QHR
Technologies Inc.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2010 and 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

For further information, please contact:
Al Hildebrandt, President & CEO Phone: (250) 979-1701; E-Mail: ahildebrandt@QHRtechnologies.com

QHR TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

	September 30, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash	$ 252,536	$ 1,037,609
Accounts receivable	3,039,462	2,206,851
Inventory	55,683	31,390
Prepaid expenses and deposits	594,179	737,241
Investment tax credits receivable	89,301	579,092
	4,031,161	4,592,183
Accounts receivable	24,347	82,874
Property and equipment	1,515,691	1,307,812
Goodwill (Note 5)	2,961,192	2,919,181
Intangible assets (Note 6)	8,360,604	8,825,663
	$ 16,892,995	$ 17,727,713
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,200,791	$ 3,677,266
Promissory notes payable (Note 4)	865,474	3,205,174
Current portion of long-term debt (Note 7)	268,359	395,526
Current portion of capital lease obligations	420,397	366,659
	4,755,021	7,644,625
Deferred revenue	2,939,704	2,081,412
	7,694,725	9,726,037
Long-term debt (Note 7)	1,401,013	1,518,293
Capital lease obligations	426,945	374,980
	9,522,683	11,619,310
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	10,797,520	9,559,282
Contributed surplus	175,776	134,165
Warrants (Note 8)	578,189	477,709
Deficit	(4,181,173)	(4,062,753)
	7,370,312	6,108,403
	$ 16,892,995	$ 17,727,713

The notes to the financial statements are an integral part of these consolidated financial statements.

QHR TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Three Months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
REVENUE (Note 10)	$ 4,645,807	$ 3,749,243	$ 14,400,215	$ 9,633,723
OPERATING EXPENSES				
Cost of goods	504,790	258,083	1,532,713	574,249
Service costs	1,625,874	1,599,355	5,895,796	4,307,330
Selling and administrative expenses	1,998,365	899,467	5,278,631	2,656,566
	4,129,029	2,756,905	12,707,140	7,538,145
Earnings before the following items	516,778	992,338	1,693,075	2,095,578
Stock-based compensation expense	47,198	19,319	85,837	72,928
Amortization of property and equipment	182,071	82,410	500,470	227,668
Amortization of intangible assets	278,821	185,320	840,438	532,377
Interest expense	100,569	48,740	377,435	239,879
(Gain) loss on foreign exchange	(28)	737	7,315	(1,624)
	608,631	336,526	1,811,495	1,071,228
Net earnings (loss) and comprehensive income	**(91,853)**	**655,812**	**(118,420)**	**1,024,350**
Deficit, beginning of period	4,089,320	5,048,452	4,062,753	5,416,990
Deficit, end of period	$ 4,181,173	$ 4,392,640	$ 4,181,173	$ 4,392,640
Basic earnings per share	($0.00)	$0.03	($0.00)	$0.04
Fully diluted (loss) earnings per share	($0.00)	$0.03	($0.00)	$0.04
Basic weighted average number of shares outstanding	30,259,774	26,103,259	29,576,899	23,761,929
Fully diluted weighted average number of shares outstanding	30,987,648	26,103,259	30,458,986	23,761,929

