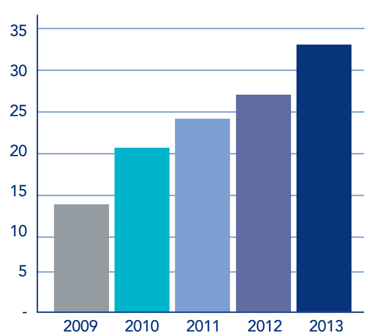
2013 ANNUAL REPORT

people
CORPORATION

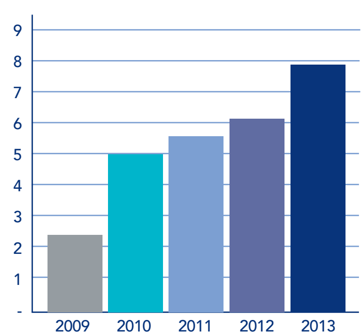
HIGHLIGHTS

YEAR ENDED AUGUST 31	2013	2012	2011	2010
Revenue	$32,892,159	$27,157,385	$24,274,990	$20,687,278
EBITDA before corporate costs	7,839,707	6,140,744	5,632,042	4,873,426
Adjusted EBITDA	$4,344,309	$2,710,379	$2,346,088	$1,937,215
Total assets	$53,736,277	$25,342,445	$24,994,058	$25,081,913
Total debt	19,249,335	2,219,691	2,889,376	3,716,347
Other liabilities	20,310,320	9,363,384	9,174,599	9,000,019
Shareholders' equity	14,176,622	13,759,370	12,930,083	12,365,547
Total liabilities and shareholders' equity	$53,736,277	$25,342,445	$24,994,058	$25,081,913
Cash, end of year	$2,449,169	$3,199,643	$1,287,741	$1,663,557
Repayment of long-term debt	$802,538	$853,910	$2,749,928	$1,311,953
Common shares outstanding at year end	33,027,193	32,970,527	32,970,527	32,970,527

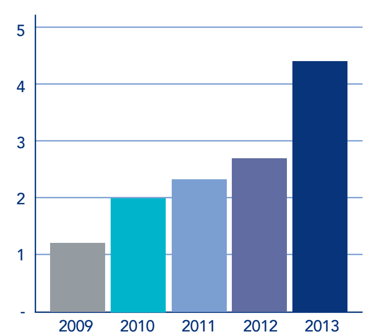
REVENUE
(in $ millions)



EBITDA BEFORE CORPORATE COSTS
(in $ millions)



ADJUSTED EBITDA
(in $ millions)



TO THE SHAREHOLDERS OF PEOPLE CORPORATION

As Canada's economy continues to climb out of the challenges emanating from the world's global economic decline of only a few years ago, new industry leaders are emerging and some of our country's previous superstars don't even make the list. This is normal. We can't always predict who will be the winners, but one thing is certain - when economies go through change, industry players and their relative market position usually change - for better or for worse. Our industry - group benefits, retirement and HR is no different. It continues to go through change and we plan on emerging at the top.

More specifically, as I said in my 2011 Chairman's Message, the increasing cost of employee benefits, driven in large part by the increased cost of healthcare and utilization rates combined with an aging demographic, results in employers being faced with challenges around employee recruitment and retention, as well as cost containment. As such, being client centric by providing powerful employee benefits and human resource consulting, products and solutions remains good business. This trend continues to intensify, and employers increasingly seek advice to solve for these challenges. We are focussed on being a client centric organization by delivering solutions to meet these challenges by continuing to invest heavily in consulting expertise, client service best practices and unique product offerings. We plan to continue to expand as the best benefit, retirement and consulting services firm in the country. You may consider this to be an extremely lofty goal, perhaps, but no one rises to low expectations. We have high expectations of ourselves, as do our clients and our prospective clients.

