

Interim Consolidated Financial Statements of

**WELLPOINT SYSTEMS INC.**

Three and nine months ended September 30, 2007

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an entity's auditor has not performed a review of the entity's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# WELLPOINT SYSTEMS INC.

## Consolidated Balance Sheets

	September 30 2007 (Unaudited)	December 31 2006 (Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 2,929,267
Accounts receivable	10,023,572	3,924,271
Prepaid expenses	396,178	333,698
	<u>10,419,750</u>	<u>7,187,236</u>
Deferred charges	-	482,705
Property and equipment	1,039,080	298,811
Deferred development costs	6,343,308	3,537,591
Intangible assets	16,662,312	3,623,115
Goodwill	21,183,791	6,058,104
	<u>\$55,648,241</u>	<u>\$21,187,562</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Bank indebtedness	\$ 1,334,786	\$ -
Accounts payable and accrued liabilities	5,880,851	2,001,505
Deferred revenue	1,409,017	1,907,664
Current portion notes payable (note 4)	797,375	-
Other deferred credits	54,558	54,558
Convertible debentures (note 6)	899,760	628,558
	<u>10,376,347</u>	<u>4,592,285</u>
Long term notes payable (note 4)	4,783,170	874,050
Long term loan payable (note 5)	13,623,000	-
Other deferred credits	145,489	186,408
Convertible debentures (note 6)	6,524,587	3,334,877
Future income tax liability	3,239,846	1,459,263
Shareholders' equity:		
Share capital (note 7)	13,948,486	9,670,391
Warrants/compensation options (note 7)	1,058,050	372,183
Contributed surplus (note 7)	706,137	454,631
Convertible debentures (note 6)	818,392	367,853
Accumulated other comprehensive income (loss) (note 8)	(408,271)	67,788
Retained earnings (deficit)	833,008	(192,167)
	<u>16,955,802</u>	<u>10,740,679</u>
	<u>\$55,648,241</u>	<u>\$21,187,562</u>

See accompanying notes to consolidated financial statements.

Approved by the Board:

\_\_\_\_\_ Director

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Director

# WELLPOINT SYSTEMS INC.

Consolidated Statements of Operations and Retained Earnings (deficit) (unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Revenue				
License	\$ 1,774,648	\$ 1,680,777	\$ 9,146,122	\$ 3,761,549
Maintenance	1,697,447	1,151,136	4,344,188	2,951,121
Professional services	3,271,980	1,491,963	7,636,812	3,947,060
	6,744,075	4,323,876	21,127,122	10,659,730
Direct costs	1,318,082	1,334,476	5,945,410	2,780,285
Gross profit	5,425,993	2,989,400	15,181,712	7,879,445
Expenses:				
General and administrative	4,918,532	2,473,469	11,914,948	6,382,290
Foreign exchange loss (gain)	(1,121,806)	(802)	(1,106,268)	(21,216)
Depreciation and amortization	729,944	354,138	1,614,965	903,497
Interest	607,729	147,333	974,200	436,543
	5,134,399	2,974,138	13,397,845	7,701,114
Net income before income taxes	291,594	15,262	1,783,867	178,331
Income taxes				
Future	93,386	4,456	758,692	4,456
Net income	198,208	10,806	1,025,175	173,875
Retained earnings (deficit), beginning of period	634,800	(666,186)	(192,167)	(829,255)
Retained earnings (deficit), end of period	\$ 833,008	\$ (655,380)	\$ 833,008	\$ (655,380)
Net income per share				
Basic	\$ 0.005	\$ 0.000	\$ 0.027	\$ 0.006
Diluted	\$ 0.005	\$ 0.000	\$ 0.024	\$ 0.005
Weighted average shares outstanding:				
Basic	40,707,581	35,188,915	37,431,606	31,472,077
Diluted	58,091,256	35,453,232	52,481,201	32,122,474

See accompanying notes to consolidated financial statements.

