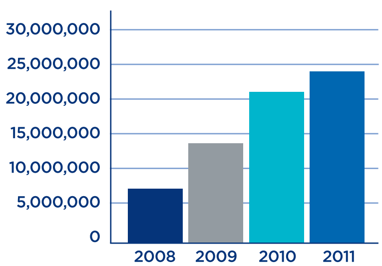
2011 ANNUAL REPORT

people
CORPORATION

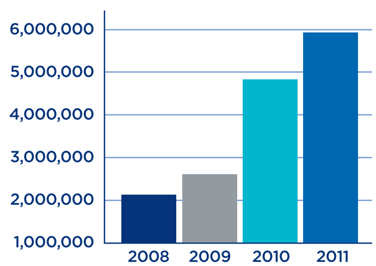
HIGHLIGHTS

YEAR ENDED AUGUST 31	2011	2010	2009	2008
Revenue	$24,274,990	$20,687,278	$13,616,814	$6,897,935
Operating Margin	$5,989,162	$4,873,426	$2,542,017	$2,176,587
Earnings before interest, income taxes, depreciation and amortization	$2,782,984	$1,937,215	$1,239,823	$1,225,397
Total assets	$24,994,058	$25,081,913	$26,079,426	$13,663,800
Total debt	$2,889,376	$3,716,347	$4,815,518	$2,384,932
Other liabilities	$9,174,599	$9,000,019	$8,885,532	$3,436,523
Shareholders' equity	$12,930,083	$12,365,547	$12,378,376	$7,842,345
Total liabilities and shareholders' equity	$24,994,058	$25,081,913	$26,079,426	$13,663,800
Cash, end of year	$1,287,741	$1,663,557	$2,103,988	$654,732
Repayment of long-term debt, net	$1,152,542	$1,234,552	$1,238,357	$1,366,269
Common shares outstanding at year end	32,970,527	32,970,527	32,803,861	15,831,931

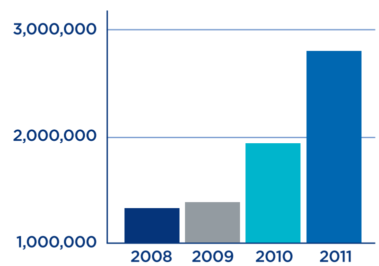
REVENUE
(in $ millions)



OPERATING MARGIN
(in $ millions)



EBITDA
(in $ millions)



TO THE SHAREHOLDERS OF PEOPLE CORPORATION

I would describe this past fiscal year as a year of cultural breakthrough. Yes, you might think it a strange term for a CEO to set as the opening theme to sum up fiscal 2011. Perhaps that is true, yet I couldn't think of a more appropriate way to describe the pride we have from having moved our organization to a place where Clients Come First – Always. What this means is that, while we have always focussed on and tried to exceed client expectations, we decisively took our service model to the next level, and in so doing, realized how important it is to build our brand from the inside out.

Thanks to our people, we accomplished great things this past year – successes which are borne from the contributions of our leadership team right through to our newest, youngest and brightest; many of whom have recently joined our organization. After all, we are in the people business. That is precisely why we decided to rebrand our organization People Corporation, a name which has a lot of meaning to us and we anticipate will have a lot of meaning to our clients and their people too.

Our vision is to build the leading provider of innovative group benefits, group retirement and human resource consulting services in Canada. We are a company comprised of the best consultants in the industry through which we deliver and will continue to deliver customized solutions to our clients. In recognizing the value we provide, our clients are helping us deliver exceptional growth rates in an economy which continues to struggle to regain its momentum.

HERE ARE THE FACTS:

- Revenue grew by 17%.
- EBITDA grew by 44%.
- EBITDA per share grew by 42% to $0.084 per share.
- Premiums exceeded $400M.
- Our footprint across Canada is growing with 14 offices across 7 provinces with over 200 people serving clients across the nation.

AND HERE'S WHY:

We continue to invest in our people and the tools they need to provide responsive solutions which address their client's business challenges. Renaming our company to People Corporation, and the addition of our tag line – Experience the Benefits of People – set the culture in which these foundational principals can thrive. We mean that. We want our clients to experience the benefits People Corporation professionals can bring to the table. We want our clients to experience the benefits their people can deliver to them. We want our relationship with our clients to be an experience, not a transaction.

While our work will never be over, we are well on our way and we have achieved much this past year. In addition to a focus on financial results, which remain a critical part of our performance measures, we continue to invest significantly in our future.

I'll try to capture the highlights from 2011, but will no doubt leave out some of the great things our people do day-to-day in the field:

1. We have attracted from amongst the best talent in the industry. They are all accomplished leaders in their field from some of the top consulting houses, insurance companies, benefits brokers and human resource consulting firms in our country. These folks have chosen to join our company and to participate in our vision.
2. We established our Shared Services group with top leadership talent in the area of product innovation, benefit consulting capabilities, group retirement solutions, and inside sales. We have also expanded our human resource consulting business in the areas of compensation consulting and leadership development programs.
3. Our balance sheet has never been stronger. We have purposefully and consistently paid down our acquisition debt which is now at its lowest level ever. Our intent has been to repay long term debt through operational cash-flow and increased EBITDA – which we have done – and to position our organization to secure a larger and more appropriate acquisition financing facility to finance the next level of growth in our organization. As a result, in 2011, we obtained $14.5 million in debt facilities from a Schedule 1 Canadian bank. Our ability to respond to acquisition opportunities, as well as strategic growth opportunities, is more securely in hand.
4. We have invested significantly in our Third Party Administration and Service Delivery Platform. This includes an ability to deliver a customized benefit and wellness program to clients using multiple suppliers and wrapping it into one comprehensive offering and our Concierge Service Delivery Program ensures we deliver what we promise – an industry first in Canada.
5. In connection with the addition of a number of new consultants - both early career and established, we have developed and rolled out The Mentorship Program. This program includes comprehensive training for our consultants including technical skills, service methodologies and helps them to keep abreast of industry trends. We felt this program was important to ensure consistent high level client advice and service - critical to the development and delivery of our brand promise.
6. We launched our employee share ownership program (ESOP) this year and achieved over a 50% participation rate – very successful for a first launch by most standards, demonstrating a high level of employee engagement in our firm. I believe this ESOP will deliver a number of benefits including allowing our people to participate in the success of the company; the ability to attract the best talent in Canada; higher employee retention, which is good for clients who prefer consistency in the client service team; and greater stock liquidity which is always good for our shareholders.
7. We complimented our Board of Directors with the addition of Sue Dabarno, previously the President of Merrill Lynch Canada, and President of Richardson Partners Financial, amongst other significant leadership responsibilities. Sue brings many years of experience to our Board, all directly relevant to our service focussed business and strategy to consolidate the group benefits, group retirement and human resource industry in Canada.

Overall, I am very proud of our performance – both financial and non-financial. We delivered another year of significant growth in terms of revenue, EBITDA and cash-flow. Our balance sheet is strong. We continue to attract top-tier professionals. In addition, we are proud to work with a large number of premier clients across multiple industries who are themselves choosing to work with us and who are benefitting from our continued investment in innovative products and technology platforms.

Others are recognizing our results too – for the second year in a row, People Corporation was recognized as one of the Top 50 Fastest Growing Companies in Canada by *Profit* Magazine.

The People Corporation value proposition to consultants – both current and prospective, is deep. The platform allows them to continue to enjoy entrepreneurial freedom – we call it: "*Be in business for yourself but not by yourself"*. Moreover, our proprietary products, service and technology platform enables consultants to significantly grow their business while ensuring they meet and exceed their clients' expectations. All combined, this provides an opportunity for wealth creation unsurpassed in our industry.

For clients, who always come first, they can expect to be served by top professionals across the country and our current scale has enabled us to go far beyond the general practitioner model. We have subject matter experts across industries, sectors, ASO and fully insured programs, and human resources – such as compensation consulting and wellness programs – and much more. Given our current footprint, we have the ability to provide local service on a national scale and our financial strength has facilitated investing in proprietary products and services.

Lastly, let me remind you why this is a great industry to be in, and why we are in it. Canadians believe they have a 'right' to employee benefits – it's part of our social infrastructure. That reality, combined with the increasing cost of employee benefits driven in large part due to the increased cost of healthcare and utilization rates, and an aging demographic, result in employers being faced with challenges around recruitment, retention and cost containment. Although a distinct challenge for many employers, providing powerful employee benefits and human resource solutions remains good business. Their challenge is our opportunity. Our opportunity is to deliver solutions, including advice, products and services that help employers deliver best in class employee benefits and human resource solutions so they will prosper.

So, why did I start off by saying this year can be described as a year of cultural breakthrough? Simply put, this is a year we focussed entirely on building our brand – starting from the inside out. And by doing so, we focussed on what we needed to support our consultants and service teams to ensure our Clients come First.

I invite you to come and see what we've got going on here at People Corporation. Please do come, and Experience the Benefits of People.

Laurie Goldberg,
Chairman and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE FOURTH QUARTER & YEAR ENDED AUGUST 31, 2011

TABLE OF CONTENTS

INDUSTRY OVERVIEW ... 6
BUSINESS OVERVIEW ... 7
FORMATION AND OWNERSHIP STRUCTURE ... 8
SUMMARY ... 9
OUTLOOK ... 11
ACQUISITIONS ... 11
ANALYSIS OF THE FOURTH QUARTER AND 2011 ANNUAL RESULTS ... 11
NON-GAAP FINANCIAL MEASURES ... 16
SELECTED QUARTERLY FINANCIAL INFORMATION ... 18
SELECTED ANNUAL FINANCIAL INFORMATION ... 19
SEASONALITY ... 20
LIQUIDITY AND CAPITAL RESOURCES ... 20
RELATED PARTY TRANSACTIONS ... 24
CRITICAL ACCOUNTING POLICIES AND ESTIMATES ... 25
INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") ... 27
RISKS AND UNCERTAINTIES ... 30
ADDITIONAL INFORMATION ... 34
FORWARD-LOOKING STATEMENTS ... 34

The following management's discussion and analysis ("**MD&A**") is current to November 22, 2011 and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2011, and related notes therein, which are prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). Annual references are to the Company's fiscal year, which end on August 31. All amounts are expressed in Canadian Dollars unless otherwise noted. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.

INDUSTRY OVERVIEW

People Corporation, formerly Groupworks Financial Corp., (the "**Company**") is a leading employee benefit, pension and human resource consulting firm in Canada. With a growing national footprint of fourteen offices in seven provinces, the Company is bringing together leading consultants in the industry, offering innovative and customized benefit, pension and human resource solutions to its clients.

Although the human resource industry is highly competitive and fragmented, it is poised for significant growth in the next ten years. As the baby boomers age, companies in Canada will be increasingly faced with a shortage of qualified talent. Virtually every company in Canada purchases human resource products or services, be it employee benefits, life and health insurance products, recruitment services, payroll processing, consulting services, training and development, group pension services or other outsourcing functions and services. To take advantage of this unique opportunity within this vast marketplace the Company focuses on group and employee benefit advisory and administrative services, group pension consulting, human resource consulting and recruitment services.

Small and medium enterprise group insurance and pension consulting is serviced by a large number of small regional and local participants. The balance of the industry, which is focused on large employers and government accounts, is serviced by a small number of multinational consulting firms. The scope of their services generally includes pension and benefits consulting, pension and benefits administration, communication consulting, actuarial services and wellness consulting. The industry has been under significant competitive pressure over the past several years due to the significant cost increases in group insurance premiums resulting from increasing healthcare costs, aging demographics and related consumer utilization. With an aging population that is both living and working longer and taking advantage of more medical services and improvements in drugs; cost and utilization are naturally increasing. This, combined with the continued cost shifting from the public to the private sector through reduced coverage under provincial healthcare programs and other public plans, and the long term outlook for group insurance costs, suggests that such premiums will continue to rise. In addition, the group insurance and pension consulting industry has undergone a substantial corporate restructuring in recent years, including a significant consolidation of insurers which has in turn resulted in less competition and potentially increased premiums charged to clients. Employers who provide group insurance coverage are therefore demanding greater services from their insurance consultants, including enhanced resources, outsourcing solutions and more creative ways to reduce costs. The multinational consulting firms primarily offer fee based consulting and administrative services, with the balance of the marketplace operating primarily on commission based compensation, with limited fee based services available depending upon the client and the services required.

Human resource consulting and staffing services are dominated by many small players and a few large multinational firms. The aging workforce and limited inflow of skilled labour has long been recognized as creating a shortage of skilled labour and talent, therefore, increasing the need for client companies to use recruitment firms and human resource consulting firms to help them to recruit, retain and reward employees. This is particularly evident in many small to medium sized enterprises which lack the expertise and internal resources to effectively recruit and retain talent, which creates the need to outsource this function. Human resource consulting and recruitment firms primarily offer fee based services.

Management believes that the continued evolution and growth of the benefits, pension, insurance and human resource industries combined with external factors such as aging demographics, regulatory and legal changes, and technology will continue to cultivate the need by clients for external expertise in consulting and administrative matters in order to recruit, retain and reward employees. In addition, Management believes that consultant demographics and lack of succession planning options is positioning the industry for consolidation. The Company's unique approach to provide these services within a one stop shop approach positions the Company well within the overall human resources and insurance distribution industry.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third party benefits administration, group retirement consulting, strategic human resource consulting and recruitment services to help companies recruit, retain and reward employees. The Company achieves this through its approximately 200 professionals and support staff with fourteen offices in seven provinces in Canada and earns its revenues from a diverse base of clients in various industries. The shares of the Company trade on the TSX Venture Exchange under the symbol "PEO", formerly "GWC".

