

Automated Benefits Corp.

Consolidated Financial Statements

December 31, 2007 and 2006

Auditors' Report

To The Shareholders of Automated Benefits Corp.

We have audited the consolidated balance sheets of **Automated Benefits Corp.** as at December 31, 2007 and 2006 and the consolidated statements of operations, deficit and comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
April 11, 2008.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Automated Benefits Corp.
Consolidated Balance Sheets
As at December 31, 2007 and 2006

	2007	2006
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	3,089,320	2,738,125
Accounts receivable (Note 17)	718,959	1,010,563
Note receivable (Note 3)	41,972	40,387
Prepaid expenses	209,740	238,255
	<u>4,059,991</u>	<u>4,027,330</u>
Restricted cash deposits (Note 8)	325,750	374,000
Property and equipment (Note 4)	340,342	416,044
Software development costs (Note 5)	-	58,513
Intangible asset (Note 2)	13,820	7,760
	<u>4,739,903</u>	<u>4,883,647</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6 and 18)	1,219,102	1,363,096
Deferred revenue	90,390	95,609
	<u>1,309,492</u>	<u>1,458,705</u>
Long-term liabilities		
Capital lease obligations (Note 6)	26,319	34,704
Other long-term liabilities (Note 18)	15,928	-
	<u>1,351,739</u>	<u>1,493,409</u>
Shareholders' equity		
Share capital (Note 10)	22,034,406	18,428,674
Contributed surplus (Note 10)	2,076,055	1,663,578
Deficit	<u>(20,722,297)</u>	<u>(16,702,014)</u>
	<u>3,388,164</u>	<u>3,390,238</u>
	<u>4,739,903</u>	<u>4,883,647</u>

Commitments (Note 7)

Approved on behalf of the Board of Directors

(Signed) James R. Swayze

Director

(Signed) Alan Ryder

Director

Automated Benefits Corp.**Consolidated Statements of Operations, Deficit, and Comprehensive Loss
For the years ended December 31, 2007 and 2006**

	2007	2006
	\$	\$
Revenue	3,231,079	2,447,385
Cost of sales	1,121,379	1,089,205
	2,109,700	1,358,180
Expenses		
General and administration	3,244,885	3,747,647
Research and development (Note 17)	1,168,064	1,374,944
Sales and marketing	1,260,911	1,970,219
Stock based compensation	412,477	755,814
Amortization	244,306	263,205
	6,330,643	8,111,829
Loss before interest, other income, and gain on sale of customer contracts	(4,220,943)	(6,753,649)
Interest and other income	162,421	110,183
Net loss before gain on sale of customer contracts	(4,058,522)	(6,643,466)
Gain on sale of customer contracts (Note 13)	38,239	-
Net loss and comprehensive loss for the year	(4,020,283)	(6,643,466)
Deficit-Beginning of year	(16,702,014)	(10,058,548)
Deficit-End of year	(20,722,297)	(16,702,014)
	\$	\$
Basic and diluted loss and comprehensive loss per common share (Note 11)	(0.04)	(0.08)
	#	#
Weighted average number of common shares (Note 11)	101,614,348	79,170,168

Automated Benefits Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2007 and 2006

	2007 \$	2006 \$
Cash used in		
Operating activities		
Net loss and comprehensive loss for the year	(4,020,283)	(6,643,466)
Items not affecting cash		
Stock based compensation	412,477	755,814
Shares issued for services	-	18,000
Loss on disposal of capital asset	30,824	-
Sale of customer contracts	(44,700)	-
Amortization	244,306	263,205
	<u>(3,377,376)</u>	<u>(5,606,447)</u>
Net change in non-cash working capital items (Note 15)	185,249	(118,315)
	<u>(3,192,127)</u>	<u>(5,724,762)</u>
Investing activities		
Purchase of capital assets (Note 15)	(128,604)	(231,912)
Purchase of intangible assets	(13,820)	(15,000)
Proceeds on sale of customer contracts	44,700	-
Proceeds on disposal of capital asset	185	-
	<u>(97,539)</u>	<u>(246,912)</u>
Financing activities		
Repayments of capital lease obligations	(13,121)	(724)
Restricted cash deposits	48,250	(374,000)
Issuance of shares	3,605,732	8,087,855
	<u>3,640,861</u>	<u>7,713,131</u>
Increase in cash	351,195	1,741,457
Cash and cash equivalents-Beginning of year	<u>2,738,125</u>	<u>996,668</u>
Cash and cash equivalents-End of year	<u>3,089,320</u>	<u>2,738,125</u>
Supplementary information		
Interest paid	<u>18,159</u>	<u>27,480</u>
Interest received	<u>136,282</u>	<u>62,207</u>
Income taxes paid	<u>-</u>	<u>-</u>

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

1) Basis of presentation

The Corporation was incorporated under the Alberta Business Corporations Act on July 15, 1999 and commenced operations on January 1, 2000. The Corporation develops and markets software designed to reduce the costs of administration of claims in both the employee benefits and property and casualty insurance markets.