During this period of economic challenge and industry change, we increased our investments significantly in organic and acquisition-related growth, and completed a variety of operational initiatives. At the same time, we have balanced these long-term strategic investments with ensuring that we achieve our annual financial goals. Ongoing evidence of the merits of our strategy and our team's ability to execute on it can be seen by quarter-over-quarter and year-over-year growth in our financial results. To that end, here are some of our fiscal 2013 accomplishments:

- We welcomed four new partner firms to the People Corporation group of companies as part of our acquisition-related growth plan. In total, these acquisitions represented approximately $26 million in transaction value, and will add significantly to the Company's client base, revenue, profitability and cash flow on a future basis. JSL Inc. and Prosure, both based in the Greater Toronto Area, represent a strong addition to our business in this region, Bencom Financial Services Group adds a sizable, leading practice in the Southwestern Ontario region, and Hamilton + Partners represents our largest acquisition to date, significantly expanding our national footprint with a presence in the Calgary market, and adding some unique product expertise. These acquisitions are indicative of the momentum of our acquisition-based growth strategy.

- Organic growth continues to be a cornerstone of our overall growth strategy. In fiscal 2013, we continued to focus on a variety of organic growth initiatives. Much of this activity took place in our Shared Services division, which seeks to provide internal resources to our consultants to provide them with a unique value proposition and competitive edge to attract and retain new clients. For example, the Company continued to focus on expanding its suite of proprietary products and services, including the launch of a new Wellness Solutions division and continued expansion of our Group Retirement Solutions division.

- We also continued to form new strategic relationships related to the expansion of our product portfolio, billing platforms and third party administration (TPA) platforms, thereby increasing the number of product offerings available to clients. Specifically, the launch of preferred pricing arrangements in pharmacies, optical, and other services have provided savings for our clients. We also further developed our TPA platform, adding more insurance carrier choices for our clients and increased ability to create a customized solution by selecting different benefit program components from different providers, but providing them through one seamless interface with our clients.

- In PeopleFirst HR Services, our HR consulting division, the breadth of our offering was expanded both geographically and through additional service offerings. We increased our service to the Saskatchewan marketplace, gaining a number of new clients in that attractive market. We also rolled out a new HR outsourcing services line, which experienced traction in the market, and has resulted in a growth area for this part of our business.

- We view our people as our strongest asset and an important differentiator. After all, our company name is People Corporation. During 2013, we continued to invest significantly in our people talent. These investments span our company – including client-facing benefits consultants, client service professionals, regional and product-based management, and corporate management. The strong articulation of our vision, and our success to date, has resulted in us being able to attract top talent from within the group benefits, group retirement and HR consulting sectors, as well as adjacent industries. We believe strongly in positioning our people for success and career growth by providing them with leading edge tools, resources and support to attract, retain and serve our clients. We are committed to developing our people, through training and providing career paths second to none. In fact, this year, we further invested in our training by launching the first ever People Corporation Academy bringing new consultants from across the country together for technical training and awareness of our service offerings and solutions so that they can bring the best resources to each client engagement.

  And, we are proud that our people can and have chosen to participate in the firm's financial success. Our firm offers an Employee Stock Ownership Plan, which to date, has over 60% participation and continues to be an attractive benefit offered by our Company.

  Our footprint across Canada now stands at 28 offices and satellite offices across 7 provinces. We have over 200 professionals and support staff. We serve nearly 3,000 clients across the country, diversified by region, sector and size.

- Our financial results indicate that we have the right strategy, are succeeding in its execution, and are making accretive investments. For fiscal 2013, we posted record financial results, which include revenue growth of 21.1% and Adjusted EBITDA growth of 60.3%. These growth rates, based on our published financial results, include only a partial impact of recent acquisitions, given that they occurred throughout the fiscal year. If you are to consider the full impact of recent acquisitions, our growth is even more significant.

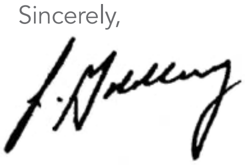
The growth that we achieved during fiscal 2013 was dramatic. In June 2013, in recognition of our outstanding growth, People Corporation was included in the PROFIT 500, a ranking of Canada's fastest growing companies, compiled by PROFIT Magazine based on five-year revenue growth.

The strategic and operational accomplishments noted above are critical in pursuing our vision to create the leading provider of group benefits, group retirement and HR consulting products and services in Canada, with best-in-class consultants delivering innovative and customized solutions. Our disciplined execution of strategic and operational initiatives and the wise allocation of investment capital will be what drives our financial performance in the short and long term. We are very pleased with our results for 2013 but, as I have said before – we've only just begun.

Our plans for fiscal 2014 are more exciting than ever. While we can see the momentum continuing and expect to reap the benefits of past investments, we will continue to invest in the future, and continue to build our capabilities. We will be unwavering in our focus on the client, while balancing financial prudence.

