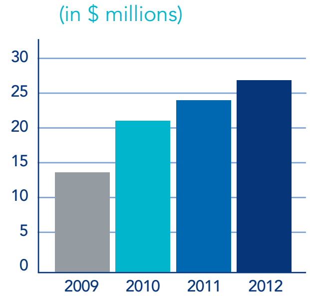
2012 ANNUAL REPORT

people CORPORATION

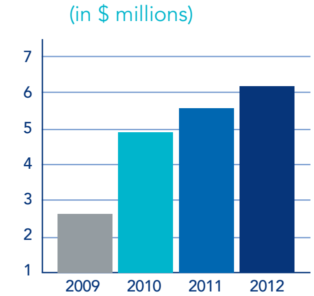
HIGHLIGHTS

YEAR ENDED AUGUST 31	2012	2011	2010	2009
Revenue	$27,157,385	$24,274,990	$20,687,278	$13,616,814
Operating Margin	6,140,744	5,632,042	4,873,426	2,542,017
Earnings before interest, income taxes, depreciation and amortization	$2,710,379	$2,346,088	$1,937,215	$1,239,823
Total assets	$25,342,445	$24,994,058	$25,081,913	$26,079,426
Total debt	2,219,691	2,889,376	3,716,347	4,815,518
Other liabilities	9,363,384	9,174,599	9,000,019	8,885,532
Shareholders' equity	13,759,370	12,930,083	12,365,547	12,378,376
Total liabilities and shareholders' equity	$25,342,445	$24,994,058	$25,081,913	$26,079,426
Cash, end of year	$3,199,643	$1,287,741	$1,663,557	$2,103,988
Repayment of long-term debt, net	$853,910	$2,749,928	$1,311,953	$1,467,610
Common shares outstanding at year end	32,970,527	32,970,527	32,970,527	32,803,861

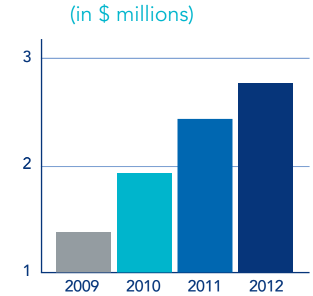
REVENUE
(in $ millions)



OPERATING MARGIN
(in $ millions)



EBITDA
(in $ millions)



TO THE SHAREHOLDERS OF PEOPLE CORPORATION

This year stands out as the year in which our strategic plan gained significant momentum. This is not to say that we didn't achieve important milestones in preceding years, because we did. Creating anything 'built-to-last' takes homework, experimentation, planning, focus and good old hard work.

We began with an idea, articulated a vision, and developed it into a strategy – in my words, *an executable idea*. In 2009, when People Corporation and Groupworks Financial merged, we started on our journey to build the leading provider of innovative group benefits, group retirement and human resources consulting services in Canada. The evolution of any great company – the kind of company we are building – requires not only a strategy, but a well laid out plan of execution. Over the past three years, we have been developing that plan and executing on it. And this year it really took off.

We are in an amazing industry – group benefits, group retirement and HR consulting – at an amazing time. Specifically, when we laid out our vision and strategy, we recognized industry dynamics and conditions that presented a unique opportunity in the sector in Canada. Clients are increasingly demanding advice, not only along the lines of cost containment, but also on ways to attract and retain the best employees. As the competition for top talent continues to intensify, employers must develop programs to attract, retain and motivate their best employees in order to compete. Those who do will prosper; those who don't will not be competitive. To provide a compelling value proposition to employers, consultants must provide innovative products, specialized services and customized solutions. More and more, to be able to do so requires scale. As such, it has become all the more difficult for smaller players to bring the necessary resources and bench strength to a client assignment.

Once we recognized this to be an ideal time to capitalize on the opportunities described above, we invested significant resources in determining how best to provide what clients need, want and deserve – best-in-class consulting advice and solutions that are customized to each client's situation – while creating significant value for shareholders. We developed a plan, which included the following:

- Attracting and developing a strong management team;

- A strategic roadmap to guide us in building the next top-tier consulting firm in Canada;

- An operating framework that laid out the specific steps for how to get there;

- A financing plan, to ensure access to capital and maintenance of a strong balance sheet; and

- An acquisition model we call "Be In Business For Yourself Not By Yourself".

With these pieces in place, we began to execute. We created scalable processes and procedures that could be replicated throughout the organization. We developed proprietary products and services so that we could offer innovative and customized solutions to our clients. We created our Shared Services Group, designed to serve our consultants and clients by bringing industry and subject matter expertise, buying power and national servicing capabilities to every client engagement. We invested in information technology and other resources to craft a sophisticated operating platform that is the backbone for delivery of our products and services to our clients. We established a balance sheet that is stronger than ever, ready to capitalize on market opportunities, and we have been identifying and recruiting top talent throughout the entire industry across Canada.

Today, we are clearly well past 'start-up', and our current momentum is exhilarating, but we have only just begun. For the 2012 fiscal year, here are the results:

- Revenue grew by 11.2%

- EBITDA grew by 15.5%

- Premiums are close to $500 Million

- Our footprint across Canada is growing and now stands at 26 offices and satellite offices across seven provinces with well over 200 people serving more than 2,000 clients across the nation.

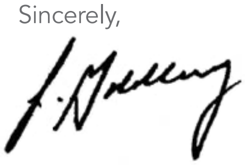
All of this is evidence that firms across Canada, including clients and potential partners, are starting to recognize our strong commitment to delivering best-in-class solutions, and to becoming the 'partner-of-choice' in a sector where size is increasingly important. Throughout the industry, firms and individuals are choosing to become part of the People Corporation team – as clients, as employees and as partners. In the past several months, we have closed three strategic partnerships: JSL Inc., the Prosure Group of Companies, and, most recently, Bencom Financial Services Group Inc. All three firms are top-tier in their areas of expertise and we are very proud to have them as our partners.

Last year we established a new brand – People Corporation – along with our tag line, *Experience the Benefits of People*. This year, we continued to build our brand, and clients are responding very positively. Perhaps just as importantly so are our people. We truly believe that branding develops from the inside out – how we answer the phone, respond to client requests, bring innovative and fresh ideas to a new or existing client. We want People Corporation to be where Great People do Great Work. Simply put, we want our clients to experience the benefits of our people.

We plan for, and expect, fiscal 2013 and beyond to be even better, by building on the momentum that we have today. To our shareholders: we don't intend to simply build your hopes; we plan to continue to build your confidence in us – as consultants to your organization, as your employer, as your partner in business, as your strategic partner in our industry.

To those aware of our story, it is time to re-familiarize yourselves – much has been accomplished in the past year. To those new to our company, I invite you to see what we've got going on here at People Corporation. Please come and *Experience the Benefits of People*.

Sincerely,



Laurie Goldberg
Chairman and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS QUARTER AND YEAR ENDED AUGUST 31, 2012

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This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of December 4, 2012 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of the Company, including the notes thereto, as at and for the year ended August 31, 2012, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise specified. All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. 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.

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 net income before interest expense, tax expense, depreciation and amortization ("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 IFRS 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 IFRS), as an indicator of the Company's performance.

People Corporation (the **"Company"**) is an employee benefit, pension and human resource consulting firm in Canada. With a growing national footprint of twenty six offices and satellite 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. The Company is listed on the TSX Venture Exchange ("TSX V") under the symbol "PEO".

FINANCIAL HIGHLIGHTS

	AUG 31, 2012		AUG 31, 2011	
	THREE MONTHS ENDED	YEAR ENDED	THREE MONTHS ENDED	YEAR ENDED
Revenue	$ 6,710.7	$ 27,157.4	$ 6,859.4	$ 24,414.1
EBITDA	$ 442.3	$ 2,710.4	$ 301.9	$ 2,346.1
Net Income	$ 214.5	$ 726.2	$ (86.2)	$ 471.2
EBITDA per share (Basic)	$ 0.013	$ 0.082	$ 0.009	$ 0.071
Net income per share (Basic)	$ 0.007	$ 0.022	$ (0.003)	$ 0.014

For the year ended August 31, 2012, the Company reported revenue growth of $2,743 or 11.2%. The 2.2% decrease in revenue reported for the three months ended August 31, 2012 as compared to the prior year is due to timing differences resulting from several changes in renewal dates of group benefit clients. Revenue growth rates continue to be strong. EBITDA margins were 10.0% for the year ended August 31, 2012 compared to 9.2% in 2011.

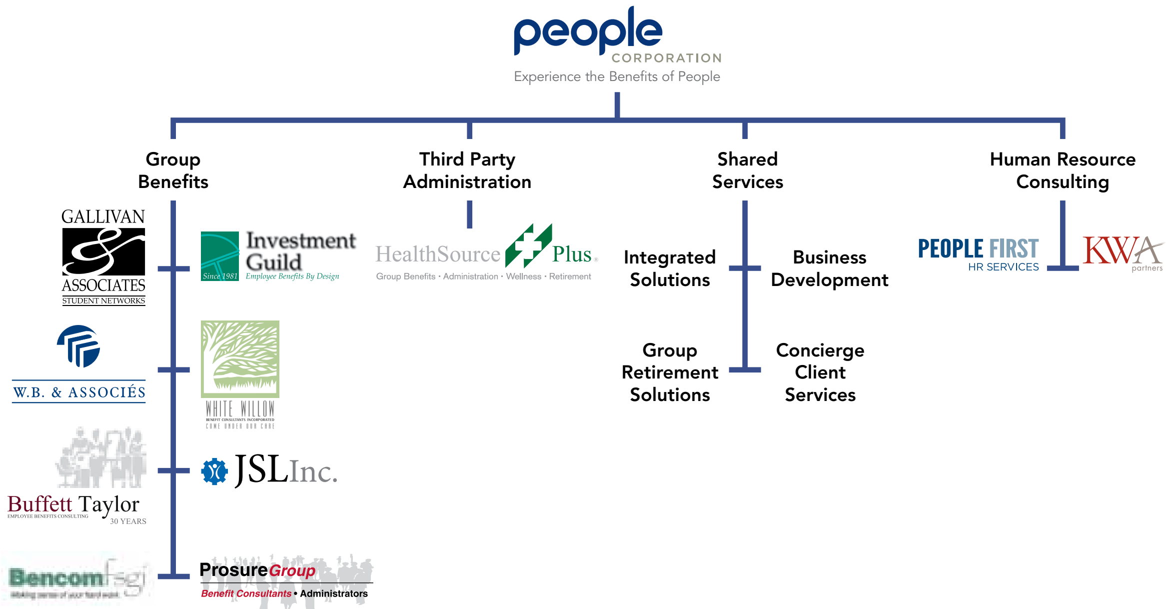
BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third party benefits administration, group retirement consulting, strategic human resource consulting and recruitment services to help companies attract, retain and reward employees. The Company achieves this through its approximately 200 professionals and support staff with twenty six offices and satellite offices in seven provinces and earns its revenues from a diverse base of clients in various industries. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders; i) shareholders, ii) clients, iii) acquisition partners, and iv) employees.

On October 1, 2011, the Company was rebranded as People Corporation. As the Company continues to grow and expand its team of consultants, service offerings and national footprint, rebranding was considered an essential part of the growth strategy in order to more accurately reflect what the Company does. 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.

The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the Company to continue to grow and achieve its vision. The Company has a funnel of potential acquisitions in place and available financial and management resources to execute such acquisitions in accordance with its corporate strategic plan.