On January 31, 2006, Symbility Solutions (U.S.A.) Inc ("Symbility USA") was incorporated as a wholly owned subsidiary of the Corporation and consolidated in these financial statements. Activity under Symbility USA commenced in the second quarter of 2006.

These consolidated financial statements include the accounts of Automated Benefits Corp. and its wholly owned subsidiaries: Automated Benefits Inc., Symbility Solutions Inc. and Symbility USA. Intercompany transactions and balances have been eliminated upon consolidation.

2) Significant accounting policies

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Cash and cash equivalents

Cash and cash equivalents consists of cash and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. It does not include restricted cash deposits since these amounts are not readily available to the Corporation to meet its operating cash requirements.

b) Revenue recognition

Automated Benefits Corporation owns three subsidiaries, Automated Benefits Inc., Symbility USA, and Symbility Solutions Inc. located in Toronto with an R & D Centre in Montreal. All divisions are independently generating revenue sources.

i) Claims transaction fees are booked as revenue in the month that the fees are generated.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

- ii) Professional services are recognized either when the service is delivered (in the case of training) or on a percentage of completion basis for each programming services contract.
- iii) Resale of premium insurance products is billed to the customer at the beginning of the policy and a deferred revenue account is established. Revenue is recognized evenly over the life of the policy until it expires or a new policy is established.
- iv) Resale of cards for processing prescriptions and dental services are recognized as revenue in the month the services are provided.
- v) Initial setup fees are earned over the expected lives of the customer contracts.

The resale of premium insurance products and cards for processing medical prescriptions and dental services was developed by the founder of Automated Benefits Inc.

At that time, management established that Automated Benefits Inc. had developed a non-traditional supply chain for group insurance. They determined that it is a re-seller, as opposed to a sales agent in these transactions.

Management has taken this position due to the fact that Automated Benefits Inc. acts as a principal in the transaction, retains title to the product until the transaction is complete, assumes the risks and rewards of ownership, and has the ability to set the pricing for its fees. Automated Benefits Inc.'s revenue reflects the gross revenue for certain insurance products in which they are classified as a re-seller.

c) Equipment

Equipment is recorded at original cost. Amortization is provided for on a straight-line basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%
Computer software	30%
Equipment under capital lease	Term of the lease
Leasehold improvements	Term of the lease

d) Software development costs

The Corporation incurs costs on activities which relate to the maintenance and development of new and existing software products. Software development costs are expensed as they are incurred unless they meet specific criteria related to technical, market and financial feasibility. Capitalized software development costs are being amortized on a straight-line basis over three years which is the estimated useful life of the technology.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

e) Intangible asset

The Corporation entered into a commercial agreement on July 5, 2006 with a software vendor which offers a French application for estimating and adjusting claims with users. The capitalized cost of \$15,000 is amortized on a straight-line basis over one year.

The Corporation has indefinite-life intangible assets which consist of trademarks and copyrights for Automated Benefits Inc. and Symbility Solutions Inc. The Corporation will assess these assets for impairment on an annual basis and when events or changes in circumstances indicate that an asset might be impaired.

f) Impairment of long-lived assets

The Corporation performs a recoverability evaluation when events or circumstances indicate that the carrying value of the Corporation's long-lived assets, which include equipment, software development costs, price list, trademarks and copyrights may be impaired. If the evaluation indicates that the carrying amount of the asset is not recoverable from the undiscounted cash flows to be received from that asset over its estimated useful life, an impairment loss is then calculated as the difference between the carrying value of the asset and its fair value. Any impairment loss is included in income for the year.

g) Leases

Leases are classified as either capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of assets are accounted for as if they were an acquisition of an asset and incurrence of an obligation at the inception of the lease and are accounted for as capital leases. All other leases are accounted for as operating leases and expensed as incurred.

h) Income taxes

The asset and liability method is used for determining income taxes. Under this method, future tax assets and liabilities are recognized for the estimated tax recoverable or payable that would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Changes to these rates are recognized in income in the period in which they occur. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
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i) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. The treasury stock method is used for the calculation of diluted loss per common share under which deemed proceeds on the exercise of options and warrants are considered to be used to re-acquire common shares at an average share price.

j) Stock-based compensation and other stock-based payments

Stock-based transactions are accounted for in accordance with the fair value method of accounting for stock-based compensation and results in the recording of compensation expense and contributed surplus. The amount of compensation is measured at the date the option is granted. The expense is recognized in income over the vesting period of the option. Any consideration paid on exercise of stock options is credited to share capital.

k) Foreign currency translation

Foreign currency exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are recognized in net income.