We, at People Corporation welcome and hope that you will continue to participate in this exciting journey, and as our tag lines states, we invite you to "Experience the Benefits of People".

Sincerely,



Laurie Goldberg
Chairman and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS QUARTER AND YEAR ENDED AUGUST 31, 2013

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This Management's Discussion and Analysis (**"MD&A"**) has been prepared with an effective date of December 4, 2013 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, 2013, 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 the Company's 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 the Company's actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by the Company or on its 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, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes 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 EBITDA before non-recurring acquisition and transaction costs ("Adjusted EBITDA"), 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-eight 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, 2013		AUG 31, 2012	
	THREE MONTHS ENDED	YEAR ENDED	THREE MONTHS ENDED	YEAR ENDED
Revenue	$ 9,074.6	$ 32,892.2	$ 6,710.7	$ 27,157.4
Adjusted EBITDA	$ 918.7	$ 4,344.3	$ 442.3	$ 2,710.4
Adjusted EBITDA per share (Basic)	$ 0.028	$ 0.132	$ 0.013	$ 0.082
Net Income	$ (581.0)	$ 260.1	$ 173.5	$ 726.2
Net income per share (Basic)	$ (0.018)	$ 0.008	$ 0.005	$ 0.022

For the year ended August 31, 2013, the Company reported revenue growth of $5,735 or 21.1%. The increase in revenue reported for the year ended August 31, 2013 as compared to the prior year is due to both acquired growth and organic growth.

Approximately one-third ($2.1 million or 7.7%) of the increase in revenue represents organic growth in the business, attributable to the activities discussed below such, as the expansion of the Company's team of benefits consultants and the additions to the Shared Services product/service offering, which has resulted in additional revenue from existing clients as well as the addition of new clients. The balance of the revenue growth, $3,653.1 or 13.5%, was generated through new acquisitions of Hamilton + Partners, Bencom, Prosure, and JSL, all as herinafter defined. Revenue growth from acquisitions represents the revenues of these entities only from the date of the closing of the respective transactions, and therefore does not include a full year of the transactions' financial impact, or 1.7 months, 9 months, 10 months and 12 months of revenue, respectively.

Adjusted EBITDA for the fiscal year ended August 31, 2013 was $4,344.3 million, representing an increase of 60.3% or $1,634.0, as compared to the same period in 2012. Adjusted EBITDA margin increased from 10.0% in fiscal 2012 to 13.2% in fiscal 2013. The growth in Adjusted EBITDA and margin improvements are a result of the operating leverage in the business, as the revenue associated with past investments in operations effectively increases operating earnings with limited additional incremental investment or expense. Similar to revenue, Adjusted EBITDA discussed above only reflects the financial results of the companies with which People Corporation completed transactions from the closing date of the relevant transactions, and therefore published financial results are not indicative of the current earnings power of the business.