On October 1, 2011, the Company was rebranded as People Corporation. As the Company continues to grow and expand its consultant team, service offerings and national footprint, Management felt that a rebranding was an essential part of the growth strategy in order to more accurately reflect what the Company does. The Company's business is to help its clients attract and engage their people, thereby enabling their people and the Company's clients to prosper. The Company's new tag line 'Experience the Benefits of People' is intended to reflect a commitment to bring the right people to deliver solutions that help clients to attract and get the best from their people.

Revenue from group benefit consulting is primarily earned by receiving commissions through and from multiple insurance carriers. Revenues from third party administration services are earned by charging clients a percentage of claims adjudicated and by earning higher commissions from insurance carriers as the insurance carrier is effectively outsourcing this service to the Company. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from group retirement consulting is principally earned through commissions and fees earned from pension assets under administration and is paid by the carrier which administers and invests the funds.

The human resource consulting and recruitment services offered by the Company derive revenue primarily by charging clients fees for consulting engagements. Fees for human resource consulting services are generally based on hourly rates and depend on the nature of the project and skill set and experience of the consultant engaged on the project. Fees for recruitment services are generally charged as a percentage of projected compensation of the candidate being placed. Fees for career management services are based on the level of the program selected by the client. Fees are negotiated with the client prior to the services or engagement starting.

The largest operating expense of the Company is compensation and related costs which includes salaries, commissions, bonuses, stock options, group benefits, and payroll taxes. Other operating expenses include occupancy costs, technology costs (equipment leases, telecommunications and software), non recoverable client service costs (such as printing, travel and third party professional services), claims adjudication fees, training, marketing, office costs, professional services (legal and audit) and insurance.

FORMATION AND OWNERSHIP STRUCTURE

The Company was formed in July 2006 in order to consolidate various pension and benefits advisory and administrative services businesses under a single corporate structure. The Company issued 4,358,334 common shares and raised $795.0 through various private placements and also arranged for $1,000.0 of short term debt which was drawn down for acquisitions as needed. On September 1, 2006, the Company acquired the Investment Guild Insurance Agency Inc. ("**Investment Guild**") and Buffett, Taylor & Associates Insurance Agencies Inc. ("**Buffett Taylor**") both of which operate established pension and benefits consulting and outsourcing service businesses in Canada. On May 1, 2007, the Company amalgamated with the Investment Guild and Buffett Taylor and continued to operate as Groupworks Financial Corp.

On May 28, 2007, the Company closed its initial public offering (the "**Offering**") for approximately $3,780.0 before agent fees, by issuing 6.3 million units. On June 7, 2007, the Offering was completed when Jones Gable & Company Limited (the "**Agent**") exercised its over allotment option for an additional 600,000 units for gross proceeds of approximately $360.0 to the Company. Agent, legal and accounting fees related to the offering totaled approximately $687.2 for net overall proceeds of approximately $3,452.8. Each unit consisted of one common share and one half of one share purchase warrant of the Company (each whole such purchase warrant, a "**Warrant**"). Each Warrant entitled the holder thereof to acquire, subject to adjustments pursuant to the warrant indenture under which the Warrants had been issued, one common share at a price of $1.00 until May 27, 2009, provided the closing price of common shares on the principal stock exchange on which such shares traded exceeded $1.20 for 20 consecutive trading days, then the Warrant term would automatically be reduced and the Warrants would expire on the date 30 days following the issuance of a press release announcing the reduced Warrant term. On May 27, 2009, 3,891,000 warrants expired unexercised. On June 6, 2009, the remaining 42,000 warrants associated with the exercising of the over allotment from the initial public offering expired unexercised.

On July 5, 2007, the Company completed the acquisition of Gallivan & Associates Student Networks Inc. ("**Gallivan**") and 1246689 Ontario Limited ("**124**") which operate a student benefits advisory business across Canada. Gallivan operated as a wholly owned subsidiary of the Company during fiscal 2008. On September 1, 2008, the Company amalgamated with Gallivan and 124 and continued to operate as Groupworks Financial Corp.

On December 31, 2008, the Company signed a Share Exchange Agreement acquiring all the outstanding shares of People Corporation ("**People**") and consequently its two operating entities, Health Source Plus Inc./Source Santé Plus Inc. ("**HSP**") of Toronto, Ontario and People First HR Services Ltd. ("**People First**") of Winnipeg, Manitoba. The transaction closed on March 1, 2009, after receiving regulatory approval. Effective October 1, 2011, the Company amalgamated with People and Advansis Capital Corporation, a wholly owned subsidiary of People, and continued to operate under the name People Corporation.

Effective January 1, 2009, the Company acquired all of the outstanding shares of White Willow Benefit Consultants Incorporated ("**White Willow**") of Stouffville, Ontario. Effective September 1, 2011, the Company amalgamated with White Willow and continued under the name Groupworks Financial Corp.

Effective May 1, 2011, the Company acquired all of the outstanding shares of Les Assurances W.B. Inc. ("**LAWB**") of Quebec City, Quebec. The Company operates LAWB as a wholly owned subsidiary.

SUMMARY

As the Company continues to execute its strategic plan, it has been successful in adding significant operating capabilities including an enhanced corporate management team, a third party administration platform and has broadened its product offerings to include Group Retirement Solutions ("GRS"), optional benefit products that enhance existing group benefit programs and human resource services such as recruiting, career transition and strategic human resource consulting. As a result, the Company increased the scale of the business, the size of its employee population and geographic footprint.

During the most recent fiscal year, the Company focused its effort on identifying synergies and economies of scale across divisions and executed a number of strategic initiatives including the integration and consolidation of finance and accounting which included the selection and implementation of an enterprise accounting system and enhanced financial policies, financial reporting and controls. The systematic focus of consolidating and integrating services across the divisions has allowed for the standardization of systems and procedures across the Company. The Company combined acquisition growth with organic growth through new and existing clients via increased client service offerings. In addition, the Company invested significantly in its proprietary inside sales system and processes to increase lead generation and future revenue generating opportunities with a view to build out a unique service and product offering for both existing consultants as well as for future acquisitions.

2011 MILESTONES:

The Company continued its positive momentum and strong performance during the fourth quarter ended August 31, 2011. Corporately, our objectives continued to focus on: (i) shifting expenses from non-revenue generating activities to revenue generating activities with a view of boosting organic growth; (ii) promoting and recruiting leadership to execute our organic growth plans; (iii) building three key revenue generating functions: Business Development, Integrated Solutions and Group Retirement Solutions with a view to enhance growth and to enhance our value proposition for future recruiting, acquisitions and client retention; and (iv) focusing on building a funnel of possible acquisitions.

Results from the implementation of the above strategic initiatives, momentum from past initiatives and the overall improvement in revenue growth can be seen in the Company's continued improvement in financial performance. Our results are demonstrative of excellent operating leverage whereby increased revenue resulted in increased profitability.

FOURTH QUARTER MILESTONES:

- Hired an additional benefits consultant under its HealthSource Plus brand in Toronto.
- Continued to enhance sales and client service capabilities by expanding the compliment of Client Managers in Ontario and Quebec. Client Managers are responsible for ensuring top-tier client service delivery.
- In addition to the above, the Company continued to build upon its client service model by restructuring the client services departments under the leadership of the Client Managers previously hired in Ontario and Quebec. The new structure will allow the Company to provide localized client service based on its Concierge Service Standards.
- As part of the continued roll out of the Company's shared services division, the Company combined business development specialists across the Company into one location based out of the Company's Executive Offices in Winnipeg. This provides the ability to scale operations, increase lead generation capabilities and provides for greater control and leverage across the Company.
- Combined the Company's HealthSource Plus, Investment Guild and Group Retirement Solutions divisions into a single location taking advantage of synergies.
- Centralized the group benefit accounting functions, technology operations and servers into one location at the Company's Executive Offices in Winnipeg.

ADDITIONAL MILESTONES IN THE CURRENT FISCAL YEAR INCLUDE:

- Invested in additional leadership by hiring a Regional Vice-President who will have overall leadership responsibility for the Province of Quebec.
- Acquired LAWB, a Quebec based group benefits and pension advisory company to expand the Company's presence in Quebec.
- Entered into an agreement with Canadian Imperial Bank of Commerce to establish a $2 million operating line of credit, a $2.5 million installment loan to be utilized to refinance existing vendor-take-back debt with more favourable repayment terms and interest rates, and a $10 million term revolving credit facility to finance future growth through acquisition.
- Opened a new facility in Cambridge, Ontario from which the Integrated Solutions team will operate.
- Expanded relationships with several third party associate brokerage firms which will serve as an additional revenue channel for the Company, further expanding organic revenue generating opportunities.
- Continued to roll out Shared Services functions with a view to providing added value to our various divisions, service groups and operating brands.
- As part of the new Shared Services structure, the Company continued to establish the Integrated Solutions Group. The Integrated Solutions Group provides services to help the Company's benefits consultants grow and enhance their client service offering by going to market on an integrated basis and offering existing clients the Company's full suite of products. In addition, the group will have responsibility for product development and launching a suite of optional and individual insurance products. The Company has full staff complement within this division which includes a client manager, an account executive and a consulting & marketing specialist which will support the unit's mandate.
- Following the hiring of Ms. Andrea Kreutzer to the position of Vice President, Group Retirement Solutions the company has hired a seasoned account executive under Ms. Kreutzer to provide further support and concierge level client services to our group retirement clients.
- On September 15, 2010, the Company paid the final balance of the vendor-take-back debt associated with the acquisition of Gallivan.
- The Company completed the final part of the human resource restructuring resulting from the integration of People and the Company by eliminating non-revenue generating positions and adding additional revenue generating positions at no incremental overhead cost to the Company.

LOOKING FORWARD, THE COMPANY IS FOCUSED ON INCREASING ITS RECRUITING EFFORTS IN ORDER TO INCREASE ITS FORCE OF REVENUE GENERATING CONSULTANTS. IN ADDITION, THE COMPANY IS DEVOTING MORE RESOURCES TOWARD ACQUISITION ACTIVITIES AND TOWARDS ORGANIC GROWTH OPPORTUNITIES.

OUTLOOK

Management believes that the employee benefits industry and the business of the Company are poised for growth. The industry is poised for growth as a result of rising health care costs and the long term trend of tightening labour markets. The industry is also ripe for consolidation as a result of the aging demographics of regional consulting practices and the significant demand from mid-market employers to manage the costs and requirements of providing employee benefits to staff and while ancillary human resource services like recruiting, career transition and human resource consulting services have suffered decreased demand through the recent economic downturn, these service areas are expected to grow significantly due to long term employment trends.

In order to take advantage of these industry trends and the opportunity for growth, the Company has developed and implemented a strategic plan that focuses on growth through acquisition combined with specific business plans for each of its operating brands to enhance organic growth opportunities. The Company's design and recent roll out of its Shared Services structure is expected to provide both significant revenue growth opportunities to the existing operating brands as well as a value added recruiting tool for new consultants and acquisition targets. The last quarter saw certain fixed costs that were focused on non-revenue generating activities restructured so as to be more focused on revenue generating activities including investments in the areas of group retirement solutions, business development and integrated solutions. Management expects that their plan, the restructuring of costs and focus on organic growth and its Shared Services strategy will result in accelerated organic growth during fiscal 2012 and be demonstrative of enhanced operating leverage going forward.

ACQUISITIONS

The Company's business plan, in addition to organically growing the Company through client growth and product expansion, is to acquire additional businesses which are complementary to the existing businesses. Management has identified and is pursuing a number of group benefit and pension advisory businesses across Canada. To date the Company has completed six acquisitions which includes seven operating entities.

During the year ended August 31, 2011, the Company acquired all the outstanding shares of LAWB, a Quebec based group benefits and pension advisory company to expand the Company's presence in Quebec. The acquisition will allow the Company to implement its service focused operational methodology to its latest acquisition that will allow for rapid synergies while broadening its footprint in eastern Canada.

ANALYSIS OF THE FOURTH QUARTER & 2011 ANNUAL RESULTS

REVENUE

During fiscal 2011, the Company increased its revenues by $3,587.7 over the prior year. Revenue for the year ended August 31, 2011 was $24,275.0, an increase of 17.3% from the prior year. Growth in revenue was due to a combination of organic revenue growth resulting from the addition of new clients from leads generated through the Company's proprietary inside sales system combined with enhanced client service offerings as well as acquisition of new clients from leads generated from the Shared Services division.

Revenue for the fourth quarter ended August 31, 2011 experienced strong growth of $945.1 from $5,889.8 in the prior year, to $6,834.9 – an increase of 16.0%. The increase is comprised of $717.9 attributable to growth in commission based revenue and a $227.2 increase in fee based revenue.

SALARIES AND BENEFITS EXPENSE

The increase in salaries and benefits expense results from the Company's continued integration efforts which replaced redundant and non-revenue generating roles with roles that focused on revenue generation and client retention. Salaries and benefits expense is composed of expenditures identified in the following tables:

FOR THE THREE MONTHS ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Salary, commissions and benefits	$ 2,881.6	$ 2,811.8	$ 69.8	2.5%
Bonuses	274.7	136.1	138.6	101.8%
	$ 3,156.3	**$2,947.9**	**$ 208.4**	**7.1%**

The increase in salaries is the result of hiring a RVP for Quebec, hiring additional benefits consultants, hiring client managers in both Ontario and Quebec, expanding the client service teams and the expansion of the business development team offset by reductions in non-revenue generating roles. Performance based bonuses increased by $138.6 for the quarter and is the result of employees being awarded for meeting or surpassing established revenue targets coupled with bonuses for retaining existing clients.