All of the subsidiaries of the Corporation are integrated operations and translation gains or losses are recognized in net income.

l) Investment tax credits

Assistance in the form of federal and provincial tax credits on research and development expenditures is recorded by the Corporation when there is reasonable assurance of collection. The Corporation accounts for investment tax credits relating to research and development expenses as a deduction in the statement of operations, deficit and comprehensive loss and those relating to capital expenditures as a reduction of the cost of the asset acquired.

m) Changes in accounting polices

Effective January 1, 2007, the Corporation adopted the new recommendations of The Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3251, "Equity", Section 1530, "Comprehensive Income", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation", and Section 3865, "Hedges", retroactively, without prior period restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
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i) Equity and comprehensive income

Section 3251 describes standards for the presentation of equity and changes in equity during the period with reference to the new comprehensive income standard. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

ii) Financial instruments

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It provides standards for the classification of financial instruments, related interest, dividends, losses and gains, the circumstances in which financial assets and financial liabilities are offset, and disclosures about financial instruments and non-financial derivatives. All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured at fair market value, except loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses, net of tax, included in other comprehensive income until the instruments are de-recognized or impaired.

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There was no material effect on the Corporation's consolidated financial statements upon adoption of Section 3855 on January 1, 2007. In accordance with the new standard, the Corporation has classified cash and cash equivalents as held-for-trading, restricted cash deposits as held-to-maturity investments, accounts receivable and note receivable as loans and receivables, and accounts payable, accrued liabilities, capital lease obligations, and other long-term liabilities as other liabilities. Regular-way purchases or sales of financial assets will be recognized and de-recognized, as applicable, using trade-date accounting. The standard requires derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. The Corporation has no material embedded derivatives that must be separated from the host contract and accounted for separately.

Revised CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", replaces Handbook Section 3860, "Financial Instruments – Disclosure and Presentation", and establishes standards for presentation of financial instruments and non-financial derivatives and identifies information that should be disclosed. There was no material effect on the Corporation's consolidated financial statements upon adoption of the CICA Handbook Section 3861 on January 1, 2007.

iii) Hedges

Section 3865, "Hedges", establishes standards for when and how hedge accounting may be applied, ensuring that counterbalancing gains, losses, revenues and expenses are recognized in net income in the same period or periods. All changes in the fair value of derivatives are recognized in income unless specific hedge criteria are met, which require that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Corporation currently does not have any hedges.

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n) Changes in accounting policies not yet adopted

The following accounting pronouncements have been released but have not yet been adopted by the Corporation:

i) Capital disclosures

In October 2006, the Accounting Standards Board ["AcSB"] issued Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Corporation. The Corporation does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

ii) Financial instruments - disclosures

In October 2006, the CICA issued Section 3862, "Financial Instruments – Disclosures" and Section 3363, "Financial Instruments - Presentation", which supersede Section 3881, "Financial Instruments - Presentation and Disclosure". Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed.

Section 3862 requires disclosures, by class of financial instrument, that enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically on January 1, 2008 for the Corporation. The Corporation does not expect the adoption of this standard to have a material impact on its financial statements.

Automated Benefits Corp.
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iii) Financial instruments - presentation

In October 2006, the AcSB approved Section 3863, "Financial Instruments – Presentation", which replaces Section 3661, "Financial Instruments - Disclosure and Presentation". The existing requirements on presentation of financial instruments have been carried forward unchanged to Section 3863, "Financial Instruments – Presentation". This standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Corporation. The Corporation does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

iv) International Financial Reporting Standards

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ["IFRS"] over a transition period expected to end in 2011. The impact on the transition to IFRS on the Corporation's consolidated financial statements has not been determined.

v) Goodwill and intangible assets

In 2008, the CICA issued Handbook Section 3064 ["CICA 3064"], "Goodwill and Intangible Assets". CICA 3064 replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". It establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual consolidated financial statements commencing January 1, 2009. The Corporation is currently assessing the impact of the new standard.

vi) General standards of financial statement presentation

Section 1400, "General Standards of Financial Statement Presentation", was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Corporation will adopt the amendments to Section 1400 on January 1, 2008 and is currently evaluating the effects of adopting the new requirements of this standard.