# WELLPOINT SYSTEMS INC.

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Net income	\$ 198,208	\$ 10,806	\$ 1,025,175	\$ 173,875
Other comprehensive income				
Unrealized loss on translating financial statements of self-sustaining foreign operations	(358,644)	-	(476,059)	-
Comprehensive income (loss)	\$ (160,436)	\$ 10,806	\$ 549,116	\$ 173,875

# WELLPOINT SYSTEMS INC.

Consolidated Statements of Cash Flows (unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Cash provided from (used in):				
Operations:				
Net income	\$ 198,208	\$ 10,806	\$ 1,025,175	\$ 173,875
Items not affecting cash:				
Accretion of interest on convertible debt	49,498	33,706	109,254	110,998
Amortization of debt issuance costs	103,283	18,709	158,034	55,813
Financing costs	177,465	-	177,465	-
Rent inducement	(13,639)	-	(40,917)	-
Depreciation and amortization	729,943	354,139	1,614,964	903,496
Income tax expense	(90,395)	-	31,652	-
Accrued interest payable	137,500	-	137,500	-
Unrealized foreign exchange gain (loss)	(1,121,806)	1,133	(1,114,742)	(34,491)
Stock-based compensation	48,503	43,303	122,288	243,391
	218,560	461,796	2,220,673	1,453,082
Net change in non-cash working capital items (note 10)	(1,265,819)	(792,149)	(3,078,837)	(971,960)
	(1,047,259)	(330,353)	(858,164)	481,122
Financing:				
Issuance of convertible debentures, net	-	-	4,211,678	-
Redemption of convertible debentures	-	-	(400,000)	-
Proceeds from issuance of common shares, net	-	29,937	717,197	4,436,182
Proceeds from debt issue, net of costs	14,996,061	-	14,996,061	-
	14,996,061	29,937	19,524,936	4,436,182
Investing:				
Deferred development costs	(885,144)	(429,156)	(1,964,743)	(1,449,760)
Purchases of property and equipment	(89,335)	(44,517)	(351,305)	(91,636)
Business acquisitions (note 3)	(15,626,258)	-	(19,202,006)	(3,227,557)
Deferred charges	-	-	(545,981)	-
Change in non-cash working capital	-	-	(799,050)	-
	(16,600,737)	(473,673)	(22,863,085)	(4,768,953)
Effect of foreign exchange rate changes on cash and cash equivalents	(88,113)	-	(67,740)	-
Increase (decrease) in cash and bank indebtedness	(2,740,048)	(774,089)	(4,264,053)	148,351
Cash and bank indebtedness, beginning of period	1,405,262	3,379,507	2,929,267	2,457,067
Cash and bank indebtedness, end of period	\$(1,334,786)	\$ 2,605,418	\$(1,334,786)	\$ 2,605,418

See accompanying notes to consolidated financial statements.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements

Nine months ended September 30, 2007 and 2006

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## 1. Basis of presentation:

These unaudited consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial statements and are based on accounting policies and practices consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2006 except as noted in Note 2. The disclosures herein are incremental to those included with the annual audited consolidated financial statements. These interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2006.

## 2. Significant accounting policies:

### (a) Changes in accounting policy:

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation and Section 1530, Comprehensive Income. The standards have been adopted on a prospective basis.

The new recommendations require the Company to present, among other things, certain unrealized gains and losses outside of net income or loss. Section 1530 defines comprehensive income as the change in equity (net assets) arising from transactions and other events and circumstances from non-owner sources. The new standard requires presentation of a statement of comprehensive income. In accordance with the provisions of these new standards, foreign exchange gains and losses on the translation of the financial statements of the Company's self-sustaining foreign operations, previously recorded in a separate section of shareholders' equity, are now presented as accumulated other comprehensive income. The Company's earnings per share presented on the consolidated statements of income is based upon its net income and not comprehensive income.

### (b) Directors' deferred share unit plan:

The company has a Directors' deferred share unit ("DSU") plan. DSU awards that are settled in cash are recorded as liabilities. The measurement of the liability and compensation cost for these awards is based on the intrinsic value of the award, and is recorded as a charge to operating income. Changes in the Company's payment obligation subsequent to being earned and prior to the settlement date are recorded as a charge to operating income in the period incurred. The payment amount is established for DSU's on the date of termination of directorship.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 2

Nine months ended September 30, 2007 and 2006

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### 3. Business acquisition:

(a) On March 13, 2007, WellPoint acquired all of the issued and outstanding shares of iSoft Technologies (Pty) Ltd. ("iSoft"). iSoft develops software solutions based on the Microsoft Dynamics AX architecture. WellPoint acquired all of the shares of iSoft for aggregate consideration of US\$3.06 million (CAD\$3.59 million) including transaction costs. The acquisition was accounted for by the purchase method and the results of operations have been included from the date of the acquisition. The allocation of the purchase price was as follows:

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	2007
Net current liabilities, including cash of \$10,767	\$ 145,501
Property and equipment	32,797
Customer relationships	330,000
Intellectual property	1,300,000
Goodwill	2,250,917
Future income tax liability	(472,700)
	<hr/> \$3,586,515 <hr/>

The allocation of the purchase price is based on the preliminary findings of an external evaluation company. Accordingly, the allocation noted above will be subject to adjustment.

In connection with the acquisition, the shareholders of iSoft subscribed for US\$ 0.537 million (CAD\$0.63 million) of common shares of the Company on a private placement basis at a deemed price of CDN\$0.90 per common share resulting in the issuance of 698,220 common shares of the Company. The shares were issued in the second quarter of 2007. The total cash payable by the Company to complete the acquisition was US\$2.46 million (CAD\$2.89 million) with transaction costs of US\$0.06 million (CAD\$0.07 million)

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 3

Nine months ended September 30, 2007 and 2006

### 3. Business acquisitions (continued):

(b) On August 13, 2007, WellPoint acquired all of the assets of Bolo Systems, Inc. ("Bolo"). Bolo is a leading provider of integrated multi-tiered financial, land and production accounting solutions for the oil and gas industry in the United States. WellPoint acquired all of the assets of Bolo for aggregate consideration of US\$24.5 million (CAD\$25.7 million) including transaction costs. Additional consideration of up to USD\$4.5 million may be paid to Bolo in either cash or common shares of WellPoint (at the election of Bolo) if the acquired business achieves certain revenue and earnings targets for the 24-month period following closing. If the additional consideration is paid in common shares such shares will be issued at a deemed price at \$0.90 per share for the first year and at \$1.60 per share for the second year and will also be subject to a four month hold period following the issuance of those shares. The acquisition was accounted for by the purchase method and the results of operations have been included from the date of the acquisition. The allocation of the purchase price was as follows:

	2007
Net current assets	\$ 12,611
Property and equipment	511,177
Other assets	39,616
Deferred development costs	1,998,692
Customer relationships	6,095,220
Intellectual property	5,779,950
Goodwill	12,075,719
Future income tax liability	(772,095)
	<u>\$25,740,890</u>

The allocation of the purchase price is based on the preliminary findings of an external evaluation company. Accordingly, the allocation noted above will be subject to adjustment.

The assets of Bolo were acquired for cash consideration of US\$14.5 million (CAD\$15.24 million), the issuance of common shares valued at US\$3.36 million (CAD\$3.53 million), the issue of a promissory note payable of US\$5 million (CAD\$5.25 million) and transaction costs of US\$1.63 million (CAD\$1.72 million).

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 4

Nine months ended September 30, 2007 and 2006

## 4. Long-term notes payable

	Amount
Balance, December 31, 2006	\$ 874,050
August 10, 2007 issue, net of costs	5,009,721
Amortization of finance costs	10,199
Accrued interest costs	43,750
Foreign exchange gain	(357,175)
	5,580,545
Less: current portion	797,375
Balance, September 30, 2007	\$ 4,783,170

- (a) Pursuant to the March 10, 2006 acquisition of IDEAS, and in satisfaction of a portion of the purchase consideration, the Company issued a note payable (the "Note") to the former shareholders of IDEAS for a principal amount of US \$750,000, or CDN \$746,100 at September 30, 2007. The Note matures on March 10, 2008 and bears interest at 6% per annum.
- (b) Pursuant to the August 10, 2007 acquisition of Bolo, and in satisfaction of a portion of the purchase consideration, the Company issued a note payable (the "Note") to the shareholders of Bolo for a principal amount of US \$5 million, or CDN \$4.97 million at September 30, 2007. The Note matures on August 10, 2010 and bears interest at 7% per annum and is secured by all the assets of WellPoint and its material operating subsidiaries.