FOR THE YEAR ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Salary, commissions and benefits	$ 10,983.4	$ 10,576.2	$ 407.2	3.8%
Bonuses	1,291.6	995.2	296.4	29.8%
	$ 12,275.0	**$ 11,571.4**	**$ 703.2**	**6.1%**

During the year ended August 31, 2011 the Company hired additional revenue generating and client service staff; the Vice-President of Integrated Solutions, the Vice-President of Group Retirement Solutions, the Manager of Business Development and several client managers to lead the Company's new service standards, as well as several other frontline revenue generating roles within the Shared Services Group. The cost of these additional hires were partially offset by the elimination of several non-revenue generating roles as well as through compensation practices that sees lower base salaries for staff additions and more variable compensation tied to revenue generation and client retention.

The Company has a variable bonus program tied to revenue generation and client retention. The $296.4 increase in bonuses is a result of revenue-based goals and client retention goals being achieved.

GENERAL AND ADMINISTRATIVE EXPENSES

The Company's efforts on identifying and implementing cost reduction opportunities where possible continue to generate cost saving. While cost reduction efforts are ongoing, increases amongst the various subcategories of general and administrative expenses are a direct result of growth in operations that is driving the revenue growth. General and administrative expenses are composed of expenditures identified in the following tables:

FOR THE THREE MONTHS ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Claims adjudication	$ 355.1	$ 314.6	$ 40.5	12.9%
Office space	308.2	273.2	35.0	12.8%
Office Supplies and Communication	329.9	264.2	65.7	24.9%
Professional Fees	317.9	34.2	283.7	829.5%
Public Company Costs	80.9	132.3	(51.4)	(38.9)%
Other	61.0	60.9	0.1	0.2%
	$ 1,453.0	$ 1,079.4	$ 373.6	34.6%

This increase of $373.6 in general and administrative expenses for the fourth quarter of fiscal 2011 is comprised largely of increases in professional fees, which include legal, accounting, and consulting services, resulting from the efforts to execute the Company's strategic plan. Specifically, professional and consulting costs were incurred to launch the Employee Share Ownership Plan, centralize the accounting and financial reporting function, conversion to International Financial Reporting Standards, and execution of the new credit facility. In addition, the Company incurs legal fees for general corporate, compliance and employment matters.

FOR THE YEAR ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Claims adjudication	$ 1,447.5	$ 1,337.2	$ 110.3	8.2%
Office space	1,142.7	1,060.8	81.9	7.7%
Office Supplies and Communication	1,158.1	1,023.2	134.9	13.2%
Professional Fees	877.0	268.6	608.4	226.5%
Public Company Costs	264.7	282.5	(17.8)	(6.3)%
Other	303.7	293.8	9.9	3.4%
	$ 5,193.7	$ 4,266.1	$ 927.6	21.7%

Increases in claims adjudication fees are related to continued growth in revenue while other general and administrative expenses are directly attributable to the growth in staff and operating costs associated with the Shared Services Group. Increases in office supplies and communication relate to the development of new and updated websites for the Company and certain of its divisions, the rebranding of the Company, and the increase in the number of employees. In addition to the points discussed above, the increase in professional fees was also due to the building and roll out the Group Retirement Solutions and Shared Services divisions. The Company expects general and administrative expenses will be reduced in the coming fiscal year as a result of decreased spending in professional fees.

COMMISSION EXPENSES

Commission expenses are as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ 1,194.4	$ 812.0	$ 382.4	47.1%
For the year ended	2,767.9	1,851.9	916.0	49.5%

The increase in the fourth quarter and annual expense is largely reflective of increased commissions tied to revenue generation. In particular, the Company has expanded its network of associate consultants through which it sells its products and services which has resulted in significant growth. Consultants are paid commissions which have increased as a result of growth in revenue.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses are composed of expenditures identified in the following tables:

FOR THE THREE MONTHS ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Business Development	$ 116.5	$ 120.4	$ (3.9)	(3.2)%
Travel	173.9	141.0	32.9	23.3%
Advertising	19.9	5.6	14.3	255.4%
	$ 310.3	**$ 267.0**	**$ 43.3**	**16.2%**

The fourth quarter increase in travel is associated with the continued roll out of the shared services divisions, the expansion of the Company's sales force, restructuring efforts and acquisition related travel.

FOR THE YEAR ENDED	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
Business Development	$ 449.3	$ 336.3	$ 113.0	33.6%
Travel	736.9	650.5	86.4	13.3%
Advertising	69.3	74.8	(5.5)	(7.4)%
	$ 1,255.5	$ 1,061.6	$ 193.9	18.3%

The increase for the year ended August 31, 2011 is comprised of additional costs related to the Company efforts to generate revenue growth, and ongoing travel relating to the roll out of the shared services divisions, the expansion of the Company's sales force, restructuring efforts and acquisition related travel.

STOCK-BASED COMPENSATION

Stock-based compensation expense is as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ (53.3)	$ -	$ (53.3)	n/a
For the year ended	46.9	68.7	(21.8)	(31.7)%

Stock-based compensation expenses relates to the vesting of various options issued under the Company's Stock Option Plan. The recovery of stock-based compensation recorded in the fourth quarter related to the recapture of previously recorded expense resulting from the termination of certain non-vested options.

INTEREST EXPENSE

Interest expense is as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ 204.5	$ 121.0	$ 83.5	69.0%
For the year ended	529.9	534.4	(4.5)	(0.8)%

The decrease for the year ended August 31, 2011 is due to the repayment of long-term debt and the associated reduced debt levels in general. The increase for the three months ended August 31, 2011 is due to an amount paid for the settlement of certain vendor-take-back loans in excess of their carrying value. These loans were non-interest bearing and therefore discounted for accounting purposes.

AMORTIZATION

Amortization expense is as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ 315.6	$ 294.2	$ 21.4	7.3%
For the year ended	1,199.4	1,149.0	50.4	4.4%

Amortization of property and equipment and amortization of intangible assets for the year ended August 31, 2011 were $308.3 and $891.1, which are increases of $45.4 and $5.0 over the prior year. The increases are representative of additional amortization relating to required purchase of capital assets. Asset purchases are predominantly associated with the recent relocation of HealthSource Plus, Investment Guild and Group Retirement Solutions divisions, the establishment of a Cambridge facility, and upgrade and integration of the Company's technology infrastructure.

Amortization of property and equipment and amortization of intangible assets for the three months ended August 31, 2011 were $90.3 and $225.3, which are increases of $17.6 and $3.8 over the prior year.

INCOME TAX EXPENSE

Current and future income tax expense is as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ (144.2)	$ 318.5	$ (462.7)	(145.3)%
For the year ended	52.2	316.7	(264.5)	(83.5)%

For the year ended August 31, 2011 current income taxes have increased from the $389.0 incurred in the prior year to $485.4 in the current year. This is primarily a result of the increase in profitability of the Company offset in part by the utilization of tax loss carry forwards that had occurred in prior periods. For the fourth quarter ended August 31, 2011 the company recorded a recovery of future income tax expense related to the reversal of a previously recorded valuation allowance.

NET INCOME

Net income is as follows:

	AUG 31, 2011	AUG 31, 2010	$ VARIANCE	% VARIANCE
For the three months ended	$ (20.8)	$ (129.7)	$ 108.9	(84.0)%
For the year ended	517.6	(131.5)	649.1	(493.6)%

NON-GAAP FINANCIAL MEASURES

Net income details for the four quarters ended August 31, 2011:
(amounts derived from the unaudited interim financial statements).

	Q1		Q2		Q3		Q4	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	5,234.9	4,896.3	6,179.4	4,999.4	6,025.8	4,901.8	6,834.9	5,889.8
Operating costs (i)	3,908.5	3,860.4	4,410.8	3,936.8	4,702.0	3,708.3	5,264.6	4,308.3
Operating Income before Corporate Costs	**1,326.4**	**1,035.9**	**1,768.6**	**1,062.6**	**1,323.8**	**1,193.5**	**1,570.3**	**1,581.5**
Corporate costs (ii)	642.9	687.3	885.5	684.6	846.3	780.2	831.5	784.1
EBITDA (iii)	**683.5**	**348.6**	**883.1**	**378.1**	**477.5**	**413.3**	**738.8**	**797.4**
LESS:								
Stock-based compensation expense	-	-	-	-	100.2	68.7	(53.3)	-
Income before undernoted items	**683.5**	**348.6**	**883.1**	**378.1**	**377.3**	**344.6**	**792.1**	**797.3**
Interest expense (iv)	99.1	140.3	105.9	137.1	120.4	135.9	204.5	121.0
Depreciation of capital assets	69.3	62.1	74.2	63.2	74.5	65.0	90.3	72.7
Amortization of intangibles	221.5	230.7	221.5	212.4	222.8	221.5	225.3	221.5
Restructuring costs	-	-	-	-	-	-	436.9	-
Income taxes	63.3	(66.3)	123.7	(96.6)	9.4	(32.2)	(144.1)	511.8
Net income	**230.3**	**(18.2)**	**357.8**	**62.0**	**(49.8)**	**(45.6)**	**(20.8)**	**(129.7)**

(i) Represent operating expenses of acquired businesses which are part of the expenses disclosed in the unaudited interim and audited annual financial statements.

(ii) Represent expenses incurred at the corporate head office and are part of the expense disclosed in the unaudited interim and audited annual financial statements.

(iii) Management defines EBITDA as earnings before interest, taxes, depreciation and amortization, stock-based compensation and other non cash charges. Management believes that in addition to net income (loss), EBITDA is a useful supplemental measure for investors of earnings before debt service, capital asset charges and taxes. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flow from operating, investing and financing activities or the Company's liquidity. EBITDA does not have a standardized meaning prescribed by GAAP and therefore the Company's method of calculating EBITDA may not be comparable to similar measures presented by other companies or issuers.

(iv) Includes interest on long-term debt, vendor-take-back loans and an amount paid for settlement amount in excess of carrying value.

OPERATING INCOME BEFORE CORPORATE COSTS

Operating Income before Corporate Costs for the year ended August 31, 2011 increased from $4,873.5 in the prior period to $5,989.1 in the current period, an increase of 22.9%. The increase in Operating Income before Corporate Costs is comprised of a combination of the increases in revenues from organic growth and additions to the existing client base offset with the smaller proportionate increase in related operating costs. The Company allocates various services and supplies, which include Error and Omission insurance, Property and Casualty insurance, consolidation of professional services including recruiting, legal and accounting services to the subsidiaries. These costs were previously absorbed within the Corporate Cost Centre.

Operating Income before Corporate Costs for the three months ended August 31, 2011 decreased from $1,581.5 in the prior period to $1,570.3 in the current fiscal year, a decrease of $11.2. The decrease is largely attributable to projects initiated by the Company during the fourth quarter. These projects included: deploying a new website for the Company's student benefit operations and the reorganization of the Company's client service team. The latter project resulted in significant travel related costs, as well as, professional fees related to new employment agreements, recruiting fees and related employment costs. The Company rolled out new compensation programs at the beginning of the fiscal year. These compensation programs have significant variable components that reward consultants and service staff at greater levels of net new sales achieved through the fiscal year, as a result, compensation is greater in the latter part of the fiscal year than in the beginning of the fiscal year depending on sales success and the timing thereof.

CORPORATE COSTS

Corporate Costs for the year ended August 31, 2011 were $3,206.2 versus $2,936.2 incurred in the prior period. Corporate Costs for the fourth quarter ended August 31, 2011 were $831.5 versus $784.1 for the same period in the prior year. The increase in Corporate Costs is a result of general professional and legal fees associated with legal counsel and accounting advice relating to various employee matters, the development of an employee share purchase plan, new employee contracts, professional fees associated with adopting IFRS, a new consultant compensation program coupled with acquisition related legal fees. In addition, corporate costs were influenced by various projects initiated by the Corporate Management Team. These projects included: the rebranding of the Company from Groupworks Financial Corp. to People Corporation and the integration of the accounting team from Toronto to head office. The latter project resulted in significant travel related costs, as well as, professional fees related to new employment agreements, recruiting fees and related employment costs. In addition, the Company continued to engage the services of legal counsel with respect to prior employment matters.

EBITDA

EBITDA for the year ended August 31, 2011 was $2,783.0, an increase of $845.8 from the $1,937.2 of EBITDA that was reported for the same period in the prior year. EBITDA for the fourth quarter ended August 31, 2011 was $738.8, a decrease of $58.6 from the $797.4 of EBITDA that was reported for the same period in the prior year.

