

Automated Benefits Corp.

Consolidated Financial Statements

December 31, 2008 and 2007

AUDITORS' REPORT

**To the Shareholders of
Automated Benefits Corp.**

We have audited the consolidated balance sheets of **Automated Benefits Corp.** as at December 31, 2008 and 2007 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 audit.

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, 2008 and 2007 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 24, 2009.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Automated Benefits Corp.
Consolidated Balance Sheets
As at December 31, 2008 and 2007

	2008	2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,546,197	3,089,320
Accounts receivable (Note 16)	704,159	718,959
Note receivable (Note 3)	-	41,972
Prepaid expenses	142,711	209,740
	<u>2,393,067</u>	<u>4,059,991</u>
Restricted cash deposits (Note 7)	212,000	325,750
Property and equipment (Note 4)	226,939	340,342
Intangible asset (Note 2)	23,077	13,820
	<u>2,855,083</u>	<u>4,739,903</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 17)	964,624	1,219,102
Deferred revenue	75,803	90,390
	<u>1,040,427</u>	<u>1,309,492</u>
Long-term liabilities		
Capital lease obligations (Note 5)	12,373	26,319
Other long-term liabilities (Note 17)	7,351	15,928
	<u>1,060,151</u>	<u>1,351,739</u>
Shareholders' equity		
Share capital (Note 9)	16,730,232	22,034,406
Contributed surplus (Note 9)	7,561,463	2,076,055
Deficit	<u>(22,496,763)</u>	<u>(20,722,297)</u>
	<u>1,794,932</u>	<u>3,388,164</u>
	<u>2,855,083</u>	<u>4,739,903</u>

Commitments (Note 6)

See accompanying notes

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, 2008 and 2007**

	2008	2007
	\$	\$
Revenue	3,854,929	3,231,079
Cost of sales	<u>1,058,188</u>	<u>1,121,379</u>
	<u>2,796,741</u>	<u>2,109,700</u>
Expenses		
General and administration	2,644,588	3,238,291
Research and development (Note 16)	877,333	1,168,064
Sales and marketing	824,436	1,260,911
Stock-based compensation	147,808	412,477
Amortization	<u>147,229</u>	<u>244,306</u>
	<u>4,641,394</u>	<u>6,324,049</u>
Loss before interest, other income, and gain on sale of customer contracts	(1,844,653)	(4,214,349)
Interest and other income	<u>70,187</u>	<u>155,827</u>
Net loss before gain on sale of customer contracts	(1,774,466)	(4,058,522)
Gain on sale of customer contracts (Note 13)	<u>-</u>	<u>38,239</u>
Net loss and comprehensive loss for the year	(1,774,466)	(4,020,283)
Deficit-Beginning of year	<u>(20,722,297)</u>	<u>(16,702,014)</u>
Deficit-End of year	<u>(22,496,763)</u>	<u>(20,722,297)</u>
	\$	\$
Basic and diluted loss and comprehensive loss per common share (Note 10)	<u>(0.02)</u>	<u>(0.04)</u>
	#	#
Weighted average number of common shares outstanding (Note 10)	<u>110,130,245</u>	<u>101,614,348</u>

See accompanying notes

Automated Benefits Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2008 and 2007

	Common shares \$	Warrants \$	Broker warrants \$	Preferred Series A \$	Contributed surplus \$	Deficit and comprehensive loss \$	Total shareholders' equity \$
December 31, 2006	13,090,999	4,078,300	1,259,300	75	1,663,578	(16,702,014)	3,390,238
Private placement	2,874,564	759,372	34,864	-	-	-	3,668,800
Conversion of Preferred Shares	13	-	-	(13)	-	-	-
Share issuance costs	(63,068)	-	-	-	-	-	(63,068)
Stock-based compensation	-	-	-	-	412,477	-	412,477
Net loss for the year	-	-	-	-	-	(4,020,283)	(4,020,283)
December 31, 2007	15,902,508	4,837,672	1,294,164	62	2,076,055	(20,722,297)	3,388,164
Share issuance for services	34,106	-	-	-	-	-	34,106
Conversion of preferred shares	24	-	-	(24)	-	-	-
Share issuance costs	(680)	-	-	-	-	-	(680)
Warrants forfeited	-	(4,078,300)	(1,259,300)	-	5,337,600	-	-
Stock-based compensation (Note 9)	-	-	-	-	147,808	-	147,808
Net loss for the year	-	-	-	-	-	(1,774,466)	(1,774,466)
December 31, 2008	15,935,958	759,372	34,864	38	7,561,463	(22,496,763)	1,794,932