## 5. Long-term debt

	Amount
Balance, December 31, 2006	\$ -
August 10, 2007 issue, net of costs	14,310,195
Amortization of finance costs	60,555
Accrued interest costs	93,750
Foreign exchange gain	(841,500)
Balance, September 30, 2007	\$13,623,000

The company financed the acquisition of Bolo (Note 3) by borrowing the sum of USD \$15 million or CDN \$14.92 million as at September 30, 2007. The loan must be repaid in one balloon payment on August 10, 2010, or earlier as provided in the credit agreement. The loan bears interest at a rate equal to 15% per annum. Interest must be paid on the last day of each month at a rate equal to 10% per annum. The balance of the interest owing on the loan will continue to accrue and be compounded monthly and payable on maturity of the loan. The obligations under the loan are secured by all of the assets of the Company and its material operating subsidiaries.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 5

Nine months ended September 30, 2007 and 2006

## 6. Convertible debentures:

The following tables summarize information regarding convertible debentures:

	Amount
Balance, December 31, 2005	\$ 3,958,206
Conversions	(145,331)
Accretion of discount	220,477
Redemptions	(60,000)
Maturity of convertible debentures	(270,000)
Renewal of convertible debentures	260,083
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Balance, December 31, 2006	3,963,435
Maturity of convertible debentures	(1,020,000)
Renewal of convertible debentures, net of costs	626,105
March 12, 2007 issue, net of costs	3,664,469
Accretion of discount	190,338
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	7,424,347
Less: current portion	899,760
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Balance, September 30, 2007	\$ 6,524,587

- (a) On January 31, 2005, the Company issued subordinated convertible debentures in the amount of \$1,140,000 in addition to the \$360,000 issued in December 2004 for a total of \$1,500,000. The debentures bear interest at 12% per annum, with \$360,000 having matured on December 30, 2006 and \$1,140,000 having matured on January 30, 2007, and are a direct obligation of the Company and are not secured. The debentures are convertible at the holders' option into fully paid and non-assessable common shares at any time prior the maturity dates at a conversion price of \$0.40, per common share. Prior to their maturity, holders of \$270,000 of the debentures maturing December 30, 2006 and \$650,000 of the debentures maturing January 30, 2007, accepted the Company's offer to extend the debenture for one year at a rate of 10% with all other terms remaining essentially unchanged. The balance of the debentures were repaid on their maturity dates.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 6

Nine months ended September 30, 2007 and 2006

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## 6. Convertible debentures (continued):

- (b) On March 12, 2007, the Company issued convertible, secured debentures in the amount of \$4,500,000. The company and its subsidiaries granted security interests over all of their real and personal property as security for the payment and performance of the Company's obligations and liabilities under the debentures. The debentures bear interest at 7.75% per annum and mature on April 12, 2012 (the maturity date). The debentures are convertible at any time at the option of the holders into common shares at an initial conversion price of \$0.65 per common share. The conversion price is subject to customary adjustments, including an adjustment downwards if the Company completes an equity financing at a price less than the then current conversion price, provided that the conversion price will never be lower than \$0.39 per common share.
- (c) The convertible debentures are presented in the financial statements in their component parts, measured at their respective fair values at the time of issue. The debt component has been calculated as the present value of the required interest and principal payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued. Interest expense is determined on the debt component. The difference between the debt component and the face value of the debenture is classified as equity, net of issue costs adjusted for income taxes.
- (d) The debentures are accreted to their fair value over their term with a charge to operations included in the interest expense.
- (e) In connection with the acquisition and related financing, the Company agreed to amend the terms of the convertible secured debentures to lower the conversion price by which such debentures will be convertible into common shares from \$0.65 to \$0.55 per common share, and to make certain other amendments as well. The Company agreed to reduce the maturity date of the convertible secured debenture issued to Quorum Secured Equity Trust in the principal amount of \$300,000 from April 12, 2012 to December 15, 2009. These amendments remain subject to final approval of the TSX Venture Exchange.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 7

Nine months ended September 30, 2007 and 2006

## 7. Share capital:

(a) Common shares:

(i) Authorized:

Unlimited number of common shares

Unlimited number of preferred shares, issue-able in series

(ii) Issued:

	Number of Common shares	Amount	Share purchase loan	Total
Balance, December 31, 2005	20,824,149	\$ 3,498,922	\$ (54,000)	\$ 3,444,922
Issued on private placement	10,000,000	4,625,000	-	4,625,000
Share issue expenses, net of future income taxes	-	(514,391)	-	(514,391)
Issued on acquisition of IDEAS	3,613,244	1,770,490	-	1,770,490
Shares issued on exercise of options	494,875	160,720	-	160,720
Fair value of options and compensation options exercised	-	23,523	-	23,523
Shares issued on conversion of convertible debentures	376,141	160,127	-	160,127
Balance, December 31, 2006	35,308,409	9,724,391	(54,000)	9,670,391
Issued on private placement	8,703,172	3,987,097	-	3,987,097
Shares issued on exercise of options	696,000	211,800	-	211,800
Fair value of options exercised	-	79,198	-	79,198
Balance, September 30, 2007	44,707,581	\$14,002,486	\$ (54,000)	\$ 13,948,486

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 8

Nine months ended September 30, 2007 and 2006

## 7. Share capital (continued):

### (b) Warrants/compensation options:

	Number of warrants/options	Amount
Balance, December 31, 2005	-	\$ -
Compensation options issued on private placement	1,000,000	125,000
Warrants issued on private placement	5,000,000	250,000
Compensation options exercised	(22,541)	(2,817)
Balance, December 31, 2006	5,977,459	\$ 372,183
Warrants issued on private placement	2,700,000	685,867
Balance, September 30, 2007	8,677,459	\$ 1,058,050

In 2002, the Company granted a share-purchase loan to an officer and director in the amount of \$54,000. The share-purchase loan bears interest at a variable market rate and is repayable no later than December 1, 2011. The loan is secured by 200,000 common shares of the Company for which it was used to purchase. The fair market value of the shares was \$0.40 per share as at June 30, 2007.

On March 10, 2006, the Company closed an equity offering of 10,000,000 common shares at a price of \$0.50 per Unit, for gross proceeds of \$5,000,000 or net proceeds of \$4,485,609 after the net of offering expenses, underwriters' commissions and future taxes of \$514,391. Each unit consists of one common share of WellPoint and one half of one common share purchase warrant with each full warrant exercisable into one common share at a price of \$0.62 per share for a period of 24 months. The value of the warrants was estimated based the market price of the shares.

Pursuant to the private placement of 10,000,000 units described above, the company granted 1,000,000 compensation options entitling the underwriter to purchase up to 1,000,000 units at a price of \$0.50 per unit. Each unit comprises one fully paid common share of the Company and one-half of one non-transferable common share purchase warrant with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.62 per share. These options expire in 2008. There are 977,459 options outstanding. The value of the compensation options was estimated based the market price of the shares.

In connection with the loan payable (note 5) incurred on August 10, 2007, the Company issued 2.7 million common share purchase warrants, each of which expires three years from the date of issue (or earlier as described below), and entitles the holder to purchase one common share at an exercise price of USD\$0.50 per common share. 900,000 warrants are exercisable immediately with the balance to become exercisable in equal installments on the sixth month and twelve month anniversary of the closing date. If the loan is repaid prior to the warrants becoming exercisable, then those warrants which are not yet exercisable will automatically terminate. If the loan is reduced or repaid in full prior to maturity, the warrants will be reduced on a pro rata basis. The warrants are non-transferable and the common shares issued on the exercise of the warrants will be subject to a four-month hold period from the closing date. The issuance of the warrants remains subject to the final approval of the TSX Venture Exchange.

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 9

Nine months ended September 30, 2007 and 2006

## 7. Share capital (continued):

### (c) Stock options:

The Company has a stock option plan for employees, directors and consultants. At September 30, 2007, a total of 3,700,000 shares (3,700,000 at September 30, 2006) were reserved for issuance under this plan. Options granted vest over two to four years.

