2014, the Company granted 250,000 options exercisable until July 24, 2017 at an exercise price of $0.42 per share. The stock options vested 25% every 6 months from the grant date. The stock options were valued at $61,135 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

14. Share Capital (continued)

(d) Share purchase options (continued)

4. On September 5, 2014, the Company granted 200,000 options exercisable until September 5, 2017 at an exercise price of $0.50 per share. The stock options vested 25% every 6 months from the grant date. The stock options were valued at $46,060 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

5. On October 23, 2014, the independent directors of the Company were granted an aggregate of 600,000 options exercisable until October 23, 2017 at an exercise price of $0.50 per share. The stock options vested 120,000 on issue and 120,000 each 3 months until fully vested. The stock options were valued at $166,500 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%. Up to Q3, 2016 100,000 options expired due to a director resigning from the Board.

6. On October 24, 2014, the Company granted 1,400,000 options exercisable until October 24, 2017 at an exercise price of $0.50 per share. The stock options vested 1,000,000 on issue and 400,000 after 6 months. The stock options were valued at $344,260 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

7. On October 24, 2014, the Company granted to the CEO of the Company 600,000 options exercisable until October 24, 2017 at an exercise price of $0.50 per share. The stock options vested on issue. The stock options were valued at $147,540 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

8. On January 20, 2015, the Company granted 900,000 options exercisable at $0.50 to June 11, 2015; $0.55 to June 11, 2016; $0.60 to June 11, 2017; and $0.70 to June 11, 2018. The stock options were valued at $236,970 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

9. On March 24, 2016, the Company granted 350,000 options exercisable at $0.50 to March 24, 2018, with 175,000 vesting in six months and 175,000 vesting in 12 months. The stock options were valued at $19,775 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

10. On May 31, 2016, the Company granted 850,000 options exercisable at $0.30 to May 31, 2018, with 350,000 vesting immediately, 250,000 vesting in six months, 200,000 vesting in 12 months, and 50,000 in 18 months. The stock options were valued at $67,065 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

14. Share Capital (continued)

(d) Share purchase options (continued)

11. On July 28, 2016, the Company granted 100,000 options exercisable at $0.30 to July 28, 2018, with 100,000 vesting immediately. The stock options were valued at $15,420 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

12. On July 28, 2016, the Company granted 300,000 options exercisable at $0.30 to July 28, 2018, with 300,000 vesting immediately. The stock options were valued at $46,260 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

13. On January 18, 2016, the Company granted 200,000 options exercisable at $0.40 to January 18, 2019 with 50,000 vested on April 17, 2016 and with 50,000 vesting every three months thereafter until fully vested. The stock options were valued at $26,300 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

14. On March 24, 2016, the Company granted 400,000 options exercisable at $0.30 to March 24, 2019 with 80,000 vesting immediately, 80,000 every six months thereafter until fully vested. The stock options were valued at $40,160 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

15. On March 24, 2016, the Company granted 290,000 options exercisable at $0.30 to March 24, 2019 with 58,000 vesting immediately, and 58,000 every six months thereafter until fully vested. The stock options were valued at $29,116 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

16. On April 26, 2016, the Company granted 100,000 options exercisable at $0.30 to April 26, 2019, vesting 20,000 vested immediately and 20,000 vesting every six months until fully vested. The stock options were valued at $10,040 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

17. On May 31, 2016, the Company granted 100,000 options exercisable at $0.30 to May 31, 2019 with 25,000 vesting every six months until fully vested. The stock options were valued at $9,310 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

18. On May 31, 2016, the Company granted 150,000 options exercisable at $0.30 to May 31, 2021 with 25,000 vesting every six months until fully vested. The stock options were valued at $18,150 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

14. Share Capital (continued)

(d) Share purchase options (continued)

19. On July 28, 2016, the Company granted 750,000 options exercisable at $0.30 to July 28, 2021 with 125,000 vesting October 26, 2016 and 125,000 vesting every six months until fully vested. The stock options were valued at $96,900 using the Black-Scholes option-pricing model with the following assumptions: expected life of three years, risk free rate of 0.98%, expected dividend yield of 0%, and expected volatility of 100%.

