

Automated Benefits Corp.

Interim Consolidated Financial Statements
(Unaudited)
Quarter ended September 30, 2011

Automated Benefits Corp.
Interim Consolidated financial statements
(Unaudited)
September 30, 2011

Notice

The accompanying unaudited interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

Automated Benefits Corp.
Interim Consolidated Statements of Financial Position
(Unaudited)

<i>(In Canadian dollars)</i>	September 30, 2011	December 31, 2010
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,228,384	1,292,516
Accounts receivable and others (Note 8)	1,751,091	1,164,558
Note receivable (Note 3)	40,172	-
Inventory	844	2,681
Prepaid expenses and other assets (Notes 8 and 15)	507,190	316,189
	<u>3,527,681</u>	<u>2,775,944</u>
Restricted cash deposits	207,000	207,000
Property and equipment	171,425	50,812
Intangible assets	37,092	21,142
	<u>3,943,198</u>	<u>3,054,898</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,900,569	1,572,190
Short-term loans (Note 4)	39,000	-
Current portion of deferred revenue	514,306	696,113
	<u>2,453,875</u>	<u>2,268,303</u>
Long-term liabilities		
Deferred revenue	244,266	76,549
Finance lease obligations	17,400	-
Customer deposit	162,241	70,000
	<u>2,877,782</u>	<u>2,414,852</u>
Shareholders' equity		
Share capital (Note 6)	16,358,685	16,325,999
Contributed surplus	9,194,779	8,999,137
Deficit	<u>(24,488,048)</u>	<u>(24,685,090)</u>
	<u>1,065,416</u>	<u>640,046</u>
	<u>3,943,198</u>	<u>3,054,898</u>

Commitment (Note 5)

See accompanying notes

Automated Benefits Corp.Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)*(In Canadian dollars, except per share amounts)*

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2011	2010 (Note 16)	2011	2010 (Note 16)
	\$	\$	\$	\$
Revenue	2,020,018	1,705,350	5,700,829	4,234,675
Cost of sales	357,994	300,893	1,047,287	873,250
	1,662,024	1,404,457	4,653,542	3,361,425
Expenses				
General and administration (Note 6)	826,055	597,169	2,379,404	2,056,015
Research and development (Notes 6 and 15)	325,481	161,506	914,614	665,255
Sales and marketing (Note 6)	457,227	235,645	1,159,618	807,848
Other operating expenses (Note 12)	(36,019)	25,098	5,489	26,191
	1,572,744	1,019,418	4,459,125	3,555,309
Income (loss) before finance income (costs) and other income	89,280	385,039	194,417	(193,884)
Finance income (expenses) and other income (expenses) (Note 13)	1,005	303	6,383	(18,340)
Finance costs (Note 14)	(1,853)	(140)	(3,758)	(2,870)
Net income (loss) and comprehensive income (loss) for the period	88,432	385,202	197,042	(215,094)
Deficit-Beginning of period	(24,576,480)	(25,021,326)	(24,685,090)	(24,421,030)
Deficit-End of period	(24,488,048)	(24,636,124)	(24,488,048)	(24,636,124)
Basic and diluted earnings (loss) and comprehensive income (loss) per common share (Note 7)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding (Note 7)	#	#	#	#
Basic	118,317,188	118,163,989	118,314,949	116,675,513
Diluted	120,592,724	119,053,569	120,492,100	116,675,513

See accompanying notes

Automated Benefits Corp.

Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

	Common shares	Contributed surplus (Note 16)	Deficit and comprehensive income (loss) (Note 16)	Total shareholders' equity (Note 16)
<i>(In Canadian dollars)</i>	\$	\$	\$	\$
January 1, 2010	15,952,925	8,871,692	(24,421,030)	403,587
Share issuance for services (Note 3)	381,573	-	-	381,573
Share issuance costs	(8,499)	-	-	(8,499)
Stock-based compensation (Note 6)	-	96,623	-	96,623
Net loss for the period	-	-	(215,094)	(215,094)
September 30, 2010	16,325,999	8,968,315	(24,636,124)	658,190
January 1, 2011	16,325,999	8,999,137	(24,685,090)	640,046
Share issuance for services (Note 3)	20,888	-	-	20,888
Share options exercised (Note 6)	13,000	(3,500)	-	9,500
Share issuance costs	(1,202)	-	-	(1,202)
Stock-based compensation (Note 6)	-	199,142	-	199,142
Net income for the period	-	-	197,042	197,042
September 30, 2011	16,358,685	9,194,779	(24,488,048)	1,065,416