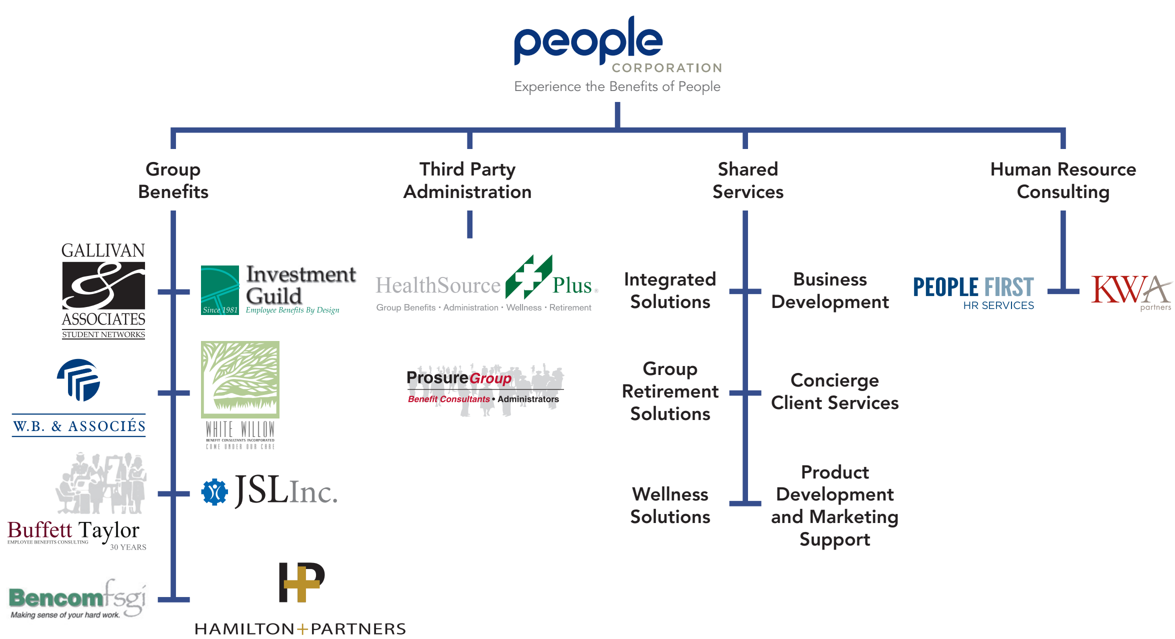
Net Income decreased $466.1 or 64.1%. The decrease in net income is due to incremental finance expense attributable to debt issued in connection with the transactions completed during the year and $966.0 of non-recurring costs related to those transactions, and also to various non-cash expenses related to the accounting entries for items such as amortization of intangible assets. As with the other income statement items discussed above, net income includes the financial results of companies with which transactions were completed only from the date of closing of the associated transactions.

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-eight 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.

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 execute on 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. The Company's diverse team of experienced consultants have industry-specific expertise and can provide businesses with insight to customize an innovative suite of services specific for their business requirements. The Company is committed to helping businesses attract, retain and reward their people thereby assisting in the achievement of the client goals.

While the Company continues to go-to-market with the various brands 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 client businesses to prosper.

People Corporation helps businesses:

Attract The Company's employee benefit, group retirement and HR divisions are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.

Reward Proprietary solutions offered by the Company's benefit consulting and, third-party administration platform ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families as well as to the client's business.

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

GROUP BENEFITS

Whether a client needs a simple benefits package or a comprehensive solution, The Company's experts can customize a program for its client's unique needs.

Expertise The Company's consultants are recognized industry leaders who can create unparalleled value for a client's organization. Through the experience of working with hundreds of clients, the Company's consultants have developed broad, as well as specialized, product, insurance and industry expertise.

Custom Solutions The Company'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 consultants and staff.

Industry Leading Pricing As a national provider, the Company's buying power allows it to offer clients the best products on the best terms.

Independent Guidance The Company's expert advice is unbiased and independent. The Company works with all major insurers to provide clients with the best customized solution for its client's business and people.

National Servicing With offices across the country, the Company 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 250,000 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 a consulting firm specializing in providing service to a predominately public sector and not-for-profit clientele. Buffett Taylor is versed in all areas of group benefits insurance and benefit plans. 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 provides service to mid-market, to large corporate clients with group benefit plans and group retirement solutions. White Willow has special expertise in servicing legal firms and organizations within the financial services sector.

LES ASSURANCE W.B.

Les Assurance W.B. (**"LAWB"**) provides group benefit advisory services 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, provides 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.

HAMILTON + PARTNERS

Hamilton + Partners' consist of three operating companies, Employee Benefits Inc. ("EBI"), Disability Concepts Inc. (**"DCI"**) and 6814409 Canada Incorporated (**"681"**), (collectively **"H+P"**). EBI is a group benefits consulting firm that provides service predominantly to Alberta based small to large corporate clients with group benefit plans and group retirement solutions. DCI provides unique disability and critical illness solutions designed to balance employer interests of cost savings and product enhancements with employee concerns and adequate coverage. 681 provides specialized medical insurance products which expedites access to medical imaging and rapid second opinion as well as coverage for private medical treatments. Established in 1984, H+P operates primarily in Alberta.

THIRD PARTY ADMINISTRATION

The Company has several third-party administration (**"TPA"**) service platforms allowing it to administer benefit plans on behalf of clients and insurance carrier partners. These administration platforms allow the Company to develop specialized, unique and customized benefit solutions for its 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. HSP 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 by providing resources to attract clients and retain clients. The corporate shared service divisions were created to ensure that the Company's subsidiaries and divisions 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 (**"IS"**) provides group benefit advisory services with a focus on unique strategic and tax effective compensation solutions designed to realign the competing needs of the business and the people in it. IS provides its specific expertise through a network of third party insurance brokers who do not traditionally serve group benefit needs.

