



CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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.

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QHR TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

	September 30 2009	December 31 2008
ASSETS		
Current Assets		
Cash	\$ 513,208	\$ 98,634
Accounts receivable	1,440,642	1,255,556
Inventory	19,459	18,361
Prepaid expenses	424,114	162,229
Investment tax credits receivable	-	380,000
	2,397,423	1,914,780
Deposit	-	250,000
Accounts receivable	75,058	109,663
Property and equipment	773,697	665,942
Goodwill (Note 4)	898,719	365,398
Intangible assets (Note 5)	6,205,702	1,256,247
	\$10,350,599	\$ 4,562,030
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$1,203,202	\$ 874,236
Current portion of long-term debt (Note 6)	241,103	146,290
Current portion of capital lease obligations	154,556	99,061
	1,598,861	1,119,587
Current portion of deferred revenue	2,541,343	1,228,377
	4,140,204	2,347,964
Deferred revenue	360,332	-
Long-term debt (Note 6)	976,959	243,804
Capital lease obligations	125,266	130,957
	5,602,761	2,722,725
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	8,646,745	7,213,514
Contributed surplus	94,534	21,606
Warrants (Note 7)	221,481	21,175
Deficit	(4,214,922)	(5,416,990)
	4,777,838	1,839,305
	\$10,350,599	\$ 4,562,030

Subsequent event (Note 10)

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

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

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
REVENUE (Note 9)	\$ 3,298,492	\$ 1,293,256	\$ 9,980,328	\$ 4,480,366
OPERATING EXPENSES				
Service costs	1,599,355	773,223	4,307,330	2,476,606
Selling and administrative expenses	1,146,325	670,301	3,472,630	1,898,820
	2,745,680	1,443,524	7,779,960	4,375,426
Earnings before the following items	552,812	(150,268)	2,200,368	104,940
Amortization of property and equipment	82,410	27,959	227,668	76,542
Amortization of intangible assets	185,320	32,726	532,377	98,180
Interest expense	48,740	3,915	239,879	8,172
(Gain) loss on foreign exchange	737	175	(1,624)	(931)
Net earnings and comprehensive income	235,605	(215,043)	1,202,068	(77,023)
Deficit, beginning of period	4,450,527	5,532,597	5,416,990	5,670,617
Deficit, end of period	\$ 4,214,922	\$ 5,747,640	\$ 4,214,922	\$ 5,747,640
Basic and diluted earnings per share	\$ 0.01	\$ (0.01)	\$ 0.05	\$ 0.00
Basic and diluted weighted average number of shares outstanding	26,103,259	21,991,411	23,761,929	21,861,452

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

QHR TECHNOLOGIES INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

	For Three Months Ended September 30		For Nine Months Ended September 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Net earnings (loss)	\$ 235,605	\$ (215,043)	\$ 1,202,068	\$ (77,023)
Items not affecting cash				
Amortization of property and equipment	82,410	27,959	227,668	76,542
Amortization of intangible assets	185,320	32,726	532,377	98,190
Stock based compensation	19,319	-	72,928	-
Changes in non-cash operating assets and liabilities				
Accounts receivable	(124,987)	428,401	(8,428)	188,568
Inventory	(12,923)	-	(4,773)	-
Prepaid expenses and deposits	133,178	(33,941)	67,083	(5,481)
Investment tax credits receivable	-	-	380,000	-
Accounts payable and accrued liabilities	(33,785)	(85,147)	328,966	(156,777)
Deferred revenue	(1,369,925)	(339,012)	128,420	615,316
	(885,788)	(184,057)	2,926,309	739,325
INVESTING ACTIVITIES				
Deposit	-	-	250,000	-
Purchase of property and equipment	(49,155)	(22,343)	(154,906)	(46,688)
Business acquisition net of cash acquired	-	(13,503)	(4,585,300)	(13,503)
Acquisition of intangible assets	(120,000)	(65,792)	(361,832)	(85,320)
	(169,155)	(101,638)	(4,852,038)	(145,511)
FINANCING ACTIVITIES				
Increase in long-term debt	-	-	1,145,000	-
Repayment of long-term debt and capital lease obligations	(122,514)	(11,494)	(376,100)	(27,355)
Proceeds from share issuances, less issue costs	-	-	1,571,403	-
	(122,514)	(11,494)	2,340,303	(27,355)
Increase (decrease) in cash	(1,177,457)	(297,189)	414,574	566,459
Cash – beginning of period	1,690,665	1,357,053	98,634	493,405
Cash – end of period	\$ 513,208	\$ 1,059,864	\$ 513,208	\$ 1,059,864
Supplemental Cash Flow Disclosure				
Interest paid	\$ 48,740	\$ 3,915	\$ 239,879	\$ 8,172
Non-cash financing and investing activities:				
Capital assets acquired under capital lease obligations	11,772	-	150,083	-
Share capital issued with long term debt	-	\$ 120,000	\$ 62,134	\$ 120,000