See accompanying notes

Automated Benefits Corp.
Interim Consolidated Statements of Cash Flows
(Unaudited)

<i>(in Canadian dollars)</i>	Three month period ended		Nine month period ended	
	September 30,		September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Operating activities				
Net income (loss) for the period	88,432	385,202	197,042	(215,094)
Items not affecting cash				
Stock-based compensation	44,459	17,728	199,142	96,623
Issuance of shares for services	20,888	20,362	20,888	381,573
Depreciation, depletion and amortization	14,555	19,900	38,999	59,123
Impairment loss on intangible	-	-	-	6,112
	168,334	443,192	456,071	328,337
Net change in non-cash working capital items (Note 11)	279,457	(370,117)	(407,190)	(562,393)
Cash provided by (used in) operating activities	447,791	73,075	48,881	(234,056)
Investing activities				
Purchase of property and equipment	(99,846)	(2,460)	(154,898)	(5,219)
Purchase of intangible assets	(12,429)	(711)	(20,668)	(2,088)
Cash used in investing activities	(112,275)	(3,171)	(175,566)	(7,307)
Financing activities				
Proceeds from borrowings	-	-	102,000	-
Repayment of borrowings	(63,000)	-	(63,000)	-
Long-term finance lease, net of repayments	(903)	(1,776)	15,255	(9,330)
Release of restricted cash deposits	-	5,000	-	172,000
Proceeds from exercise of share options	9,500	-	9,500	-
Cost of issuance of shares	(1,202)	(1,194)	(1,202)	(8,499)
Cash provided by (used in) financing activities	(55,605)	2,030	62,553	154,171
Net increase (decrease) in cash	279,911	71,934	(64,132)	(87,192)
Cash and cash equivalents- Beginning of period	948,473	710,007	1,292,516	869,133
Cash and cash equivalents-End of period	1,228,384	781,941	1,228,384	781,941
Supplementary cash flow information				
Interest paid	1,853	140	3,758	2,870
Interest received	366	282	1,605	1,550

See accompanying notes

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011

1) Nature of operations and corporate information

Automated Benefits Corp. (the "Corporation") develops and markets software designed to improve effectiveness and reduce costs of administration of claims in both the employee benefits and property and casualty insurance markets. The Corporation was incorporated under the Alberta Business Corporations Act on July 15, 1999 and commenced operations on January 1, 2000. The Corporation is a publicly traded company with common shares listed on the TSX Venture Exchange and domiciled in Canada and its registered office is located at 3400 First Canadian Centre 350 - 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Corporation has executive and operating offices in Toronto, Ontario and Montreal, Québec.

The Corporation has two wholly owned subsidiaries, Automated Benefits Inc. ("Adjudicare") and Symbility Solutions Inc. ("Symbility Canada") both located in Toronto, Ontario. Symbility Canada in turn has one wholly owned subsidiary, Symbility Solutions (U.S.A.) Inc. ("Symbility USA") which was incorporated in the State of Delaware. Symbility Canada and Symbility USA are jointly referred to on a consolidated basis as "Symbility".

These interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Automated Benefits Corp. on November 25, 2011.

2) Significant accounting policies

a) Statement of compliance

These interim consolidated financial statements for the three and nine month periods ended September 30, 2011 were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as were followed in the preparation of the interim consolidated financial statements for the three and six month periods ended March 31, 2011 and June 30, 2011, respectively. In addition, the interim consolidated financial statements for the three month period ended March 31, 2011 contain certain incremental annual IFRS disclosures not included in the annual financial statements for the year ended December 31, 2010 prepared in accordance with previous Canadian GAAP. Accordingly, these interim consolidated financial statements for the three and nine month periods ended September 30, 2011 should be read together with the annual consolidated financial statements for the year ended December 31, 2010 prepared in accordance with previous Canadian GAAP as well as the interim consolidated financial statements for the three month period ended March 31, 2011.