Continued improvement in EBITDA illustrates the effective measures the Company has developed to generate additional revenue while minimizing controllable costs.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income Statement Information								
Revenue	6,834.9	6,025.8	6,179.4	5,234.9	5,889.8	4,901.8	4,999.4	4,896.3
Expenses								
Salaries and benefits	3,156.4	3,292.0	3,032.3	2,794.3	2,947.9	2,798.1	2,996.5	2,829.0
General and administrative	1,435.1	1,243.8	1,392.5	1,122.4	1,065.5	1,050.9	1,034.6	1,115.1
Commissions	1,194.4	669.1	554.5	350.0	812.0	350.5	317.0	372.5
Advertising and promotion	310.3	343.5	317.0	284.7	267.0	289.1	273.3	231.2
EBITDA	**738.8**	**477.5**	**883.1**	**683.5**	**797.3**	**413.3**	**378.1**	**348.6**
Stock based compensation	(53.3)	100.2	-	-	-	68.7	-	-
Income before undernoted items	**792.1**	**377.3**	**883.1**	**683.5**	**797.3**	**344.6**	**378.1**	**348.6**
Other expenses								
Interest expense	(204.5)	(120.4)	(105.9)	(99.1)	(121.0)	(135.9)	(137.1)	(140.3)
Depreciation of capital assets	(90.3)	(74.5)	(74.2)	(69.3)	(72.7)	(65.0)	(63.2)	(62.1)
Amortization of intangible assets	(225.3)	(222.8)	(221.5)	(221.5)	(221.5)	(221.5)	(212.4)	(230.7)
Restructuring costs	(436.9)	-	-	-	-	-	-	-
Income (loss) before taxes	**(164.9)**	**(40.4)**	**481.5**	**293.6**	**382.1**	**(77.8)**	**(34.6)**	**(84.5)**
Income taxes (recovered)								
Current	72.0	69.9	112.2	231.3	167.2	136.1	34.9	50.9
Future	(216.1)	(60.5)	11.5	(168.0)	344.6	(168.3)	(131.5)	(117.2)
Net income (loss) and comprehensive income (loss)	**(20.8)**	**(49.8)**	**357.8**	**230.3**	**(129.7)**	**(45.6)**	**62.0**	**(18.2)**
Balance Sheet Information								
Total assets	24,994.1	23,671.4	24,051.9	23,948.1	25,081.9	25,246.1	25,843.5	27,104.8
Total debt	2,889.4	2,695.7	2,870.5	2,953.7	3,716.3	4,099.7	4,349.5	4,685.9
Other liabilities (excl. future taxes)	7,907.9	6,488.9	6,710.9	6,983.4	7,326.8	6,398.8	6,682.2	7,584.7
Shareholders' equity	12,930.1	13,004.1	12,953.7	12,595.8	12,365.5	12,521.4	12,511.4	12,412.4
Total liabilities and shareholders' equity	24,994.1	23,671.4	24,051.9	23,948.1	25,081.9	25,246.1	25,843.5	27,104.8
Weighted average shares outstanding								
- basic	32,970,527	32,970,527	32,970,527	35,954,205	32,970,527	32,970,527	32,811,268	32,803,861
- fully diluted	32,970,527	36,105,985	35,952,670	35,954,205	32,970,527	32,970,527	35,468,223	32,803,861
Income (loss) per share	**$ (0.001)**	**$ (0.002)**	**$ 0.011**	**$ 0.006**	**$ (0.003)**	**$ (0.001)**	**$ 0.002**	**$ (0.001)**
Fully diluted income (loss) per share	**$ (0.001)**	**$ (0.001)**	**$ 0.010**	**$ 0.006**	**$ (0.003)**	**$ (0.001)**	**$ 0.002**	**$ (0.001)**

SELECTED ANNUAL FINANCIAL INFORMATION

Amounts are derived from the audited annual financial statements.

	YEAR ENDED AUGUST 31				
	2011	2010	2009	2008	2007
Income Statement Information					
Revenue	24,275.0	20,687.3	13,616.8	6,897.9	3,848.2
Expenses					
Salaries and benefits	12,275.0	11,571.4	7,844.2	3,170.9	1,786.7
General and administrative	5,193.7	4,266.1	2,566.7	1,210.8	686.3
Commissions	2,767.9	1,851.9	1,154.8	830.5	650.1
Advertising and promotion	1,255.5	1,060.6	811.3	460.3	224.5
EBITDA (i)	**2,783.0**	**1,937.2**	**1,239.8**	**1,225.4**	**500.6**
Stock based compensation	46.9	68.7	36.5	142.7	124.1
Income before undernoted items	**2,736.1**	**1,868.5**	**1,203.4**	**1,082.7**	**376.5**
Other Expenses					
Interest expense	(529.9)	(534.4)	(332.4)	(168.7)	(295.7)
Depreciation of capital assets	(308.3)	(262.9)	(165.4)	(98.8)	(47.8)
Amortization of intangible assets	(891.1)	(886.1)	(717.7)	(552.4)	(296.7)
Recovery of development costs	-	-	15.3	-	-
Gain on settlement of debt	-	-	289.0	-	-
Write-down of capital asset	-	-	-	(26.3)	(48.7)
Restructuring costs	(436.9)	-	-	-	-
Income (loss) before taxes	**569.9**	**185.1**	**292.2**	**236.5**	**(312.3)**
Income taxes (recovered)					
Current	485.4	389.0	505.3	318.2	113.4
Future	(433.1)	(72.4)	(557.5)	(230.6)	(11.5)
Net income (loss) and comprehensive income (loss)	**517.6**	**(131.5)**	**344.5**	**149.0**	**(414.2)**
Balance Sheet Information					
Total assets	24,994.1	25,081.9	26,079.4	13,806.5	15,327.2
Total debt	2,889.4	3,716.3	4,815.5	2,384.9	3,573.9
Other liabilities (excl. future taxes)	7,907.9	7,326.8	7,139.9	1,948.3	2,343.0
Shareholders' equity	12,930.1	12,365.5	12,378.4	7,761.6	7,468.2
Total liabilities and shareholders' equity	24,994.1	25,081.9	26,079.4	13,806.5	15,327.2
Weighted average shares outstanding					
- basic	32,970,527	32,889,705	24,434,844	15,806,049	7,955,969
- fully diluted	32,975,620	32,889,705	29,209,328	21,173,956	7,955,969
Income (loss) per share	**$0.016**	**$(0.004)**	**$0.014**	**$0.009**	**$(0.052)**
Fully diluted income (loss) per share	**$0.016**	**$(0.004)**	**$0.012**	**$0.007**	**$(0.052)**

(i) Management defines EBITDA as earnings before interest, taxes, depreciation and amortization, stock-based compensation and other non cash charges. Management believes that in addition to net income (loss), EBITDA is a useful supplemental measure for investors of earnings before debt service, capital asset charges and taxes. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flow from operating, investing and financing activities or the Company's liquidity. EBITDA does not have a standardized meaning prescribed by GAAP and therefore the Company's method of calculating EBITDA may not be comparable to similar measures presented by other companies or issuers.

SEASONALITY

During the year ended August 31 2011, the Company began to experience the impacts of the newly developed Shared Services Group. The Company expects higher revenues in the fourth quarter due to the renewal of a large association client, as well as, the seasonal impacts associated with student benefit advisory services. During the past fiscal year the Company had greater cash flows during the third and fourth quarter. The fourth quarter is primarily strong due to cash receipts associated with its student benefit advisory business which renews in August. It is Management's belief that as growth from strategic activities continues to develop and mature the seasonal impacts in revenue and cash flow will be minimized.

FINANCIAL INSTRUMENTS

The financial instruments of the Company consist of basic financial instruments which are typically used in the Company's operation, including cash, restricted cash, accounts receivable, accounts payable and other liabilities, obligations under capital lease and long-term debt.

For the current assets and liabilities, the main risk is the credit risk associated with accounts receivable. The credit risk is reduced due to a diversified customer base. The risks associated with long-term debt include the risk of interest rate increases and the risk of potential defaults in debt payments due to insufficient cash flows.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The following table summarizes the Company's cash flows for the fourth quarter and year ended August 31, 2011: (amounts derived from the unaudited interim financial statements).

2011		Q1		Q2		Q3		Q4		TOTAL
Operating activities	$	75.2	$	175.5	$	289.7	$	576.7	$	1,117.1
Investing activities		(24.8)		(90.4)		(96.9)		(128.2)		(340.3)
Financing activities		(800.3)		(74.2)		(419.4)		187.6		(1,106.3)
Increase (decrease) in cash	$	(749.9)	$	10.9	$	(226.6)	$	636.1	$	(329.5)

2010		Q1		Q2		Q3		Q4		TOTAL
Operating activities	$	928.3	$	(494.2)	$	(170.5)	$	803.2	$	1,066.8
Investing activities		(25.9)		(23.5)		(17.0)		(206.4)		(272.8)
Financing activities		(181.7)		(333.7)		(294.6)		(424.5)		(1,234.5)
Increase (decrease) in cash	$	720.7	$	(851.4)	$	(482.1)	$	172.3	$	(440.5)

CASH FLOW ANALYSIS OF THE FOURTH QUARTER AND YEAR ENDED AUGUST 31, 2011

Cash generated from operating activities for the year ended August 31, 2011 was $1,117.0 an increase of $50.2 or 4.7% from the $1,066.8 of cash generated in the same period in the prior year. Increases in non-cash items were offset by a decrease in accounts receivable balances and an increase in cash utilized in payment of accounts payable and accrued liabilities and income taxes payable.

Cash used by investing activities for the year ended August 31, 2011 of $340.3 was largely comprised of capital asset additions required for the Shared Services Group, upgrading existing technology, office furnishings for new office space for the Integrated Solutions Group, the development of new office space for its Toronto operations and also includes the payout of existing lines of credit relating to the acquisition of LAWB.

During the year ended August 31, 2011, the Company used $1,152.5, as compared to $1,234.6 used in the prior year. Cash outflows relating to repayment of long-term debt of $3,749.9 (2010 - $1,312.0) were offset by proceeds of $2,618.2 received from a new credit facility entered into during the year (see Capital Resources). In addition, the Company had cash inflows of $25.4 (2010 - nil) related to new capital lease transactions entered into, net of $20.9 of repayments (2010 - $34.0).

SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares.

	AUGUST 31, 2011	AUGUST 31, 2010
Common shares issued and outstanding:	32,970,527	32,970,527
Stock options outstanding:	2,891,142	2,983,678

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide opportunities for growth to shareholders and benefits for other stakeholders and to maintain financial flexibility in, or to take advantage of, organic growth and new acquisition opportunities as they arise.

In the management of capital, the Company includes cash, bank financing, vendor-take-back debt and shareholders' equity in the definition of capital. The Company manages its capital structure and can adjust it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take-back debt or issue new debt to replace existing debt with different characteristics. The Company's acquisition strategy includes the issuance of debt and shares. The Company has the opportunity to use its operating line of credit during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company has not made use of its operating line of credit during the year-ended August 31, 2011.

CAPITAL RESOURCES

The following table summarizes the Company's capital resources at:

	AUGUST 31, 2011	AUGUST 31, 2010
Current assets		
Cash	$ 1,287.7	$ 1,663.6
Working capital (including cash)		
Current assets	4,809.9	4,327.8
Current liabilities		
Bank indebtedness	-	-
Accounts payable and accrued liabilities	3,909.6	3,066.6
Deferred revenue (i)	3,345.0	3,168.7
Income tax payable	107.0	531.6
Current portion of deferred lease inducements	86.8	39.2
Current portion of obligations under capital lease	15.2	15.8
Current portion of long-term debt	746.0	1,418.1
Total current liabilities	8,209.6	8,240.0
Working capital	(3,399.7)	(3,912.2)
Long-term debt	2,143.4	2,298.3
Shareholders' equity	12,930.1	12,365.5

(i) Deferred revenue represents funds received in advance for services that will be provided in future periods.

Deferred revenue is a non-cash liability and therefore management believes that adding back the deferred revenue provides a more accurate reflection of the liquidity and working capital position of the Company. Deferred revenue has a substantial impact on the traditional working capital position of the Company and therefore it is worth fully understanding the nature of the deferred revenue when assessing the liquidity and working capital position of the Company.

Most insurance brokerage and consulting firms are paid commissions at the beginning of the policy year for a twelve month period. It is general practice in the industry to record 90% to 100% of the commission received as revenue on receipt of payment or on implementation of the client or renewal of the client.

The Company is paid commissions 12 to 27 months in advance depending on what rate guarantee was sold on the group. Unlike the typical broker or consulting firm, the Company does not record 90% to 100% of the commission received in advance as revenue on groups where it provides both the consulting and the administration services. Instead it records the revenue monthly over the period for which it was received. The primary reason for the revenue being recognized in this manner is the fact that services are provided on an ongoing basis, as compared to when only providing the advisory or consulting services where almost all of the services are provided at the time of renewal or implementation.

The ongoing services relate to billing & administration and customer service support. The only time deferred revenue is paid back to the insurance carrier is when the client terminates the policy with an effective date of termination which falls within the policy year. Clients that terminate generally do so close to or at the end of the policy year and therefore any claw back by the carrier is generally for a small amount relative to the original advance. In addition, the Company has negotiated with its primary insurance carriers that any claw back of deferred revenue be offset against future commission due.

After adjustments, the calculation of working capital is as follows:

	AUGUST 31, 2011	AUGUST 31, 2010
Working capital (including cash)		
Current assets	4,809.9	4,327.8
Total current liabilities	8,209.5	8,240.0
Working capital	(3,399.6)	(3,912.2)
Add back:		
Deferred revenue	3,345.0	3,168.7
Current portion of VTB debt held by senior management	250.7	1,310.1
Adjusted operating liabilities	4,613.8	3,761.2
Adjusted operating working capital	196.1	566.6

Adjusted operating working capital has decreased by $370.5 to an adjusted working capital surplus of $196 from the adjusted working capital experienced a year ago. The decrease in working capital surplus results from the Company's aggressive repayment strategy of higher interest debt, payment of income taxes and general fluctuations in accounts receivable. During the fourth quarter, the Company finalized the terms of a credit agreement with the Canadian Imperial Bank of Commerce and a portion of the installment loan was used to refinance the existing vendor-take-back debt.

The following summarizes the Company's future expected payments:

		PAYMENTS DUE AS FOLLOWS:		
	TOTAL	NEXT 12 MONTHS	13 TO 24 MONTHS	THEREAFTER
Current portion of long-term debt	$ 746.0	$ 746.0	$ -	$ -
Long-term debt	2,143.4	-	404.1	1,739.3
Operating leases	2,695.0	800.6	569.3	1,325.1
	$ 5,584.4	**$ 1,546.6**	**$ 973.4**	**$ 3,064.4**

With enhanced controls around cash management, Management believes that operations will generate sufficient cash flows to fund ongoing operations and finance its seasonal working capital needs.