The Company is organized in order to emphasize integration of all of its practice areas, which are as follows:



People Corporation is a national provider of group benefits, group retirement, and human resource services. The Company has offices across Canada; each led by a team of experts and backed by the resources of a Public Company. Our diverse team of experienced consultants have industry specific expertise and can provide businesses with uniquely valuable insight to customize an innovative suite of services specific for their business requirements. Our Company is committed to helping businesses attract, retain and reward their people who will ensure they continue to succeed.

While the Company continues to go to market with the various brands that it acquired through acquisition, the Company is organized in such a way as to leverage the capabilities of the entire organization. People Corporation can help businesses attract the right talent for the job and provide the right incentives to motivate employees to exceed, enabling our client's business to prosper.

The Company employs approximately 200 professionals and support staff with twenty six offices and satellite offices in seven provinces across Canada and earns its revenues from a diverse base of clients in various industries.

Together with its partner firms, People Corporation helps businesses:

Attract Our employee benefit, group retirement and HR divisions are led by experts who understand our clients' businesses and can help our clients attract the best people for their industry, helping position them as top employers.

Reward Our benefit consulting, third party administration and proprietary solutions ensure our clients' staff has access to health, wellness, dental, and retirement plans that make financial sense for their families as well as our clients' business.

Prosper People Corporation can help make our clients' organization a place where the best people will want to build their careers while also ensuring cost containment for our clients benefit, HR and group retirement plans.

GROUP BENEFITS

Whether a client needs a simple benefits package or a comprehensive solution, our experts can customize a program for our client's unique needs. We have:

Expertise	All People Corporation consultants are business builders – recognized industry leaders who can create unparalleled value for our client's organization. Through the experience of adding hundreds of clients to our client list, our consultants have developed broad, as well as specialized, product, insurance and industry expertise.
Custom Solutions	People Corporation's broad range of innovative and proprietary group benefit solutions can be tailored to suit organizations of any size, in any sector. This is achieved through our partner relationships, the ability to leverage our various systems & platforms and through the expertise of our consultants and staff.
Industry Leading Pricing	As a national provider, our buying power allows us to offer clients the best products on the best terms.
Independent Guidance	People Corporation's experts' advice is unbiased and independent. We work with all major insurers to provide clients with the best customized solution for our client's business and people.
National Servicing	With offices across the country, People Corporation can provide clients with servicing on a localized basis.

Below is a summary of the Company's various operating brands within group benefits:

GALLIVAN & ASSOCIATES

Gallivan & Associates (**"Gallivan"**), established in 1993, provides professional advice and service infrastructure to post secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country and provides Student Health and Dental Plans to post secondary student organizations representing over 225,000 students.

THE INVESTMENT GUILD

The Investment Guild (**"TIG"**), established in 1981, specializes in mid market corporate benefits, association plan benefits, group retirement solutions and individual insurance products.

BUFFETT TAYLOR & ASSOCIATES

Buffett Taylor & Associates (**"Buffett Taylor"**), established in 1981, is uniquely positioned in the marketplace as a forward thinking consulting firm specializing in servicing a predominately public sector and not for profit clientele. Buffett Taylor is well versed in all areas of group benefits insurance and benefit plans. Buffett Taylor's experience enables clients to benefit from the sharing of information and experiences. Using an integrated approach to the design and cost management planning of group benefit programs with a proven track record in servicing clients across Ontario has enabled Buffett Taylor to maximize the investment that their clients have made in their employee benefit plan.

WHITE WILLOW BENEFITS CONSULTANTS

White Willow Benefit Consultants (**"White Willow"**), established in 1988, is a boutique group benefits consulting firm that services mid market to large corporate clients with group benefit plans and group retirement solutions. White Willow has specialty expertise in servicing legal firms and organizations within the financial services sector.

LES ASSURANCE W.B.

Les Assurance W.B. (**"LAWB"**) is a provider of group benefit solutions to clients based in the Québec city area and northern Québec. LAWB leverages the HSP platform, hereinafter described, to provide its clients with third party administration of group benefit programs including billing services, client services, employee data management and claims management. In addition to providing third party administration services, LAWB also provides traditional group benefit programs to its clients.

JSL INC.

JSL Inc. (**"JSL"**), established in 1976, is a provider of group benefit solutions to clients based in southern Ontario and specializes in mid market corporate clients and has taken a partnership approach with clients to develop customized employee benefits programs that meet the changing needs of their businesses and employees.

PROSURE GROUP ADMINISTRATORS INC. & PROSURE INSURANCE AGENCIES INC.

Prosure Insurance Agencies Inc. & Prosure Insurance Agencies Inc. (collectively, **"Prosure"**), established in 1987, provides employee benefits solutions, consulting services and third party administration services to over 300 mid market corporate clients, the majority of which are located in Ontario.

BENCOM FINANCIAL GROUP SERVICES INC.

Bencom Financial Services Group Inc. (**"Bencom"**), established in 1982, provides group benefit, group retirement and individual benefit advisory services to approximately 200 mid market corporate clients located primarily in Ontario.

THIRD PARTY ADMINISTRATION

The Company has several third party administration ("TPA") service platforms that allow the Company to administer benefit plans on behalf of our clients and insurance carrier partners. These administration platforms, allow the Company to develop specialized, unique and customized benefit solutions for our clients. TPA services include employee data management, billing services, consolidated billing services where a client has multiple insurance carriers associated with its plan, customized reporting, customized plan design services, underwriting services, communication services and booklet printing services. In addition, through its various partners, the TPA platforms also provide claims adjudication services and claims management.

HEALTHSOURCE PLUS

HealthSource Plus Inc ("HSP"), established in 1992, provides TPA of group benefit programs including billing services, client services, employee data management and claims management through a proprietary platform. As a TPA, HSP is able to provide customized benefits solutions based on the needs of the client including complex plan design, customized reporting, alternative funding models and hybrid plans. HSP has offices in Toronto, Montreal, Niagara and Winnipeg and typically serves businesses with 25 to 5,000 employees.

PROSURE

In addition to providing group benefit advisory services, as discussed, above, Prosure operates a specialized TPA platform for the administration of Health Spending Accounts and Cost Plus Accounts.

CORPORATE SHARED SERVICES

Through our corporate shared service divisions, People Corporation helps its subsidiaries and divisions to prosper by providing the resources to attract clients and retain clients. The corporate shared service divisions were created to ensure that our subsidiaries and divisions could have access to advanced product experts, proprietary products and services not normally available to mid size employee benefit firms; thereby ensuring clients are receiving the best possible consulting advice, and its subsidiaries have a unique value proposition allowing them a competitive edge to attract and retain clients.

INTEGRATED SOLUTIONS

Integrated Solutions 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, Integrated Solutions has responsibility for product development and the launching of a suite of group benefit, optional benefit and individual insurance products.

CONCIERGE CLIENT SERVICES

The Company has been rolling out its Concierge Client Service offering and recently expanded this service model by restructuring its client service team and adding several client managers. The mandate behind this division is to provide clients of every division with a consistent client experience.

GROUP RETIREMENT SOLUTIONS

Group Retirement Solutions focuses on enhancing and expanding upon the Company's existing group retirement products and client service model. The mandate of the division is to provide support services to the Company's benefit consultants to facilitate and help them expand their service offering to clients by adding Group Retirement Solutions.

HUMAN RESOURCE SERVICES

Within its human resource service divisions the Company has deep expertise and the ability to take advantage of the entire organizations resources to provide:

- Executive search and Recruiting services
- Career management services
- HR consulting services

Below is a summary of the Company's various operating brands within human resource services:

PEOPLE FIRST HR SERVICES

People First HR Services ("PFHR"), established in 2000, is Manitoba's largest full service human resource provider. PFHR through its various brands delivers high quality leadership and organizational solutions and contributes to the success of its clients by working with them to: recruit top talent; discover the full potential of each of their employees; and realize the collective strength of a highly engaged workforce. They leverage the experience base of the firm and the efficiency of its processes to create workable and timely solutions that deliver great value for clients.

KWA PARTNERS

Well known for the excellence of its career transition services, the Company provides career management services in Manitoba, Saskatchewan and Northwestern Ontario under the KWA Partners brand. KWA Partners is a national partnership of locally owned offices that provide career transition and career development solutions customized to their customer's human resources objectives.

INDUSTRY

Resulting from recent economic downturns including ongoing financial crises around the world, projected shortage of skilled employees, rapid technological change in many industries, and increasing regulatory scrutiny, companies have to rethink their approach to human resources. According to research conducted by the Conference Board of Canada, companies will be faced with a shortfall of 1 million skilled workers by 2020. For every two workers leaving the workforce, only one worker is entering and while this issue has been dampened by the recent recession, it will become exacerbated as the economy recovers. The pending "war for talent" will require companies and HR professionals to offer potential employees with value propositions and to deliver on those value propositions to attract and retain them. Innovative compensation programs with reward and recognition programs – monetary and other, combined with work life balance, fulfilling roles and flexible work arrangements will become increasingly important.

Companies now need to include ongoing recruitment practices that facilitate a constant funnel of potential candidates, the nurturing of candidate relationships, strategic interview processes, strong candidate selection processes combined with candidate profiling, rapid response and candidate follow up. The recruiting process needs to be continuous, rapid and highly responsive which creates an administrative challenge. Furthermore, companies need to provide employees with on boarding, training and career development programs to ensure that they are successful. Small to mid sized companies don't have the skills, technology and resources necessary to be effective or competent in these areas and will increasingly need to outsource recruiting and other HR functions to expert professional advisors.

Many companies have long used the employer sponsored benefits program as one of the tools to help attract and retain employees. Companies have seen significant cost increases in group insurance premiums resulting from increasing healthcare costs, the entry of new drugs, 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 sector to the private sector through reduced coverage under provincial healthcare programs and other public plans, and the long term outlook for group insurance costs, suggest that such premiums will continue to rise. This creates a double edged sword for companies – they need to use benefits programs to attract and retain workers – but, the increasing cost makes it difficult.

Human resource consulting and staffing services are dominated by many small players and a few large multinational firms. 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 multinational consulting firms primarily offer fee based consulting and administrative services, while the balance of the marketplace operates primarily on commission based compensation, with limited fee based services available depending upon the client and the services required.

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 attract, 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.

OUTLOOK

Management believes that the employee benefits and human resources industry and the business of the Company are positioned 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. Management expects that their plan, the rebranding and focus on organic growth, acquisitions and its Shared Services strategy has resulted in organic growth during fiscal 2012 and will continue to do so in 2013 and in subsequent years.

OVERVIEW OF OPERATIONAL PERFORMANCE

As the Company continues to execute its strategic plan, it has been successful in building upon and growing operational capabilities by investing in employees and the tools they need to provide responsive solutions which address their client's business challenges. Renaming the Company to People Corporation, and the addition of the tag line 'Experience the Benefits of People' – sets the culture in which our foundational principals can thrive. The Company wants its clients to experience the benefits which People Corporation professionals bring to the table, to experience the benefits their people can deliver to them, and wants the client relationship to be an experience, not a transaction.

During fiscal 2011, the Company expanded practice areas with the addition of Group Retirement Solutions, Business Development and Integrated Solutions; the Company also attracted new talent, redeveloped its service model, strengthened its balance sheet, negotiated expanded acquisition credit facilities with CIBC and launched an Employee Share Ownership Program ("ESOP") amongst many other initiatives.

With the centralization of the group benefit accounting functions, technology operations and servers at the Company's corporate offices in Winnipeg, the Company launched the Shared Support Group. The Shared Support Group provides accounting, human resource, technology and logistical services to the Company's various practice and functional areas therefore enabling practice leaders to focus on client service and revenue generating activities.

The combination of all these activities positions the Company well to continue to grow both organically and through acquisitions.