QHR TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Three Months ended September 30		Nine Months ended September 30	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net earnings	$ (91,853)	$ 655,812	$ (118,420)	$ 1,024,350
Items not affecting cash				
Amortization of property and equipment	182,071	82,410	500,470	227,668
Loss on disposition of property and equipment	56,637	-	56,637	-
Amortization of intangible assets	278,821	185,320	840,438	532,377
Stock based compensation	47,198	19,319	85,837	72,928
Changes in non-cash operating assets and liabilities				
Accounts receivable	539,580	(124,987)	(774,084)	(8,428)
Inventory	(8,829)	(12,923)	(24,293)	(4,773)
Prepaid expenses and deposits	(54,651)	163,722	241,171	(101,804)
Investment tax credits receivable	489,791	-	489,791	380,000
Accounts payable and accrued liabilities	27,070	(33,785)	(451,475)	328,966
Deferred revenue	(1,216,376)	(1,820,676)	858,292	475,025
	249,459	(885,788)	1,704,364	2,926,309
INVESTING ACTIVITIES				
Deposit (Note 3)	-	-	-	250,000
Purchase of property and equipment	(28,688)	(49,155)	(254,920)	(154,906)
Business acquisition net of cash acquired (Note 3)	-	-	(42,011)	(4,585,300)
Acquisition of intangible assets	(118,504)	(120,000)	(375,379)	(361,832)
	(147,192)	(169,155)	(672,310)	(4,852,038)
FINANCING ACTIVITIES				
Increase of long-term debt	-	-	-	1,145,000
Repayment of long-term debt and capital lease obligations	(159,512)	(122,514)	(648,810)	(376,100)
Increase of promissory note	500,000	-	500,000	-
Repayment of promissory note	(743,899)	-	(2,937,809)	-
Proceeds from share issuances, less issue costs	208,867	-	1,269,492	1,571,403
	(194,544)	(122,514)	(1,817,127)	2,340,303
Increase (decrease) in cash	(92,277)	(1,177,457)	(785,073)	414,574
Cash – beginning of period	344,813	1,690,665	1,037,609	98,634
Cash – end of period	$ 252,536	$ 513,208	$ 252,536	$ 513,208
Supplemental Cash Flow Disclosure				
Interest paid	$ 127,576	$ 48,740	$ 377,435	$ 239,879
Non-cash financing and investing activities:				
Capital assets acquired under capital lease obligations	102,802	11,772	394,183	150,083
Leaseholds financed by landlord	115,883	-	115,883	-
Prepaid expenses acquired through promissory notes	98,109	-	98,109	
Share capital issued with long term debt	164,717	-	164,717	62,134

1. BASIS OF PREPARATION

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements.

These unaudited interim financial statements do not include all of the disclosure included in the audited annual financial statements and, accordingly, they should be read in conjunction with the audited annual financial statements for the year ended December 31, 2009.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Convergence with International Financial Reporting Standards

The Accounting Standards Board of the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Early conversion to IFRS for fiscal years beginning on or after January 1, 2009 will also be permitted.

When implemented, IFRS will have an impact on accounting, financial reporting and supporting IT systems and processes. It may also have an effect on taxes; contractual commitments involving GAAP based clauses, long-term employee compensation plans and performance metrics. The Company is currently developing an IFRS implementation plan. Part of the implementation plan is to review contracts and agreements, and to increase the level of awareness and knowledge amongst management, the Board of Directors and the Audit Committee. As at December 31, 2009, a preliminary review of the Company's consolidated financial statements has been performed to determine potential impact of IFRS adoption. This review has identified the following primary areas that may be impacted by IFRS conversion: Revenue Recognition, Intangible Assets, Goodwill, Property and Equipment, and Leases. Accounting for Income Taxes and Stock Based Compensation is expected to be affected but the impact has not yet been analyzed.

Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations, replacing Section 1581 of the same name. The new section will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Section 1582, which provides the Canadian equivalent to International Financial Reporting Standard 3, Business Combinations (January 2008), establishes standards for the accounting for a business combination. Section 1582 requires business acquisitions (including non-controlling interests and contingent consideration) to be measured at fair value on the acquisition date, generally requires acquisition-related costs to be expensed, requires gains from bargain purchases to be recorded in net earnings, and expands the definition of a business. As Section 1582 will apply only to future business combinations, it will not have a significant effect on the Company's consolidated financial statements prior to such acquisitions.

Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which together replace the existing Section 1600, Consolidated Financial Statements, and provide the Canadian equivalent to International Accounting

Standard 27, Consolidated and Separate Financial Statements (January 2008). The new sections will be applicable to the Company on January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements, and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is assessing the impact, if any, of the adoption of these new sections on its consolidated financial statements.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

Effective January 1 2009, the Company adopted EIC Abstract 173, “Credit Risk and Fair Value of Financial Assets and Financial Liabilities”. This abstract requires that credit risk be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract did not result in a material impact on the Company’s consolidated financial statements.