On June 10, 2011, the Company entered into a Credit Facility Agreement with the Canadian Imperial Bank of Commerce which includes the following components:

1. A $2 million operating line of credit
2. A $10 million term revolving acquisition credit facility to fund future acquisitions. The acquisition credit facility is available via loans bearing interest at prime plus 1.5% or via bankers' acceptances with a stamping fee of 2.5% annually. Each draw on the facility will be treated as a separate loan repayable over a period of up to seven years. As at August 31, 2011, the Company had not utilized this facility.
3. A $2.5 million installment loan which was utilized to repay and discharge a substantial amount of long-term debt facilities and vendor-take-back debt of the Company. The installment loan will be repaid in quarterly installments over a seven year period and bears interest at prime plus 1.5%.

The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements

RELATED PARTY TRANSACTIONS

During the year ended August 31, 2011 outlined below, the Company had the following activity with directors and officers or shareholders of the Company. All the transactions are in the normal course of operations and are measured at the exchanged amount, which is the consideration agreed to by the parties. The related party transactions and balances are as follows:

	AUGUST 31, 2011	AUGUST 31, 2010
Interest expense (i)	$ 268.1	$ 238.1
Accounts payable and accrued liabilities	-	2.1
Current portion of long-term debt (ii)	-	906.6
Long-term debt (ii)	-	1,484.2

(i) Interest on vendor-take-back debt related to prior acquisitions was paid or accrued totaling $268.1 for the year ended August 31, 2011 (2010 – $238.1) to certain officers and directors of the Company.

(ii) Represents vendor-take-back debt on acquisitions and promissory notes payable (Financial Statement note 14 (a), (d), (e),(g) and (h)) owed to officers and directors of the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are defined as those that are both very important to the portrayal of the Company's financial condition and results, and require management's most difficult, subjective or complex judgments. We are required in preparing the Company's financial statements, in accordance with GAAP, to make certain estimates, judgments and assumptions that we believe are reasonable based upon available information, historical information and/or forecasts. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results could differ from these estimates. The accounting policies which management believes are the most critical to aid in fully understanding and evaluating our reported financial results include those relating to revenue recognition, business acquisitions and accounting for the resulting customer relationships and contracts, goodwill and income taxes.

REVENUE RECOGNITION

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients. Revenue is recognized when it can be measured and collectability is reasonably assured.

The detailed revenue recognition policies for the significant types of revenue are as follows:

Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as deferred revenue. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined by management based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services are recognized in income at the effective or renewal date of the policy, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined by management based on historical data.

Fee revenue from administrative and consulting services are recognized on the percentage of completion basis of accounting. For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until the work is completed.

All other revenues are recognized upon the completion of services rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

For clients that purchase multiple administrative, advisory or consulting services from the Company, the Company recognizes revenues in accordance with CICA Handbook EIC-142 "Revenue Arrangements with Multiple Deliverables", to determine whether each deliverable qualifies as a separate unit of account. For each deliverable to the client the Company establishes a separate agreement which is independent of any other deliverable, thereby ensuring that revenue is recognized on a basis that is consistent with the elements of the service contract.

Deferred revenue represents excess billings and commissions for clients where the work has not been completed.

BUSINESS COMBINATIONS

Business acquisitions are accounted for using the purchase method whereby the fair value of consideration given is allocated to identifiable assets acquired and liabilities assumed. The results of operations and cash flows of an acquired business are included in the Company's financial statements from the effective date of acquisition. Where the consideration given is subject to contingent adjustment based on future periods' operating results, such adjustment is recognized in the period the contingency is resolved.

AMORTIZATION OF FINITE-LIFE INTANGIBLE ASSETS

Under GAAP, finite-life intangible assets are amortized over their estimated useful lives. Management estimates that the estimated useful life of the customer relationships and contracts acquired is 10 years. The Company amortizes the cost of these finite-life intangible assets on a straight-line basis over 10 years. Management tests for recoverability of the carrying value of these intangible assets annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

GOODWILL

Goodwill results from business combinations and represents the excess of the consideration given over the fair value of identifiable net assets acquired. Goodwill is not subject to amortization but is subject to an impairment test that is performed at least annually.

FUTURE INCOME TAX

The Company uses the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the year. Future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are recognized using substantively enacted income tax rates. Future income tax assets are recognized with respect to deductible temporary differences and loss carryforwards only to the extent their realization is considered more likely than not.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011. Accordingly, the Company will prepare its financial statements in accordance with IFRS commencing September 1, 2011; thus, its first quarter under IFRS reporting standards will be for the three months ended November 30, 2011 for which current and comparative information will be prepared under IFRS including an opening IFRS balance sheet as at September 1, 2010 (the date of transition).

Described below are the Company's IFRS changeover plan, selected key activities and their status, and the significant, known possible high impact accounting areas on the Company's financial reporting identified to date.

This information is provided to allow investors and others to obtain a better understanding of our IFRS changeover plan. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This information also reflects our most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could have an impact on these assumptions or expectations. The information presented below is therefore subject to change and does not represent a final assessment of divergences noted by the Company to date but is intended to highlight areas in which it has achieved considerable progress.

IFRS CHANGEOVER PLAN

The Company developed a plan for its changeover to IFRS which comprised three phases:

- Phase 1: Scope and Plan: The objective of this phase was to identify the required changes to the Company's accounting policies and practices resulting from the changeover to IFRS and to thereby determine the scope of the work effort required for the subsequent phases of the project.
- Phase 2: Design and Build: The objective of this phase was to design and develop solutions to address the differences identified in Phase 1.
- Phase 3: Implementation and Review: The objective of this phase was the implementation and review of changes that affect accounting policies and practices, business processes, systems and internal controls. Changes will be tested prior to the formal reporting requirements under IFRS to ensure all significant differences are addressed in time for the first reporting period.

The Company is working through the phases as it prepares for its November 30, 2011 unaudited interim financial statements under IFRS. The findings of the Phases, insofar as they relate to the significant accounting areas for conversion to IFRS that will impact the Company's financial statements are summarized below.

PROGRESS TOWARDS COMPLETION OF THE COMPANY'S IFRS CHANGEOVER PLAN

The Company has now finalized Phases 1 and 2. It has reviewed all currently relevant IFRS standards and identified a number of areas of measurement and classification differences under IFRS as compared to Canadian GAAP.

IFRS 1 "FIRST TIME ADOPTION OF REPORTING STANDARDS"

IFRS 1, "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS.

The areas below have been identified as having an impact on the Company's financial statements.

Business combinations – IFRS 1 allows entities to elect to implement the guidance under IFRS 3 – Business Combinations either; (i) prospectively from the date of transition to IFRS, or (ii) retrospectively from a previous date chosen by the entity and onwards. The Company intends to make the election to apply IFRS 3 to business combinations prospectively from the date of transition to IFRS. This election will not result in an opening retained earnings adjustment upon conversion to IFRS.

Share-based payment transactions – Full retrospective application of IFRS 2 "Share-based Payments" is not required for certain share-based instruments depending on the grant date, vesting terms and settlement of any related liabilities. The Company will not apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before January 1, 2010.

IFRS ACCOUNTING POLICIES

In accordance with IFRS 1, the Company, as a first-time adopter has free choice to select accounting policies that will be used on an ongoing basis under IFRS. Consequently, the Company has evaluated all significant accounting policies and selected new policies which comply with IFRS and provide reliable and relevant information about the effects of transactions on financial performance. New IFRS accounting policies which are expected to generate a financial impact on the IFRS opening balance sheet are discussed in more detail below. The Company's analysis of the chosen IFRS accounting policies specifically considers the current IFRSs that are in effect. As a result, any new or amended accounting standards that are issued by the International Accounting Standards Board ("IASB") in future periods may impact our current assessment of the chosen IFRS accounting policies and the expected financial impact on transition to IFRS.

The following summarizes significant accounting areas analyzed by management for conversion to IFRS that could possibly impact the Company's financial statements post transition:

IAS 18 "REVENUE"

Under Canadian GAAP, certain commission revenue was recorded upon renewal or execution of a client's group benefits agreement with a third-party insurance carrier. Under IFRS, the Company is proposing to adopt a policy where certain commission revenue will be deferred and recorded over the term of the related agreements where the Company retains ongoing responsibility to provide support to administered clients throughout the term of the contract. The revenue recognition policy adopted by the Company on conversion to IFRS is not expected to have a material effect on the Company's annual operating results, but will likely impact the seasonality between quarters.

IAS 36 "IMPAIRMENT OF ASSETS"

Under Canadian GAAP, capital assets and intangible assets subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable.

As it relates to the measurement of the impairment loss, under Canadian GAAP for assets other than financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Under IAS 36, a write-down is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or the discounted future cash flows from an asset or group of assets, is less than carrying value. In contrast, under Canadian GAAP, impairments are measured at the amount by which carrying value exceeds fair value.

The difference in testing and determining an impairment may result in more frequent impairment charges, where carrying values of assets may have been supported under Canadian GAAP on an undiscounted cash flow basis, but cannot be supported on a discounted cash flow basis.

IAS 36 also requires the reversal of any previous impairment losses where circumstances requiring the impairment charge have changed and reversed, other than for goodwill. With respect to long-lived assets, Canadian GAAP does not permit the reversal of impairment losses under any circumstances.

Under IFRS, the Company will need to assess impairment in terms of the recoverable amount as defined under IFRS. The Company will monitor possible subsequent reversals of previously written down long-lived assets; this will require that the Company track assets and their original carrying values as well as implied accumulated depreciation for possible future reversals of impairment allowed under IFRS. The Company has not identified any past impairments of intangible assets that would require reversal upon transition.

IFRS 2 "SHARE-BASED PAYMENT"

IFRS 2 requires the expense related to share-based payments to be recognized as the options vest. For options with different vesting periods, each vesting tranche must be treated as a separate option grant which accelerates the expense recognition ("Graded Vesting Amortization") in comparison to Canadian GAAP, which allows the expense to be recognized on a straight-line basis over the period the options vest. The Company must also apply an estimated forfeiture rate at the initial grant date for each option tranche. The forfeiture rate is taken into account by adjusting the number of stock options expected to vest under each tranche and subsequently revising this estimate throughout the vesting period, as necessary. When determining the fair value of each vesting tranche, the Company will apply an estimated option tranche life which reflects historical experiences in comparison to GAAP, which allows the life of the option to equal the five year expiry period. The Company expects total aggregate stock-based compensation expense to be lower under IFRS as compared to Canadian GAAP as a result of using a lower estimated option life when calculating the fair value of an option tranche under IFRS. However, because of the graded vesting requirements, stock based compensation expense will be higher in earlier vesting periods for an option tranche under IFRS as compared to GAAP.

OTHER IFRS TRANSITION ITEMS

The Company has performed an analysis of its data system infrastructure and internal controls and has concluded that transition to IFRS will not result in a material modification to any of its IT processes as a result of the differences it has identified to date. Significant impacts identified, if any, on processes and controls will be disclosed in future filings when the assessment will be finalized.

Phase 3 of the changeover plan began in the fourth quarter of 2010. The Company is completing the final selection of accounting policies and transition options under IFRS. As described above some adjustments to the opening IFRS deficit balance as at September 1, 2010, are expected.

Prior to filing financial statements for its first quarter of 2011, the Company will complete the design and implementation effort required to ready business processes and internal controls for the changeover. Based on the analysis to date, no significant changes are anticipated to processes and internal controls.

Appropriate resources have been secured to complete the changeover on a timely basis according to the Company's plan milestones. The Company continues to ensure that appropriate training needs are met. Third-party subject matter experts continue to assist the Company throughout the changeover.

RISKS AND UNCERTAINTIES

The Company operates in a well established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. These factors include, but are not limited to, the following:

KEY PERSONNEL

The Company is highly dependent upon the expertise and experience of its personnel, particularly those engaged in generating revenue. The Company's operations depend, in part, on the relationships and reputations these individuals have established with clients, often over many years. In the event the Company were to lose key personnel, client relationships could be negatively impacted which could lead to material adverse effects on the Company's operating and financial results. In addition, many of the Company's employees have developed specialized expertise and experience in the delivery of human resource and benefit solutions. These solutions include, but are not limited to, specialized human resource consulting engagements, recruitment projects, career management, benefits plan design and administration, legislative and regulatory issues, as well as group retirement plan design.

The Company currently has many well experienced employees that have served the Company for five years or more, who hold senior positions in the Company, that have various professional designations and that have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure including stock options to its employees and has signed comprehensive employment agreements with its employees to protect the Company, in the event that the Company were to lose any of its key personnel, it may have a material adverse effect on the business of the Company. The ability to attract, retain and develop new employees into senior positions could affect the business of the Company.

REGULATION AND CERTIFICATION

The Company's benefit and pension consulting and administration services are subject to laws and regulations that are constantly evolving. In addition, the laws and regulations differ from province to province and the Company is required to keep up to date with the laws and regulations of each province.

Although there are currently restrictions on the ability of Canadian banks to market insurance products in competition with the Company, such legislation is currently under review. Accordingly, dependent upon the nature of legislative reforms, Canadian banks may in the future be able to offer products which are competitive with the products offered by the Company.

Currently the provisions of recruitment services and human resource consulting engagements are not generally subject to government regulation. However, there is no certainty that regulation will not be introduced.

Any changes to laws, rules, regulations or policies could have a material adverse effect on the Company's business, financial condition and operating results.