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

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September 30, 2011

b) Basis of presentation

These consolidated financial statements include the accounts of the Corporation, and its wholly owned subsidiaries: Adjudicare and Symbility. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

These interim consolidated financial statements have been prepared on a historical cost basis, except for share-based payment transactions which are measured at fair value. In these interim consolidated financial statements, all dollars are expressed in Canadian dollars, which is the functional currency of the parent company.

c) Changes in accounting policies not yet adopted

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

i) Financial instruments

The IASB has issued a new standard, IFRS 9, which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. Issuance of IFRS 9 is part of the first phase of the IAS 39 replacement project. IFRS 9 had an original effective date of January 1, 2013 which is expected to be deferred by the IASB to 2015. The Corporation has yet to assess the impact of the new standard on its consolidated financial statements.

ii) Consolidated financial statements

IFRS 10, "Consolidated financial statements" ("IFRS 10") is effective for annual periods beginning on or after January 1, 2013 and will replace portions of IAS 27 consolidated and separate financial statements ("IAS 27"), and interpretation SIC-12 consolidation — special purpose entities.

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Under IFRS 10, consolidated financial statements include all controlled entities under a single control model that applies to all entities, including special purpose entities and structured entities. A group will still continue to consist of a parent and its subsidiaries, however, IFRS 10 uses different terminology from IAS 27 in describing its control model. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Early adoption of this standard is permitted. The Corporation is evaluating the impact of adopting IFRS 10 on the consolidated financial statements.

iii) Fair value measurement

IFRS 13, "Fair value measurement" ("IFRS 13") provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value is required or permitted per IFRS. While many of the concepts in IFRS 13 are consistent with current practice, certain principles could have a significant effect on some entities adopting the standard. IFRS 13 is effective January 1, 2013 and will be adopted prospectively. The Corporation is evaluating the impact of adopting IFRS 13 on the consolidated financial statements.

3) Related party transactions

On July 29, 2011, the Corporation agreed to loan \$40,000 to its President and Chief Executive Officer. This promissory note matures on April 30, 2012 with an annual interest rate of 2.5%. The loan of \$40,000 is secured by 150,943 shares of the Corporation owned by the President and Chief Executive Officer which on September 30, 2011 has a market value of \$34,717.

For the nine-month period ended September 30, 2011, the Corporation issued 80,337 common shares with an estimated weighted average fair value of \$0.26 per share for an aggregate value of \$20,888 to the Directors of the Corporation for services provided in the last six months of 2010. The issuance of these common shares to the Directors was approved by the TSX Venture Exchange. The estimated fair value was determined based on the share price on the date of issuance.

For the nine-month period ended September 30, 2011, the Corporation expensed \$70,402 (2010 - \$57,523) for services provided by the Directors of the Corporation.

For the nine-month period ended September 30, 2010, the Corporation issued 3,166,723 common shares with an estimated weighted average fair value of \$0.12 per share for an aggregate value of \$380,007 to the Directors and two officers of the Corporation for services provided. The issuance of these common shares to the Directors and two officers was approved by the TSX Venture Exchange. The estimated fair value was determined based on the share price on the date of issuance.

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All of the above transactions with the Directors and officers of the Corporation were recorded at the exchange amount.

4) Short-term loans

On May 30, 2011, the Corporation entered into a scientific research and experimental development ("SR&ED") tax loan with the Royal Bank of Canada for up to \$250,000 to assist the Corporation with the gap between the filing and the receipt of funds from the provincial governments. The interest rate on the loan is the prime rate quoted by the bank plus 2.65%. The repayment term is the earlier of i) the receipt of the investment tax credit refunds and ii) 180 days from the initial borrowing. The loan has a financial covenant to maintain on a consolidated basis a minimum level of earnings before interest income, taxes, depreciation and amortization commencing fiscal year ending December 31, 2011. On June 21, 2011, the Corporation borrowed \$102,000 from this SR&ED tax loan. On July 19, 2011, the Corporation repaid \$63,000 of this SR&ED tax loan upon the receipt of Ontario investment tax credit refunds.