See accompanying notes

Automated Benefits Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2008 and 2007

	2008 \$	2007 \$
Operating activities		
Net loss for the year	(1,774,466)	(4,020,283)
Items not affecting cash		
Stock-based compensation	147,808	412,477
Issuance of shares for services	34,106	-
Loss on disposal of property and equipment	7,704	30,824
Gain on sale of customer contracts	-	(44,700)
Amortization	147,229	244,306
	<u>(1,437,619)</u>	<u>(3,377,376)</u>
Net change in non-cash working capital items (Note 15)	(153,439)	185,249
Cash used in operating activities	<u>(1,591,058)</u>	<u>(3,192,127)</u>
Investing activities		
Purchase of property and equipment (Note 15)	(42,398)	(128,604)
Purchase of intangible assets	(9,258)	(13,820)
Proceeds on sale of customer contracts	-	44,700
Proceeds on disposal of property and equipment	869	185
Cash used in investing activities	<u>(50,787)</u>	<u>(97,539)</u>
Financing activities		
Repayments of capital lease obligations	(14,348)	(13,121)
Release of restricted cash deposits	113,750	48,250
Cost of issuance of shares	(680)	3,605,732
Cash provided by financing activities	<u>98,722</u>	<u>3,640,861</u>
Net increase (decrease) in cash	(1,543,123)	351,195
Cash and cash equivalents-Beginning of year	<u>3,089,320</u>	<u>2,738,125</u>
Cash and cash equivalents-End of year	<u>1,546,197</u>	<u>3,089,320</u>
Supplementary cash flow information		
Interest paid	<u>5,174</u>	<u>18,159</u>
Interest received	<u>102,534</u>	<u>136,282</u>

See accompanying notes

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

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. Symbility USA commenced operations 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. ("Autoben"), Symbility Solutions Inc. and Symbility USA (jointly referred to on a consolidated basis as "Symbility"). Intercompany transactions and balances have been eliminated upon consolidation.

2) Significant accounting policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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 consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and cash equivalents

Cash and cash equivalents consist 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

The Corporation owns three subsidiaries, Automated Benefits Inc., Symbility USA, and Symbility Solutions Inc. located in Toronto with a Research and Development Centre in Montreal. All divisions are independently generating revenue sources.

i) Claims transaction fees and user-based license fees are recorded as revenue in the month that the services are provided.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

- 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 term 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.

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 reseller, as opposed to a sales agent in these transactions. Automated Benefits Inc. is not liable for any claims on insurance. Automated Benefits Inc.'s revenue reflects the gross revenue for certain insurance products in which they are classified as a reseller.

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) **Intangible asset**

The Corporation has indefinite life intangible assets which consist of trademarks and copyrights. 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.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

e) 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, 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.

f) 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.

g) 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 those temporary differences are expected to be recovered or settled. Changes to these tax 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.

h) 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.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

i) 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.

j) 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 income for the year.

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

k) 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 consolidated statements of operations, deficit and comprehensive loss and those relating to capital expenditures as a reduction of the cost of the asset acquired.

l) 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, gains and losses, 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 sheets 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 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 derecognized or impaired.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 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 and 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 derecognized, 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.

m) Changes in accounting policies

i) Financial instruments - disclosures and presentation

Effective January 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3862 "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation." These standards place an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. See Note 11. The adoption of these standards does not have a material impact on the consolidated financial statements.

ii) Capital disclosures

Effective January 1, 2008, the Corporation adopted the CICA Handbook 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. See Note 12. The adoption of this standard does not have a material impact on the consolidated financial statements.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

iii) General Standards of Financial Statement Presentation

Effective January 1, 2008, the Corporation adopted the CICA amended Handbook Section 1400, General Standards of Financial Statement Presentation. These amendments require management to disclose any uncertainties that cast significant doubt upon an entity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management must take into account all available information about the future, which is at least, but is not limited to, 12 months from the consolidated balance sheet date. The adoption of this standard does not have a material impact on the consolidated financial statements.