2012 MILESTONES:

The Company continued its positive momentum and strong performance during the fourth quarter. 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; and iii) 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 strong financial performance. Our results are demonstrative of operating leverage whereby increased revenue resulted in increased profitability.

MILESTONES IN THE CURRENT FISCAL YEAR INCLUDE:

- Continued growth of the benefits consultant team across Canada to drive organic revenue growth. Specifically, new benefits consultants were hired in Ontario, Québec and Manitoba. Looking forward, the Company is focused on increasing its recruiting efforts in order to increase its team of revenue generating consultants.

- Further expansion of senior leadership presence in Ontario through the addition of the Regional Vice President, Ontario. This key role has overall responsibility for sales and client service for the Ontario Region.

- Augmentation of client service capabilities, The Company now has a compliment of six Client Managers through which the Company is continuing to rollout and enhance its Concierge Service offering.

- Roll out of a proprietary *Preferred Pharmacy Program* with leading Canadian pharmacy chains. The program is designed to improve an employers ability to offer their employees robust drug coverage while maintaining sustainable costs.

- The Company launch of newly developed Online Enrolment Platform which will provide our administered clients with a significantly improved transition process when moving their benefits plan to the Company's TPA system.

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. To date the Company has completed eight acquisitions which includes ten operating entities. During the past several years the Company has focused on strengthening its balance sheet, has put in place acquisition financing and has developed and built several value propositions to attract acquisitions. The Company recently went to market with its renewed acquisition model and value propositions and has seen significant traction from its efforts.

Effective December 3, 2012, the Company acquired Bencom. Established in 1982, Bencom provides group benefit, group retirement and individual benefit advisory services to approximately 200 mid market corporate clients located primarily in Ontario.

Effective November 1, 2012, The Company acquired Prosure Group Administrators Ltd. and Prosure Insurance Agencies Ltd. (collectively "Prosure"). Prosure was established in 1987, and provides employee benefits solutions, consulting services and TPA to over 300 mid market corporate clients, the majority of which are located in Ontario. Prosure's unique product mix which includes cost plus arrangements and health spending accounts, combined with its TPA platform and its client service model, has allowed it to grow since its inception.

Effective September 1, 2012, the Company acquired JSL. JSL was established in 1976, and provides employee benefits solutions, consulting services and practical health management programs to its clients. JSL specializes in mid market corporate clients and has taken a unique partnership approach with clients to develop customized employee benefits programs that meet the changing needs of their businesses and employees.

Supported by strong cash flows for servicing requirements, these acquisitions are funded through vendor take back debt and by drawing on the Company's acquisition credit facility with CIBC and are therefore accretive to shareholders over time with no shareholder dilution. As a full service benefits and pension advisory practices, each of Bencom, Prosure and JSL business models are aligned with People's strategic, operating and growth objectives. In addition to growth in the Company's revenues and EBITDA, these acquisitions bring additional carrier relationships. The Company' capabilities, resources, systems, tools, business development team are expected to support the vendors to increase the rates at which the acquired businesses grow.

In addition to the recently closed acquisitions, the Company continues to have a number of opportunities at various stages of the acquisition process.

OVERVIEW OF FINANCIAL PERFORMANCE

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information provided below is derived from the Company's unaudited quarterly financial statements for each of the last eight quarters:

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	6,710.7	6,545.0	7,274.8	6,626.9	6,859.4	6,123.5	6,180.1	5,251.1
Operating expenses	6,268.4	5,984.9	6,350.9	5,842.9	6,557.5	5,646.1	5,296.9	4,567.5
EBITDA	442.3	560.1	923.9	784.0	301.9	477.5	883.1	683.6
Interest expense, net	(76.7)	(94.4)	(87.3)	(78.3)	(204.5)	(120.4)	(105.9)	(99.2)
Amortization and depreciation	(312.7)	(305.4)	(297.9)	(294.4)	(315.6)	(297.3)	(295.7)	(290.8)
Income tax expense, net	(156.3)	92.6	158.7	238.9	(144.1)	9.4	123.7	63.3
Net income	214.5	30.5	366.2	156.0	(86.2)	27.8	328.4	201.1
Total Assets	25,342.4	24,460.3	24,378.0	24,317.0	24,994.1	23,671.4	24,051.9	23,948.1
Total loans and borrowings	2,219.7	2,380.3	2,705.5	2,775.2	2,964.3	2,776.4	2,957.0	2,999.1
Total other liabilities	9,363.4	8,529.8	8,192.7	8,442.1	9,102.5	7,890.9	8,141.2	8,353.2
Shareholders' equity	13,759.4	13,550.2	13,479.7	13,099.7	12,927.3	13,004.1	12,953.7	12,595.8
EBITDA per share	0.013	0.017	0.028	0.024	0.009	0.014	0.027	0.021
Basic earnings per share	0.007	0.001	0.011	0.005	(0.003)	0.001	0.010	0.006
Diluted earnings per share	0.006	0.001	0.011	0.005	(0.003)	0.001	0.010	0.006

During the 2012 fiscal year, the Company adopted IFRS with a transition date of September 1, 2010. The quarterly data for the 2010 fiscal year is presented in conformity with Canadian GAAP and has not been restated under IFRS. Accordingly, it may not be comparable with the information for fiscal 2011 and 2012. See "Adoption of International Financial Reporting Standards (IFRS)" on page 25 for a description of the significant differences between Canadian GAAP and IFRS for the Company.

REVENUE

Revenue from group benefit consulting is primarily earned as commissions which are paid by the insurance carriers. Revenues from TPA services are earned as fees which are generally charged to clients. 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 from consulting fees. 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.

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Commissions	$ 12,829.8	$ 11,085.0	$ 1,744.8	15.7%
Fees and other revenues	14,327.6	13,329.2	998.4	7.5%
	$ 27,157.4	**$ 24,414.2**	**$ 2,743.2**	**11.2%**

During fiscal 2012, the Company increased its revenues by $2,743.2, or 11.2%, over the prior year. Growth in revenue was due to organic revenue growth resulting from the addition of new clients from leads generated through the Company's Business Development Services, Integrated Solutions and Group Retirement Solutions, as well as from expanding the benefit consulting team.

PERSONNEL AND COMPENSATION

The largest operating expense of the Company is compensation and related costs which includes salaries, commissions, bonuses, stock based compensation, group benefits, and payroll taxes.

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Compensation and benefits	$ 14,190.3	$ 12,781.1	$ 1,409.2	11.0%
Bonuses	1,965.6	1,328.1	637.5	48.0%
Short term benefits & insurance premiums	1,481.7	1,221.2	260.5	21.3%
Share based payments	103.1	93.3	9.8	10.5%
	$ 17,740.7	**$ 15,423.7**	**$ 2,317.0**	**15.0%**

For the year ended August 31, 2012, personnel and compensation costs represent 65.3% of revenues (2011 – 63.2%) The Company believes that investment in its employees and associate consultant networks are key to ensuring successful execution of its strategic plans.

The increase in salary expense for the year ended August 31, 2012 from $15,423.7 to $17,740.7 is due to; $1,385.6 in incremental commission directly resulting from growth in sales and performance based bonuses awarded for meeting or surpassing established revenue targets coupled with bonuses for retaining existing clients; $706.1 resulting from hiring of Regional Vice Presidents in Quebec and Ontario, hiring client managers in Manitoba, Ontario and Quebec, expanding the client service teams and the expansion of the business development team offset by reductions in non revenue generating roles; and $270.4 in related benefits costs including the implementation of the Company's *Employee Share Purchase Plan*.

GENERAL AND ADMINISTRATIVE EXPENSES

While management of costs is an ongoing focus for the Company, increases amongst the various subcategories of general and administrative expenses are a direct result of growth in operations that drive revenue growth. General and administrative expenses are composed of expenditures identified in the following tables:

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Administration fees	$ 1,568.7	$ 1,447.5	$ 121.2	8.4%
Depreciation of property & equipment	309.3	308.3	1.0	0.3%
Occupancy	1,315.7	1,298.8	16.9	1.3%
Office Supplies & communication	1,123.7	1,090.8	32.9	3.0%
Other	308.3	482.2	(173.9)	(36.1)%
Professional fees	793.0	889.5	(96.5)	(10.8)%
Public company costs	285.9	257.8	28.1	10.9%
Corporate Travel	252.4	255.6	(3.2)	(1.3)%
	$ 5,957.0	**$ 6,030.5**	**$ (73.5)**	**(1.2)%**

This decrease of $73.5 in general and administrative expenses for the year ended August 31, 2012 is comprised of an increase in administration fees which are directly related to the organic revenue growth experienced in the fiscal year, offset by increased efficiency and capacity for projected growth as a result of restructuring costs incurred in the prior year.

During the prior year, the Company incurred increased legal fees related to contract negotiations, corporate restructuring and employment matters. Similar costs were not incurred for the year ended August 31, 2012 which resulted in a decrease of $96.5 in professional fees. The decrease of $173.9 in other expenses is due to non recurring restructuring costs incurred in the prior year.

ADVERTISING AND PROMOTION EXPENSES

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

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Business Development	$ 349.2	$ 364.1	$ (14.9)	(4.1)%
Travel	603.1	481.3	121.8	25.3%
Advertising	209.4	170.1	39.3	23.1%
	$ 1,161.7	**$ 1,015.5**	**$ 146.2**	**14.4%**

The increase in travel and advertising for the year ended August 31, 2012 is associated with the continued roll out of the shared services divisions, the expansion of the Company's sales force, restructuring efforts, branding costs associated with the Company's change in name and travel costs associated with acquisitions and securing new clients.

FINANCE AND OTHER INCOME (COSTS)

Finance and other income and costs are as follows:

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Amortization of intangible assets	$ (901.1)	$ (891.1)	$ (10.0)	1.1%
Finance income	47.4	64.9	(17.5)	(27.0)%
Finance expenses	(384.2)	(594.7)	210.5	(35.4)%
	$ (1,237.9)	**$ (1,420.9)**	**$ 183.0**	**(12.9)%**

The decrease in finance expenses for the year ended August 31, 2012 is due to the repayment of long term debt and the associated reduced debt levels in general.

NON IFRS FINANCIAL MEASURES

The Company reports certain financial information using non IFRS financial measures, as it believes provision of such information is useful to investors and other users of the MD&A in understanding the Company's performance and facilitate a comparison of quarterly and annual results of ongoing operations. These non IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non IFRS financial measures there are no directly comparable amounts under IFRS. They should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS.

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011
Revenue	$ 27,157.4	$ 24,414.1
Operating costs (i)	21,016.6	$ 18,782.1
Income before corporate costs	6,140.8	$ 5,632.0
Corporate costs (ii)	3,430.4	3,286.0
EBITDA (iii)	2,710.4	2,346.0
less		
Stock based compensation	103.1	93.3
Income before undernoted	2,607.3	2,252.7
Interest expense, net (iv)	336.8	529.9
Depreciation of capital assets	309.3	308.3
Amortization of intangible assets	901.1	891.1
Restructuring costs	-	-
Income taxes, net	333.9	52.3
Net income	**$ 726.2**	**$ 471.1**

(i) Represent operating expenses of acquired businesses.

(ii) Represent expenses incurred at the corporate head office.

(iii) The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, and stock based compensation. The Company 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 IFRS 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, 2012 increased from $5,632.0 in the prior period to $6,140.8 in the current period, an increase of 9.0%. 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.