5) Commitment

On May 16, 2011, the Corporation entered into a master lease agreement with Royal Bank of Canada (the "Bank") pursuant to which the Corporation may from time to time to purchase certain equipment. The Corporation will be responsible for insuring all the leased equipment, and will have the option to buy the same on the expiry of the lease. Under the master lease agreement, the Corporation can lease \$150,000 of new computer equipment from the Bank for 36 months. There is an option to purchase the equipment for \$1 at the end of the lease term. The interest rate on the master lease is the 3 year bond rate on August 30, 2011 which is the expiry date on the commitment to lease. On the same date, the Corporation entered into an interim funding agreement with the Bank to fund the equipment purchase which requires the Corporation to pay an interest rate of the Bank's prime rate plus 2.65% for any equipment purchased prior to August 30, 2011.

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6) Share capital

Authorized

Unlimited number of common shares, no par value

Unlimited number of preferred shares, no par value

Issued

	<u>Common shares</u>	
	<u>#</u>	<u>\$</u>
Balance - December 31, 2010	118,313,811	16,325,999
Shares issued for services rendered	80,337	20,888
Share options exercised	50,000	13,000
Share issuance costs	-	(1,202)
Balance - September 30, 2011	<u>118,444,148</u>	<u>16,358,685</u>
Total share capital		<u>16,358,685</u>

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 grant from time to time, at its discretion, stock options to purchase common shares of the Corporation to directors, senior officers, employees, and consultants. 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.

The exercise price of the stock options is equal to the market price of the underlying shares on the date before the options were granted. For employee stock options, the contractual term of options vary from five to ten years and the vesting period is at a rate of 1/3 immediately and 1/3 on each of the 12 and 24 months from the date of the grant. For non-employee stock options, the contractual term of options vary from five to ten years and the vesting period varies among the term of the option contract.

The total stock-based compensation expense for the nine-month period ended September 30, 2011 was \$199,142 (2010 – \$96,623) with a corresponding credit to contributed surplus.

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

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September 30, 2011**Stock-based compensation related to**

<i>(In Canadian dollars)</i>	Three month period ended September 30,		Nine month period ended September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
General and administration	29,762	6,834	149,069	55,136
Research and development	3,405	5,294	24,947	23,559
Sales and marketing	11,292	5,600	25,126	17,928
Total	44,459	17,728	199,142	96,623

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:

Risk-free interest rate	2.65%
Expected life	5.5 years
Annualized volatility	117%
Expected dividends	Nil
Weighted average share price	\$0.25
Weighted average fair value	\$0.21

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table summarizes activity related to stock options for the period ended September 30, 2011:

	Stock options outstanding #	Weighted average exercise price \$
Balance – Beginning of period	6,737,864	0.20
Granted	1,436,000	0.25
Exercised	(50,000)	0.19
Forfeited and expired	(1,135,000)	0.31
Balance – End of period	6,988,864	0.19
Balance – Exercisable	5,544,727	0.19

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The following table summarizes information about the Corporation's stock options outstanding as at September 30, 2011:

Stock options outstanding #	Exercise price \$	Weighted average remaining contractual life Years	Number exercisable #
110,000	0.10	2.1	110,000
313,932	0.11	3.6	209,288
400,000	0.12	2.4	400,000
475,000	0.13	3.2	316,667
410,000	0.14	8.7	273,331
750,000	0.19	2.7	750,000
2,458,932	0.20	3.0	2,361,782
100,000	0.22	9.9	33,333
1,060,000	0.24	5.4	709,999
796,000	0.26	9.6	265,327
115,000	0.35	1.8	115,000
<u>6,988,864</u>			<u>5,544,727</u>