Arrangements with Multiple Deliverables

EIC-175, “Arrangements with Multiple Deliverables”, was issued in December 2009 and is an amendment to EIC-142, “Arrangements with Multiple Deliverables”. The revised guidance changes the determination of separate units of account and the allocation of the consideration to the deliverables. Additional disclosure requirements will be required not only for the transition adjustments but also thereafter for all significant multiple-element arrangements. The criteria for identifying all deliverables in a multiple-element arrangement that represent separate units of accounting have been simplified. Entities are no longer required to have objective and reliable evidence of fair value of the undelivered item for a deliverable to qualify as a separate unit of accounting. EIC-175 is effective for revenue arrangements with multiple deliverables entered into or materially modified in the first annual fiscal period beginning on or after January 1, 2011. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this section.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 "Financial Instruments-Recognition and Measurement" was amended April 2009. Paragraphs were added and amended regarding the application of the effective interest method to previously impaired financial assets and embedded prepayment options. The amendments are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 with early adoption permitted. The Company is currently evaluating the impact of the adoption of this section.

3. BUSINESS COMBINATIONS

Clinicare Corporation

On November 8, 2009, the Company announced that its offer to acquire 100 percent of the outstanding common shares of Clinicare Corporation (“Clinicare”), a privately held company incorporated in Alberta. As at March 31, 2010, 100% of Class A common shares and 100% of Class B common shares had been acquired.

To fund ongoing business expansion as well as to partially fund the transaction, the Company secured a $1,000,000 four year term loan at an interest rate of 14% per annum from the Southern Interior Development Initiative Trust (Note 6). To finance the balance of the transaction the Company issued promissory notes for $3,800,000. These promissory notes were subsequently adjusted to $3,205,174 to reflect the final purchase price. The promissory notes bear interest at 10% per annum with 2/3 of the principal repayable on January 3, 2010 and the balance repayable on February 2, 2010. Interest rates on any unpaid portion of the notes escalate at a rate of 1% per week if overdue, to a maximum of 25%, until paid in full. At the option of the note holder, repayment could be made by cash or common shares of the Company at a price of $0.65 per share.

The promissory notes are secured by a guarantee of Clinicare Corporation and a security interest on the annual billings of Clinicare Corporation to its customers for 2010 support and maintenance proceeds. As of September 30, 2010 the remaining balance of the notes was $316,088.

The acquisition was accounted for using the purchase method whereby assets acquired and liabilities assumed are recorded at their estimated fair values as of the acquisition date. Details of the consideration given and the fair values of net assets acquired are as follows:

Cash consideration	$ 250,000
Promissory notes payable	3,205,174
Legal and other purchase costs	168,918
Purchase price	$ 3,624,092
Assets and liabilities acquired at fair values	
Current assets	$ 933,100
Current liabilities	(2,097,457)
Property and equipment	231,262
Acquired technology	528,000
Customer relationships	4,072,000
Deferred Revenue	(400,000)
Goodwill	357,187
Net assets acquired	$ 3,624,092

Momentum Finance Division

On January 19, 2009 the Company announced the planned acquisition of the financial software division of Momentum Healthware Inc. (“Momentum” or “the Division”). The acquisition date was January 15, 2009, and the results of operations of Momentum have been consolidated with the Company’s financial statements since that date.

The Division provides customized financial software to medium and large healthcare facilities within the same market segment targeted by QHR for its payroll, scheduling and human resource management software. The acquisition was accounted for using the purchase method, whereby assets acquired and liabilities assumed are recorded at their estimated fair values as of the acquisition date. Details of the consideration given and of the fair values of net assets acquired are as follows:

Cash consideration	$ 4,550,000
Legal and other purchase costs	87,070
Purchase price	$ 4,637,070
Assets and liabilities acquired at fair values	
Current assets	$ 467,347
Property and equipment	9,510
Customer relationships	1,981,000
Acquired technology	1,092,000
Deferred revenue	(1,147,000)
Goodwill	2,234,213
	$ 4,637,070

The goodwill that is expected to be deductible for income tax purposes is approximately $1,650,000.