Automated Benefits Corp.
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3) Related party transactions

For the year ended December 31, 2007, the Corporation expensed \$45,000 (\$90,000 - 2006) in consulting fees paid to a private company controlled by a director. The one year agreement signed September 21, 2006 expired June 30, 2007 and has not been renewed.

For the year ended December 31, 2007, the Corporation expensed \$9,514 (\$61,157 - 2006) in consulting fees paid to an officer. The contract for these consulting services was terminated on June 5, 2007.

These fees were settled for cash consideration and were recorded at the exchange amount, which is the estimated fair value of the service rendered to the Corporation by the director and officer.

For the year ended December 31, 2007, the Corporation expensed \$18,000 (\$36,000 - 2006) for services provided by the independent directors of the Corporation. These fees were recorded at the exchange amount, which is the estimated fair value of the services rendered to the Corporation by the independent directors.

On February 25, 2008, the Corporation issued 189,476 Common Shares with a fair value of \$0.19 per share for an aggregate value of \$36,000 to the independent directors of Automated Benefits Corp. for services provided to the Corporation for 2006 and 2007. Each independent director receives \$5,000 per annum, and an additional \$1,500 is payable to the chairman of each of the Compensation Committee and the Audit Committee of the Corporation. The issuance of the 189,476 Common Shares to the directors was approved by the TSX Venture Exchange on February 20, 2008 and the shares were issued on February 22, 2008.

The Corporation agreed to loan \$40,000 to its President and Chief Executive Officer to enable him to purchase additional common shares of the Corporation on October 17, 2006. This promissory note matured on December 31, 2007 with an annual interest rate of 4%. There is a pledge in favour of the Corporation of 227,273 shares with a market value of \$61,364 being purchased as collateral to secure the loan. The Corporation has full recourse to the President and Chief Executive Officer for the full balance of the principal and the interest owed on the loan.

On January 25, 2008, the Corporation's President and Chief Executive Officer repaid the promissory note for \$40,000 plus \$2,087 in accrued interest. The Corporation subsequently returned 227,273 common shares that had been held as collateral to secure the loan to the President and Chief Executive Officer.

On May 22, 2007, a director of the Corporation was issued 511,846 common shares out of the 1,323,762 common shares issued as a result of the conversion of preferred Series A shares. A relative of that director was also issued 71,658 common shares.

Automated Benefits Corp.

Notes to Consolidated Financial Statements

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On October 16, 2007, the Corporation granted options to four members of the Board of Directors to acquire a total of 375,000 common shares of the Corporation at an exercise price of \$0.24 per common share. These vest at the rate of 1/3 immediately and 1/3 on each of the 12 and 24 months from the date of the grant.

4) Equipment

	2007		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Furniture and fixtures	143,321	67,149	76,172
Computer equipment	349,149	217,551	131,598
Computer software	106,888	54,890	51,998
Equipment	38,307	8,627	29,680
Leasehold improvements	63,911	13,017	50,894
Total	<u>\$ 701,576</u>	<u>361,234</u>	<u>340,342</u>

During the year ended December 31, 2007, amortization expense of \$185,793 was recorded.

	2006		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Furniture and fixtures	176,756	62,558	114,198
Computer equipment	428,051	199,381	228,670
Computer software	73,566	33,378	40,188
Equipment	17,471	655	16,816
Leasehold improvements	22,005	5,833	16,172
Total	<u>\$ 717,849</u>	<u>301,805</u>	<u>416,044</u>

During the year ended December 31, 2006, amortization expense of \$122,773 was recorded.

5) Software development costs

	2007		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Software development costs	339,377	339,377	-

During the year ended December 31, 2007, amortization expense of \$58,513 was recorded.

Automated Benefits Corp.
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			<u>2006</u>
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Software development costs	339,377	280,864	58,513

During the year ended December 31, 2006, amortization expense of \$140,432 was recorded.

Significant estimates have been made by management in assessing the net recoverable value of these intangible assets. Actual results could differ from those estimates making it reasonably possible that a material change in these estimates could occur in the near term.

6) Capital lease obligation

Lease payments required in each of the next four years ending December 31, 2011 relating to capital lease for furniture and equipment are as follows:

	\$
2008	18,199
2009	16,149
2010	9,994
2011	3,186
Less: Interest	(6,861)
Less: current portion	<u>(14,348)</u>
Total capital lease obligation	<u>26,319</u>

The interest charge on these capital leases ranges from 7.75% to 14.18% annually.