7) Earnings (loss) per share*(In Canadian dollars)*

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2011	2010	2011	2010
Income (loss) attributable to common shareholders (numerator)	\$ 88,432	\$ 385,202	\$ 197,042	\$ (215,094)
Weighted average number of common shares outstanding (denominator)	#	#	#	#
Basic	118,317,188	118,163,989	118,314,949	116,675,513
Effect of dilutive securities - stock options	2,275,536	889,580	2,177,151	-
Diluted	<u>120,592,724</u>	<u>119,053,569</u>	<u>120,492,100</u>	<u>116,675,513</u>
Basic and diluted earnings (loss) per common share	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)

The effect of potentially dilutive share options was not included in the calculation of diluted loss per share in nine-month period ended September 30, 2010 as the result would be anti-dilutive.

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011

8) Financial Instruments and Risk Management

Fair value

The carrying value of cash and cash equivalents, restricted cash deposits, accounts receivable, and accounts payable and accrued liabilities approximates the fair value due to the immediate or short-term maturity and these financial instruments are classified as level one - quoted price in the fair value hierarchy. The fair value of currency option contracts has been estimated using the market-quoted currency spot rate and interest rate and are classified as level two - observable market input in the fair value hierarchy.

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.

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. Of the Corporation's accounts receivable and accounts payable at September 30, 2011, 41% (December 31, 2010 - 34%) and 6% (December 31, 2010 - 11%), respectively, are denominated in foreign currencies. During the nine-month period ended September 30, 2011, approximately 53% (2010 - 44%) of revenue and approximately 10% (2010 - 3%) of expenses were incurred in U.S. dollars and U.K. pound sterling. As of September 30, 2011, the fluctuation of the U.S. dollar and U.K. pound sterling of 1% would have an insignificant impact on net income (loss) and comprehensive income (loss).

The Corporation had entered into derivative currency options to sell U.K. pound sterling which exposed it to foreign currency risk on the fair value of its outstanding derivatives currency option contracts. These currency option contracts had terms ranging from October 21, 2009 to February 21, 2011. As at September 30, 2011, the Corporation had no currency option contracts outstanding.

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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.

As at September 30, 2011, the largest amounts due from three customers accounted for 21%, 12% and 10% respectively of the Corporation's total accounts receivable (December 31, 2010 - two customers - 10% and 27% respectively).

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

<i>(In Canadian dollars)</i>	September 30, 2011
	\$
Current	1,325,722
31 - 60 days	271,535
61 - 90 days	73,782
Over 91 days	21,310
Less: allowance for doubtful accounts	(2,674)
Total accounts receivable, net	1,689,675

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 interim consolidated statements of income (loss) and comprehensive income (loss) within other 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 other operating expenses in the interim consolidated statements of income (loss) and comprehensive income (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 September 30, 2011, the Corporation was holding cash and cash equivalents of \$1,228,384 (December 31, 2010 - \$1,292,516).

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9) 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 September 30, 2011, total managed capital was \$1,122,736 (December 31, 2010 - \$643,111) comprised of shareholders' equity of \$1,065,416 (December 31, 2010 - \$640,046) and interest-bearing debt of \$57,320 (December 31, 2010 - \$3,065).

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances.

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to capital risk management remains unchanged for the nine-month period ended September 30, 2011.

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September 30, 2011**10) 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, the United States, and the United Kingdom and all material assets are located in Canada. In the first three quarters of 2011, there were two customers which accounted for more than 10% of the Corporation's revenue. The Corporation earned approximately \$1,921,100 of its revenue from these property and casualty software customers. In the first three quarters of September 30, 2010, there were two customers which accounted for 10% or more of the Corporation's revenue. The Corporation earned approximately \$1,103,722 of its revenue from these property and casualty software customers.