CONCIERGE CLIENT SERVICES

The Company's Concierge Client Service offering is designed to ensure proper elements and commitments are in place to provide consistent service and delivery to clients on an integrated basis. The standard service level agreements between the Company and its clients provide for a common understanding about service, expectations, priorities and responsibilities, the purpose of which is to maintain quality of service and to ultimately have a positive effect on retention rates.

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.

WELLNESS SOLUTIONS

Wellness Solutions focuses on providing the Company's corporate client with a suite of proprietary products, and service offerings that will help manage increasing costs of absenteeism, presenteeism, and loss of productivity. In addition, the Company's Wellness Solutions will serve to help the Company's clients attract, reward, and retain their employees.

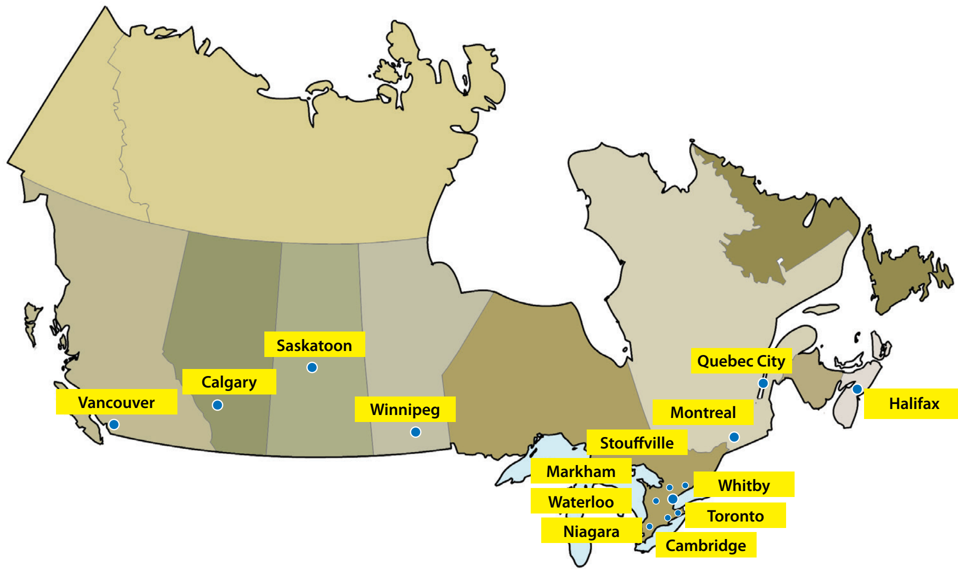
HUMAN RESOURCE SERVICES

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
- Human resource consulting 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; realize the collective strength of a highly engaged workforce; and support employees and employers during times of change. 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.



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 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 Shared Services structure is designed 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 the strategic plan supported by a focus on organic growth, acquisitions and its Shared Services strategy will result in continued growth in coming years.

OVERVIEW OF OPERATIONAL PERFORMANCE

As a result of a focus on executing its strategic plan, the Company 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. 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.

2012 MILESTONES:

The Company continued its positive momentum and strong performance during the fourth quarter. Corporately, our objectives continued to focus on:

i. promoting and recruiting leadership to execute our organic growth plans;
ii. adding additional benefits consultants in order to expand our organic revenue generating capabilities;
iii. expanding product portfolio, billing platforms and TPA administration platforms thereby increasing the number of product offerings available to clients;
iv. enhancing the client service model; and
v. pursuing possible acquisitions which align with the Company's strategic plan.

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. The Company's results demonstrate operating leverage whereby increased revenue resulted in increased profitability.

SPECIFIC MILESTONES IN THE CURRENT FISCAL YEAR INCLUDE:

- Completed four acquisitions: JSL, Prosure Group of Companies, Bencom and Hamilton + Partners, providing scale, expanding the Company's geographic footprint and enhancing the Company's third-party administration capabilities.