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

QHR TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2009 AND 2008**

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 interim financial statements do not include all of the disclosure included in the annual financial statements, and accordingly, they should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

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**

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the use of International Financial Reporting Standards ("IFRS") to commence in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canadian GAAP and the changeover is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has created a project team that is assessing the potential impacts of this change and is developing its plan for implementation.

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.

3. BUSINESS COMBINATIONS

On June 22, 2009, the Company announced it was entering into a joint venture agreement with SEBO Systems Inc. ("SEBO") a privately held Calgary based company, to create a new entity dedicated to providing data hosting, data storage services and solutions to the healthcare and other social services sectors. The new company, Cloudwerx Data Solutions Inc. ("Cloudwerx") was initially to be owned 51% by QHR and 49% by SEBO and headquartered in Calgary, Alberta. QHR currently provides data hosting and data storage services through its subsidiary Clinicvault Inc. ("Clinicvault") and SEBO has a division providing similar services.

During the quarter, an agreement was reached whereby effective July 1, 2009, Cloudwerx began to operate both the Clinicvault and SEBO businesses. In accordance with the terms of the agreement, the computer equipment of SEBO was acquired and incorporated into Cloudwerx. Consideration for the purchase is 700,000 shares in QHR priced at \$0.65 per share with a closing date to be mutually agreed upon but in no event be later than November 30, 2009. Upon completion of this purchase QHR Technologies Inc. will own 100% of Cloudwerx Data Solutions Inc.

4. GOODWILL

	EMR Division	EMR Division	Total
Balance as at December 31, 2008	\$ 365,398	\$ -	\$ 365,398
Business acquisitions		533,321	533,321
Balance as at September 30, 2009	\$ 365,398	\$ 533,321	\$ 898,719

5. INTANGIBLE ASSETS

September 30, 2009	Cost	Accumulated Depreciation	Net
Amortized intangible assets			
Customer relationships	\$ 4,493,000	\$ 589,691	\$ 3,903,309
Acquired technology	2,272,500	744,851	1,527,649
Developed technology	830,872	62,137	768,735
	7,596,372	1,396,679	6,199,693
Unamortized intangible assets			
Trademark	6,009	-	6,009
	\$7,602,381	\$1,396,679	\$6,205,702

December 31, 2008	Cost	Accumulated Depreciation	Net
Amortized intangible assets			
Customer relationships	\$ 1,073,000	\$ 265,382	\$ 807,618
Acquired technology	572,500	572,500	-
Developed technology	469,040	26,420	442,620
	2,114,540	864,302	1,250,238
Unamortized intangible assets			
Trademark	6,009	-	6,009
	\$ 2,120,549	\$ 864,302	\$ 1,256,247

6. LONG-TERM DEBT

	September 30 2009	December 31 2008
Landlord term loan, repayable at \$1,991 per month including interest at 8%. The loan is unsecured and due March 2013	\$ 73,067	\$ 64,721
Community Futures loan dated August 1, 2007, repayable in 42 monthly installments of \$2,045 including interest at 8.5%. The loan is secured by a general security agreement.	28,307	44,373
Harbourfront Holdings, interest only payments at 10% interest, with principal due by April 15, 2010. The loan is secured by a general security agreement subordinated to the Community Futures loan but ranking pari passu with the loan from UL Capital Corp.	100,000	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 at \$10,000 per month plus interest, and continuing each month until repaid in full. Interest is at 0% until August 31, 2009 and 8% interest effective September 1, 2009. The loan is secured by a general security agreement subordinated to the Community Futures loan but ranking pari passu with the loan from Harbourfront Holdings.	99,150	181,000
Three-year term loans with principal of \$1,145,000 less \$57,818 adjustment to fair value in respect of the issue of shares to lenders. The principal is repayable by January 27, 2012 with interest of 12% which is payable monthly. In addition to interest, lenders receive 200 common shares of QHR for each \$1,000 of loan principal. The loans are secured by a general security agreement.	917,538	-
	1,218,062	390,094
Less current portion	(241,103)	(146,290)
	\$ 976,959	\$ 243,804