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7) Operating lease obligation

Lease payments required in each of the next four years ending December 31, 2011 relating to operating leases for building and equipment, are as follows:

	\$
2008	215,135
2009	178,084
2010	172,208
2011	<u>71,848</u>
Total operating lease obligation	<u>637,275</u>

The Corporation also has purchase obligations under various supplier agreements totaling \$419,000 to be paid substantially in equal amounts over the next four years ending December 31, 2011.

8) Restricted cash deposits

On November 1, 2006, the Corporation entered into a cash collateral agreement with the Royal Bank of Canada for \$59,000 to secure certain corporate credit cards issued. The agreement was amended to \$25,750 on November 21, 2007 and was subsequently amended to \$15,000 on March 28, 2008.

On November 15, 2006, the Corporation entered into a cash collateral agreement with the Royal Bank of Canada for \$295,000 to secure the letter of credit and certain corporate credit cards with the Royal Bank. The agreement was amended to \$282,500 on November 21, 2007.

On November 15, 2006, the Corporation entered into a cash collateral agreement with the Royal Bank of Canada for \$20,000 to secure certain corporate credit cards issued. The agreement was amended to \$17,500 on November 21, 2007.

The interest income earned on these restricted cash deposits accrues to the Corporation at rates ranging from 3.5% to 4% annually.

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9) Income taxes

The income tax provision (benefit) differs from the amount computed by applying the statutory rates to pre-tax income as a result of the following:

	2007	2006
	\$	\$
Combined federal and provincial corporate tax rate	35.30%	33.23%
Expected recovery for income taxes	(1,419,211)	(2,207,500)
Change in taxes resulting from		
Non-deductible expenses and other items	238,505	267,100
Change in rates	224,802	-
Change in valuation allowance	955,904	1,940,400
	-	-

The components of net future income tax assets and liabilities are as follows:

	2007	2006
	\$	\$
Future income tax assets		
Equipment and other	474,860	429,600
Cumulative eligible property	3,189	1,700
Share issue costs	167,450	221,700
Scientific research and experimental development	185,596	203,000
Non-capital losses	4,861,090	4,121,200
Donations	2,290	-
Investment tax credits	220,329	-
Valuation allowance	(5,914,804)	(4,958,900)
Future income tax liability-software development costs	-	(18,300)
Net future tax assets	-	-

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The Corporation has determined that the recognition of its net future tax assets does not meet the criteria of recognition being "more likely than not". Management has provided a valuation allowance equivalent to the gross future income tax asset given the uncertainty that the Corporation will have sufficient income for tax purposes to utilize the tax losses in the carry forward period.

The Corporation has approximately \$16,399,500 of non-capital losses for income tax purposes, subject to confirmation by taxation authorities, from current and prior years that can be used to reduce future years' net income for tax purposes.

Non-capital loss \$	Expiry date
527,400	2008
286,400	2009
173,700	2010
149,000	2013
1,858,800	2014
4,290,200	2015
5,557,000	2026
3,557,000	2027
<u>16,399,500</u>	

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10) Share capital

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

Issued

	<u>Common shares</u>		<u>Warrants</u>		<u>Broker Warrants</u>		<u>Total</u>
	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>\$</u>
Balance - December 31, 2005	57,613,643	9,218,469	8,679,671	1,071,149			10,289,618
Private Placement - May 2, 2006	23,990,000	1,859,400	11,995,000	4,078,300	3,598,500	1,259,300	7,197,000
Share options exercised	200,001	76,582					76,582
Warrants exercised	5,712,171	2,273,453	(5,712,171)	(686,456)			1,586,997
Warrants expired		384,693	(2,967,500)	(384,693)			
Conversion of preferred shares - August 10, 2006	513,999	5					5
Shares issued Sept. 26, 2006 for services rendered (TSX submission # 113859)	51,430	12,858					12,858
Share issue costs		(734,461)					(734,461)
Balance - December 31, 2006	88,081,244	13,090,999	11,995,000	4,078,300	3,598,500	1,259,300	18,428,599
Private Placement - May 4, 2007	19,186,200	2,874,564	9,593,100	794,236			3,668,800
Conversion of Preferred Shares - May 22, 2007	1,323,762	13					13
Share issue costs		(63,068)					(63,068)
Balance - December 31, 2007	<u>108,591,206</u>	<u>15,902,508</u>	<u>21,588,100</u>	<u>4,872,536</u>	<u>3,598,500</u>	<u>1,259,300</u>	<u>22,034,344</u>
Preferred Series A							
Balance - December 31, 2005	8,000,000						80
Converted to common shares - August 10, 2006	<u>(513,999)</u>						<u>(5)</u>
Balance - December 31, 2006	<u>7,486,001</u>						<u>75</u>
Converted to common shares - May 22, 2007	<u>(1,323,762)</u>						<u>(13)</u>
Balance - December 31, 2007	<u>6,162,239</u>						<u>62</u>
Total share capital							<u><u>22,034,406</u></u>