- Expansion of Management Team:
    - Mr. David Young, Vice Chair Corporate Initiatives
    - Ms. Debra Jonasson-Young, President, People First HR Solutions Ltd.
    - Mr. Paul Asmundson, Vice President of Corporate Development
    - Mr. Yacine Bara, National Director of Underwriting
    - Ms. Dana Hurst, Wellness Specialist

- Hosted the first annual PC Academy, a program designed to set the culture and expectations for new Benefits Consultants, to instill the Company's teamwork and core values to ensure organizational success. The PC Academy hosted ten new Benefit Consultants who represented the Greater Toronto Area, Kitchener/Waterloo, Montreal, Manitoba and Alberta regions;

- Launch of the Company's Preferred Pharmacy Network, a partnership with Loblaw pharmacy, DRUGStore PharmacyTM pharmacies and Loblaw optical and Eyewear locations to assist clients with managing cost;
- Soft launch of a new administration platform technology which will enable the Company to enhance its ability to develop and deliver innovative and proprietary benefit solutions to its clients;
- Platinum Sponsor of Human Resource Management Association of Manitoba's (HRMAM) Connect Conference under the People Corporation, People First HR Services, and HealthSource Plus brands; and
- Launch of new Wellness Solutions division designed to provide additional value-added products to clients in connection with the hiring of a Wellness Specialist;

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 July 9, 2013, The Company acquired 100% of the issued and outstanding common shares of H+P Consulting Corporation which wholly owns EBI, DCI and 681, operating under the brand Hamilton + Partners. Established in 1984, H+P is a group benefits and disability insurance consulting firm based in Calgary, Alberta. H+P offers a diverse range of products designed to balance the employer interests for cost savings and product enhancements with employee concerns and adequate coverage.

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. Established in 1987, Prosure 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. Established in 1976, JSL 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 acquired 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 full service benefits and pension advisory practices, each of H+P, Bencom, Prosure and JSL business models are aligned with The Company's strategic, operating and growth objectives. To support the Company's revenues and Adjusted EBITDA growth plans, these acquisitions bring additional carrier relationships, product solutions and administrative capabilities. The Company's 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 consider 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:

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 9,074.6	$ 8,665.6	$ 8,138.3	$ 7,013.6	$ 6,710.7	$ 6,545.0	$ 7,274.8	$ 6,626.9
Operating & corporate expenses	(8,155.9)	(7,340.6)	(6,930.2)	(6,121.3)	(6,268.4)	(5,984.9)	(6,350.9)	(5,842.9)
Adjusted EBITDA	918.7	1,325.1	1,208.2	892.3	442.3	560.1	923.9	784.0
Interest expense, net	(472.6)	(202.2)	(174.5)	(81.4)	(76.7)	(94.4)	(87.3)	(78.3)
Amortization and depreciation	(435.7)	(430.9)	(443.8)	(311.7)	(312.7)	(305.4)	(297.9)	(294.4)
Non-controlling interest								
Share-based compensation	(37.4)	(23.7)	(37.9)	(37.8)	(35.7)	(37.2)	(13.9)	(16.4)
Income tax expense, net	63.2	(242.2)	(137.1)	(112.3)	156.3	(92.6)	(158.7)	(238.9)
Acquisition costs	(617.2)	(7.6)	(236.8)	(104.4)	-	-	-	-
Net income	(581.0)	418.5	178.1	244.7	173.5	30.5	366.1	156.0
Total Assets	53,736.3	31,101.9	32,560.1	25,778.4	25,342.4	24,460.3	24,378.0	24,317.0
Total loans and borrowings	19,249.3	6,905.2	7,132.6	2,972.9	2,219.7	2,380.3	2,705.5	2,775.2
Total other liabilities	20,310.3	9,476.6	11,169.7	8,763.7	9,363.4	8,529.8	8,192.7	8,442.2
Shareholders' equity	14,176.6	14,720.2	14,257.7	14,041.8	13,759.4	13,550.2	13,479.7	13,099.7
Adjusted EBITDA per share	0.028	0.040	0.037	0.027	0.013	0.017	0.028	0.024
Earnings per share (basic)	(0.018)	0.013	0.014	0.007	0.007	0.001	0.011	0.005
Earnings per share (diluted)	(0.017)	0.012	0.014	0.007	0.006	0.001	0.011	0.005

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 established with the client prior to the services or engagement starting.