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) International Financial Reporting Standards ["IFRS"]

In 2006, the CICA Accounting Standards Board ratified a strategic plan that will result in the adoption by Canadian public companies of IFRS. The Corporation will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Corporation has not determined the impact of adopting IFRS.

ii) 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 these standards.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

3) Related party transactions

For the year ended December 31, 2008, the Corporation expensed \$24,500 (\$18,000 - 2007) for services provided by the independent and non-management 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 and non-management directors.

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 February 22, 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.

On May 30, 2008, a director and officer of the Corporation was issued 918,456 common shares out of the 2,375,357 common shares issued as a result of the conversion of preferred Series A shares. A relative of that director and officer was also issued 128,584 common shares as a result of the conversion of preferred Series A shares.

For the year ended December 31, 2008, the Corporation expensed \$25,000 (Nil - 2007) in consulting fees paid to a private company controlled by a director. The two-month agreement signed November 1, 2008 expired December 31, 2008 and has not been renewed.

For the year ended December 31, 2007, the Corporation expensed \$45,000 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 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 services rendered to the Corporation by the director and officer.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

4) Property and equipment

	2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Furniture and fixtures	129,465	85,344	44,121
Computer equipment	368,301	284,669	83,632
Computer software	126,769	82,157	44,612
Equipment	39,150	20,362	18,788
Leasehold improvements	63,911	28,125	35,786
Total	727,596	500,657	226,939

During the year ended December 31, 2008, amortization expense of \$147,229 was recorded.

	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	701,576	361,234	340,342

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

5) Capital lease obligation

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

	\$
2009	16,149
2010	9,994
2011	3,186
Less: Interest	(3,010)
Less: current portion	(13,946)
Total capital lease obligation	12,373

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

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

6) Operating lease obligation

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

	\$
2009	183,964
2010	175,868
2011	69,655
Thereafter	-
Total operating lease obligation	<u>429,487</u>

The Corporation also has purchase obligations under a supplier agreement totaling \$270,000 to be paid substantially in equal monthly amounts over the next three years ending March 31, 2011.

7) Restricted cash deposits

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

On November 21, 2007, the Corporation entered into another cash collateral agreement with the Royal Bank of Canada for \$17,500 to secure certain corporate credit cards issued.

On November 21, 2007, the Corporation entered into a third cash collateral agreement with the Royal Bank of Canada for \$282,500 to secure the letter of credit and certain corporate credit cards with the Royal Bank. As a result of a reduction in the letter of credit, the agreement was amended to reduce the amount to \$179,500 on November 7, 2008.

The interest income earned on these restricted cash deposits accrues to the Corporation at rates ranging from 1.25% to 1.5% annually.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

8) Income taxes

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

	2008	2007
	\$	\$
Combined federal and provincial statutory tax rate	<u>33.90%</u>	<u>35.30%</u>
Expected recovery for income taxes	(601,100)	(1,419,211)
Change in income taxes resulting from		
Non-deductible expenses and other items	29,761	238,505
Change in future tax rate	117,089	224,802
Change in valuation allowance	454,250	955,904
	<u>-</u>	<u>-</u>

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

	2008	2007
	\$	\$
Future tax assets		
Equipment and other	416,318	474,860
Cumulative eligible property	1,424	3,189
Share issue costs	96,329	167,450
Scientific research and experimental development	361,859	185,596
Non-capital losses	5,048,622	4,861,090
Donations	-	2,290
Investment tax credits	444,502	220,329
Valuation allowance	<u>(6,369,054)</u>	<u>(5,914,804)</u>
Net future tax assets	<u>-</u>	<u>-</u>

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

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 carryforward period.

The Corporation has approximately \$17,332,400 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' taxable income for tax purposes.

Non-capital losses	Expiry date
\$	
286,400	2009
173,600	2010
149,100	2013
1,858,800	2014
4,290,200	2015
5,557,300	2026
3,194,200	2027
1,822,800	2028
<u>17,332,400</u>	