Automated Benefits Corp.
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Each preferred Series A share is non-voting and is convertible to common shares of the Corporation for each \$0.50 of revenue based on sale of products or services of, or any commissions, license fees or royalties (excluding license fees or royalties in respect of the m.Claim wireless mobile technology) received by Symbility during the five-year period commencing May 31, 2004. Any preferred Series A shares that have not been converted into common shares within a period of one hundred twenty (120) days from the fifth anniversary of closing of the acquisition of Symbility will be cancelled. At December 31, 2007, approximately 2,375,357 preferred Series A shares are convertible to common shares of the Corporation (1,323,762 - 2006).

Shares held in Escrow

Pursuant to various Escrow Agreements 675,588 of the issued and outstanding common shares of the Corporation are subject to escrow requirements. These common shares may be released from escrow twice per year.

Share issuances

On May 7, 2007, the Corporation announced that it had completed the closing of its previously announced private placement (the "Private Placement"). The Private Placement was completed with the issuance of 18,344,000 units of the Corporation (the "Units") at a price of \$0.20 per Unit for aggregate gross proceeds of \$3,668,800. Officers of the Corporation subscribed for \$300,000 of the total gross proceeds.

Each Unit is comprised of one common share (a "Common Share") and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant will entitle the holder to subscribe for one Common Share at a price of C\$0.25 per share for a period of twenty-four (24) months from the Closing Date of May 4, 2007, provided that, in the event that the Common Shares trade for not less than 10 consecutive trading days at the closing price of \$0.60 or greater, the holder shall exercise its Warrants within 30 days, failing which the Warrants will expire.

The brokers assisting with the offering were issued 842,200 units representing 5% of the gross proceeds of the Private Placement not related to insiders.

On May 23, 2007, the Corporation announced that it had converted 1,323,762 preferred Series A shares previously issued to certain shareholders of the Corporation into 1,323,762 common shares pursuant to the conversion terms of these preferred Series A shares.

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Stock option plan

The Corporation has a stock option plan (the “Plan”), which provides that the Board of Directors of the Corporation (the “Board”) may from time to time, in its discretion, grant to directors, senior officers, employees, management company employees and consultants the option to purchase common shares. The number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares on a non-diluted basis at anytime. In addition, the number of common shares reserved for issuance to any one person in any 12-month period shall not exceed 5% of the issued and outstanding common shares. There are additional restrictions on the number of options that may be granted to Insiders. The exercise price shall be determined by the Board, but shall not be lower than the lowest price permitted by the TSX Venture Exchange.

- a) On April 26, 2007, the Corporation granted options to employees of the Corporation to acquire 50,000 common shares of the Corporation at an exercise price of \$0.20 per common share. These vest at a rate of 1/3 immediately and 1/3 on each of the 12 and 24 months from the date of the grant.
- b) On October 16, 2007, the Corporation granted options to employees and directors of the Corporation to acquire 1,055,000 shares of the Corporation at an exercise price of \$0.24 per common share. These vest at a rate of 1/3 immediately and 1/3 on each of the 12 and 24 months from the date of the grant.

The above transactions resulted in the compensation expense of \$412,477 (\$755,814– 2006) with a corresponding credit to contributed surplus.

Stock based compensation related to

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
	\$	\$
General and administration	357,681	610,619
Research and development	20,040	21,254
Sales and marketing	34,756	123,941
	<hr/>	<hr/>
Total	412,477	755,814
	<hr/>	<hr/>

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Notes to Consolidated Financial Statements
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The Corporation used the Black-Scholes option pricing model to estimate the fair value of the options granted based on the following weighted average assumptions:

	<u>2007</u>	<u>2006</u>
Risk free interest rate	4.27%	4.10%
Expected life	5.0 years	5.0 years
Annualized volatility	101%	138%
Expected dividends	\$Nil	\$Nil

The following table summarizes activity related to share options for the year ended December 31, 2007 and 2006:

	<u>2007</u>		<u>2006</u>	
	<u>Share options</u>	<u>Exercise</u>	<u>Share options</u>	<u>Exercise</u>
	<u>outstanding</u>	<u>price</u>	<u>outstanding</u>	<u>price</u>
	#	\$	#	\$
Balance – Beginning of year	6,488,934	0.31	5,092,269	0.21
Granted April 27, 2006			965,000	0.35
Granted July 5, 2006			195,000	0.35
Granted July 27, 2006			50,000	0.35
Granted July 31, 2006			100,000	0.35
Granted August 29, 2006			465,000	0.35
Granted October 12, 2006			200,000	0.35
Granted November 1, 2006			50,000	0.35
Granted November 28, 2006			50,000	0.35
Granted December 6, 2006			35,000	0.35
Granted April 26, 2007	50,000	0.20		
Granted October 16, 2007	1,055,000	0.24		
Exercised			(200,001)	0.20
Cancelled			(925,000)	0.62
Repriced			925,000	0.35
Forfeited	(1,444,167)	0.35	(513,334)	0.38
Balance – End of year	<u>6,149,767</u>	<u>0.29</u>	<u>6,488,934</u>	<u>0.31</u>

Automated Benefits Corp.
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The following table summarizes information about the Corporation's share options outstanding as at December 31, 2007:

Share options outstanding #	Exercise price \$	Weighted average remaining contractual life Years	Number exercisable #
2,467,267	0.20	1.5	2,440,600
150,000	0.27	1.7	150,000
400,000	0.40	1.9	400,000
125,000	0.75	2.1	125,000
200,000	0.62	2.5	200,000
1,055,000	0.24	4.8	351,667
40,000	0.38	3.0	26,667
1,712,500	0.35	3.2	981,667
6,149,767			4,675,601

The weighted average fair value of options granted during the year was \$0.24 per stock option (2006 - \$0.28).

Warrants

On May 4, 2007, the Corporation issued 9,172,000 share warrants and 421,100 broker warrants as part of the Private Placement.

The Corporation used the Black-Scholes option pricing model to estimate the fair value of the share warrants and broker warrants issued at May 4, 2007 based on the following assumptions:

Risk free interest rate	4.21%
Expected life	2 years
Annualized volatility	78.32%
Expected dividends	\$nil

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The following table summarizes activity related to share warrants for the year ended December 31, 2007:

	Number of warrants outstanding #	Weighted average exercise price \$
Balance – Beginning of year	11,995,000	0.35
Granted May 4, 2007– Private placement	9,593,100	0.25
Exercised		
Forfeited		
Balance – End of year	<u>21,588,100</u>	<u>0.31</u>
Broker Warrants	<u>3,598,500</u>	<u>0.30</u>

The following table summarizes information about the Corporation's share warrants outstanding as at December 31, 2007:

	Number of shares outstanding #	Exercise price \$	Weighted average remaining contractual life years	Number exercisable #
Share warrants	11,995,000	0.35	0.3	11,995,000
	<u>9,593,100</u>	0.25	1.3	<u>9,593,100</u>
	<u>21,588,100</u>			<u>21,588,100</u>
Broker warrants	<u>3,598,500</u>	0.30	0.3	<u>3,598,500</u>

Contributed Surplus

The following table summarizes activity related to contributed surplus for the years ended December 31, 2007 and December 31, 2006:

	2007 \$	2006 \$
Balance – Beginning of year	1,663,578	940,885
Compensation expense	412,477	755,814
Exercise of stock options	-	(38,264)
Shares issued for services	-	5,143
Balance – End of year	<u>2,076,055</u>	<u>1,663,578</u>

Automated Benefits Corp.
Notes to Consolidated Financial Statements
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11) Loss per share

	2007	2006
	\$	\$
Loss attributable to common shareholders (numerator)	<u>(4,020,283)</u>	<u>(6,643,466)</u>
	#	#
Weighted average number of common shares outstanding (denominator)	<u>101,614,348</u>	<u>79,170,168</u>
	\$	\$
Basic and diluted loss per share	<u>(0.04)</u>	<u>(0.08)</u>

The effect of potentially dilutive share options and warrants was not included in the calculation of diluted loss per share in 2007 and 2006 as the result would be anti-dilutive.