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value
Unlimited Class A Preference shares

Issued

	Number	Amount
Balance as at December 31, 2008	22,395,759	\$ 7,213,514
For cash:		
Pursuant to private placement at \$0.50	2,000,000	1,000,000
Less: share issue costs		(18,497)
Options exercised	10,000	2,500
Warrants exercised	1,468,500	631,749
Warrants granted		(221,481)
Expiry of purchase warrants		29,676
Warrants extension		(52,850)
Issued with long-term debt (Note 6)	229,000	62,134

Balance as at September 30, 2009	26,103,259	\$ 8,646,745
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7. SHARE CAPITAL (continued)

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 shall be non-assignable and not transferable and shall not have a term in excess of five years.

The Company has granted employees and directors common share purchase options. A summary of the status of the stock option plan as of September 30, 2009 and December 31, 2008 and changes during that period is presented below.

	Number of Options	Weighted average Exercise price
Options outstanding as at December 31, 2008	1,000,000	\$0.25
Granted	500,000	\$0.25
Exercised	(10,000)	\$0.25
Forfeited	(83,750)	\$0.25
Options outstanding as at September 30, 2009	1,406,250	\$0.25

On January 22, 2009 the Company issued 500,000 options of which 100,000 had an expiry date of December 31, 2010 and 400,000 had an expiry date of July 31, 2013. The fair value of each stock option on the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions at the measurement dates:

Number of options issued	100,000	400,000
Risk-free rate	1.41%	2.08%
Expected volatility	70.4%	62.4%
Life of warrant	23 months	54 months
Dividend yield	0%	0%

At September 30, 2009 the Company had 1,406,250 share purchase options outstanding. These options vest quarterly over a 2 year period, commencing October 31, 2008. At September 30, 2009, 761,250 options were exercisable, entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options exercisable	Exercise price	Expiry date
100,000	\$0.25	December 31, 2010
661,250	\$0.25	July 31, 2013
761,250	\$0.25	

7. SHARE CAPITAL (continued)

Warrants

	Number	Value
Warrants outstanding as at December 31, 2008	1,750,000	\$21,175
Warrants expired	(281,500)	(29,676)
Warrants extension	-	52,850
Warrants exercised	(1,468,500)	(44,349)
Warrants granted	2,000,000	221,481
Warrants outstanding as at September 30, 2009	2,000,000	221,481

The fair value of the warrants granted was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.48%
Expected volatility	78.7%
Life of warrant	24 months
Dividend yield	0%

8. RELATED PARTY TRANSACTIONS

On January 27, 2009 the Company received three-year terms loans of \$850,000 from certain directors and senior management and their immediate families. The loans bear interest at 12% per annum. The balance of these loans outstanding at September 30, 2009 was \$690,000 (December 31, 2008 – nil). For the three months ended September 30, 2009 total interest accrued on these loans was \$22,382 (September 30, 2008 – nil).

Related party transaction costs were incurred on normal commercial terms.

9. SEGMENTED INFORMATION

The Company has two reportable segments. The Enterprise Management Software (“EMS”) division, (formerly the HR 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.

Operating results for the three months ended September 30, 2009	EMS	EMR	Total
Revenues	\$ 2,390,619	\$ 907,873	\$ 3,298,492
Operating expenses	1,447,905	820,505	2,268,410
Earnings before the undernoted	942,714	87,368	1,030,082
Amortization of property and equipment	53,672	28,738	82,410
Amortization of intangible assets	154,994	30,326	185,320
Interest expense	43,992	4,748	48,740
Gain on foreign exchange	1,263	(526)	737
Earnings before corporate expenses	\$ 688,793	\$ 24,082	712,875
Corporate expenses			477,270
Net earnings			\$ 235,605