CORPORATE COSTS

Corporate Costs for the year ended August 31, 2012 were $3,430.4 versus $3,286.0 incurred in the prior period. The increase of $144.4 is due to; $214.6 in additional salaries and wages incurred for the hiring of project managers which will drive several strategic projects including the development of new products as well as a TPA platform; $28.3 in incremental costs for public company compliance; offset reductions of $18.7 in travel, $67.2 in professional and legal costs and $12.6 in other costs, as compared to the prior year.

EBITDA

EBITDA, as defined under *Forward-looking Statements*, for the year ended August 31, 2012 was $2,710.4, an increase of $364.4 from the $2,346.0 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.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The following table summarizes the Company's cash flows for the year ended August 31, 2012: (amounts derived from the unaudited interim financial statements).

FOR THE YEAR ENDED	AUG 31, 2012	AUG 31, 2011	$ VARIANCE	% VARIANCE
Net income for the period	$ 726.2	$ 471.2	$ 255.0	54.1%
Add non cash items, net	1,192.5	949.2	243.3	25.6%
Changes in non cash working capital	902.8	(303.4)	1,206.2	(397.6)%
Operating activities	2,821.5	1,117.0	1,704.5	152.6%
Investing activities	(165.1)	(340.3)	175.2	(51.5)%
Financing activities	(744.6)	(1,152.5)	407.9	(35.4)%
Net increase (decrease)	**$ 1,911.8**	**$ (375.8)**	**$ 2,287.6**	**(608.7)%**

Cash generated from operating activities for the year ended August 31, 2012 was $2,821.5, an increase of $1,704.5 or 152.6% from the $1,117.0 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.

Cash used by investing activities for the year ended August 31, 2012 of $165.1 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.

Cash used by financing activities for the year ended August 31, 2012, was $744.6, as compared to $1,152.5 used in the prior year. Cash outflows related to repayment of long term debt of $838.7 (2011 – $916.3) as well as the payment of finance lease liabilities of $15.2 (2011 – $15.0) were partially offset by proceeds of short term financing of $109.3 (2011 – $164.6).

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 year.

WORKING CAPITAL

The Company's working capital (defined as current assets less current liabilities) at August 31, 2012 is set forth in the table below. The Company defined "Available Working Capital" as current assets less current liabilities, with an exclusion of certain current liabilities (the "Excluded Items") from such calculation. The Excluded Items include:

DEFERRED REVENUE

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The amount is amortized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. 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. Fee revenue that is contingent on certain criteria being met is included in deferred revenue until the criteria has been met.

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.

VENDOR TAKE BACK DEBT

Certain vendor take back (**"VTB"**) debt is held by senior employees of the Company who are also substantial shareholders of the Company. Given the nature of this relationship it is management's belief that a portion of this debt could be renegotiated if required to ensure the ongoing operating of the Company. The Company is of the opinion that it makes sense to add back the vendor take back debt when assessing the true operating working capital of the Company.

The table below reconciles the differences in the calculation of working capital and Available Working Capital.

	AUG 31, 2012	AUG 31, 2011
Current assets	$ 6,203.6	$ 4,809.9
Current liabilities	8,475.2	8,209.5
Working capital	(2,271.6)	(3,399.6)
Add back:		
Deferred revenue	4,098.5	3,345.0
VTB debt held by senior management	11.9	250.7
	4,116.2	3,595.7
Available working capital	$ 1,844.6	$ 196.1

Available operating working capital has increased by $1,648.5 to an available working capital surplus of $1,844.6 from the available working capital surplus experienced a year ago.

SHARE CAPITAL

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

	AUG 31, 2012	AUG 31, 2011
Common shares issued and outstanding:	32,970,527	32,970,527
Stock options outstanding:	2,763,142	2,891,142

COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes, as at August 31, 2012, our contractual obligation for the periods specified.

OBLIGATION	TOTAL	LESS THAN 1 YEAR	1 – 3 YEARS	4 – 5 YEARS	THERE-AFTER
Accounts Payable and accrued liabilities	$ 3,645.1	$ 3,645.1	$ -	$ -	$ -
Operating lease obligations	3,747.1	802.3	1,562.1	1,083.3	299.4
Capital lease obligations	59.7	16.8	39.0	3.9	-
Long term debt	2,148.1	435.4	722.7	720.0	270.0
Vendor take back debt	11.9	11.9	-	-	-
	$ 9,611.9	$ 4,911.5	$ 2,323.8	$ 1,807.2	$ 569.4

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. As at August 31, 2012, the Company had not utilized this facility.

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. Subsequent to August 31, 2012, the company drew $3.8 million against the acquisition credit facility.

3. A $2.5 million instalment 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 instalment loan will be repaid in quarterly instalments over a seven year period and bears interest at prime plus 1.5%. As at August 31, 2012, the balance owing on this facility was equal to $2.1 million.

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

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.

RELATED PARTY TRANSACTIONS

During the year ended August 31, 2011 outlined below, the Company had certain 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. Related party transactions for the year ended and balances as at August 31, 2012 are as follows:

	AUG 31, 2012	AUG 31, 2011
Interest expense (i)	$ -	$ 268.1

(i) Interest on vendor take back debt related to prior acquisitions was paid or accrued.

(ii) Accrued interest on the vendor take back loan

(iii) 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.

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 and an employee share ownership plan 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.

CONTROLS

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), and as such has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52 – 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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.

DIVIDENDS

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

Legal risk is the potential for civil litigation or criminal or regulatory proceedings being commenced against the Company that, once decided, could materially and adversely affect our business, operations or financial condition. In the ordinary course of business, the Company may 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.

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 IFRS, 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.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

• The amount of revenue can be reliably measured;

• The stage of completion can be reliably measured;

• The receipt of economic benefits is probable; and

• Costs incurred and to be incurred can be reliably measured.

Concurrently with the above general principles, the Company applies the following specific revenue recognition policies:

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.

BUSINESS COMBINATIONS

For acquisitions, the Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets consist of acquired customer relationships and contracts. Other intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized in the either on a declining balance or on a straight line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year end and adjusted if appropriate.

Intangible assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash flows.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

DEFERRED INCOME TAX

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The Company implemented these standards on September 1, 2011.

The unaudited interim condensed financial statements for the year August 31, 2012 and 2011 comply with IFRS. These financial statements have been prepared as described in Note 2 of the interim condensed consolidated financial statements.

In preparing the interim condensed consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Note 22 of the unaudited interim condensed financial statements for the year August 31, 2012 and 2011 contains a detailed description of the Company's conversion to IFRS, including required reconciliations of the Company's financial statements previously prepared under Canadian GAAP to those under IFRS as at September 1, 2010 and for the three months ended August 31, 2011 and for the year ended August 31, 2011.

OFF BALANCE SHEET ARRANGEMENTS

Other than as described above, the Company does not have any off balance sheet arrangements.

SEASONALITY

During the year ended August 31, 2012, the Company continued to experience the impacts of the Shared Services division resulting in a leveling of seasonal fluctuations. Notwithstanding, 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.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2012 & 2011

MANAGEMENTS' 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 International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated financial statements. 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 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 external auditor. The primary function of the Audit Committee is to assist the Board 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 accounting and financial reporting processes. The Committee is also responsible for recommending the appointment of the Company's external auditors.

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 have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

/s/ **"Mr. Laurie Goldberg, CA"**
Director & Chief Executive Officer

/s/ **"Mr. Brevan Canning, CGA"**
Vice President of Finance

December 4, 2012

To the shareholders of People Corporation:

We have audited the consolidated financial statements of People Corporation and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at August 31, 2012, August 31, 2011 and September 1, 2010 and, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended August 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance 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 evaluation of 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 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 the Company as at August 31, 2012, August 31, 2011 and September 1, 2010 and its financial performance and its cash flows for the years ended August 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
December 4, 2012

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS
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PEOPLE CORPORATION

Consolidated Statements of Financial Position

As at August 31, 2012, August 31, 2011 and September 1, 2010

	NOTE	AUG 31, 2012	AUG 31, 2011 (NOTE 25)	AUG 31, 2010 (NOTE 25)
Assets				
Current assets:				
Cash and cash equivalents		**$ 3,199,643**	$ 1,287,741	$ 1,663,557
Trade and other receivables	5	**2,573,125**	3,208,481	2,415,898
Other current assets		**430,873**	313,659	248,375
Total current assets		**6,203,641**	4,809,881	4,327,830
Non current assets:				
Property and equipment	6	**840,670**	984,908	938,268
Intangible assets	7	**18,298,134**	19,199,269	19,815,815
Total non current assets		**19,138,804**	20,184,177	20,754,083
Total assets		**$ 25,342,445**	$ 24,994,058	$ 25,081,913
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable, accrued and other liabilities	8	**$ 3,684,621**	$ 3,996,384	$ 3,105,837
Deferred revenue	9	**4,098,533**	3,344,981	3,168,694
Income taxes payable	12	**226,651**	107,041	531,559
Current portion of loans and borrowings	11	**465,351**	761,128	1,433,935
Total current liabilities		**8,475,156**	8,209,534	8,240,025
Accrued liabilities	8	**57,398**	60,465	147,217
Deferred revenue	9	**150,518**	324,150	324,015
Loans and borrowings	11	**1,754,340**	2,203,129	2,331,869
Deferred income tax liability	12	**1,145,663**	1,266,697	1,673,240
Total liabilities		**11,583,075**	12,063,975	12,716,366
Shareholders' equity:				
Share capital	13	**11,990,956**	11,990,956	11,990,956
Contributed surplus		**650,878**	547,744	454,404
Retained earnings (deficit)		**1,117,536**	391,383	(79,813)
Total shareholders' equity		**13,759,370**	12,930,083	12,365,547
Total liabilities and shareholders' equity		**$ 25,342,445**	$ 24,994,058	$ 25,081,913

Commitments and contingencies (Note 18)
Subsequent Events (Note 24)

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Susan Dabarno"
Director, Chair of the Audit Committee

/s/ "Laurie Goldberg"
Director, Chief Executive Officer

PEOPLE CORPORATION

Consolidated Statements of Comprehensive Income

For the years ended August 31, 2012 and August 31, 2011

	NOTE		YEAR ENDED AUG 31, 2012		YEAR ENDED AUG 31, 2011 (NOTE 25)
Revenue					
Commissions		$	**12,829,814**	$	11,084,965
Fees and other revenues			**14,327,571**		13,329,178
			27,157,385		24,414,143
Operating expenses					
Personnel	23		**17,740,775**		15,423,649
General and administrative			**5,957,044**		6,030,507
Advertising and promotion			**1,161,615**		1,015,532
	23		**24,859,434**		22,469,688
Income before undernoted			**2,297,951**		1,944,455
Finance and other income (costs):					
Amortization of intangible assets			**(901,135)**		(891,134)
Finance income	15		**47,401**		64,875
Finance expenses	15		**(384,188)**		(594,739)
			(1,237,922)		(1,420,998)
Net Income before income taxes			**1,060,029**		523,457
Income tax expense:					
Current	12		**454,910**		485,385
Deferred	12		**(121,034)**		(433,123)
			333,876		52,262
Net Income and comprehensive income		$	**726,153**	$	471,195
Basic and diluted earning per share	13(c)				
Basic		$	**0.022**		0.014
Diluted		$	**0.022**		0.014

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity

For the years ended August 31, 2012 and August 31, 2011

		SHARE CAPITAL		CONTRIBUTED SURPLUS		(DEFICIT) RETAINED EARNINGS)		TOTAL
Balance, September 1, 2010 (Note 25)	**$**	**11,990,956**	**$**	**454,404**	**$**	**(79,813)**	**$**	**12,365,547**
Net Income and comprehensive income for the year		-		-		471,195		471,195
Transactions with shareholders, recorded directly in shareholders' equity								
Share based payments		-		93,340		-		93,340
Total transactions with shareholders	$	-	$	93,340	$	-	$	93,340
Balance, August 31, 2011 (Note 25)	**$**	**11,990,956**	**$**	**547,744**	**$**	**391,383**	**$**	**12,930,083**