4. PROMISSORY NOTES PAYBLE

From time to time the company will borrow on a short-term basis to fund acquisitions, working capital needs, or other short-term borrowing needs. The composition of these notes is as follows:

	Sept 30, 2010	**Dec 31, 2009**
Clinicare Promissory Note	316,088	3,205,174
Other short-term Promissory Notes	549,386	-
	865,474	3,205,174

5. GOODWILL

	EMR Division	EMS Division	Total
Balance as at December 31, 2009	$ 710,667	$ 2,208,514	$ 2,919,181
Business acquisitions adjustment of 2009 estimates	16,312	25,699	42,011
Balance as at September 30, 2010	$ 726,979	$ 2,234,213	$ 2,961,192

6. INTANGIBLE ASSETS

September 30, 2010	Cost	Accumulated Depreciation	Net
Amortized intangible assets			
Customer relationships	$ 7,126,000	$ 1,130,935	$ 5,995,065
Acquired technology	2,192,500	983,619	1,208,881
Developed technology	1,247,138	131,323	1,115,815
Contract development	91,897	51,054	40,843
	$ 10,657,535	$ 2,296,931	$ 8,360,604

December 31, 2009			
Amortized intangible assets			
Customer relationships	$ 7,126,000	$ 500,103	$ 6,625,897
Acquired technology	2,192,500	841,219	1,351,281
Developed technology	864,101	79,433	784,668
Contract development	91,897	28,080	63,817
	$ 10,274,498	$ 1,448,835	$ 8,825,663

7. LONG-TERM DEBT

	Sept 30, 2010	**Dec 31, 2009**
Community Futures loan dated August 1, 2007, repayable in 42 monthly installments of $2,045 including interest at 8.5% per annum. The loan is secured by a general security agreement.	$ 5,273	$ 22,730
Harbourfront Holdings, interest only payments at 10% interest per annum, with principal due and payable by April 15, 2010. The loan was repaid in April 2010.	-	100,000
UL Capital Corp, principal of $190,000 less $9,000 adjustment to fair value in respect of the interest free portion of the loan, repayable starting December 1, 2008	-	70,000

at $10,000 per month plus interest, and continuing each month until repaid in full. The loan was paid in full on June 30, 2010.		
Southern Interior Development Initiative Trust loan dated October 28, 2009, repayable in 48 blended monthly installments of $27,326, including interest at 14% per annum compounded monthly, commencing November 1, 2009. The loan is secured by a general security agreement subordinated to the Momentum acquisition loans and Dell Financial Services Canada Limited capital leases.	834,919	984,340
Momentum acquisition loans, dated January 15, 2009, maturing January 15, 2012, including interest at 12% per annum compounded quarterly, payable monthly. Additionally, a one-time bonus interest of 200 common shares of the Company for each $1,000 of amount loaned (Note 8). The loans are secured by a general security agreement. The company has the right to prepay the loans prior to maturity by payment of one month of additional interest.	728,249	736,749
Al Stober Construction Ltd., leasehold improvement loan, dated April 1, 2010, maturing March 1, 2013, including interest at 8% per annum compounded and payable monthly in blended installments of $3,723	100,931	-
	1,669,372	1,913,819
Less current portion	(268,359)	(395,526)
	$ 1,401,013	$ 1,518,293

8. SHARE CAPITAL

Authorized Unlimited common shares without par value
Unlimited Class A Preference shares

Issued Common Shares

	Number	Amount
Balance as at December 31, 2009	28,088,509	$ 9,559,282
Options exercised	411,000	144,476
For cash pursuant to private placement at $0.65	1,600,000	1,040,000
Share issue costs for private placement		(10,475)
Shares issued to Clinicare shareholders	253,412	164,717
	2,264,412	1,338,718
Less value of warrants		(100,480)
Balance, end of period	30,352,921	$ 10,797,520

No Class A Preference shares have been issued.