	Nine-month period ended September 30, 2011			
<i>(In Canadian dollars)</i>	Group insurance software	Property and casualty software	Head office	Total
	\$	\$	\$	\$
Revenue				
-Transaction and license fees	1,135,599	3,150,668	-	4,286,267
-Resale of premium insurance products	828,778	-	-	828,778
-Resale of processing health and dental services	367,075	-	-	367,075
-Professional services and others	42,367	176,342	-	218,709
Total revenue	2,373,819	3,327,010	-	5,700,829
Cost of sales	978,198	69,089	-	1,047,287
Gross margin	1,395,621	3,257,921	-	4,653,542
Expenses	1,166,790	2,152,592	1,139,743	4,459,125
Segment income (loss) before finance income (costs) and other income	228,831	1,105,329	(1,139,743)	194,417
Finance income and other income	1,202	437	4,744	6,383
Finance costs	(1,007)	(905)	(1,846)	(3,758)
Segment income (loss)	229,026	1,104,861	(1,136,845)	197,042
Operating assets	1,154,713	1,246,765	313,336	2,714,814
Assets not allocated to segments				
-Cash and cash equivalents	-	-	1,228,384	1,228,384
Total operating assets	1,154,713	1,246,765	1,541,720	3,943,198
Operating liabilities	933,689	1,165,641	778,452	2,877,782
Additions to property and equipment and intangible assets	1,241	32,777	141,548	175,566

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	Nine-month period ended September 30, 2010			
	Group insurance software \$	Property and casualty software \$	Head office \$	Total \$
<i>(In Canadian dollars)</i>				
Revenue				
-Transaction and license fees	935,576	1,516,024	-	2,451,600
-Resale of premium insurance products	765,630	-	-	765,630
-Resale of processing health and dental services	252,775	-	-	252,775
-Professional services and others	45,274	719,396	-	764,670
Total revenue	1,999,255	2,235,420	-	4,234,675
Cost of sales	848,596	24,654	-	873,250
Gross margin	1,150,659	2,210,766	-	3,361,425
Expenses	919,784	1,827,747	807,778	3,555,309
Segment income (loss) before finance income (costs) and other income	230,875	383,019	(807,778)	(193,884)
Finance income and other income	417	(19,262)	505	(18,340)
Finance costs	(20)	(1,561)	(1,289)	(2,870)
Segment income (loss)	231,272	362,196	(808,562)	(215,094)
As at December 31, 2010				
Operating assets	985,939	699,108	77,335	1,762,382
Assets not allocated to segments				
-Cash and cash equivalents	-	-	1,292,516	1,292,516
Total operating assets	985,939	699,108	1,369,851	3,054,898
Operating liabilities	665,503	1,151,500	597,849	2,414,852
Additions to property and equipment and intangible assets	2,284	8,761	2,460	13,505

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011**Geographic Information as at and for nine-month period ended September 30, 2011***(In Canadian dollars)*

	Revenues	Non-current assets
	\$	\$
Canada	2,690,012	408,252
United States	2,436,315	7,265
Europe	574,502	-
Total	<u>5,700,829</u>	<u>415,517</u>

Geographic Information as at and for the nine-month period ended September 30, 2010*(In Canadian dollars)*

	Revenues	Non-current assets
	\$	\$
Canada	2,369,149	127,970
United States	1,284,224	3,329
Europe	581,302	-
Total	<u>4,234,675</u>	<u>131,299</u>

11) Net change in non-cash working capital items

<i>(In Canadian dollars)</i>	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Accounts receivable and others	(98,212)	(359,887)	(586,533)	(260,405)
Note receivable	(40,172)	-	(40,172)	-
Inventory	726	677	1,837	1,955
Prepaid expenses and other assets	62,944	(196,536)	(191,001)	(31,290)
Accounts payable and accrued liabilities	366,713	287,409	330,528	23,866
Deferred revenue	(12,542)	(101,780)	(14,090)	(296,519)
Other long-term liabilities	-	-	92,241	-
	<u>279,457</u>	<u>(370,117)</u>	<u>(407,190)</u>	<u>(562,393)</u>

The interim consolidated statements of cash flows excluded non-cash investing transactions related to property and equipment under finance lease obligations of \$(2,145) (2010 - \$(9,330)).