		SHARE CAPITAL		CONTRIBUTED SURPLUS		RETAINED EARNINGS)		TOTAL
Balance, August 31, 2011	**$**	**11,990,956**	**$**	**547,744**	**$**	**391,383**	**$**	**12,930,083**
Net Income and comprehensive income for the year		-		-		726,153		471,195
Transactions with shareholders, recorded directly in shareholders' equity								
Share based payments		-		103,134		-		103,134
Total transactions with shareholders	$	-	$	103,134	$	-	$	103,134
Balance, August 31, 2012	**$**	**11,990,956**	**$**	**650,878**	**$**	**1,117,536**	**$**	**13,759,370**

PEOPLE CORPORATION

Consolidated Statements of Cash Flows

For the years ended August 31, 2012 and August 31, 2011

	NOTE	YEAR ENDED AUG 31, 2012	YEAR ENDED AUG 31, 2011 (NOTE 25)
Operating activities			
Net Income for the year		$ **726,153**	$ 471,195
Adjustments for:			
Depreciation	6	**309,293**	308,292
Amortization of intangible assets	7	**901,135**	891,134
Share based compensation		**103,134**	93,340
Accretive interest expense		-	89,572
Deferred tax expense (recovery)		**(121,034)**	(433,123)
Net cash and cash equivalents from operations		**1,918,681**	1,420,410
Change in the following:			
Trade and other receivables		**635,358**	(792,583)
Other current assets		**(117,214)**	(65,284)
Accounts payable, accrued and other liabilities		**(314,829)**	802,560
Deferred revenue		**579,919**	176,421
Deferred tax liability		**119,610**	(424,518)
Net cash and cash equivalents from (used by) working capital items		**902,844**	(303,404)
Net cash from operating activities		**2,821,525**	**1,117,006**
Investing activities			
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(34,672)
Acquisition of property and equipment		**(165,056)**	(305,608)
Net cash used in investing activities		**(165,056)**	**(340,280)**
Financing activities			
Proceeds from loans and borrowings		**109,343**	2,618,267
Repayment of loans and borrowings		**(853,910)**	(3,770,809)
Net cash used in financing activities		**(744,567)**	**(1,152,542)**
Net increase (decrease) in cash and cash equivalents		**1,911,902**	**(375,816)**
Cash and cash equivalents at beginning of the year		**1,287,741**	1,663,557
Cash and cash equivalents at the end of the year		$ **3,199,643**	$ **1,287,741**

1. REPORTING ENTITY:

People Corporation, (the "Company") was incorporated under the Ontario Business Corporations Act on July 5, 2006. The Company is a public company listed on the TSX Venture Exchange (the "TSX V"), trading under the "PEO" symbol and is domiciled in Canada. The address of the Company's head office is 360 Main Street, Suite 1800, Winnipeg, Manitoba, Canada and the Company's registered office is 180 Bay Street, Suite 4400, Toronto, Ontario, Canada. These consolidated financial statements of the Company comprise accounts of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in the delivery of employee group benefit consulting, pension consulting and third party benefits administration services, as well as, recruiting services, strategic human resources consulting and career management services to help companies recruit, retain and reward employees (Note 21).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 4, 2012.

2. BASIS OF PRESENTATION:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). These are the Group's first annual consolidated consolidated financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* have been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash and cash equivalents flows of the Company is provided in Note 25. This note includes reconciliations of equity and comprehensive income for comparative periods and of the shareholders' equity at the date of transition reported under Canadian GAAP to those reported for those periods and at the date of transition under IFRS.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- equity settled share based payment awards are measured at fair value at grant date

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of these financial statements and reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at September 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Basis of consolidation

(i) Business combinations

For acquisitions, the Group measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company or a subsidiary of the Company. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed to align them with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intra Group balances and transactions, and any unrealized income and expenses arising from intra group transactions, are eliminated in preparing these consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

(i) Non-derivative financial assets

Financial assets and liabilities classified as fair value through profit and loss ("FVTPL") are measured at fair value, with gains and losses recognized in net income/loss. Cash and cash equivalents are classified as FVTPL.

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash and cash equivalents flows from the asset expire, or it transfers the rights to receive the contractual cash and cash equivalents 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 Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) 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 trade and other receivables.

(iii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group 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 consolidated statements of financial position when, and only when, the Group 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 Group has the following non-derivative financial liabilities: loans and borrowings, accounts payable, accrued and other liabilities.

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

(iv) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day to day servicing of property and equipment are recognized in the consolidated statements of comprehensive income in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in the consolidated statements of comprehensive income over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

ASSET	BASIS	RATE
Furniture and fixtures	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Leasehold improvements	Straight line	Useful life or term of the lease
Computer software	Straight line	4 years
Software licenses	Straight line	Useful life or term of the license

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets consist of acquired customer relationships and contracts. Other intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized in the consolidated statements of comprehensive income either on a declining balance or on a straight line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash and cash equivalents flows.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Imputed interest on the lease payments is charged against income. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases not meeting the criteria for finance leases are operating leases and the related assets are not recognized in the Group's consolidated statements of financial position.

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash and cash equivalents flows of that asset that can be estimated reliably.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash and cash equivalents flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against assets. Interest on the impaired asset continues to be recognized using the effective interest rate method. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed up to the amount of original cost through profit or loss.

(ii) Non financial assets

The carrying amounts of the Group's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash and cash equivalents generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash and cash equivalents flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash and cash equivalents inflows from continuing use that are largely independent of the cash and cash equivalents inflows of other assets or groups of assets (the "cash and cash equivalents generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash and cash equivalents inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Accounts payable, accrued and other liabilities

Accounts payables include obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payables are classified as current liabilities if payment is due within one year or less and are recognized initially at fair value and subsequently measured at amortized cost.

Accrued liabilities include accruals for salaries and compensation, and other obligations incidental to the Company's normal business operations. They are classified as current when it is expected to be settled within one year of the reporting period date, and are recognized initially at fair value and subsequently measured at amortized cost.

(h) Deferred revenue

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The amount is amortized into income as services are rendered, in accordance with the revenue recognition policies described below.

(i) Insurance premium liabilities and related cash and cash equivalents

In its capacity as consultants, the Company collects premiums from insurers and remits premiums, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance carriers. As the Company is acting in its capacity as consultants to collect and remit premiums from insurers to insurance underwriters, the Company is considered to have a legal right to offset premiums collected and corresponding liabilities. As such, the cash and cash equivalents and investment balances relating to these liabilities have been offset against the related liability in the Company's consolidated statements of financial position.

(j) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash and cash equivalents bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Share-based payment transactions

Share-based payments are comprised of equity settled stock options and equity settled Share Ownership plan. Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The grant date fair value of share based payment awards granted to employees as a personnel expense, with a corresponding increase in equity, over the period that the options vest. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non market performance conditions at the vesting date. For share-based payment awards with non vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no reconciliation for differences between expected and actual outcomes.

The Company's contributions under its employee Share Ownership plan are expensed as incurred.

Equity settled share-based payments to non employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted and measured at the date the Company obtains the good or the counter party renders the service.

(k) Use of judgements and estimates

Management has exercised judgement in the process of applying the Company's accounting policies. In particular, the Company's management has applied judgement in the application of its accounting policies.

The preparation of consolidated financial statements in accordance with IFRS 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 consolidated balance sheet date and the reported amounts of revenue and expenses during the reporting period. Key areas where management has made estimates include revenue recognition, fair values and impairment of intangible assets, income taxes, fair value of stock options and useful lives of capital assets and intangible assets. Actual results could differ from those estimates.

(l) Revenue Recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Concurrently with the above general principles, the Company applies the following specific revenue recognition policies:

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 as services are provided.

For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until criteria has been met.

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

(m) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Earnings per share

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

Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible notes and share options granted to employees.

(p) Segment reporting

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

(q) New Standards and interpretations not yet adopted

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

IFRS 9, "Financial Instruments"

In November 2009, the IASB issued IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash and cash equivalents flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10, "Consolidation"

IFRS 10, "Consolidation" replaces SIC 12, "Consolidation   Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements". IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standards are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 11, "Joint Arrangements"

IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC 13, "Jointly Controlled Entities Non monetary Contributions by Venturers". IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas, for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. The standards are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, equity accounted investments, special purpose vehicles and off balance sheet vehicles. The standard introduces additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standards are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13, "Fair Value Measurement"

IFRS 13 is a comprehensive standard that defines fair value, sets out a single IFRS framework for measuring fair value, and requires disclosures about fair value measurements. This new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard also establishes disclosures about fair value measurement. The standards are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

Amendments to Other Standards

The IASB have made amendments to existing standards, including IAS 1, "Presentation of Financial Statements", IAS 19, "Employee Benefits", IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates and Joint Ventures". The amendments to IAS 1 will require that entities group items presented in other comprehensive income based on an assessment of whether such items may or may not, be reclassified to earnings at a subsequent date. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted.

Amendments to IAS 19 eliminate an entity's option to defer the recognition of certain gains and losses related to post employment benefits and require re measurement of associated assets and liabilities in other comprehensive income. Amendments to IAS 19 are applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13 as described above. Amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company anticipates that the application of IFRS 9 may have impact on the amounts reported in respect of the Group's financial assets. However, it is not yet practicable to provide a reasonable estimate of that effect. The Company anticipates that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

4. BUSINESS ACQUISITIONS:

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 a cash and cash equivalents consideration of $1.

The acquisition was accounted for using the acquisition method. The results of operations from April 30, 2011 have been included in these consolidated financial statements and no comparative information is provided. 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 fair 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 and cash equivalents acquired, to the fair value of the assets acquired and the liabilities assumed is as follows:

Assets		
Property and equipmentA	$	3,019
Intangible assets		100,000
		103,019
Liabilities		
Bank indebtedness		1,237
Accounts payable, accrued and other liabilities		34,671
Loans and borrowings		215,118
Deferred future income tax liability		26,580
		277,606
Fair value of net assets acquired		(174,587)
Purchase price, net of cash and cash equivalents acquired		1
Total goodwill on purchase	$	(174,588)

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. The revenue included in the consolidated statements of comprehensive income since April 30, 2011 contributed by LAWB was $55,481. Consolidated statements of comprehensive income of the Company include a loss from LAWB operations of $28,891 over the same period. Had LAWB been acquired on September 1, 2010, contributed revenue to the Group for year ended August 31, 2011 would have been approximately $143,563 with a loss of approximately $13,700.

5. TRADE AND OTHER RECEIVABLES:

		AUG 31, 2012		AUG 31, 2011		SEPT 1, 2010
Trade receivables	$	2,573,125	$	3,208,183	$	2,414,252
Commission advances		-		298		1,646
	$	2,573,125	$	3,208,481	$	2,415,898

6. PROPERTY AND EQUIPMENT:

Advances for which the related performance conditions have not yet been met are presented as deferred revenue (Note 9). The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 19.