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

9) 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, 2006	88,081,244	13,090,999	11,995,000	4,078,300	3,598,500	1,259,300	18,428,599
Private placement	19,186,200	2,874,564	9,172,000	759,372	421,100	34,864	3,668,800
Conversion of preferred shares	1,323,762	13					13
Share issuance costs		(63,068)					(63,068)
Balance - December 31, 2007	108,591,206	15,902,508	21,167,000	4,837,672	4,019,600	1,294,164	22,034,344
Shares issued for services rendered	189,476	34,106					34,106
Conversion of preferred shares	2,375,357	24					24
Warrants expired			(11,995,000)	(4,078,300)	(3,598,500)	(1,259,300)	(5,337,600)
Share issuance costs		(680)					(680)
Balance - December 31, 2008	<u>111,156,039</u>	<u>15,935,958</u>	<u>9,172,000</u>	<u>759,372</u>	<u>421,100</u>	<u>34,864</u>	<u>16,730,194</u>
Preferred Series A							
Balance - December 31, 2006		7,486,001					75
Converted to common shares	<u>(1,323,762)</u>						<u>(13)</u>
Balance - December 31, 2007		6,162,239					62
Converted to common shares	<u>(2,375,357)</u>						<u>(24)</u>
Balance - December 31, 2008		<u>3,786,882</u>					<u>38</u>
Total share capital							<u>16,730,232</u>

Automated Benefits Corp.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

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.

Share issuances

On May 30, 2008, the Corporation announced that it had converted 2,375,357 preferred Series A shares previously issued to certain shareholders of the Corporation into 2,375,357 common shares pursuant to the conversion terms of these preferred Series A shares.

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 any time. 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.

On January 30, 2008, the Corporation granted options to its employees to acquire 90,000 common shares of the Corporation at an exercise price of \$0.19 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.

On September 23, 2008, the Corporation granted options to one of its employees to acquire 10,000 common shares of the Corporation at an exercise price of \$0.10 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.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

On November 1, 2008, the Corporation granted options to a consultant to acquire 300,000 common shares and the vesting period will be over the course of two years, with 150,000 options vesting each year. 75,000 options will vest on November 1, 2008, and 25,000 options will vest on each of February 1, 2009, May 1, 2009 and August 1, 1009. An additional 75,000 options will vest on November 1, 2009, and 25,000 options will vest on each of February 1, 2010, May 1, 2010 and August 1, 1010. These will be broken down into thirds, with 1/3 of the options granted at an exercise price of \$0.10, \$0.20 and \$0.35 respectively.

On December 11, 2008, the Corporation granted options to its employees to acquire 20,000 common shares of the Corporation at an exercise price of \$0.10 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 total stock-based compensation expense was \$147,808 (\$412,477– 2007) with a corresponding credit to contributed surplus.

Stock-based compensation related to

	<u>2008</u>	<u>2007</u>
	\$	\$
General and administration	135,977	357,681
Research and development	66	20,040
Sales and marketing	11,765	34,756
Total	<u>147,808</u>	<u>412,477</u>

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>2008</u>	<u>2007</u>
Risk-free interest rate	2.98%	4.27%
Expected life	5.0 years	5.0 years
Annualized volatility	110%	101%
Expected dividends	\$Nil	\$Nil

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

The following table summarizes activity related to stock options for the years ended December 31, 2008 and 2007:

	2008		2007	
	Stock options outstanding #	Exercise price \$	Stock options outstanding #	Exercise price \$
Balance – Beginning of year	6,149,767	0.29	6,488,934	0.31
Granted April 26, 2007			50,000	0.20
Granted October 16, 2007			1,055,000	0.24
Granted January 30, 2008	90,000	0.19		
Granted September 23, 2008	10,000	0.10		
Granted November 1, 2008	100,000	0.10		
Granted November 1, 2008	100,000	0.20		
Granted November 1, 2008	100,000	0.35		
Granted December 11, 2008	20,000	0.10		
Forfeited	(772,500)	0.35	(1,444,167)	0.35
Balance – End of year	<u>5,797,267</u>	<u>0.27</u>	<u>6,149,767</u>	<u>0.29</u>

The following table summarizes information about the Corporation's stock options outstanding as at December 31, 2008:

Stock options outstanding #	Exercise price \$	Weighted average remaining contractual life Years	Number exercisable #
75,000	0.19	4.1	24,999
1,160,000	0.35	2.5	922,500
400,000	0.40	1.0	400,000
2,547,267	0.20	0.6	2,453,067
150,000	0.27	0.7	150,000
1,020,000	0.24	3.8	679,995
100,000	0.75	1.1	100,000
200,000	0.62	1.5	200,000
130,000	0.10	4.8	22,499
15,000	0.38	2.0	15,000
<u>5,797,267</u>			<u>4,968,060</u>

The weighted average fair value of options granted during the year was \$0.07 per stock option (2007 - \$0.17).