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Commissions	$ 17,433.2	$ 12,829.8	$ 4,603.4	35.9%
Fees and other revenues	15,458.9	14,327.6	1,131.3	7.9%
	$ 32,892.1	**$ 27,157.4**	**$ 5,734.7**	**21.1%**

During fiscal 2013, the Company increased its revenues by $5,734.7, or 21.1%, as compared to the prior year resulting from:

Acquired growth generated through new acquisitions. The Company's consolidated financial statements include $3,653.1 of revenue reported by JSL, Prosure, Bencom and H+P from their respective dates of acquisition to August 31, 2013, representing 13.5% of incremental revenue. The acquired revenue reported for the year-ended August 31, 2013 does not include the full impact of the acquisition as only partial year's worth of transactions are reportable in the Company's 2013 results

H+P	(effective July 9, 2013)	1.7 months	$ 525,473
Bencom	(effective December 3, 2012)	9 Months	$ 1,750,241
Prosure	(effective November 1, 2012)	10 Months	$ 886,577
JSL	(effective September 1, 2012)	12 Months	$ 490,823

The majority of revenues generated by the acquired companies in 2013 is commission revenue.

Organic growth, which represented $2,081.6, or 7.75% increase in revenue resulting from the addition of new clients from the Company's existing and expanded Benefits Consulting team and natural inflationary factors offset from declines in revenue of $245.7, or 25.3% of human resource consulting and recruitment services.

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, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Compensation and benefits	$ 17,450.8	$ 14,190.3	$ 3,260.5	23.0%
Bonuses	1,755.8	1,965.6	(209.8)	(10.7)%
Short-term benefits & insurance premiums	1,712.8	1,481.7	231.1	15.6%
Share-based payments	136.9	103.1	33.8	32.8%
	$ 21,056.3	**$ 17,740.7**	**$ 3,315.6**	**18.7%**

For the year ended August 31, 2013, personnel and compensation costs represent 64.0% of revenues (2012 - 65.3%). The Company believes that investment in its employees and associate consultant networks is key to ensuring successful execution of its strategic plans.

The increase in salary expense for the year ended August 31, 2013 from $17,740.7 to $21,056.3 is due to investments in new leadership positions, incremental commissions directly resulting from organic growth in sales and to acquired growth generated through new acquisitions of H+P, Bencom, Prosure, and JSL. The decrease in bonuses results from the reclassification of certain commission payments which had historically been recorded as bonuses in order to be more consistent and increase comparability.

GENERAL AND ADMINISTRATIVE EXPENSES

The Company's efforts on identifying and implementing cost reduction opportunities where possible continue to generate cost savings. General and administrative expenses are composed of expenditures identified in the following tables:

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Administration fees	$ 1,697.5	$ 1,573.5	$ 124.0	7.9%
Depreciation of property & equipment	380.0	309.3	70.7	22.9%
Occupancy	1,718.2	1,315.7	402.5	30.6%
Office Supplies & communication	1,176.2	1,123.7	52.5	4.7%
Other	329.9	303.5	26.4	8.7%
Professional fees	886.4	793.0	93.4	11.8%
Public company costs	246.6	285.9	(39.3)	(13.7)%
Corporate Travel	328.5	252.4	76.1	30.2%
	$ 6,763.3	**$ 5,957.0**	**$ 806.3**	**13.5%**

This increase of $806.3 in general and administrative expenses for the year ended August 31, 2013 is due to direct incremental costs related to acquired entities and costs to meet servicing needs of the Company's clients, specifically:

- An increase in administration fees due to increased volumes in claims adjudication on the Company's TPA;
- An increase in occupancy costs is primarily due to increased rates and space agreed to on renewal of a lease agreement and incremental lease costs associated with the acquired businesses; and
- An increase in corporate travel is directly related to corporate development activities; and
- An increase in legal fees and other professional fees related to contract negotiations, employment and corporate matters.

The increase of $453.4 in general and administrative expenses for the three months ended August 31, 2013 is due to factors similar to those affecting the full year.