	NOTE		LEASEHOLD IMPROVEMENTS		FURNITURE AND FIXTURES		COMPUTER EQUIPMENT		COMPUTER SOFTWARE		TOTAL
Cost											
Balance, September 1, 2010			433,474		647,150		742,468		327,510		**2,150,602**
Additions			4,371		54,226		187,180		59,518		**305,295**
Acquisition through business combination	4		-		2,444		575		-		**3,019**
Balance, August 31, 2011			437,845		703,820		930,223		387,028		**2,458,916**
Additions			25,467		21,503		85,824		32,262		**165,056**
Balance, August 31, 2012			463,312		725,323		1,016,047		419,290		**2,623,972**
Amortization and impairment losses											
Balance, September 1, 2010			(202,306)		(376,472)		(471,652)		(161,904)		**(1,212,334)**
Amortization for the year			(74,507)		(58,006)		(107,466)		(68,313)		**(308,292)**
Write offs			46,620		-		-		-		**46,620**
Balance, August 31, 2011		$	(230,193)	$	(434,478)	$	(579,118)	$	(230,217)	**$**	**(1,474,006)**
Amortization for the year			(75,454)		(55,200)		(116,225)		(62,414)		**(309,293)**
Balance, August 31, 2012			(305,647)		(489,678)		(695,343)		(292,631)		**(1,783,299)**
Carrying amounts											
Balance, September 1, 2010		$	231,168	$	270,678	$	270,816	$	165,606	**$**	**938,268**
Balance, August 31, 2011		$	207,652	$	269,341	$	351,104	$	156,811	**$**	**984,908**
Balance, August 31, 2012		$	157,665	$	235,643	$	320,703	$	126,659	**$**	**840,670**

7. INTANGIBLE ASSETS:.

	NOTE		GOODWILL		CUSTOMER RELATIONSHIPS		CUSTOMER CONTRACTS		TOTAL
Cost									
Balance, September 1, 2010		$	13,373,247	$	5,861,351	$	3,000,000	$	**22,234,598**
Acquisition through business combination	4		174,588		100,000		-		**274,588**
Balance, August 31, 2011			13,547,835		5,961,351		3,000,000		**22,509,186**
Balance, August 31, 2012		$	13,547,835	$	5,961,351	$	3,000,000	$	**22,509,186**
Amortization and impairment losses									
Balance, September 1, 2010		$	-	$	(1,468,783)	$	(950,000)	$	**(2,418,783)**
Amortization for the year			-		(591,134)		(300,000)		**(891,134)**
Balance, August 31, 2011			-		(2,059,917)		(1,250,000)		**(3,309,917)**
Amortization for the year			-		(601,135)		(300,000)		**(901,135)**
Balance, August 31, 2012		$	-	$	(2,661,052)	$	(1,550,000)	$	**(4,211,052)**
Carrying amounts									
Balance, September 1, 2010		$	13,373,247	$	4,392,568	$	2,050,000	$	**19,815,815**
Balance, August 31, 2011		$	13,547,835	$	3,901,434	$	1,750,000	$	**19,199,269**
Balance, August 31, 2012		$	13,547,835	$	3,300,299	$	1,450,000	$	**18,298,134**

8. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES:

The Group had the following accounts payable, accrued and other liabilities.

		AUG 31, 2012		AUG 31, 2011		SEPT 1, 2010
Trade payables	$	3,645,064	$	3,909,632	$	3,066,600
Deferred lease inducements		96,955		147,217		186,454
	$	3,742,019	$	4,056,849	$	3,253,054
Less current portion of accounts payable, accrued and other liabilities		3,684,621		3,996,384		3,105,837
Long term portion of Accounts payable, accrued and other liabilities	**$**	**57,398**	**$**	**60,465**	**$**	**147,217**

The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 19.

9. DEFERRED REVENUE:

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The Group had the following deferred revenue.

	AUG 31, 2012	AUG 31, 2011	SEPT 1, 2010
Fees received in advance	$ 4,249,051	$ 3,669,131	$ 3,492,709
less: current portion of deferred revenue	4,098,533	3,344,981	3,168,694
Long term portion of deferred revenue	$ 150,518	$ 324,150	$ 324,015

10. INSURANCE PREMIUM LIABILITIES AND RELATED CASH AND CASH EQUIVALENTS:

In its capacity as third party benefits administrator, the Group collects premiums from insurers and remits premiums, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance underwriters. These are considered flow through items for the Group and, as such, the cash and cash equivalents and investment balances relating to these liabilities are deducted from the related liability in the consolidated balance sheets. The Group had the following insurance premium liabilities.

	AUG 31, 2012	AUG 31, 2011	SEPT 1, 2010
Payable to carriers and insured individuals or groups	$ 10,882,121	$ 13,045,780	$ 10,456,515
less: related cash and cash equivalents balances	10,882,121	13,045,780	10,456,515
	$ -	$ -	$ -

11. LOANS AND BORROWINGS:

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate and liquidity risk, see note 19.

	AUG 31, 2012	AUG 31, 2011	SEPT 1, 2010
Term loans			
(a) A vendor take back loan bearing interest of 7% per annum. The loan is secured by the assets of the Company and is subordinated to the bank indebtedness. 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.	21,054	101,711	176,960
(c) A loan bearing interest of 4% per annum, unsecured, repayable in monthly installments of principal and interest of $8,896. The loan was repaid in October 2010.	-	-	17,703
(d) A loan bearing interest of 7% per annum, unsecured, repayable in monthly installments of principal and interest of $2,554. The loan was repaid in February 2011.	-	-	15,016
(e) A loan bearing interest of 4.5% per annum, unsecured, repayable in monthly installments of principal and interest of $8,847. The loan was repaid in November 2011.	-	26,328	-

(f) A loan bearing interest of 7% per annum, unsecured, repayable in monthly installments of principal and interest of $2,274. The loan was repaid in February 2012.	-	13,365	-
(g) A loan bearing interest of 4.5% per annum, unsecured, repayable in monthly installments of principal and interest of $1,195. The loan was repaid in November 2011.	-	3,719	-
(h) A non interest bearing loan, unsecured, repayable in monthly installments of $933. The loan matures on June 1, 2016.	23,793	51,723	-
(i) A loan bearing interest of prime plus 1.5% per annum, repayable in quarterly installments of $90,000 plus accrued interest. The loan matures May 31, 2018	2,070,000	2,430,000	-
(j) A loan bearing interest of 4.5% per annum, repayable in monthly installments of principal and interest of $11,161. The loan matures November 30, 2012	33,214	-	-
Vendor-take-back loans			
(k) A vendor take back loan bearing no interest per annum, secured by the assets of the Company, repayable in three equal installments of $143,333. The loan was repaid in March 2012.	-	139,795	269,233
(l) A group of vendor take back loans bearing no interest per annum, secured by the assets of the Company, repayable in monthly installments. The loans mature on dates ranging from August 1, 2010 to February 1, 2013.	11,924	34,392	66,821
(m) A group of vendor take back loans bearing no interest per annum, secured by the assets of the Company, repayable in monthly installments. The loan was repaid in June 2011.	-	-	1,863,742
(n) A group of vendor take back loans assumed on the acquisition of People Corporation bearing interest of 12% per annum, secured by the assets of the Company, repayable in monthly installments of principal and interest of $16,133. The loan was repaid in June 2011.	-	-	507,313
(o) A group of vendor take back loans assumed on the acquisition of People Corporation, bearing no interest per annum, unsecured, repayable in monthly installments. The loan was repaid in April 2012.	-	88,343	212,356
Finance lease liabilities			
(p) A finance lease repayable in monthly installments of $939 and secured by the assets to which the obligation relates. The lease expires August 1, 2015 and includes implicit interest rates ranging from 8.65%.	26,265	33,616	40,650
(q) A finance lease repayable in monthly installments of $1,074 and secured by the assets to which the obligation relates. The lease expires December 1, 2015 and includes implicit interest rates ranging from 11.28%.	33,441	41,265	-
(r) A finance lease repayable in monthly installments of $774 and secured by the assets to which the obligation relates. The lease expired August 1, 2011.	-	-	8,807
	2,219,691	2,964,257	3,765,804
Less: current portion			
Term loans	436,663	495,270	695,171
Vendor take back loans	11,924	250,684	722,924
Finance lease liabilities	16,764	15,174	15,840
	$ 465,351	$ 761,128	$ 1,433,935
	$ 1,754,340	**$ 2,203,129**	**$ 2,331,869**

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. As at August 31, 2012, the Company had not utilized this facility (2011 – nil).
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, 2012, the Company had not utilized this facility (2011 – nil) (Note 24(d)); and
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%. As at August 31, 2012, the balance owing on this facility was equal to $2,070,000 (2011 – $2,430,000).

The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants (Note 20)

Finance lease liabilities are payable as follows:

	AUG 31, 2012			AUG 31, 2011			SEPT 1, 2010		
	FUTURE MINIMUM LEASE PAYMENTS	INTEREST	PV OF MINIMUM LEASE PAYMENTS	FUTURE MINIMUM LEASE PAYMENTS	INTEREST	PV OF MINIMUM LEASE PAYMENTS	FUTURE MINIMUM LEASE PAYMENTS	INTEREST	PV OF MINIMUM LEASE PAYMENTS
1-12 months	$ 22,055	$ 5,289	$ 16,766	$ 22,055	$ 6,881	$ 15,174	$ 19,264	$ 3,422	$ 15,842
13-60 months	48,138	5,198	42,940	70,194	10,485	59,707	39,888	6,272	33,615
	$ 70,193	$ 10,487	$ 59,706	$ 92,249	$ 17,366	$ 74,881	$ 59,152	$ 9,694	$ 49,457

12. DEFERRED TAX ASSETS AND LIABILITIES:

		AUG 31, 2012		AUG 31, 2011
Income and comprehensive Income	$	1,060,029	$	523,457
Statutory tax rate		26.78%		28.91%
Income taxes (recovery) at statutory tax rates		283,858		151,331
Adjustments to income taxes				
Non deductible items		64,960		85,425
Change in rate at which temporary differences are recorded		56,492		(12,257)
Recognition of previously unrecognized tax losses		-		(104,280)
Other		(71,434)		(67,957)
		333,876		52,262
Current income taxes		454,910		485,385
Deferred income taxes		(121,034)		(433,123)
	$	333,876	$	52,262

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

		AUG 31, 2012		AUG 31, 2011		SEPT 1, 2010
Deferred income tax assets						
Equity issue and financing costs	$	37,910	$	71,101	$	79,967
Lease inducements		25,826		37,540		49,887
Other reserves		30,633		61,200		-
Loss carryforwards		86,695		117,858		-
		181,064		287,699		129,854
Deferred income tax liabilities						
Asset based differences		61,379		113,280		92,174
Intangible assets		1,265,348		1,441,116		1,710,920
		1,326,727		1,554,396		1,803,094
	$	(1,145,663)	$	(1,266,697)	$	(1,673,240)

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

2027	$	80,474
2028		2,575
2029		74,844
2030		50,493
2031		63,915
2032		52,502
	$	324,803

As of September 1, 2010, $395,149 of tax losses were unrecognized as management did not consider it probable that future taxable income would be available against which they would be utilized.

13. SHARE CAPITAL

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	NUMBER OF COMMON VOTING SHARES		AMOUNT
Balance, September 1, 2010	32,970,527	$	11,990,956
Balance, August 31, 2011	32,970,527	$	11,990,956
Balance, August 31, 2012	32,970,527	$	11,990,956

(c) Earnings per share

Basic earnings per share was calculated by dividing profit attributable to common shares by the sum of the weighted average number of common shares outstanding during the period.

Diluted earnings per share was calculated using the basic calculation described above, and adjusting for the potentially dilutive effect of total number of additional common shares that would have been issued by the Company under its Stock option plan.