9. SEGMENTED INFORMATION (continued)

Operating results for the three months ended September 30, 2008	EMS	EMR	Total
Revenues	\$748,358	\$544,898	\$1,293,256
Operating expenses	757,299	478,981	1,236,280
Earnings before the undernoted	(8,941)	65,917	56,976
Amortization of property and equipment	14,998	12,961	27,959
Amortization of intangible assets	6,385	26,341	32,726
Interest expense	1,669	2,246	3,915
Gain on foreign exchange	238	(63)	175
Earnings before corporate expenses	\$(32,231)	\$ 24,432	(7,799)
Corporate expenses			207,244
Net earnings			\$ (215,043)

Operating results for the nine months ended September 30, 2009	EMS	EMR	Total
Revenues	\$ 7,498,593	\$ 2,481,735	\$ 9,980,328
Operating expenses	4,223,523	2,216,475	6,439,998
Earnings before the undernoted	3,275,070	265,260	3,540,330
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 on foreign exchange	(202)	(1,422)	(1,624)
Earnings before corporate expenses	\$ 2,470,944	\$ 71,086	2,542,030
Corporate expenses			1,339,962
Net earnings			\$ 1,202,068

Operating results for the nine months ended September 30, 2008	EMS	EMR	Total
Revenues	\$ 2,917,123	\$ 1,563,243	\$ 4,480,366
Operating expenses	2,471,735	1,329,587	3,801,322
Earnings before the undernoted	445,388	233,656	679,044
Amortization of property and equipment	49,680	26,862	76,542
Amortization of intangible assets	-	75,000	75,000
Amortization of deferred development costs	19,157	4,023	23,180
Interest expense	5,892	2,280	8,172
Gain on foreign exchange	(782)	(149)	(931)
Earnings before corporate expenses	\$ 371,441	\$ 125,640	497,081
Corporate expenses			574,104
Net earnings			\$ (77,023)

Reportable Assets

September 30, 2009			
Goodwill	\$ 533,321	\$ 365,398	\$ 898,719
Capital assets	\$ 493,963	\$ 279,734	\$ 773,697
Intangible and other long-lived assets	\$5,430,194	\$ 775,508	\$ 6,205,702
December 31, 2008			
Goodwill	\$ -	\$ 365,398	\$ 365,398
Capital assets	\$ 345,217	\$ 320,725	\$ 665,942
Intangible and other long-lived assets	\$ 389,768	\$ 866,479	\$ 1,256,247

10. SUBSEQUENT EVENTS

Clinicare Corporation

On November 9, 2009 the Company entered into an exclusivity and standstill agreement (the "Agreement") with CLINICARE Corporation ("Clinicare"), a privately held Alberta Electronic Medical Records ("EMR") company. In accordance with the terms of the Agreement, the Company made a deposit of \$250,000, of which \$100,000 became non refundable on the achievement of certain conditions, in exchange for the exclusive right to pursue the acquisition of Clinicare. The purchase is subject to TSX Venture Exchange approval, Clinicare shareholder acceptance and to normal closing conditions.

Consideration for the purchase, when finalized, is \$5,000,000, less an adjustment for net working capital. The initial payment to shareholders is scheduled for December 31, 2009 with final payments by January 31, 2010. Clinicare shareholders may also benefit by way of various earn out performance payments from closing until September 30, 2010. Once the shareholder amounts have been finalized, qualifying shareholders have the option to convert their shares into cash or QHR shares at \$0.65 per share. Clinicare is a market leader in providing customized EMR software to medium and large physician clinics, a similar market segment that QHR's subsidiary, Optimed Software, targets with its Accuro software, however with a different geographical market presence. The acquisition would give QHR the opportunity to become a market leader in providing EMR software solutions to physicians and clinics across Canada.

Term Loan

On November 2, 2009 the Company closed a forty eight month secured term loan totaling \$1,000,000 from the Southern Interior Development Initiative Trust at an interest rate of 14% per annum.

11. INCOME TAXES

Non-capital tax loss carry forwards

At December 31, 2008, the Company and its subsidiaries have accumulated non-capital losses totalling approximately \$4,291,000 which may be applied against future years' taxable income.

These losses expire approximately as follows:

December 31,	2009	159,000
	2010	259,000
	2014	685,000
	2015	753,000
	2026	1,581,000
	2027	531,000
	2028	323,000
		<hr/>
		\$ 4,291,000