(e) Loss per Share

The weighted average number of common shares outstanding for the period ending February 28, 2017 was 117,950,024 (103,392,483 for the period ending February 29, 2016).

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 carrying value of cash and cash equivalents, accounts receivable, short-term notes receivable, advances to acquisition target, bank loan, accounts payable and accrued liabilities, equipment loans and leases payable, and short-term notes considered representative of their respective fair values due to the short-term period to maturity.

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. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk. To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance and, where appropriate, reviews the financial condition of existing customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances.

As at February 28, 2017 the allowance for doubtful accounts was $383,589 (November 30, 2016 - $383,589) and the accounts that were past due amounted to $569,407 (November 30, 2016 - $565,838).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A portion of the bank loan bears interest at floating rates and as such is subject to interest rate cash flow risk resulting from market fluctuations in interest rates. A 1% appreciation (depreciation) in the interest rate would result in a change in interest expense of approximately of $265,104 (2016 - $283,482).

15. Financial Instruments (continued)

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's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. The Company has disclosed in note 2 to these consolidated financial statements the existence of circumstances which cast significant doubt on its ability to continue as a going concern.

Major Debt maturity schedule at Febuary 28, 2017

	Notes payable	Convertible debt (1)	Equipment lease	Term Bank loan (2)	Total
	(Note 13)	(Note 12)	(Note 11)	(Note 9)	
Fiscal 2017	8,651,013	1,856,278	3,661	875,000	11,385,952
Fiscal 2018		1,457,295	6,338	1,050,000	2,513,633
Fiscal 2019		18,248	-	176,000	194,248
Fiscal 2020	1,832,286	-	-	-	1,832,286
	$ 10,483,299	**$ 3,331,821**	**$ 9,999**	**$ 2,101,000**	**$ 15,926,119**

(1) Face value of convertible debentures.
(2) Term loan scheduled repayment dates

The Company is actively pursuing alternative financing sources to retire the Maplesoft debt and the convertible debt described above. See Note 23.

The borrowings of the Company under the Debt Facility and certain Notes are secured by its lenders by a general security agreement ("GSA") over substantially all of the assets of the Company. Should the Company not meet its covenants or obligations under these borrowing agreements when due, there is the risk that its lenders may realize on its security and liquidate the assets of the Company.

The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its client base, the costs of expanding into new markets, the growth of the market for healthcare services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

15. Financial Instruments (continued)

Maplesoft Debt

Of the short term debt assumed by the Company as part of the consideration in the acquisition of Maplesoft Group Inc. on December 3, 2015, agreements were signed during the third quarter of 2016 whereby $6,996,518 of the debt was extended to maturity dates ranging from October 31, 2016 to February, 2017.

16. Capital Management

The Company's capital consists of share capital (net of share issue costs), contributed surplus, options and warrants in the amount of $4,190,438 at February 28, 2017 ($3,003,784 at November 30, 2016). The Company's capital management objectives are to safeguard its ability to continue as a going concern (see Note 2) 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 and Balances

Key Management Compensation

Two shareholders of the Company, one acting in the capacity of President and Chief Executive Officer and the other acting in a capacity of Chief Financial Officer, Chief Operating Officer and Corporate Secretary, were paid management fees during the period December 1, 2016 to February 28, 2017 totalling $126,000 ($134,000 during the period December 1, 2015 to February 29, 2016). The President and Chief Executive Officer is also a director of the Company. As at February 28, 2017 the amount remaining unpaid was $167,112 (November 30, 2016 - $272,353) is included in accounts advance and accrued liabilities.

Advances to and from Directors

On December 19, 2014, the Company received an advance of $1,500,000 from a director of the Company in the form of a short-term note (Note 13). The Company has recorded accrued interest of $344,485 payable on the advance included in the balance of short-term notes. The note is due on demand and bears interest at 12% per annum. Subsequent to the quarter, $0.5 million of the note was repaid.