12) Group insurance products

The following table summarizes the revenue and net revenues for the re-selling of insurance:

	December 31, 2007	December 31, 2006
	\$	\$
Sales revenue	1,831,377	1,628,030
Cost of sales	913,731	870,950
	<u>917,646</u>	<u>757,080</u>

13) Gain on sale of customer contracts

On October 26, 2007, the Corporation entered into a commercial agreement with Unison Benefits, a division of a privately owned insurance brokerage located in Thunder Bay. Unison Benefits has been providing their clients with service and advice on both individual and group insurance products for over 20 years. The customer contracts were transferred for proceeds of \$44,700 and a gain of \$38,000 was recognized net of applicable costs.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
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14) Segmented information

The Corporation has three reportable segments, two of which offer different products and services: the Group insurance division and the property and casualty division. Revenues are generated from external customers in Canada and the United States and all material assets are located in Canada. In fiscal 2007 and fiscal 2006, no single customer accounted for 10% or more of the Corporation's revenue.

2007	Group insurance software \$	Property and casualty software \$	Head office \$	Total \$
Revenue	2,043,401	1,187,678	-	3,231,079
Cost of sales	1,079,724	41,655	-	1,121,379
Gross margin	963,677	1,146,023	-	2,109,700
Expenses	1,350,227	3,193,733	1,786,683	6,330,643
Segment loss before interest and other income	(386,550)	(2,047,710)	(1,786,683)	(4,220,943)
Interest and other income	12,446	2,953	147,022	162,421
Gain on transfer of products and services	38,239	-	-	38,239
Segment loss	(335,865)	(2,044,757)	(1,639,661)	(4,020,283)
Identifiable assets	929,761	(1,207,727)	5,017,869	4,739,903

As at December 31, 2007, Symbility has a negative identifiable asset balance of \$(1,207,727) despite the fact that the balance of the consolidated bank accounts of the Corporation is positive. This is due to an overdraft position in Symbility's bank accounts totaling \$(1,721,718). If the impact of this overdraft was reflected in the liabilities section of the balance sheet, the identifiable assets for Symbility would be \$513,991.

Automated Benefits Corp.
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2006	Group insurance software \$	Property and casualty software \$	Head office \$	Total \$
Revenue	1,785,504	661,881	-	2,447,385
Cost of sales	1,018,915	70,290	-	1,089,205
Gross margin	766,589	591,591	-	1,358,180
Expenses	1,729,361	4,185,747	2,196,721	8,111,829
Segment loss before interest and other income	(962,772)	(3,594,156)	(2,196,721)	(6,753,649)
Interest and other income		802	109,381	110,183
Segment loss	(962,772)	(3,593,354)	(2,087,340)	(6,643,466)
Identifiable assets	1,249,611	831,779	2,802,257	4,883,647

15) Net change in non-cash working capital items

	2007 \$	2006 \$
Accounts receivable	291,604	(349,254)
Note receivable	(1,585)	(40,387)
Inventory	-	41,341
Prepaid expenses	28,515	(166,330)
Accounts payable and accrued liabilities	(143,994)	390,584
Deferred revenue	(5,219)	5,731
Other long-term liabilities	15,928	-
	185,249	(118,315)

The consolidated statements of cash flows excluded non-cash investing transactions related to property and equipment under capital lease obligations of \$4,736 (\$35,428 - 2006).

16) Financial instruments

The Corporation's financial instruments consist of accounts receivable, accounts payable and accrued liabilities and capital lease obligations and their carrying value approximates fair value due to their immediate or short-term maturity.

Credit risk

The Corporation is exposed to credit risk in the event of non-performance by customers. The Corporation monitors the credit risk of customers on a regular basis. The maximum credit risk is the carrying value of the accounts receivable.

Interest rate risk

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on its cash, as defined in Note 2. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

Currency risk

The Corporation operates primarily within Canada and the United States, therefore, is exposed to significant foreign currency risk. The Corporation has not entered into foreign exchange derivative contracts.

17) Scientific Research and Experimental Development tax credits

In 2007, Symbility has recorded investment tax credits related to the 2006 fiscal year totaling \$124,840 (2006 - \$179,509 related to 2005 and 2004) and reduced research and development expenditures by this amount. The Corporation has accumulated \$105,000 of non-refundable investment tax credits which can be carried forward to reduce future Federal income taxes payable and will begin to expire in 2012.

18) Restructuring costs

During the year ended December 31, 2007, the Corporation consolidated its offices in Edmonton and Kitchener to its offices in Toronto. As a result of the consolidation, the Corporation incurred restructuring costs totaling \$221,950. This was comprised of severance costs of \$85,294, rent expense of \$63,378, and other expenses of \$73,278. The severance costs and the other expenses were paid as at December 31, 2007, and the remaining provision of the rent expense is included in accounts payable and accrued liabilities and other long-term liabilities, and will be paid over the remaining term of the lease which ends on December 30, 2010.