8. SHARE CAPITAL (CON'T)

Private placement

On March 25, 2010, the Company completed a non-brokered private placement of 1,600,000 units with each unit priced at $0.65 and consisting of one common share and one half non-transferable share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company exercisable at a price of $0.75 until March 16, 2012. The private placement yielded proceeds of $1,040,000 less $6,500 paid to one finder in connection with the private placement. All securities issued in connection with this private placement were subject to a four month hold period expiring July 17, 2010. The Company proposes to use the proceeds of the private placement for general working capital purposes and to reduce its debt related to the recent acquisition of Clinicare Corporation (Note 3).

Stock-based compensation plan

The Company has a stock option plan (the "Plan") pursuant to which options to subscribe for common shares of the Company may be granted to certain officers, employees and consultants of the Company. The board of directors administers the Plan and, subject to the specific provisions of the Plan, fixes the terms and conditions upon which options are granted.

The exercise price of each option granted under the Plan is fixed by the board, but cannot under any circumstances be less than the closing price of the Company's shares on the last trading day prior to the date of the grant, less any discount permitted by the Toronto Stock Exchange, but, in any event, not less than $0.10 per share. Options granted are non-assignable and not transferable and do not have a term in excess of five years.

The Company has granted options for the purchase of common shares to employees, directors and certain consultants. A summary of the status of the stock option plan as of September 30, 2010 and December 31, 2009 and changes during that period is presented below.

	Number of Options	Weighted Average Exercise Price
Options outstanding as at Dec 31, 2009	2,071,000	$ 0.37
Granted in the period	750,000	0.60
Forfeited in the period	(286,250)	0.51
Exercised in the period	(411,000)	0.25
Options outstanding as at Sept 30, 2010	2,123,750	$ 0.45

The options outstanding at September 30, 2010 expire as follows:

Expiry Date	Number of Share Options Issued	Weighted Average Remaining Contractual Life in months	Weighted Average Exercise Price	Number of Share Options vested at Sept 30, 2010	Weighted Average Exercise Price of Vested Options
July 31, 2013	885,000	34	0.25	885,000	$0.25
October 21, 2014	488,750	53	0.60	232,500	0.60
December 31, 2012	750,000	27	0.60	-	0.60
	2,123,750	36	$ 0.35	1,121,500	$0.32

Warrants

	Number	Value
Warrants outstanding as at December 31, 2009	2,625,000	$ 477,709
Warrants exercised	-	-
Issued pursuant to March 25, 2010 private placement	800,000	100,480
Warrants outstanding as at September 30, 2010	3,425,000	$ 578,189

The fair value of the warrants issued pursuant to the private placements was determined using the Black-Scholes option pricing model with the following assumptions:

	Sept 30, 2010
Risk-free rate	0.28%
Expected volatility	42%
Life of warrant	12 months
Dividend yield	0%

9. RELATED PARTY TRANSACTIONS

On January 27, 2009 the Company received three-year term loans of $1,145,000, of which $850,000 was from related parties including certain directors and senior management and their immediate families. The loans bear interest at 12% per annum plus bonus interest of 200 common shares of the Company for each $1,000 of amount loaned. The balance of these loans outstanding as at September 30, 2010 was $728,249, of which $480,000 was the amount owed to the related parties. For the quarter ended September 30, 2010 total interest paid or accrued on the loans to these related parties was $14,518.

On August 16, 2010 the Company borrowed $200,000 from a director of the Company. The loan bears interest at 20% per annum and is payable before December 31, 2010. For the quarter ended September 30, 2010 interest accrued on this loan was $4,931.51.

On August 31, 2010 the Company borrowed $100,000 from a senior manager of the Company. The loan bears interest at 20% per annum and is payable on November 30, 2010. For the quarter ended September 30, 2010 interest accrued on this loan was $1,643.84.

Related party transactions are measured at the exchange amount which is the amount agreed by the transacting parties.