The following tables summarize information regarding stock options:

	Number of options outstanding	Weighted average exercise price
Balance, December 31, 2005	1,927,008	\$ 0.31
Granted	1,406,205	0.54
Exercised	(472,334)	0.32
Expired	(265,002)	0.34
Balance, December 31, 2006	2,595,877	0.43
Granted	1,240,000	0.38
Exercised	(696,000)	0.30
Expired	(212,000)	0.39
Balance, September 30, 2007	2,927,877	\$ 0.45

	Exercise price	Options outstanding Number of options	Options outstanding Weighted average remaining contractual life (years)	Options exercisable
				Number of options
	\$ 0.23	250,000	2.2	250,000
	0.30	30,000	2.9	20,000
	0.32	84,000	0.3	84,000
	0.35	116,672	2.5	116,672
	0.36	300,000	4.3	-
	0.40	300,000	4.8	-
	0.44	640,000	4.9	-
	0.45	280,000	3.3	93,333
	0.58	200,000	3.7	66,667
	0.60	336,000	3.5	112,000
	0.61	391,205	0.5	391,205
		2,927,877	2.8	1,133,877

Stock-based compensation expense for the nine months ended September 30, 2007 was \$122,288 (2006 - \$243,391). This expense was calculated using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 4.4% (2006 - 3.85%), expected life of five years and volatility of 89% - 149% (2006 124% - 149%).

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 10

Nine months ended September 30, 2007 and 2006

## 7. Share capital (continued):

### (d) Contributed surplus:

Contributed surplus represents the cost of the stock-based compensation payments relating to the compensation expense for stock options granted to employees, directors and consultants and the equity component of matured debentures.

The following tables summarize information regarding contributed surplus:

	Amount
Balance, December 31, 2005	\$ 130,978
Stock option expense	309,558
Fair value of options exercised	(20,706)
Maturity of convertible debenture	34,801
Balance, December 31, 2006	454,631
Stock option expense	233,937
Fair value of options exercised	(79,198)
Maturity of convertible debenture	96,767
Balance, June 30, 2007	\$ 706,137

### (e) Directors' deferred share unit plan:

The Company implemented a Directors' deferred share unit plan effective July 1, 2007. Under this plan, directors can elect to receive remuneration in whole or in part in the form of deferred share units (DSU), cash or a combination thereof. The number of DSUs received is calculated by dividing the amount of the director's annual remuneration by the fair market value per common share on the dates which director's remuneration is earned. On termination as a director of the Company, directors may elect to redeem the DSU's at the fair market value of the Company's share as of the notice of termination. Redemptions can be received in cash, common shares, or a combination thereof.

At September 30, 2007, 13,750 DSUs are issuable to settle \$5,500 of director's fees.

## 8. Accumulated other comprehensive income

	Amount
Balance, December 31, 2006 as originally reported	\$ -
Retroactive adjustment for unrealized gain relating to self-sustaining foreign operations	67,788
Revised balance, December 31, 2006	67,788
Unrealized loss on translating financial statements of self-sustaining foreign operations	(476,059)
Balance, September 30, 2007	\$ (408,271)

# WELLPOINT SYSTEMS INC.

Notes to Consolidated Financial Statements, page 11

Nine months ended September 30, 2007 and 2006

## 9. Segmented information:

The Company conducts all of its business in one operating segment; software solutions and services.

Revenue by geographical region:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Canada	\$ 2,245,095	\$ 2,739,591	\$ 7,780,204	\$ 6,515,184
Central and South America	(185,777)	181,962	5,261,164	374,869
Other international (including the United States)	4,684,757	1,402,323	8,085,754	3,769,677
	<u>\$ 6,744,075</u>	<u>\$ 4,323,876</u>	<u>\$ 21,127,122</u>	<u>\$ 10,659,730</u>

Revenues are attributed to countries based on location of customer. One customer accounted for approximately 43% (2006 – 0%) of the Company's accounts receivable balance and 21% of the Company's revenue for the nine months ended September 30, 2007 (2006 – 0%). No customers accounted for more than 10% of the Company's revenue in 2006.

## 10. Supplemental cash flow information:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Interest paid	\$ 260,643	\$ 100,621	\$ 567,359	\$ 312,539
Changes in non-cash working capital components:				
Accounts receivable	\$(2,082,796)	\$(1,213,456)	\$ (5,858,169)	\$ (1,698,025)
Prepaid expenses	153,879	(119,396)	(670,597)	28,466
Accounts payable and accrued liabilities	475,074	510,494	3,948,576	691,190
Deferred revenue	188,024	30,209	(498,647)	6,409
	<u>\$ (1,265,819)</u>	<u>\$ (792,149)</u>	<u>\$ (3,078,837)</u>	<u>\$ (971,960)</u>