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011

12) Other operating expenses*(In Canadian dollars)*

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Depreciation, depletion and amortization	14,555	19,900	38,999	59,123
Impairment loss on intangible	-	-	-	6,112
Foreign exchange (gain) loss, net	(50,574)	5,198	(33,510)	(39,044)
Total other operating expenses	(36,019)	25,098	5,489	26,191

13) Finance income (expenses) and other income (expenses)*(In Canadian dollars)*

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Interest income on cash and cash equivalents	366	270	1,387	444
Interest income on restricted cash deposits	639	33	1,731	598
Fair value adjustment of currency option contracts	-	-	-	(19,382)
Other finance and other income	-	-	3,265	-
Total finance income (expenses) and other income (expenses)	1,005	303	6,383	(18,340)

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011

14) Finance costs

<i>(In Canadian dollars)</i>	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2011	2010	2010	2010
	\$	\$	\$	\$
Interest expense on loans	748	-	891	-
Interest expense on finance lease obligations	1,004	107	1,393	628
Other finance charges	101	33	1,474	2,242
Total finance costs	1,853	140	3,758	2,870

15) Scientific research and experimental development tax credits

In the first three quarters of 2011, the Corporation has recorded investment tax credits totaling \$278,054 (first three quarters of 2010 - \$154,871) and reduced research and development expenditures by this amount. The Corporation has accumulated \$1,163,146 of non-refundable investment tax credits which can be carried forward to reduce future federal income taxes payable and will begin to expire in 2023.

16) Transition to IFRS

The following represents the reconciliation of the Corporation's financial position, equity and comprehensive loss from Canadian GAAP to IFRS. The Corporation's first-time adoption of IFRS did not have an impact on the Corporation's cash flows.

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011**Reconciliation of consolidated statement of financial position as at September 30, 2010**

<i>(In Canadian dollars)</i>	Canadian GAAP balance \$	IFRS adjustments \$	IFRS balance \$
Assets			
Current assets			
Cash and cash equivalents	781,941	-	781,941
Accounts receivable and others	1,260,498	-	1,260,498
Inventory	382	-	382
Prepaid expenses and other assets	445,936	-	445,936
	<u>2,488,757</u>	-	<u>2,488,757</u>
Restricted cash deposits	40,000	-	40,000
Property and equipment	65,859	-	65,859
Intangible assets	25,440	-	25,440
	<u>2,620,056</u>	-	<u>2,620,056</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	1,385,165	-	1,385,165
Current portion of deferred revenue	264,761	-	264,761
	<u>1,649,926</u>	-	<u>1,649,926</u>
Long-term liabilities			
Deferred revenue	308,875	-	308,875
Finance lease obligations	3,065	-	3,065
	<u>1,961,866</u>	-	<u>1,961,866</u>
Shareholders' equity			
Share capital	16,325,999	-	16,325,999
Contributed surplus (Note A)	9,001,863	(33,548)	8,968,315
Deficit	(24,669,672)	33,548	(24,636,124)
	<u>658,190</u>	-	<u>658,190</u>
	<u>2,620,056</u>	-	<u>2,620,056</u>

Reconciliation of consolidated statement of changes in shareholders' equity as at September 30, 2010

<i>(In Canadian dollars)</i>	Shareholders' equity \$
Balance under Canadian GAAP	658,190
Stock-based compensation (Note A)	-
Balance under IFRS	<u>658,190</u>

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011**Reconciliation of consolidated statement of loss and comprehensive loss for the nine-month period ended September 30, 2010**

<i>(In Canadian dollars)</i>	Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
	\$	\$	\$	\$
Revenue	4,234,675	-	-	4,234,675
Cost of sales	873,250	-	-	873,250
	3,361,425	-	-	3,361,425
Expenses				
General and administration (Notes A and B)	1,961,835	(6,195)	100,375	2,056,015
Research and development (Notes A and B)	641,696	(3,509)	27,068	665,255
Sales and marketing (Notes A and B)	789,920	(4,071)	21,999	807,848
Stock-based compensation (Note B)	110,398	-	(110,398)	-
Amortization for property and equipment (Note B)	46,894	-	(46,894)	-
Amortization for intangible assets (Note B)	12,229	-	(12,229)	-
Impairment loss on intangible (Note B)	6,112	-	(6,112)	-
Other operating expenses (Note B)	-	-	26,191	26,191
	3,569,084	(13,775)	-	3,555,309
Loss before finance income (costs) and other income	(207,659)	13,775	-	(193,884)
Finance income (expenses) and other income (expenses) (Note B)	(21,210)	-	2,870	(18,340)
Finance costs (Note B)	-	-	(2,870)	(2,870)
Loss and comprehensive loss for the period	(228,869)	13,775	-	(215,094)
Basic and diluted loss and comprehensive loss per common share	\$ (0.00)			\$ (0.00)