On November 29, 2016, the Company received an advance of $501,560 from President in the form of a short-term note (Note 13). During Q1, 2017, the President gave direction to the Company to invest this advance into the $5 million equity offering. As a result, the initial advance and accrued interest of $21,997 formed part of Tranche 2 of the equity offering.

Notes Receivable

Included in notes receivables is $347,112 to the former shareholders of Maplesoft. This pertains to SEB's commitment on the acquisition of Maplesoft to advance $2,000,000 to its former shareholders. These loans are secured by the SEB shares and the performance incentive payments which form part of the consideration for the acquisition of Maplesoft Group Inc. as discussed in Note 4. Also included in the balance is $2,806,067 which represents loans made by Maplesoft before its acquisition by SEB.

17. Related Party Transactions and Balances (continued)

Director Fees

First quarter Director fees for the Company were accrued in the amount of $30,000 ($43,875 for the three months ending Feburary 29, 2016). At February 28, 2017 accrued Directors' fees were $281,375 (February 29, 2016 - $206,750).

Director/Officer stock-based compensation expense for Q1, 2017 was $nil ($110,649 for the three months ending February 29, 2016).

18. Commitments and Contingencies

As at February 28, 2017, the Company had the following premise lease commitments:

	Premise leases
Fiscal 2017	737,817
Fiscal 2018	1,013,054
Fiscal 2019	572,253
Total	**$ 2,323,123**

Software Licencing Agreement

On 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 to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right to use the Adjudication Software outside Canada.

The terms of the Licence included an initial payment of $500,000 and a royalty payment calculated 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. As of February 28, 2017 no amounts have been paid. The initial license payment is recorded as software and being amortized over 10 years (Note 6).

Legal Proceedings

As part of the acquisition of Maplesoft Group Inc., the Company has assumed liability for the outcome of any successful legal claims against Maplesoft. The Company has reviewed outstanding claims and believes that they will be settled with little or no payments by Maplesoft.

The claims consist of:

- Four claims filed against Maplesoft with regards to employment matters between October 16, 2013 and October 24, 2014, totaling $546,111. Defences have been filed with Maplesoft denying any liability.

18. Commitments and Contingencies (continued)

Legal Proceedings (continued)

- One claim of sexual assault against an employee of a department of the Canadian federal government, which is a client of Maplesoft. Maplesoft has been added as defendant as the plaintiff was at the time under contract to the federal government department through Maplesoft. The total claim is $600,000 plus costs. Maplesoft has filed a notice of defence, denying any liability.

Litigation is subject to many uncertainties, and the outcome of these matters is not predictable with assurance. The Company, with the help of legal counsel, continues to defend these claims and believes that the likelihood of having to pay these claims is remote and unlikely.

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and Management's view of these matters may change in the future.

19. Change in Non-Cash Working Capital

Changes in non-cash working capital are as follows:

		Dec 1, 2016 to Feb 28, 2017		*Dec 1, 2015 to Feb 29, 2016*
Accounts receivable	$	(2,060,424)	$	(1,183,272)
Inventory		(60,943)		(8,949)
Prepaids and deposits		(294,974)		(286,370)
Accounts payable and accrued liabilities		315,374		1,434,652
Deferred revenue		(8,353)		70,033
Government remittances and current taxes payable		(146,142)		(361,845)
Total	**$**	**(2,255,463)**	**$**	**(335,751)**

20. Segment Disclosures

The Company organizes its reporting structure into three repotable segments. The reportable segments have been adjusted for significant business acquisitions and different revenue streams. For management purposes, the Company is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Company has three reportable operating segments as follows:

- The Benefits Division provides software solutions, services and products focused on managing group benefit and wellness for corporate and government clients.

20. Segment Disclosures (continued)

- The Technology Division provides solutions in the areas of supply chain management, integration and energy, as well as resource provisioning and training. It also supports the Benefits Division's technical infrastructure.

- The Corporate Division does not represent an operating segment and is included for informational purposes only. Corporate Division expenses consist of public company costs, interest and finance fees, office and administrative costs, as well as salaries, share-based compensation and other expenses pertaining to corporate employees.