TERMINATION OF CONTRACTS

Group insurance contracts are generally re-negotiated on an annual basis with clients, pursuant to which insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go-forward basis. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled with thirty days notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. No single client makes up more than 5% of the Company's revenue and the clients are diversified both in size and industry. During the renewal process the benefits consulting team will provide benefits planning and consulting services which could result in decreased benefits coverage and/or decreased premiums which generally results in decreased revenue for the Company. The Company is often paid commissions in advance from the insurance carrier. In the event that a contract is terminated by a client and the Company has been paid in advance for the year, then the Company must rebate the amount paid on a pro rata basis to the insurance company.

COMPETITIVE CONDITIONS

The insurance brokerage market is highly competitive and is composed of a large number of companies of varying size and scope of services. Insurance companies themselves also offer their products through other methods, including insurance agents and direct distribution channels, which are competitive with the insurance brokerage industry and the Company.

FUTURE GROWTH VIA ACQUISITIONS

The Company's growth and expansion plans contain a dual approach of generating organic growth through enhanced service offerings amongst the Company's existing client base and through ongoing acquisition of independent Group Benefit, Pension Advisory businesses and human resource Consulting and Staffing firms at reasonable prices. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

INTEGRATION OF ACQUISITIONS

There can be no assurance that the businesses acquired by the Company in the future will achieve acceptable levels of revenue and profitability or otherwise perform as expected. The Company has limited experience in acquiring and integrating brokerages in other markets. The Company may be unable to successfully integrate any business it may acquire in the future, due to diversion of management attention, strains on the Company's infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to integrate acquired businesses may be disruptive to the Company's operations and negatively impact the Company's revenue or increase the Company's expenses.

AVAILABILITY OF FINANCING

The Company has relied principally on equity and vendor-take-back debt financing to fund its acquisitions. The Company may require additional funds to make future acquisitions of Group Benefit and Pension Advisory businesses and may require additional funds to market and sell its products into the marketplace. The ability of the Company to arrange such financing in the future, and to repay its existing debt, will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, when needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If additional financing is not available on terms favourable to the Company, the Company may be unable to grow or may be required to limit or halt its expansion plans. In addition, the Company's existing creditors, some of whom have security interests in the Company's assets, may exercise their rights to acquire or dispose of the Company's assets.

NO INTENTION TO DECLARE DIVIDENDS

The Company currently intends to retain any future earnings to fund growth and operations and it is not likely to pay any dividends in the immediate or foreseeable future. Any decision to pay dividends on its common shares in the future will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions at such time.

LEGAL RISK

In the ordinary course of business, the Company is and could be involved in litigation and other claims as a defendant or as a plaintiff. The outcomes of these actions could result in significant losses to the Company which could have a material adverse effect on the Company's business, financial condition and operating results.

REPUTATION RISK

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. In addition, the human resource Consulting and Staffing part of the Company is dependent upon its reputation with potential candidates that will be placed with clients through its recruitment services. The Company's reputation can be significantly damaged by failing to deliver timely and quality consulting and recruitment services or by failing to provide quality services to potential candidates. The benefit and pension part of the Company relies upon information systems and technology to maintain accurate records and to carry out its contractual administrative obligations. Failing to meets its contractual obligations to clients could result in litigation as well as significant reputation damage to the Company. Damage to the Company's reputation could result in the loss of client and candidate relationships which could result in a material adverse effect on the Company's business, financial condition and operating results.

CANADIAN ECONOMY

The Company's future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. The Company may not have sufficient financial resources to withstand a prolonged and deep recession.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at **www.sedar.com** and on the Company's website at **www.peoplecorporation.com.**

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Use of words such as "may", "will", "expect", "believe", or other words of similar effect may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our publicly filed documents (available on SEDAR at www.sedar.com) and in this MD&A under the heading "Risks and Uncertainties". Those risks and uncertainties include the ability to maintain profitability and manage organic or acquisition growth, reliance on information systems and technology, reputation risk, dependence on key clients, reliance on key professionals and general economic conditions. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. All forward-looking statements in this MD&A are qualified by these cautionary statements. These statements are made as of the date of this MD&A and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, its financial or operating results or its securities.

Readers are cautioned that EBITDA or the Company's calculation of Operating Income, Operating Income before Corporate Costs, Corporate Costs, Adjusted Working Capital, Operating Working Capital and other similar terms do not have standardized meanings as prescribed by GAAP and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that EBITDA or Operating Income should not replace Net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with GAAP), as an indicator of the Company's performance.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

MANAGEMENT'S STATEMENT OF
RESPONSIBILITY FOR FINANCIAL REPORTING 36

INDEPENDENT AUDITOR'S REPORT 37

CONSOLIDATED BALANCE SHEETS 38

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS) 39

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY 40

CONSOLIDATED STATEMENTS OF CASH FLOWS 40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .... 41 – 56

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of People Corporation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles ("**GAAP**"). This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the Company's external auditor. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. The Committee is also responsible for recommending the appointment of the Company's external auditor.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditor has full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

Laurie Goldberg	Brevan Canning
Chief Executive Officer	Vice President of Finance

MNP LLP

To the Shareholders of People Corporation (formerly, Groupworks Financial Corp.):

We have audited the accompanying consolidated financial statements of People Corporation (formerly, Groupworks Financial Corp.) and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2011 and 2010, and the consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of People Corporation (formerly, Groupworks Financial Corp.) and its subsidiaries as at August 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

MNP LLP

November 22, 2011
Toronto, Ontario

Chartered Accountants
Licensed Public Accountants

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS
BEST EMPLOYERS IN CANADA 2011

ACCOUNTING › CONSULTING › TAX
701 – 85 RICHMOND STREET WEST, TORONTO, ON M5H 2C9
P: 416.596.1711 F: 416.596.7894 mnp.ca

CONSOLIDATED BALANCE SHEETS

AS AT AUGUST 31,	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash	**$ 1,287,741**	$ 1,663,557
Accounts receivable	**3,208,481**	2,415,898
Prepaid expenses	**313,659**	248,375
	4,809,881	4,327,830
PROPERTY AND EQUIPMENT (note 5)	**984,908**	938,268
INTANGIBLE ASSETS (note 6)	**5,651,434**	6,442,568
GOODWILL (note 7)	**13,547,835**	13,373,247
	$ 24,994,058	$ 25,081,913
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 15)	**$ 3,909,632**	$ 3,066,601
Deferred revenue	**3,344,981**	3,168,695
Income taxes payable	**107,041**	531,559
Current portion of deferred lease inducements	**86,752**	39,236
Current portion of obligations under capital leases (note 10)	**15,174**	15,840
Current portion of long-term debt (notes 11 and 15)	**745,954**	1,418,095
	8,209,534	8,240,026
DEFERRED LEASE INDUCEMENTS	**60,465**	147,217
DEFERRED REVENUE	**324,150**	324,015
OBLIGATIONS UNDER CAPITAL LEASES (note 10)	**59,707**	33,616
LONG-TERM DEBT (notes 11 and 15)	**2,143,422**	2,298,252
FUTURE INCOME TAXES (note 18)	**1,266,697**	1,673,240
	12,063,975	12,716,366
SHAREHOLDERS' EQUITY		
Share capital (note 12)	**11,990,956**	11,990,956
Contributed surplus	**418,869**	371,969
Retained earnings	**520,258**	2,622
	12,930,083	12,365,547
	$ 24,994,058	$ 25,081,913

TRUST ACCOUNTS (note 9)
COMMITMENTS AND CONTINGENCIES (note 19)
SUBSEQUENT EVENTS (note 23)
BANK INDEBTEDNESS (note 8)

ON BEHALF OF THE BOARD OF DIRECTORS

Robert Sillcox
Director, Chairman of the
Audit Committee

Laurie Goldberg
Director, Chief Executive Officer

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED AUGUST 31,		2011	2010
REVENUE			
Commissions		**$ 13,339,741**	$ 10,499,000
Fees		**10,935,249**	10,188,278
		24,274,990	20,687,278
EXPENSES			
Salaries and benefits		**12,274,952**	11,571,447
General and administrative		**5,193,682**	4,266,113
Commissions		**2,767,894**	1,851,929
Advertising and promotion		**1,255,478**	1,060,574
Stock-based compensation		**46,900**	68,716
		21,538,906	18,818,779
INCOME BEFORE UNDERNOTED ITEMS		**2,736,084**	1,868,499
OTHER EXPENSES			
Interest expense, net (note 11)		**(529,864)**	(534,368)
Amortization of property and equipment		**(308,292)**	(262,880)
Amortization of intangible assets		**(891,134)**	(886,132)
Restructuring costs (note 14)		**(436,896)**	-
		(2,166,186)	(1,683,380)
INCOME BEFORE INCOME TAXES		**569,898**	185,119
INCOME TAX EXPENSE (RECOVERY)			
Current (note 18)		**485,385**	389,039
Future (note 18)		**(433,123)**	(72,375)
		52,262	316,664
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**517,636**	(131,545)
Earnings (loss) per share	- Basic	**$ 0.016**	$ (0.004)
	- Diluted	**$ 0.016**	$ (0.004)
Weighted average number of shares outstanding:	- Basic	**32,970,527**	32,807,544
	- Diluted	**32,975,620**	32,807,544

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	NUMBER OF COMMON SHARES	AMOUNT	CONTRIBUTED SURPLUS	RETAINED EARNINGS
BALANCE, AUGUST 31, 2009	**32,803,861**	**$ 11,940,956**	**$ 303,253**	**$ 134,167**
Shares issued - Private placement	166,666	50,000	-	-
Stock-based compensation	-	-	68,716	-
Net loss and comprehensive loss for the year	-	-	-	(131,545)
BALANCE, AUGUST 31, 2010	**32,970,527**	**11,990,956**	**371,969**	**2,622**
Stock-based compensation	-	-	46,900	-
Net income and comprehensive income for the year	-	-	-	517,636
BALANCE AUGUST 31, 2011	**32,970,527**	**$ 11,990,956**	**$ 418,869**	**$ 520,258**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31,	2011	2010
OPERATING ACTIVITIES		
Net income (loss)	**$ 517,636**	$ (131,545)
Items not affecting cash:		
Amortization of property and equipment	**308,292**	262,880
Amortization of intangible assets	**891,134**	886,132
Accretion of interest	**89,572**	151,380
Future income taxes	**(433,123)**	(72,375)
Stock-based compensation	**46,900**	68,716
	1,420,411	1,165,188
Changes in non-cash working capital:		
Accounts receivable	**(792,583)**	(212,433)
Accounts payable and accrued liabilities	**841,795**	(70,948)
Deferred revenue	**176,421**	(60,399)
Deferred lease inducements	**(39,236)**	(15,238)
Income taxes payable	**(424,518)**	326,798
Prepaid expenses	**(65,284)**	(66,143)
	(303,405)	(98,363)
Cash flow provided by operating activities	**1,117,006**	1,066,825
INVESTING ACTIVITIES		
Purchase of property and equipment	**(305,608)**	(272,704)
Business acquisition (note 4)	**(1)**	-
Cash utilized for business acquisition	**(34,671)**	-
Cash flow used by investing activities	**(340,280)**	(272,704)
FINANCING ACTIVITIES		
Repayment of bank indebtedness	**-**	(42,072)
Proceeds from long-term debt	**2,618,267**	103,473
Repayment of long-term debt	**(3,749,928)**	(1,311,953)
Repayment of obligations under capital lease	**(20,881)**	(34,000)
Private placement of shares	**-**	50,000
Cash flow used by financing activities	**(1,152,542)**	(1,234,552)
DECREASE IN CASH	**(375,816)**	(440,431)
Cash - beginning of year	**1,663,557**	2,103,988
CASH - END OF YEAR	**$ 1,287,741**	$ 1,663,557

CASH FLOW SUPPLEMENTARY INFORMATION (note 20)

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

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

People Corporation, formerly Groupworks Financial Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on July 5, 2006. The Company delivers employee group benefit consulting, pension consulting and third party benefits administration services, as well as, recruiting services, strategic HR consulting and career management services to help companies recruit, retain and reward employees.

Effective September 1, 2008, the Company amalgamated with its wholly owned subsidiaries, Gallivan & Associates Student Networks Inc. and 1246689 Ontario Limited and continued under the name Groupworks Financial Corp. The consolidated financial statements include the accounts of the Company and its three wholly owned Canadian subsidiaries, White Willow Benefit Consultants Incorporated ("White Willow"), People Corporation ("People") and Les Assurances W.B. Inc. ("LAWB") (Note 23). All inter-company balances and transactions have been eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(A) REVENUE RECOGNITION

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients. Revenue is recognized when it can be measured and collectability is reasonably assured.

The detailed revenue recognition policies for the significant types of revenue are as follows:

Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as deferred revenue. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services are recognized in income at the effective or renewal date of the policy, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Fee revenue from administrative and consulting services are recognized on the percentage of completion basis. For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until the work is completed.

All other revenues are recognized upon the completion of services rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

For clients that purchase multiple administrative, advisory or consulting services from the Company, the Company recognizes revenues in accordance with CICA Handbook EIC-142 "Revenue Arrangements with Multiple Deliverables", to determine whether each deliverable qualifies as a separate unit of accounting. For each deliverable to the client the Company establishes a separate agreement and fair value which is independent of any other deliverable, thereby ensuring that revenue is recognized on a basis that is consistent with the elements of the service contract.

Deferred revenue represents excess billings and commissions for clients where the work has not been completed.

(B) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

The most significant estimates that the Company is required to make relates to the provision for return commissions due to policy cancellation and adjustments, the assumptions for valuing customer contracts, revenue estimates for group benefit clients that have been implemented or renewed but for which the insurance carrier has yet to advance commissions, the collectability of accounts receivable, the valuation of future income tax assets and liabilities and the valuation and useful lives of goodwill, intangible assets and property and equipment.