The following details the earnings per share, basic and diluted, calculations for the year ended August 31, 2012 and August 31, 2011:

		AUG 31, 2012		AUG 31, 2011
Net Income attributable to common shares (basic and diluted)	$	726,153	$	471,195
Weighted average number of common shares (basic)		32,970,527		32,970,527
add: Dilutive effect of stock options		38,942		5,093
Weighted average number of common shares (diluted)		33,009,469		32,975,620
Earnings per share (basic)	$	0.022	$	0.014
Earnings per share (diluted)	$	0.022	$	0.014

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

(d) Shares held in escrow

As at August 31, 2012, the Company had no shares held in escrow (August 31, 2011 – 4,920,579, September 1, 2010 – 10,012,158).

14. SHARE-BASED PAYMENTS

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 Ownership Plan. Under the terms of the plan, the number of shares issued under the Stock Option Plan and the Employee Share Ownership Plan, as well as all other security based compensation agreements combined cannot exceed 15%, or 4,945,579, of the Company's issued and outstanding shares.

(a) Employee share ownership plan

The Company has an employee share ownership plan ("ESOP") whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed as incurred as there is no vesting period. Under the plan, the Company matches $1 for every $4 contributed by employee contributions of between 2% and 5% of annual base remuneration. Contribution under ESOP began effective November 1, 2011.

At August 31, 2012, there were 87 participants (2011 – nil) in the plan. The total number of shares purchased during the year ended August 31, 2012 on behalf of participants, including the Company contribution, was 788,834 (2011 – nil). During the year ended August 31, 2012, the Company's matching contributions totalled 157,814 (2011 – nil).

(b) Stock option plan

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 the number of options outstanding during the year ended August 31, 2012 and August 31, 2011, are as follows:

	AUG 31, 2012		AUG 31, 2011		SEPT 1, 2010	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	2,891,142	$ 0.39	2,983,678	$ 0.40	2,956,954	$ 0.44
Granted	800,000	0.41	190,000	0.27	425,000	0.25
Forfeited, cancelled or expired	(928,000)	0.55	(282,536)	0.48	(398,276)	0.48
Balance, end of period	2,763,142	$ 0.34	2,891,142	$ 0.39	2,983,678	0.40
Options exercisable, end of year	1,811,472		2,055,059		1,607,169	

Options outstanding at August 31, 2012 consist of the following:

	OUTSTANDING NUMBER	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE NUMBER
$ 0.10 - $ 0.25	540,000	2.68 years	$0.25	363,331
$ 0.26 - $ 0.43	2,223,142	2.65 years	$0.36	1,448,141
$ 0.10 - $ 0.43	2,763,142	2.66 years	$0.34	1,811,472

The share option compensation expense for options issued to employees was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model (Note 17). with the following weighted average assumptions:

	AUG 31, 2012	AUG 31, 2011
Expected option life	5 years	3.65 years
Risk free interest rate	1.46%	2.22%
Dividend yield	nil	nil
Forfeiture rate	6.05%	5.56%
Volatility factor of expected market price of the Company's shares	93.78%	72.00%

For awards that vest at the end of a vesting period, compensation cost is recognized on a straight line basis over the period of service. For awards subject to graded vesting, each installment is treated as a separate award with separate fair value and a separate vesting period. The estimated forfeiture rate is adjusted to actual forfeiture experience as information becomes available.

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

15. FINANCE INCOME AND FINANCE COSTS:

The Company's finance costs for the years ended August 31, 2012 and August 31, 2011 were comprised of the following:

	AUG 31, 2012	AUG 31, 2011
Interest on long term debt	$ 354,362	$ 532,582
Bank indebtedness	29,826	62,157
Interest income	(47,401)	(64,875)
	$ 336,787	$ 529,864

16. FINANCIAL INSTRUMENTS:

Fair Value

The Company's carrying value of cash and cash equivalents, trade and other receivables, accounts payable, accrued and other 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 the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

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, 2012:

Cash and cash equivalents	Fair value through profit or loss
Trade and other receivable	Loans and receivables
Accounts payable, accrued and other liabilities	Other financial liabilities
Loans and borrowings	Other financial liabilities

The different levels of fair value hierarchy, which require the Company to maximize the use of observable inputs when measuring fair value are defined as follows:

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 Fair value through profit or loss financial instruments are measured at fair value using Level 1 inputs.

17. DETERMINATION OF FAIR VALUES:

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(b) Intangible assets

The fair value of customer contracts and customer relationships is based on the discounted cash and cash equivalents flows expected to be derived from the use and eventual sale of the assets.

(c) Share based payment transactions

The fair value of the employee share options and the share appreciation rights is measured using the Black Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk free interest rate (based on government bonds). Service and non market performance conditions attached to the transactions are not taken into account in determining fair value.

18. COMMITMENTS AND CONTINGENCIES:

(a) Contractual obligations

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

Next 12 months	$	802,347
13 – 24 months		782,085
25 – 36 months		780,002
37 – 48 months		552,705
49 – 60 months		530,593
Thereafter		299,361
	$	3,747,093

(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 and cash equivalents flows, these matters are inherently uncertain and management's view of these matters may change in the future.

19. FINANCIAL RISK MANAGEMENT:

The Group has exposure to the following risks from its use of financial instruments:

- interest risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash and cash equivalents 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 and cash equivalents 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.

For the year ended August 31, 2012, a change in interest rate relating to loans and borrowings of 1% would have increased interest expense by approximately $26,000 (2011 – $33,500, 2010 – $43,000).

(b) 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, 2012 is $812 (2011 – $22,698, 2010 – $18,485).

Pursuant to their respective payment terms, consolidated accounts receivable are aged as follows as at August 31, 2012:

Current	$ 2,231,485
31 – 60 days past due	173,065
61 – 90 days past due	88,148
Over 91 days past due	81,239
	2,573,937
Allowance for doubtful accounts	(812)
	2,573,125

(c) 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 and cash equivalents flows through its ongoing operations, management believes that cash and cash equivalents 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 and cash equivalents resources through ongoing financial forecasts and anticipated cash and cash equivalents flows.

The maturity dates of the Company's financial liabilities as at August 31, 2012 are as follows:

	CARRYING AMOUNT	CONTRAC-TUAL CASH FLOWS	MATURING IN THE NEXT 12 MONTHS	MATURING IN 13 TO 36 MONTHS	MATURING IN 37 TO 60 MONTHS	MATURING IN 13 TO 36 MONTHS
Trade payables	$ 3,645,064	$ 3,645,064	$ 3,645,064	$ -	$ -	$ -
Loans and borrowings	2,219,691	2,219,691	464,086	761,671	723,934	270,000
Interest payments on long term debt	246	123	123	-	-	-
	$ 5,865,001	$ 5,864,878	4,109,273	$ 761,671	$ 723,934	$ 270,000

20. CAPITAL MANAGEMENT:

The Company views its capital as the combination of its cash and cash equivalents, long term debt, and shareholders' equity. The Company's primary objective when managing capital is to safeguard the entity's ability to continue as a going concern while supporting the growth of the Company's business through organic growth and new acquisitions.

The Company manages the capital structure and makes adjustments to it in accordance with the aforementioned objective, as well as taking into consideration changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new or repurchase existing shares and assume new or repay existing debt.

No changes were made in the objectives, policies or processes for managing capital during the year.

The credit facilities require the Company to maintain certain financial covenants. Management also uses these ratios as key indicators in managing the Company's capital. The Company is subject to externally imposed capital requirements to maintain certain financial covenants. The Company complied with all the required financial covenants at August 31, 2012.

21. OPERATING SEGMENTS:

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits Insurance, benefits and pension administration. As at August 31, 2012, on the basis of type of services provided and in accordance with IFRS 8, *Operating Segments*, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

22. RELATED PARTIES:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non cash and cash equivalents benefits and participation in the Employee Share Ownership Plan (Note 14(a)) and Stock Option Plan (Note 14(b)).

The following table details the compensation paid to key management personnel during the year ended August 31, 2012 and 2011:

		AUG 31, 2012		AUG 31, 2011
Salaries, fees and short term employee benefits	$	1,370,612	$	1,251,141
Short term benefits and insurance premiums		24,245		19,106
Share based payments		79,204		45,989
	$	1,474,061	$	1,316,236

(b) Key management personnel and director transactions

Directors and key management personnel control 26.90% percent of the voting shares of the Company.

The Company engages in transactions with Directors and key management personnel of the Group. 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 for the year ended August 31, 2012 and 2011 and balances as at August 31, 2012 and 2011 are as follows:

		AUG 31, 2012		AUG 31, 2011
Interest expense (i)	$	-	$	268,137

	AUG 31, 2012	AUG 31, 2011	SEPT 1, 2010
Accounts payable, accrued and other liabilities	-	-	2,059
Loans and borrowings (ii)	-	-	2,390,817

(i) Interest on vendor take back debt related to prior acquisitions was paid or accrued totaling nil for the year ended August 31, 2012 (2011 – $268,137) to certain officers and directors of the Company.

(ii) 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.

23. EXPENSES BY NATURE:

The Company's operating expenses for the year ended August 31, 2012 and August 31, 2011 were comprised of the following:

		AUG 31, 2012		AUG 31, 2011
Personnel				
Wages, salaries and commissions	$	14,190,325	$	12,781,090
Bonuses		1,965,567		1,328,051
Short term benefits and insurance premiums		1,481,749		1,221,167
Share based payments		103,134		93,341
		17,740,775		15,423,649
Advertising and sponsorships		491,321		472,464
Automobile		233,317		171,259
Administration fees		1,568,739		1,447,485
Depreciation of property and equipment		309,294		308,292
Occupancy		1,315,689		1,298,847
Office supplies and communication		1,123,747		1,090,842
Other		375,540		106,998
Professional fees		793,005		889,477
Public company costs		285,897		257,831
Travel		622,110		565,648
Restructuring costs		-		436,896
	$	24,859,434	$	22,469,688

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totaled $25,683 for the year ended August 31, 2012 (2011 – $30,376). The amount is included in the salaries, wages and benefits expense in these consolidated financial statements.

24. SUBSEQUENT EVENTS:

(a) Effective on September 1, 2012, the Company acquired all the issued and outstanding common shares of JSL Inc. ("JSL") for $300,000 of vendor take back debt.

(b) Effective on November 1, 2012, the Company acquired all the issued and outstanding common shares of Prosure Group Administrators Ltd. and Prosure Insurance Agencies Ltd. (collectively, "Prosure") for $800,000 in cash and $700,000 in vendor take back debt.

(c) Effective on December 3, 2012, the Company acquired all the issued and outstanding shares of Bencom Financial Services Group Inc. ("Bencom") for $3,435,907 in cash, $1,214,093 in vendor take back debt and 1,000 Class G Special shares in the subsidiary of the Company.

(d) Under the terms of its existing Credit Facility Agreement with the Canadian Imperial Bank of Commerce (Note 11), the Company drew $3,750,000 against the term revolving acquisition credit facility set up to fund acquisitions. The loan is repayable over a period of up to seven years and will bear interest at prime plus 1.5%.

25. EXPLANATION OF TRANSITION TO IFRS:

As stated in Note 2, these are the Company's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the consolidated financial statements for the year ended August 31, 2012, the comparative information presented and the preparation of an opening IFRS statements of financial position at September 1, 2010 (the Company's transition date).

(a) Transition elections

Share based payment transaction exemption

The Company has elected to apply the share based payment exemption. It applied IFRS 2 from September 1, 2010 to those options that were issued after November 7, 2002 but that have not vested by September 1, 2010.

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

Business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously determined under Canadian GAAP as a result of applying these exemptions.