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011**Reconciliation of consolidated statement of loss and comprehensive loss for the three-month period ended September 30, 2010**

<i>(In Canadian dollars)</i>	Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
	\$	\$	\$	\$
Revenue	1,705,350	-	-	1,705,350
Cost of sales	300,893	-	-	300,893
	<u>1,404,457</u>	<u>-</u>	<u>-</u>	<u>1,404,457</u>
Expenses				
General and administration (Notes A and B)	595,533	(2,208)	3,844	597,169
Research and development (Notes A and B)	156,212	(1,543)	6,837	161,506
Sales and marketing (Notes A and B)	230,045	(1,531)	7,131	235,645
Stock-based compensation (Note B)	23,010	-	(23,010)	-
Amortization for property and equipment (Note B)	15,824	-	(15,824)	-
Amortization for intangible assets (Note B)	4,076	-	(4,076)	-
Other operating expenses (Note B)	-	-	25,098	25,098
	<u>1,024,700</u>	<u>(5,282)</u>	<u>-</u>	<u>1,019,418</u>
Income before finance income (costs) and other income	379,757	5,282	-	385,039
Finance income and other income (Note B)	163	-	140	303
Finance costs (Note B)	-	-	(140)	(140)
Income and comprehensive income for the period	<u>379,920</u>	<u>5,282</u>	<u>-</u>	<u>385,202</u>
Basic and diluted income and comprehensive income per common share	<u>\$ 0.00</u>			<u>\$ 0.00</u>

Automated Benefits Corp.

Notes to Interim Consolidated Financial Statements

(Unaudited)

September 30, 2011

IFRS adjustment

A) Share-based payments

Under Canadian GAAP, awards with graded vesting provisions are treated as a single award for both measurement and recognition purposes. IFRS 2 requires such awards to be treated as a series of individual awards, with compensation measured and recognized separately for each tranche of options within a grant that has a different vesting date.

Under Canadian GAAP, compensation is recognized assuming all options will vest and adjusted as forfeitures occur. IFRS 2 requires an estimate of forfeitures to be reflected in the amount of compensation recognized.

Under IFRS, an estimate of forfeitures must be factored into the calculation of periodic compensation expense. Compensation costs are accrued based on the best estimate of the number of options expected to vest using the Black-Scholes model. Revisions are made to that estimate if subsequent information indicates that actual forfeitures are likely to differ from initial estimates. Also, under IFRS, the fair value of each tranche within a share-based award is treated as a separate award with the fair value determined separately and recognized as compensation expense over the term of its respective vesting period. Accordingly, upon the transition to IFRS, the Corporation recorded a fair value adjustment of \$19,773 as at January 1, 2010 to decrease the contributed surplus with a corresponding charge to deficit. As at September 30, 2010, an additional fair value adjustment of \$13,775 was recorded retroactively.

B) IFRS reclassification

Under IFRS, the Corporation elected to present expenses in the interim consolidated statement of income (loss) and comprehensive income (loss) using a classification based on their function. In addition, certain corresponding figures under Canadian GAAP as at September 30, 2010 have been reclassified to conform to the new presentation under IFRS.

17) Subsequent event

On November 8, 2011, the Corporation entered into a master lease agreement with the bank to lease equipment with a total cost of \$137,761. The term of the lease is 3 years and the interest charged on the finance lease is 4.55% annually. There is an option to purchase the equipment for \$1 at the end of the lease term.

On November 17, 2011, the Corporation repaid the remaining balance of \$39,000 of the SR&ED tax loan upon receipt of a SR&ED tax refund of \$184,020 from the Province of Québec.