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

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 on 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

The following table summarizes activity related to share warrants for the year ended December 31, 2008:

	Number of warrants outstanding #	Weighted average exercise price \$
Balance – Beginning of year	21,167,000	0.31
Forfeited	<u>(11,995,000)</u>	<u>0.35</u>
Balance – End of year	<u>9,172,000</u>	<u>0.25</u>
Broker Warrants		
Balance – Beginning of year	4,019,600	0.29
Forfeited	<u>(3,598,500)</u>	<u>0.30</u>
Balance – End of year	<u>421,100</u>	<u>0.25</u>

The following table summarizes information about the Corporation's share warrants outstanding as at December 31, 2008:

	Number of shares outstanding #	Exercise price \$	Weighted average remaining contractual life Years	Number exercisable #
Share warrants	<u>9,172,000</u>	<u>0.25</u>	<u>0.34</u>	<u>9,172,000</u>
Broker warrants	<u>421,100</u>	<u>0.25</u>	<u>0.34</u>	<u>421,100</u>

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

Contributed surplus

The following table summarizes activity related to contributed surplus for the years ended December 31, 2008 and 2007:

	2008	2007
	\$	\$
Balance – Beginning of year	2,076,055	1,663,578
Compensation expense	147,808	412,477
Warrants forfeited	5,337,600	-
	<u>7,561,463</u>	<u>2,076,055</u>

10) Loss per share

	2008	2007
	\$	\$
Loss attributable to common shareholders (numerator)	<u>(1,774,466)</u>	<u>(4,020,283)</u>
	#	#
Weighted average number of common shares outstanding (denominator)	<u>110,130,245</u>	<u>101,614,348</u>
	\$	\$
Basic and diluted loss per common share	<u>(0.02)</u>	<u>(0.04)</u>

The effect of potentially dilutive share options and warrants was not included in the calculation of diluted loss per share in 2008 and 2007 as the result would be anti-dilutive.

11) Financial Instruments and Risk Management

Fair value

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates fair value due to the immediate or short-term maturity.

Risk arising from financial instruments and risk management

The Corporation's activities expose it to a variety of financial risks; market risk (including foreign exchange), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation does not use derivative financial instruments to hedge currency risks. The Corporation does not purchase any derivative financial instruments for speculative purposes.

Risk management is the responsibility of the corporate finance function. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors.

Market risk and foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Corporation's income or the value of its financial instruments.

The Corporation's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products and services to customers invoiced in foreign currencies and the purchase of services invoiced in foreign currencies. The Corporation does not use derivative instruments to hedge its foreign currency risk. Of the Corporation's accounts receivable and accounts payable at December 31, 2008, 10% (2007 - 4%) and 5% (2007 - 7%), respectively, are denominated in foreign currencies. During the year ended December 31, 2008, approximately 20% (2007 - 19%) of revenue and approximately 12% (2007 - 7%) of expenses were incurred in U.S. dollars and U.K. pound sterling. As of December 31, 2008, the fluctuation of the U.S. dollar and U.K. pound sterling of 1% would have an insignificant impact on net loss and comprehensive loss.

Credit risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to clients including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Corporation assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

As at December 31, 2008, the two largest amounts due from customers accounted for 22% of the Corporation's total accounts receivable (2007 - 15%).

The following table sets out details of the age of accounts receivable that are outstanding and related allowance for doubtful accounts:

	December 31, 2008
	\$
Current	574,145
31 - 60 days	117,857
61 - 90 days	17,292
Over 91 days	3,136
Less: allowance for doubtful accounts	<u>(8,271)</u>
Total accounts receivable, net	<u>704,159</u>

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of operations, deficit and comprehensive loss within operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of operations, deficit and comprehensive loss.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Corporation achieves this by maintaining sufficient cash and cash equivalents and through the raising of equity financing. As at December 31, 2008, the Corporation was holding cash and cash equivalents of \$1,546,197.

12) Management of capital

The Corporation defines capital that it manages as the aggregate of its shareholders' equity and interest-bearing debt. The Corporation's objectives when managing capital are to ensure that it can provide products and services to its customers and returns to its shareholders.