The estimates are based on historical trends and information, future industry factors and economic cycles, as well as management's judgment based on available information at the time. These assumptions are limited by: the availability of reliable information and comparable data, economic uncertainty and the uncertainty concerning the predictability of future events. By its very nature these estimates and assumptions are subjective and should the underlying assumptions change the estimated values could change by a material amount.

(C) PROPERTY AND EQUIPMENT

Property and equipment are initially recorded at cost. Repairs and maintenance are charged to operations as incurred. Amortization is computed using the straight line or declining balance method over the remaining estimated useful life of the property and equipment as outlined below:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Leasehold improvements	straight line over the term of the lease
Computer software	4 years straight line
Software licenses	straight line over the term of the license

(D) GOODWILL

At the acquisition date, goodwill is recorded at the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is not subject to amortization. On an annual basis or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired, management will review the carrying amount of goodwill for possible impairment by conducting a two-step test. In the first step, fair value of the reporting unit, as determined by undiscounted cash flows, is compared to its carrying value. If the carrying value cannot be recovered from future discounted cash flows, an appropriate amount will be charged to income as an impairment charge at that time.

(E) INTANGIBLE ASSETS

Intangible assets consist of customer relationships and contracts. Customer relationships and contracts are initially recognized at fair value and then amortized on a straight line basis over its estimated useful life.

(F) LONG LIVED ASSETS

Long lived assets comprise property and equipment and intangible assets subject to amortization. Long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long lived assets, the recoverability tests are performed using undiscounted future net cash flows of the asset. The amount of the impairment is measured as the difference between the carrying value and the fair value of the asset.

(G) LEASES

Leases are accounted for as either operating or capital. Capital leases are those that substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital lease are capitalized and amortized over their estimated useful lives. On the inception of the lease, obligations under capital lease are measured and recorded at the present value of future minimum lease payments. Imputed interest on the lease payments is charged against income. Leases not meeting the criteria for a capital lease are treated as operating and are recorded as an expense in the year paid or payable.

Deferred lease inducements

Lease inducements comprise rent-free periods and leasehold improvement allowances. Lease inducements are deferred and amortized to rental expense on a straight-line basis over the term of the related lease.

(H) FUTURE INCOME TAXES

The asset and liability method is used to account for income taxes whereby future tax assets and liabilities are determined based on temporary differences between the carrying amount and the tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that future benefits will ultimately be realized.

(I) STOCK BASED COMPENSATION

The Company uses the fair value based method to account for all stock-based payments. Under this method, compensation cost is charged based on the underlying nature of services. Direct awards of stock granted to employees are recorded at fair value on the date of grant and the associated expense is amortized over the vesting period with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model.

(J) EARNINGS PER SHARE

Basic earnings and loss per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated using the treasury stock method, by dividing income available to common shareholders, adjusted for the effects of dilutive convertible securities, by the weighted average number of common shares outstanding during the year and all additional common shares that would have been outstanding had all potential dilutive common shares been issued. This method computes the number of additional shares by assuming all dilutive options are exercised. That total number of shares is then reduced by the number of common shares assumed to be repurchased from the total of issuance proceeds, using the average market price of the Company's common shares for the year. The effect of contingently convertible instruments has been included in the computation of diluted earnings per share.

(K) FINANCIAL INSTRUMENTS

(I) NON-DERIVATIVE FINANCIAL ASSETS

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated as held for trading) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company has the following non-derivative financial assets: Held-for-trading and Loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise accounts receivable.

(II) NON-DERIVATIVE FINANCIAL LIABILITIES

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: long-term debt, accounts payable and accrued liabilities, and any drawings against bank indebtedness.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(L) OTHER COMPREHENSIVE INCOME

Comprehensive income includes net earnings and other comprehensive income. Other comprehensive income is defined as the change in equity from transactions and other events from non owner sources.

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In February 2008, the Canadian Accounting Standards Board (AcSB) announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company’s first year end under IFRS will be August 31, 2012. The transition date for the Company is September 1, 2010 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011.

4. BUSINESS ACQUISITION

Effective April 30, 2011, the Company acquired all the outstanding shares of Les Assurances W.B. Inc (“LAWB”), a Quebec based group benefits and pension advisory company in exchange for cash consideration of $1.

The acquisition was accounted for using the purchase method. The results of operations from April 30, 2011 have been included in these consolidated financial statements. The consideration paid was allocated to the assets acquired and liabilities assumed based on their fair values and the excess of the purchase price over the value of the net identifiable assets acquired has been recorded as goodwill. All acquired property and equipment and intangible assets are subject to amortization.

The allocation of the purchase price, net of cash acquired, of the assets acquired and the liabilities assumed are as follows:

ASSETS		
Property and equipment	$	3,019
Intangible asset		100,000
		103,019
LIABILITIES		
Accounts payable and accrued liabilities		1,237
Line of credit		34,671
Promissory notes payable		215,118
Future income tax liability		26,580
		277,606
Fair value of net assets acquired		(174,587)
Discounted purchase price, net of cash acquired		1
Total goodwill on purchase	$	174,588

5. PROPERTY AND EQUIPMENT

			2011
	Cost	Accumulated amortization	Net Book Value
Furniture and fixtures	$ 703,818	$ 434,478	$ 269,340
Computer equipment	930,222	579,118	351,104
Leasehold improvements	437,845	230,193	207,652
Computer software	227,137	186,922	40,215
Software licenses	159,891	43,294	116,597
	$ 2,458,913	$ 1,474,005	$ 984,908

			2010
	Cost	Accumulated amortization	Net Book Value
Furniture and fixtures	$ 647,150	$ 376,472	$ 270,678
Computer equipment	742,468	471,652	270,816
Leasehold improvements	433,474	202,306	231,168
Computer software	218,163	136,834	81,329
Software licenses	109,347	25,070	84,277
	$ 2,150,602	$ 1,212,334	$ 938,268

Property and equipment include assets acquired through capital leases in the amount of $150,641 (2010 – $104,334). During the year ended August 31, 2011, amortization expense attributable to assets acquired by capital lease was $21,723 (2010 – $34,000) while accumulated amortization attributable to assets acquired by capital lease is $77,217 (2010 – $55,494)

6. INTANGIBLE ASSETS

			2011
	Cost	Accumulated amortization	Net Book Value
Customer contracts	$ 3,000,000	$ 1,250,000	$ 1,750,000
Customer relationships	5,961,351	2,059,917	3,901,434
	$ 8,961,351	$ 3,309,917	$ 5,651,434

			2010
	Cost	Accumulated amortization	Net Book Value
Customer contracts	$ 3,000,000	$ 950,000	$ 2,050,000
Customer relationships	5,861,351	1,468,783	4,392,568
	$ 8,861,351	$ 2,418,783	$ 6,442,568

7. GOODWILL

	2011	2010
Goodwill, beginning of year	$ 13,373,247	$ 13,373,247
Acquisitions (Note 4)	174,588	-
	$ 13,547,835	$ 13,373,247

When a subsidiary is acquired the purchase price paid is allocated to the assets and liabilities acquired, including identifiable intangible assets. Any excess of the amount paid over the fair value of those net assets is considered to be goodwill. Goodwill is not amortized; however, it is tested for impairment at least annually. There was no write-down of goodwill due to impairment during the year ended August 31, 2011.

8. BANK INDEBTEDNESS

As at the financial statement date, the Company did not have any bank indebtedness.

The Company has entered into an agreement with Canadian Imperial Bank of Commerce to establish a $2 million operating line of credit bearing interest at prime plus 1.5% with no specific repayment terms. The new facility replaces the previous facility that was in place with another financial institution. This facility is secured by a general security agreement over the assets of the Company and its subsidiaries.

9. INSURANCE PREMIUM LIABILITIES AND RELATED CASH OR CASH EQUIVALENTS

In its capacity as consultant and administrator, the Company collects premiums from the insured individual or group(s) and remits premiums, net of agreed deductions, such as taxes and commissions, to insurance carriers. These are considered flow-through items for the Company which held in segregated accounts and, as such, the cash balances are offset against the related liability and not included in the consolidated balance sheet of the Company.

As at August 31, 2011, the insurance premium liabilities are:

		2011		2010
Payable to insurance companies and insured individuals or groups	$	13,045,780	$	10,456,515
Less: related cash balances		13,045,780		10,456,515
	$	**-**	$	-

10. OBLIGATIONS UNDER CAPITAL LEASES

The obligations under capital leases are secured by the assets to which the capital lease relates. The leases expire by 2015 and include implicit interest rates ranging from 8.6% to 11.3%. These rates are approximately equal to the Company's discount rate, as such the carrying value approximates the fair value of the debt.

Future minimum lease payments required at August 31, 2011 are as follows:

Next 12 months	$	22,055
13 to 24 months		22,055
25 to 36 months		22,055
37 to 48 months		22,055
49 to 60 months		4,028
		92,248
Less: amount representing interest		(17,367)
		74,881
Less: current portion		(15,174)
	$	59,707

For the year ended August 31, 2011, interest expense related to obligations under capital lease was $6,296 (2010 - $2,785).

11. LONG-TERM DEBT

	2011	2010
(a) A vendor-take-back loan bearing interest of 7% per annum. The loan was secured by the assets of the Company and was subordinated to bank indebtedness and certain other vendor-take-back loans. The loan was repaid in September 2010.	$ -	$587,203
(b) A loan bearing interest of 7% per annum, unsecured, repayable in quarterly installments of principal and interest of $21,422. The loan matures on September 30, 2012.	101,711	176,960
(c) A vendor-take-back loan bearing no interest per annum, repayable in three equal installments of $143,333. The loan matures on January 1, 2012 and is secured by the assets of the Company and is subordinated to bank indebtedness. The loan has been discounted by 8% to arrive at the fair value which is the present value of the future cash flows.	139,795	269,233
(d) A group of vendor-take-back loans bearing no interest per annum, repayable in monthly installments and is secured by certain assets of the Company. The loans mature on dates ranging from August 1, 2010 to February 1, 2013. The loans have been discounted by 8% to arrive at the fair value which is the present value of the future cash flows.	34,392	66,821
(e) A group of vendor-take-back loans bearing no interest per annum, repayable in monthly installments. The loans were secured by certain assets of the Company and were subordinated to bank indebtedness and certain vendor-take-back loans. The loan was repaid in June 2011.	-	1,413,742
(f) A loan bearing interest and fees tied to a percentage of claims paid by the Company. The percentage applicable for a month depended on the level of the loan outstanding as a percentage of the annualized claims paid. The loan was repaid in June 2011.	-	450,000
(g) A group of vendor-take-back loans assumed on the acquisition of People Corporation bearing interest of 12% per annum, repayable in monthly installments of principal and interest of $16,133. The loans were secured by certain assets of the Company. The loan was repaid in June 2011	-	507,313
(h) A group of vendor-take-back loans assumed on the acquisition of People Corporation, unsecured, bearing no interest per annum, repayable in monthly installments. The loans mature on April 30, 2012. The loan has been discounted by 8% to arrive at the fair value which is the present value of the future cash flows.	88,343	212,356
(i) A loan bearing interest of 4% per annum, repayable in monthly installments of principal and interest of $8,896. The loan was repaid in October 2010.	-	17,703
(j) A loan bearing interest of 7% per annum, repayable in monthly installments of principal and interest of $2,554. The loan was repaid in February 2011.	-	15,016
(k) A loan bearing interest of 4.5% per annum, unsecured, repayable in monthly installments of principal and interest of $8,847. The loan matures on November 1, 2011	26,328	-
(l) A loan bearing interest of 7% per annum, unsecured, repayable in monthly installments of principal and interest of $2,274. The loan matures on February 1, 2012	13,365	-
(m) A loan bearing interest of 4.5% per annum, unsecured, repayable in monthly installments of principal and interest of $1,195. The loan matures on November 1, 2011	3,719	-
(n) A non-interest bearing loan, unsecured, repayable in monthly installments of $933. The loan matures on June 1, 2016	51,723	-
(o) A loan bearing interest at prime plus 1.5% per annum (currently 4.50%), repayable in quarterly installments of $90,000 plus accrued interest. The loan matures May 31, 2018 [i]	2,430,000	-
	2,889,376	3,716,347
Less current portion	(745,954)	(1,418,095)
	$ 2,143,422	$ 2,298,252

Principal repayment terms are approximately:

Next 12 months	$ 745,954
13 to 24 months	404,099
25 to 36 months	371,200
37 to 48 months	371,200
49 to 60 months	366,923
Later	630,000
	$2,889,376

Interest expense for the year consists of the following:

	2011	2010
Interest accrued on discounted vendor-take-back loans	$ 89,572	$ 151,380
Vendor-take-back loan interest	257,657	191,491
Interest on long-term debt	185,659	193,961
Interest on bank indebtedness	61,851	12,542
Interest income	(64,875)	(15,006)
	$ 529,864	$ 534,368

Included in vendor-take-back loan interest is an amount paid for settlement amount in excess of carrying value in the amount of $147,415.

(i) On June 10, 2011, the Company entered into a Credit Facility Agreement with the Canadian Imperial Bank of Commerce which includes the following components:

(a) A $2 million operating line of credit (Note 8).

(b) A $10 million term revolving acquisition credit facility to fund future acquisitions. The acquisition credit facility is available via loans bearing interest at prime plus 1.5% or via bankers' acceptances with a stamping fee of 2.5% annually. Each draw on the facility will be treated as a separate loan repayable over a period of up to seven years. As at August 31, 2011, the Company had not utilized this facility.

(c) A $2.5 million installment loan which was utilized to repay and discharge a substantial amount of long-term debt facilities and vendor-take-back debt of the Company. The installment loan will be repaid in quarterly installments over a seven year period and bears interest at prime plus 1.5%.