10. SEGMENTED INFORMATION

The Company has two reportable segments. The Enterprise Management Software ("EMS") division specializes in Workforce Management Software and Financial Management Software targeted at medium to large healthcare and social services organizations. The Electronic Medical Records ("EMR") division provides applications for use in physician's medical offices. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

3 months ending September 30, 2010	EMS	EMR	Total
Revenues	$ 2,367,885	$ 2,277,922	$ 4,645,807
Operating expenses	1,706,106	1,755,041	3,461,147
Earnings before the undernoted	661,779	522,881	1,184,660
Stock-based compensation expense	39,243	7,955	47,198
Amortization of property and equipment	39,474	142,597	182,071
Amortization of intangible assets	97,306	181,515	278,821
Interest expense	40,214	60,355	100,569
(Gain) loss on foreign exchange	1,056	(1,084)	(28)
Earnings (loss) before corporate expenses	444,486	131,543	576,029
Corporate expenses			667,882
Net earnings			$ (91,853)
Goodwill	$ 2,234,213	$ 726,980	$ 2,961,192
Property and equipment	421,370	1,094,321	1,515,691

3 months ending September 30, 2009	**EMS**	**EMR**	**Total**
Revenues	$ 2,841,370	$ 907,873	$ 3,749,243
Operating expenses	1,532,109	823,906	2,356,015
Earnings before the undernoted	1,309,261	83,967	1,393,228
Stock-based compensation expense	13,835	5,484	19,319
Amortization of property and equipment	53,672	28,738	82,410
Amortization of intangible assets	154,994	30,326	185,320
Interest expense	28,185	20,555	48,740
(Gain) loss on foreign exchange	2,159	(1,422)	737
Earnings (loss) before corporate expenses	$ 1,056,416	$286	1,056,702
Corporate expenses			400,890
Net earning			$ 655,812
Goodwill	$ 533,321	$ 365,398	$ 898,719
Property and equipment	493,963	279,734	773,697

10. SEGMENTED INFORMATION (CON'T)

9 months ending September 30, 2010	EMS	EMR	Total
Revenues	$ 7,410,991	$ 6,989,224	$ 14,400,215
Operating expenses	5,314,610	5,371,772	10,686,382
Earnings before the undernoted	2,096,381	1,617,452	3,713,833
Stock-based compensation expense	69,528	16,309	85,837
Amortization of property and equipment	149,971	350,499	500,470
Amortization of intangible assets	307,236	533,202	840,438
Interest expense	105,513	271,922	377,435
(Gain) loss on foreign exchange	719	6,596	7,315
Earnings before corporate expenses	$ 1,463,414	$ 438,924	1,902,338
Corporate expenses			2,020,758
Net loss			$ (118,420)
Goodwill	$ 2,234,213	$ 726,980	$ 2,961,192
Property and equipment	421,370	1,094,321	1,515,691

9 months ending September 30, 2009	**EMS**	**EMR**	**Total**
Revenues	$ 7,151,988	$ 2,481,735	$ 9,633,723
Operating expenses	4,054,636	2,216,475	6,271,111
Earnings before the undernoted	3,097,352	265,260	3,362,612
Stock-based compensation expense	52,226	20,702	72,928
Amortization of property and equipment	143,599	84,069	227,668
Amortization of intangible assets	441,405	90,972	532,377
Interest expense	219,324	20,555	239,879
(Gain) loss on foreign exchange	(202)	(1,422)	(1,624)
Earnings before corporate expenses	$ 2,241,000	$ 50,384	2,291,384
Corporate expenses			1,267,034
Net earnings			$ 1,024,350
Goodwill	533,321	365,398	898,719
Property and equipment	$ 493,963	$ 279,734	$ 773,697

Sales to customers in geographic regions are as follows:

	Sept 30, 2010	**Sept 30, 2009**
Canada	$ 13,966,059	$ 9,492,547
United States	434,156	141,176
Total revenue	$ 14,400,215	$ 9,633,723

All of the Company's property and equipment are located in Canada.

11. CONTINGENCY EVENT

From time to time, the Company may become involved in litigation arising in the normal course of business. As of September 30, 2010, the Company is subject to one third party claim in relation to the Clinicare Corporation acquisition (Note 3). It is management's opinion that the outcome of the litigation will not have a material impact on the business.