	As at February 28, 2017			
	Benefits	**Technology**	**Corporate**	**Total**
Statement of Financial Position				
Current assets	$ 65,979	$ 21,023,094	$ 691,299	$ 21,780,372
Long term note receivable	-	3,360,541	-	3,360,541
Long term deposits	-	-	93,412	$ 93,412
Equipment	19,629	740,755	8,900	769,284
Software	1,230,389	474,896	-	1,705,285
Customer relationships	66,583	6,784,516	-	6,851,099
Trade names	117,500	4,753,244	-	4,870,744
Intellectual property	77,458	-	-	77,458
Goodwill	733,544	14,879,780	-	15,613,324
Total assets	**$ 2,311,082**	**$ 52,016,826**	**$ 793,611**	**$ 55,121,519**
Current liabilities	1,194,306	33,653,432	7,018,765	41,866,503
Total liabilities	**$ 1,194,306**	**$ 36,914,224**	**$ 13,177,016**	**$ 51,285,546**
	For three month ended February 28, 2017			
Statements of Comprehensive Loss				
Revenues	$ 453,644	$ 22,694,316	$ -	$ 23,147,960
Cost of revenues	(214,278)	(19,213,288)	-	(19,427,566)
Operating costs	(746,864)	(2,538,379)	(375,699)	(3,660,941)
Operating income (loss)	**(507,498)**	**942,649**	**(375,699)**	**59,453**
Interest	3,408	450,006	48,673	502,087
Acquisition and financing costs	179,839	336,716	-	516,555
Share-based compensation	-	-	54,872	54,872
Amortization and Depreciation	106,196	1,026,849	-	1,133,045
Accretion of interest	-	-	55,178	55,178
Income tax	-	634	-	634
Loss for the period	**$ (796,941)**	**$ (871,556)**	**$ (534,421)**	**$ (2,202,918)**

20. Segment Disclosures (continued)

As at February 29, 2016	Benefits	Technology	Corporate	Total
Statement of Financial Position				
Current assets	$ 906,335	$ 24,048,968	$ 296,351	$ 25,251,654
Long term deposits	-	-	194,148	194,148
Equipment	29,049	863,368	-	892,417
Software	1,372,431	578,781	-	1,951,212
Customer relationships	76,083	10,048,648	-	10,124,731
Trade names	177,500	4,387,044	-	4,564,544
Intellectual property	73,333	-	-	73,333
Goodwill	733,544	14,856,765	-	15,590,309
Assets held by discontinued operations	2,607,180	-	-	2,607,180
Total assets	**$ 5,975,455**	**$ 54,783,574**	**$ 490,499**	**$ 58,642,348**
Current liabilities	1,429,408	33,044,430	8,011,758	42,485,596
Total liabilities	**$ 1,429,408**	**$ 40,657,890**	**$ 12,121,022**	**$ 54,208,320**
Statements of Comprehensive Loss				
Revenues	$ 358,315	$ 23,009,502	$ -	$ 23,367,817
Cost of revenues	(172,553)	(18,973,556)	-	(19,146,109)
Operating costs	(597,397)	(2,529,704)	(917,334)	(4,044,435)
Operating income (loss)	**(411,635)**	**1,506,242**	**(917,334)**	**177,273**
Interest	(2,696)	(577,850)	(181,044)	(761,590)
Transaction costs	-	(317,727)	-	(317,727)
Share-based compensation	-	-	(26,601)	(26,601)
Amortization	(88,109)	(916,295)	-	(1,004,404)
Depreciation	(16,109)	(87,403)	-	(103,512)
Accretion of interest	(34,191)	-	(155,313)	(189,504)
Net loss before discontinued operations	(552,740)	(393,033)	(1,280,292)	(2,226,065)
Discontinued operations	(150,797)	-	-	(150,797)
Net comprehensive loss for the period	**$ (703,537)**	**$ (393,033)**	**$ (1,280,292)**	**$ (2,376,862)**

21. Contingent Consideration Payable

		Current	Long term	Feb 28, 2017	Nov 30, 2016
(1)	Inforica acquisition	$ 3,322	$ 64,902	$ 68,224	$ 68,224
(2)	Adeeva acquisition	118,882	602,212	721,094	721,094
(3)	Paradigm acquisition	1,448,309	394,098	1,842,407	1,842,407
(4)	Maplesoft acquisition	-	1,045,090	1,045,090	1,045,090
		$ 1,570,513	**$ 2,106,302**	**$ 3,676,815**	**$ 3,676,815**

1) As part of the consideration for the Inforica acquisition the Company is obligated to pay to the preferred shareholders of Inforica a future royalty of 3.68% of energy revenue to a maximum aggregate payment of $350,000. In Q1, 2017, $nil payment was made.