The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. At August 31, 2011, the Company was in compliance with the financial covenant requirements of this agreement.

12. SHARE CAPITAL

AUTHORIZED

The Company has authorized share capital of an unlimited number of common voting shares.

SHARES ISSUED AND OUTSTANDING

Shares issued and outstanding are as follows:

	2011			2010		
	NUMBER OF COMMON SHARES		AMOUNT	NUMBER OF COMMON SHARES		AMOUNT
Balance, beginning of year	32,970,527	$	11,990,956	32,803,861	$	11,940,956
Issued during the year:						
Private placement of shares (i)	-		-	166,666		50,000
Balance, end of year	32,970,527	$	11,990,956	32,970,527	$	11,990,956

(i) *On February 25, 2010, 166,666 common shares at $0.30 per share were issued to a company insider.*

SHARES HELD IN ESCROW

At the year ended August 31, 2011 The Company has 4,920,579 shares held in escrow (2010 – 10,012,158). Shares are released every six months in 15% increments in accordance with TSX Venture Exchange policies. The final increments will be released on January 31, 2012 and March 31, 2012.

13. STOCK BASED COMPENSATION

On February 23, 2011, at the Annual General Meeting of the Shareholders, the Shareholders re-approved and amended the Stock Option Plan and approved the Company's Employee Share Purchase Plan. Under the terms of the plan, the number of shares issued under the Stock Option Plan and the Employee Share Purchase Plan, as well as all other security based compensation agreements combined cannot exceed 15% of the Company's issued and outstanding shares. The stock option plan was amended from a "10% rolling plan" to a 15% fixed stock option plan thereby allocating a maximum of 4,945,579 common shares. The Company's Employee Share Purchase Plan was developed to encourage equity participation in the Company by its employees in order to attract and retain employees, as well as to, encourage and motivate employees to act in the best interests of the Company. The Company is currently developing the policies and processes that will be utilized to effectively administer the plan and expects to formally launch the Share Purchase Plan to employees at the beginning of the new fiscal year.

Options may be granted to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine within the limitations set forth in the Stock Option Plan or by security regulators. Options shall not be granted for a term exceeding five years.

Changes in stock options are as follows:

	2011			2010		
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE		NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	
Outstanding, beginning of year	2,983,678	$	0.40	2,956,954	$	0.44
Granted	190,000		0.27	425,000		0.25
Expired	(282,536)		0.48	(398,276)		0.50
Outstanding, end of year	2,891,142	$	0.39	2,983,678	$	0.40
Exercisable, end of year	2,055,059	$	0.42	1,607,169	$	0.48
Weighted average fair value of options granted during year		$	0.10		$	0.52

The following table sets forth information relating to stock options outstanding as at August 31, 2011:

EXPIRY	EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
Nov 23, 2011	$ 0.60	618,000	0.23	$ 0.60	618,000	$ 0.60
Sep 17, 2012	0.67	75,000	1.05	0.67	75,000	0.67
Feb 27, 2013	0.38	75,000	1.49	0.38	75,000	0.38
Apr 21, 2014	0.34	1,508,142	2.66	0.34	1,062,060	0.34
Mar 9, 2015	0.25	425,000	3.52	0.25	224,999	0.25
Dec 14, 2015	0.25	115,000	4.29	0.25	-	-
Apr 14, 2016	0.30	50,000	4.62	0.30	-	-
Apr 27, 2016	0.30	25,000	4.66	0.30	-	-
		2,891,142	2.31	$ 0.39	2,055,059	$ 0.42

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to employees, directors of the Company.

The Black-Scholes option pricing model was developed for use in estimating the fair value of stock options that have no vesting provisions and are fully transferable. Option pricing models require the input of highly subjective assumptions including the expected price volatility. The Company uses expected volatility rates which are based upon historical volatility rates.

Inputs used to calculate the fair value estimate are as follows:

	2011	2010
Risk-free interest rate	2.22%	2.43%
Dividend yield	0.00%	0.00%
Expected volatility	72%	25%
Expected option life	3.65 years	3.00 years

The expense to be recognized in future periods from the options outstanding at year-end is estimated to be $64,578 (2010 – $151,557).

14. RESTRUCTURING COSTS

The Company recorded restructuring charges of $436,895 related to workforce reductions relating to the centralization of certain management and finance functions at the Company's head office. The recognition of these charges required management to make certain judgements regarding the nature, timing and amounts associated with the planned restructuring activities. At the end of each reporting period, the Company will evaluate the appropriateness of the remaining accrued balances.

15. RELATED PARTY TRANSACTIONS

The Company engages in transactions with directors and officers or shareholders of the Company. All the transactions are in the normal course of operations and are measured at the exchanged amount, which is the consideration agreed to by the parties. The related party transactions and balances are as follows:

	2011	2010
Interest expense (i)	$ 268,137	$ 238,146

	2011	2010
Accounts payable and accrued liabilities	$ -	$ 2,059
Current portion of long-term debt (ii)	-	906,577
Long-term debt (ii)	-	1,484,240

Interest on vendor-take-back debt related to prior acquisitions was paid or accrued totaling $268,137 for the year ended August 31, 2011 (2010 – $238,146) to certain officers and directors of the Company.

Represents vendor-take-back debt on acquisitions in prior years and promissory notes payable (Note 11) (a), (d), (e), (g) and (h)) owed to certain officers and directors of the Company.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide opportunities for growth to shareholders and benefits for other stakeholders and to maintain financial flexibility in, or to take advantage of, organic growth and new acquisition opportunities as they arise.

In the management of capital, the Company includes cash, bank indebtedness, long-term debt, vendor-take-back loans and shareholders' equity in the definition of capital. The Company manages its capital structure and can adjust it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor take back debt or issue new debt to replace existing debt with different characteristics. The Company's acquisition strategy includes the issuance of debt and shares.

Under the terms and conditions of the credit facility agreement the Company is required to maintain certain bank covenants including debt to earnings before interest, taxes, depreciation and amortization ratios and certain debt service coverage ratios. As at August 31, 2011, the Company was in compliance with all debt covenants.

17. FINANCIAL INSTRUMENTS

FAIR VALUE

The Company's carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates its fair value as they are discounted using the effective interest rate method.

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at August 31, 2011:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Obligations under capital leases	Other financial liabilities
Long-term debt	Other financial liabilities

Carrying value and fair value of financial assets and liabilities are summarized as follows:

	2011		2010	
Classification	Carrying value	Fair value	Carrying value	Fair value
Held-for-trading	$ 1,287,741	$ 1,287,741	$ 1,663,557	$ 1,663,557
Loans and receivables	$ 3,208,481	$ 3,208,481	$ 2,415,898	$ 2,415,898
Other financial liabilities	$ 6,873,888	$ 6,873,888	$ 6,832,353	$ 6,832,353

Amendments to CICA 3862 - Financial Instruments Disclosures establish a fair value hierarchy requires the Company to maximize the use of observable inputs when measuring fair value. The Company primarily applies the market approach for recurring fair value measurements. CICA 3862 describes three levels of inputs that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All held for trading financial instruments are measured at fair value using Level 1 inputs.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's long term debt (vendor-take-back debt) bears interest at fixed rates. The carrying value of the long term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms. The Company's credit facilities bear variable interest rates, but the facilities are not material and are not currently being utilized.

CREDIT RISK

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Company has experienced few bad debt write offs and accordingly its allowance at August 31, 2011 is $22,698 (2010 – $18,485).

Pursuant to their respective payment terms, consolidated accounts receivable are aged as follows as at August 31, 2011:

Under 31 days past due	$ 2,998,481
31-60 days past due	187,448
61-90 days past due	40,212
Over 91 days past due	5,038
	3,231,179
Allowance for doubtful accounts	(22,698)
Total	$ 3,208,481

LIQUIDITY RISK

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt servicing costs. Management evaluates that the Company's liquidity risk is moderate at this time. The Company manages its cash resources through ongoing financial forecasts and anticipated cash flows.

The maturity dates of the Company's financial liabilities as at August 31, 2011 are as follows:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	MATURING IN THE NEXT 12 MONTHS	MATURING IN 13 TO 36 MONTHS	MATURING IN 37 TO 60 MONTHS	MATURING IN MORE THAN 60 MONTHS
Accounts payable and accrued liabilities	$ 3,909,631	$ 3,909,631	$ 3,909,631	$ -	$ -	$ -
Obligations under capital leases	74,881	74,881	15,174	35,294	24,413	-
Long-term debt	2,889,376	2,889,376	745,954	775,299	738,123	630,000
Deferred lease inducements	147,217	147,217	86,752	53,361	7,104	-
Interest payments on long-term debt	1,412	4,215	4,092	123	-	-
Total	$ 7,022,517	$ 7,025,320	$ 4,761,603	$ 864,077	$ 769,640	$ 630,000

18. INCOME TAXES

	2011	2010
Income (loss) subject to income taxes	$ 569,898	$ 185,119
Statutory tax rate	28.91%	31.12%
Income taxes (recovery) at statutory tax rates	164,766	57,609
Adjustments to income taxes		
Non-deductible items	71,990	105,467
Non-deductible accruals		32,880
Realization of losses		70,072
Change in estimated timing of realization of temporary differences	(12,257)	77,172
Change in valuation allowance	(104,280)	22,244
Other	(67,957)	(48,780)
Total income taxes (recovery), as reported	$ 52,262	$ 316,664
Current taxes	$ 485,385	$ 389,039
Future taxes	(433,123)	(72,375)
	$ 52,262	$ 316,664

Significant components of future tax assets and liabilities are as follows:

	2011	2010
Future income tax assets		
Equity issue costs	**$ 34,993**	$ 79,967
Deferred lease inducements	**37,540**	49,887
Other reserves	**97,308**	-
Loss carry forwards	**117,858**	104,280
Valuation allowance	-	(104,280)
	$ 287,699	$ 129,854
Future income tax liabilities		
Property and equipment	**113,280**	92,174
Intangible assets	**1,441,116**	1,710,920
	1,554,396	1,803,094
Net future income tax liability	**$ 1,266,697**	$ 1,673,240

The Company has non-capital loss carryforwards that expire as follows:

2026	$ 14,401
2027	45,581
2028	6,646
2029	254,084
2030	74,437
2031	67,038
	$ 462,187

19. COMMITMENTS AND CONTINGENCIES

(A) COMMITMENTS

The Company leases premises and various office equipment under agreements which expire from March 2012 to February 2018. Future minimum lease payments as at August 31, 2011 are as follows:

Next 12 months	$	800,591
13 to 24 months		569,283
25 to 36 months		428,608
37 to 48 months		396,301
49 to 60 months		169,004
Thereafter		331,167
	$	2,694,954

(B) CONTINGENCIES

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

20. CASH FLOW SUPPLEMENTARY INFORMATION

		2011		2011
Interest paid	$	98,549	$	144,334
Income taxes paid				
related to the year ended August 31, 2011	$	409,153	$	-
related to the year ended August 31, 2010		379,719		68,589
related to the year ended August 31, 2009		130,087		-
	$	918,959	$	68,589

21. SEGMENTED INFORMATION

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits Insurance, benefits and pension administration. As at August 31, 2011, on the basis of type of services provided and in accordance with CICA Handbook Section 1701, *Segment Disclosures*, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

22. PENSION PLAN

Certain employees of the Company participate in a defined contribution pension plan. Costs recognized and cash paid to the plan by the Company totaled $30,376 for the year ended August 31, 2011 (2010 – $29,141). The amount is included in the salaries, wages and benefits expense in these financial statements.

23. SUBSEQUENT EVENTS

Effective September 1, 2011, the Company amalgamated with White Willow Benefit Consultants Incorporated, a wholly owned subsidiary, and continued under the name Groupworks Financial Corp.

Effective October 1, 2011, the Company amalgamated with People Corporation ("People"), a wholly owned subsidiary, and Advansis Capital Corporation, a wholly owned subsidiary of People, and continued under the name People Corporation.

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT TEAM:	Laurie Goldberg, Chief Executive Officer John Gallivan, President Bonnie Chwartacki, Executive Vice President Brevan Canning, Vice President, Finance Glenn Pittman, Vice President, Corporate Development
BOARD OF DIRECTORS:	Laurie Goldberg, Chairman Scott Anderson, Lead Director Robert Sillcox Sue Dabarno
CORPORATE OFFICES:	Executive Head Office: 1800 – 360 Main Street, The Commodity Exchange Tower Winnipeg, Manitoba R3C 3Z3 Canada Registered Office: c/o McMillan LLP, 4400 – 181 Bay Street Toronto, Ontario M5J 2T3
LEGAL COUNSEL:	McMillan LLP Brookfield Place 4400 – 181 Bay Street Toronto, Ontario M5J 2T3 Canada
AUDITORS:	Meyers Norris Penny LLP 1100 – 2 Bloor Street East Toronto, Ontario M4W 1A8 Canada
TRANSFER AGENT:	Equity Financial Trust 400 – 200 University Avenue Toronto, Ontario M5H 4H1 Canada
LISTING:	Stock Exchange: TSX-V Symbol: PEO
ANNUAL GENERAL MEETING:	March 7, 2012 3:00 PM Central Standard Time 1800 – 360 Main Street Winnipeg, Manitoba R3C 3Z3 Canada

EXECUTIVE HEAD OFFICE:
1800 – 360 Main Street
The Commodity Exchange Tower
Winnipeg, Manitoba R3C 3Z3 Canada

REGISTERED OFFICE:
c/o McMillan LLP
4400 – 181 Bay Street
Toronto, Ontario M5J 2T3 Canada

PEOPLECORPORATION.COM

people CORPORATION
Experience the Benefits of People