(b) Accounting policy elections

IFRS 2 is effective for the Company as of September 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Share options prior to November 7, 2002 are not taken into account for IFRS 2; and
- From September 1, 2010, all share options and other share based payments will be expensed in accordance with the policy stated in Note 3(j).

(c) Reconciliation of Consolidated Statement of Financial Position as Previously Reported Under Canadian GAAP to IFRS as at September 1, 2010

CANADIAN GAAP ACCOUNT CLASSIFICATIONS	REF	CDN GAAP	TRANSITION ADJUST-MENTS	RECLASS ADJUST-MENTS	IFRS	IFRS ACCOUNT CLASSIFICATIONS
Assets						
Current Assets:						Current Assets:
cash and cash equivalents		$ 1,663,557	$ -	$ -	$ 1,663,557	cash and cash equivalents
Accounts receivables		2,415,898	-	-	2,415,898	Trade and other receivables
Prepaid expenses		248,375	-	-	248,375	Other current assets
		4,327,830	-	-	4,327,830	Total current assets
						Non-current assets:
Property and equipment		938,268	-	-	938,268	Property and equipment
Intangible assets		6,442,568	-	13,373,247	19,815,815	Intangible assets
Goodwill		13,373,247	-	(13,373,247)	-	
		20,754,083	-	-	20,754,083	Total non current assets
		$ 25,081,913	**$ -**	**$ -**	**$ 25,081,913**	**Total assets**
Liabilities and shareholders' equity						
Current liabilities:						Current liabilities:
Accounts payable and accrued liabilities		3,066,601	-	39,236	3,105,837	Accounts payable and accrued liabilities
Deferred revenue		3,168,694	-	-	3,168,694	Deferred revenue
Income tax payable		531,559	-	-	531,559	Current taxes
Current portion of deferred lease inducements		39,236	-	(39,236)	-	
Current portion of obligations under capital lease		15,840	-	(15,840)	-	
Current portion of long term debt		1,418,095	-	15,840	1,433,935	Current portion of loans and borrowings
		8,240,025	-	-	8,240,025	Total current liabilities
Deferred lease inducements		147,217	-	-	147,217	Accrued liabilities
Deferred revenue		324,015	-	-	324,015	Deferred revenue
Obligations under capital leases		33,616	-	(33,616)	-	
Long term debt		2,298,253	-	33,616	2,331,869	Loans and borrowings
Future income taxes		1,673,240	-	-	1,673,240	Deferred taxes
		12,716,366	-	-	12,716,366	
Shareholders' equity:						
Share capital		11,990,956	-	-	11,990,956	Share capital
Contributed surplus		371,969	82,435	-	454,404	Contributed surplus
Retained earnings		2,622	(82,435)	-	(79,813)	Retained earnings (deficit)
		12,365,547	-	-	12,365,547	Total shareholders' equity
		$ 25,081,913	**$ -**	**$ -**	**$ 25,081,913**	**Total liabilities and shareholders' equity**

Reconciliation of Consolidated Statement of Financial Position and Shareholders' Equity as Previously Reported Under Canadian GAAP to IFRS as at August 31, 2011:

CANADIAN GAAP ACCOUNT CLASSIFICATIONS	REF	CDN GAAP	TRANSITION ADJUST-MENTS	RECLASS ADJUST-MENTS	IFRS	IFRS ACCOUNT CLASSIFICATIONS
Assets						
Current Assets:						Current Assets:
cash and cash equivalents		$ 1,287,741	$ -	$ -	$ 1,287,741	cash and cash equivalents
Accounts receivables		3,208,481	-	-	3,208,481	Trade and other receivables
Prepaid expenses		313,659	-	-	313,659	Other current assets
		4,809,881	-	-	4,809,881	Total current assets
						Non-current assets:
Property and equipment		984,908	-	-	984,908	Property and equipment
Intangible assets		5,651,434	-	13,547,835	19,199,269	Intangible assets
Goodwill		13,547,835	-	(13,547,835)	-	
		20,184,177	-	-	20,184,177	Total non-current assets
		$ 24,994,058	**$ -**	**$ -**	**$ 24,994,058**	**Total assets**
Liabilities and shareholders' equity						
Current liabilities:						Current liabilities:
Accounts payable and accrued liabilities		3,909,632	-	86,752	3,996,384	Accounts payable and accrued liabilities
Deferred revenue		3,344,981	-	-	3,344,981	Deferred revenue
Income tax payable		107,041	-	-	107,041	Current taxes
Current portion of deferred lease inducements		86,752	-	(86,752)	-	
Current portion of obligations under capital lease		15,174	-	(15,174)	-	
Current portion of long term debt		745,954	-	15,174	761,128	Current portion of loans and borrowings
		8,209,534	-	-	8,209,534	Total current liabilities
Deferred lease inducements		60,465	-	-	60,465	Accrued liabilities
Deferred revenue		324,150	-	-	324,150	Deferred revenue
Obligations under capital leases		59,707	-	(59,707)	-	
Long term debt		2,143,422	-	59,707	2,203,129	Loans and borrowings
Future income taxes		1,266,697	-	-	1,266,697	Deferred taxes
		12,063,975	-	-	12,063,975	
Shareholders' equity:						
Share capital		11,990,956	-	-	11,990,956	Share capital
Contributed surplus		418,869	128,875	-	547,744	Contributed surplus
Retained earnings		520,258	(128,875)	-	391,383	Retained earnings (deficit)
		12,930,083	-	-	12,930,083	Total shareholders' equity
		$ 24,994,058	**$ -**	**$ -**	**$ 24,994,058**	**Total liabilities and shareholders' equity**

(d) Reconciliation of Comprehensive Income as Previously Reported Under Canadian GAAP to IFRS for the year ended August 31, 2011:

CANADIAN GAAP ACCOUNT CLASSIFICATIONS	REF	CDN GAAP	TRANSITION ADJUST-MENTS	RECLASS ADJUST-MENTS	IFRS	IFRS ACCOUNT CLASSIFICATIONS
Revenue						
Commissions		$ 13,339,741	$ -	$ (2,254,776)	$ 11,084,965	Commissions
Fees		10,935,249	-	2,393,929	13,329,178	Fees and other revenues
		24,274,990	-	139,153-	24,414,143	
Expenses			-	-		Operating expenses
Salaries and benefits		12,274,952	-	3,148,697	15,423,649	Personnel
General and administrative		5,193,682	-	836,825	6,030,507	General and administrative
Commissions		2,767,894	-	(2,767,894)	-	
Advertising and Promotion		1,255,478	-	(239,946)	1,015,532	Advertising and promotion
Stock based compensation	(i)	46,900	46,441	(93,341)	-	
		21,538,906	46,441	884,341	22,469,688	
Income before undernoted items		**2,736,084**	**(46,441)**	**(745,188)**	**1,944,455**	**Income (loss) from operating activities**
Other expenses						**Finance income (costs)**
Interest expense		(529,864)	-	594,739	64,875	Finance income
		-	-	(594,739)	(594,739)	Finance expenses
Amortization of property and equipment		(308,292)	-	308,292	-	
Amortization of intangible assets		(891,134)	-	-	(891,134)	Amortization of intangible assets
Restructuring costs		(436,896)	-	436,896	-	Restructuring costs
		(2,166,186)	-	745,188	(1,420,998)	
Income before taxes Income tax expense (recovery)		**569,898**	**(46,441)**	**-**	**523,457**	**Net income (loss) before income taxes** **Income tax expense (recovery)**
Current		485,385	-	-	485,385	Current
Future		(433,123)	-	-	(433,123)	Deferred
		52,262	**-**	**-**	**52,262**	
Net Income (loss) and comprehensive income (loss)		**517,636**	**(46,441)**	**-**	**471,195**	**Net Income (loss) and comprehensive income (loss)**

(e) Reconciliation of Shareholders' Equity:

		SHARE CAPITAL		CONTRIBUTED SURPLUS		RETAINED EARNINGS		TOTAL
Balance, September 1, 2010 - Canadian GAAP	$	**11,990,956**	$	**371,969**	$	**2,622**	$	**12,365,547**
IFRS adjustments to share based compensation		-		82,435		(82,435)		-
Balance, September 1, 2010 - IFRS	$	**11,990,956**	$	**454,404**	$	**(79,813)**	$	**12,365,547**

		SHARE CAPITAL		CONTRIBUTED SURPLUS		RETAINED EARNINGS		TOTAL
Balance, August 31, 2011 - Canadian GAAP	$	**11,990,956**	$	**418,869**	$	**520,258**	$	**12,930,083**
IFRS adjustments to share based compensation		-		128,875		(128,875)		-
Balance, August 31, 2011 - IFRS	$	**11,990,956**	$	**547,744**	$	**391,383**	$	**12,930,083**

Notes to tables:

Measurement differences:

The following is a summary of the most significant adjustments to the opening balance sheet arising from the adoption of IFRS. All adjustments are presented before income taxes, and the combined income tax impact of all adjustments is presented below.

(i) IFRS 2 – Share based Compensation

The Company's stock options are generally issued with tranches vesting over three years. Under Canadian GAAP, the fair value assigned to a specific option grant has been amortized on a straight line basis over the term of the vesting period. Under IFRS, the Company is required to vest each tranche separately.

Under Canadian GAAP, the Company recorded forfeitures of options grants prior to vesting on an as incurred basis. IFRS requires that the Company estimate an expected level of forfeitures. Forfeitures occur when a grantee has not met vesting requirements, usually as a result of termination of employment prior to vesting.

These measurement differences impacted retained earnings and contributed surplus in the consolidated statements of financial position and general and administrative expenses in the consolidated statements of comprehensive income in the periods presented.

Reclassification differences:

Under Canadian GAAP, the consolidated statements of operations and comprehensive income (loss) was presented by a combination of function and nature of expenses. The Company elected to present its items in the consolidated statements of comprehensive income by function under IFRS. For the periods presented, the following reclassifications were made:

- Interest income was reclassified to finance income;
- Amortization of capital assets was reclassified to general and administrative expenses;
- Commissions were reclassified to general and salaries and benefits expenses;
- Share based compensation was reclassified to salaries and benefits expenses;
- Certain direct costs, previously reported as a reduction to revenue were reclassified to advertising and promotion expenses;
- Certain advertising and promotion expenses were reclassified to general and administrative expenses;
- Restructuring costs were reclassified to general and administrative expenses; and
- Goodwill was reclassified to intangible assets.

In addition, certain fees revenue were reclassified to commission revenue.

(e) Reconciliation of Statement of cash flows as Previously Reported Under Canadian GAAP to IFRS

There are no material differences between the statements of cash flows presented under IFRS and the statements of cash flows presented under previous Canadian GAAP for the year ended August 31, 2011.

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 Paul Asmundson, Vice President Corporate Development
BOARD OF DIRECTORS:	Laurie Goldberg, Chairman Scott C. Anderson, Lead Director Sue Dabarno Richard Leipsic
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 Canada
LEGAL COUNSEL:	McMillan LLP Brookfield Place 4400 – 181 Bay Street Toronto, Ontario M5J 2T3 Canada
AUDITORS:	MNP LLP 701 - 85 Richmond Street West Toronto, Ontario M5H 2C9 Canada
TRANSFER AGENT:	Equity Financial Trust 200 University Avenue, Suite 400 Toronto, Ontario M5H 4H1 Canada
LISTING:	Stock Exchange: TSX-V Symbol: PEO
ANNUAL GENERAL MEETING:	February 21, 2013 3:00 PM Central Standard Time Suite 1800, 360 Main Street Winnipeg, Manitoba R3C 3Z3 Canada

EXECUTIVE HEAD OFFICE:
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