As at December 31, 2008, total managed capital was \$1,821,251 (2007 - \$3,428,831) comprised of shareholders' equity of \$1,794,932 (2007 - \$3,388,164) and interest-bearing debt of \$26,319 (2007 - \$40,667).

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

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.

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 2008 and fiscal 2007, no single customer accounted for 10% or more of the Corporation's revenue.

December 31, 2008	Group insurance software \$	Property and casualty software \$	Head office \$	Total \$
Revenue	2,275,659	1,579,270	-	3,854,929
Cost of sales	1,005,653	52,535	-	1,058,188
Gross margin	1,270,006	1,526,735	-	2,796,741
Expenses	1,371,763	1,969,179	1,300,452	4,641,394
Segment loss before interest and other income	(101,757)	(442,444)	(1,300,452)	(1,844,653)
Interest and other income	8,245	1,077	60,865	70,187
Segment loss	(93,512)	(441,367)	(1,239,587)	(1,774,466)
Identifiable assets	1,209,542	(1,606,210)	3,251,751	2,855,083

As at December 31, 2008, the property and casualty division has a negative identifiable asset balance of \$(1,606,210) despite the fact that the balance of the consolidated bank accounts of the Corporation is positive. This is due to an overdraft position in the property and casualty division's bank accounts totaling \$(2,087,862). If the impact of this overdraft was reflected in the liabilities section of the balance sheet, the identifiable assets for the property and casualty division would be \$481,652.

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

December 31, 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	1,349,277	3,193,079	1,781,693	6,324,049
Segment loss before interest and other income	(385,600)	(2,047,056)	(1,781,693)	(4,214,349)
Interest and other income	11,495	2,299	142,033	155,827
Gain on transfer of products and services	38,239			38,239
Segment loss	(335,866)	(2,044,757)	(1,639,660)	(4,020,283)
Identifiable assets	929,761	(1,207,727)	5,017,869	4,739,903

As at December 31, 2007, the property and casualty division 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 the property and casualty division'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 the property and casualty division would be \$513,991.

15) Net change in non-cash working capital items

	2008 \$	2007 \$
Accounts receivable	14,800	291,604
Note receivable	41,972	(1,585)
Prepaid expenses	67,029	28,515
Accounts payable and accrued liabilities	(254,076)	(143,994)
Deferred revenue	(14,587)	(5,219)
Other long-term liabilities	(8,577)	15,928
	(153,439)	185,249

The consolidated statements of cash flows excluded non-cash investing transactions related to property and equipment under capital lease obligations of \$(402) (\$4,736 - 2007).

Automated Benefits Corp.
Notes to Consolidated Financial Statements
December 31, 2008 and 2007

16) Scientific research and experimental development tax credits

In 2008, Symbility and Autoben have recorded investment tax credits totaling \$162,506 (2007 - \$124,840) and reduced research and development expenditures by this amount. The Corporation has accumulated \$220,329 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.

17) Restructuring costs

During the year ended December 31, 2008, the Corporation consolidated its office in Kitchener to its offices in Toronto. As a result of the consolidation, the Corporation incurred restructuring costs totaling \$287,430. This was comprised of severance costs of \$263,973, rent expense of \$2,787, and other expenses of \$20,670. The severance costs and the other expenses were paid as at December 31, 2008, 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.

18) Comparative consolidated financial statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 consolidated financial statements.

19) Subsequent events

On April 3, 2009, the Corporation issued 204,167 common shares with a deemed value of \$0.12 per share for an aggregate value of \$24,500 to the independent and non-management directors of Automated Benefits Corp. for services provided to the Corporation for 2008. Each independent and non-management director receives \$5,000 per annum, and an additional \$1,500 is payable to the chairman of each of the Compensation Committee, the Audit Committee and the Board of Directors of the Corporation. The issuance of the 204,167 common shares to the directors was approved by the TSX Venture Exchange on April 3, 2009 and the shares were issued on April 3, 2009.

On April 3, 2009, the Corporation announced that 50,000 stock options were granted to each of the four non-management directors, as well as 200,000 options to the Chief Technology Officer, effective February 13, 2009, in accordance with the Corporation's stock option plan. The options will vest in three equal tranches with 1/3 vesting immediately, 1/3 vesting in twelve months, and 1/3 vesting in twenty-four months, at an exercise price of \$0.12. The granting of the stock options was subject to regulatory approval.