2) As part of the consideration for the Adeeva acquisition the Company is obligated to pay to the former debtholders of Adeeva a royalty of 1% of Adeeva sales and 3% of Adeeva gross margins to a maximum aggregate payment of $1,000,000. No amount have been paid as of February 28, 2017.

3) As part of the consideration for the Paradigm acquisition the Company is obligated to pay up to $1,774,179 at the end of year three following closing, subject to meeting a cumulative earnings before interest, income taxes, depreciation and amortization ("EBITDA") of $8,870,898 and $591,393 to be paid at the end of year four following closing, subject to meeting a cumulative EBITDA of $11,827,864. Based on the fiscal 2016 year end valuation report provided by an independent valuator, the discounted value of the payment due within the next 12 months is estimated to be $1,448,309.

4) As part of the consideration for the Maplesoft acquisition the Company agreed to pay to the former shareholders of Maplesoft at the end of five years an amount equal to 15% of the increase in the enterprise value of Maplesoft over that time period. Based on the fiscal 2016 year end valuation report provided by an independent valuator, the discounted value of the liability is estimated to be $1,045,090.

An estimate of the ranges of outcomes for the contingent consideration payable is as follows:

	Minimum	Maximum
Inforica acquisition	$ 50,120	$ 350,000
Adeeva acquisition	43,842	1,000,000
Paradigm acquisition	-	2,365,572
Maplesoft acquisition	-	1,500,000
	$ 93,962	**$ 5,215,572**

22. Reclassification

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

23. Subsequent Events

Acquisition of Processing Business

Subsequent to the first quarter, SEB acquired Aon Hewitt Inc.'s ("Aon") mid-market health and welfare benefits administration business in Canada and formed a strategic alliance with Aon. This book of business has 48 clients (many with globally recognized brands), and represents over 250,000 plan members across Canada. As part of this transaction, SEB also acquired several complementary technology platforms and will add approximately 150 employees from across Canada and India.

Equity Unit Private Placement

Subsequent to the first quarter the first three tranches of SEB's $1.5 million unit offering were closed raising an additional $905,000. Each unit was issued at a price of $0.20, and consisted of one common share and one common share purchase warrant, with each warrant being exercisable within 18 months into one common share of the Company at a price of $0.30 per share.

New Credit Facilities

Subsequent to the first quarter the Technology Division of the Company obtained from a major Canadian bank new credit facilities as follows:

- an operating demand facility of up to $12,000,000, which bears interest at the bank's prime rate plus 1.5%, and is accompanied with a $75,000 corporate credit card;
- a $5,500,000 term loan facility, which bears interest at the bank's prime rate plus 2%, with a term of 4 years and which may be repaid at any time without penalty; and
- a $5,000,000 subordinated term loan facility, a 5-year, subordinated term facility, with the mezzanine arm of the Bank. The facility bears interest at 12% per annum (10% of which is calculated and payable monthly and 2% of which is calculated and compounded monthly and is payable on maturity or early repayment).

These new facilities are secured by a first charge over all of the assets of Corporation and the material subsidiaries of the Corporation, contain positive, negative and financial covenants, and include other usual and customary terms and conditions. The Corporation and the material subsidiaries of the Corporation have provided guarantees in support of these new credit facilities.

These new facilities were used to:

- replace an existing operating facility and term facility with the same Canadian bank;
- replace an existing operating facility with a major international asset-based lender;
- repay short term debt assumed in the acquisition of Maplesoft Group Inc. in the amount of $7,435,642; and
- repay other short term debt in the amount of $1,080,000.