ADVERTISING AND PROMOTION EXPENSES

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

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Business Development	$396.8	$349.2	$47.6	13.6%
Travel	681.1	603.1	78.0	12.9%
Advertising	167.3	209.4	(42.1)	(20.1)%
	$1,245.2	**$1,161.7**	**$83.5**	**7.2%**

The increase in advertising and promotion expense for the year ended August 31, 2013 is due to direct incremental costs from acquired entities, the expansion of the Company's sales force, 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, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Amortization of intangible assets	$ (1,242.1)	$ (901.1)	$ (341.0)	37.8%
Finance expenses	(930.8)	(336.8)	(594.0)	176.4%
Acquisition costs	(966.0)	-	(966.0)	-%
	$ (3,138.9)	**$ (1,237.9)**	**$ (1,901.0)**	**153.6%**

The increase in finance expenses for the year ended August 31, 2013 is due increased interest expense related to incremental debt facilities incurred to fund the H+P, Bencom and Prosure acquisitions.

Acquisition costs include professional fees and other direct incremental and non-recurring costs specifically incurred by the Company to secure and complete the H+P, Bencom, Prosure and JSL transactions.

NON-IFRS FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

The Company reports EBITDA and Adjusted EBITDA as a key measure used by management to evaluate performance of the business, to compensate its employees and to facilitate a comparison of quarterly and annual results of ongoing operations. EBITDA is also a concept utilized in measuring compliance with debt covenants. EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA is used to assist in evaluating the operating performance and debt servicing ability of the Company, investors are cautioned that EBITDA and Adjusted EBITDA as reported by the Company may not be comparable in all instances to EBITDA as reported by other companies.

The CICA's Canadian Performance Reporting Board defined standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA represents an indication of an entity's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management's estimate of their useful life. Accordingly, Standardized EBITDA comprises sales less operating costs before interest expense, capital asset depreciation, intangible asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of the Company and should not be included in assessment of ability to service or incur debt. Adjusted EBITDA excludes acquisition and transaction costs which do not relate to the current operating performance of the business but are typically costs incurred to expand operations. Acquisition and transaction costs include non-recurring legal and professional fees, incremental bonuses, and other direct incremental costs related to specific acquisitions. From time to time, the Company may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of the Company's Net Income to EBITDA and Adjusted EBITDA:

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012
Net income	$ 260.1	$ 726.2
Add:		
Finance costs, net	930.8	336.8
Income taxes, net	428.4	333.9
Depreciation of capital assets	380.0	309.3
Amortization of intangible assets	1,242.1	901.1
EBITDA	3,241.4	2,607.3
Add:		
Stock-based compensation	136.9	103.1
Acquisition costs	966.0	-
Adjusted EBITDA	**$ 4,344.3**	**$ 2,710.4**

Adjusted EBITDA for the year ended August 31, 2013 was $4,344.3, an increase of $1,633.9, or 60.3% from $2,710.4 reported for the same period in the prior year.

Acquired Adjusted EBITDA through new acquisitions included in the the Company's consolidated financial statements is $833.4 reported by JSL, Prosure, Bencom and H+P from their respective dates of acquisition to August 31, 2013, representing 30.7% of growth. The acquired Adjusted EBITDA reported for the year-ended August 31, 2013 does not include the full impact of the acquisition as only partial year's worth of transactions are reportable in the Company's 2013 results.

Continued improvement in Adjusted EBITDA from organic initiatives illustrates the effectiveness of measures the Company has adopted to generate additional revenue while minimizing controllable costs. Specifically, the increase in Adjusted EBITDA is comprised of a combination of increases in revenue from organic growth and additions to the Company's client base offset with increases in related operating costs.

EBITDA BEFORE CORPORATE COSTS

The Company monitors EBITDA before corporate costs in order to assess the results of operations before consideration of the ongoing corporate investments required to position the Company for future growth. The following is a reconciliation of the Company's EBITDA before corporate costs:

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012
Revenue	$ 32,892.2	$ 27,157.4
Operating costs	25,052.5	21,016.6
EBITDA before corporate costs	7,839.7	6,140.8
Corporate costs	3,495.4	3,430.4
Adjusted EBITDA	**$ 4,344.3**	**$ 2,710.4**

Corporate Costs, which represent expenses incurred at the corporate head office, for the year ended August 31, 2013 were $3,495.4 versus $3,430.4 incurred in the prior period. The increase of $65.0 is due to incremental costs for public company compliance, travel expenditures for corporate development, offset by reductions in personnel and compensation costs, office space for the reimbursement of rent expense due to a sublease, and professional fees.

For the year ended August 31, 2013, EBITDA before corporate costs was $7,839.7, which represents an increase of $1,698.9, or 27.7%, over the prior fiscal year. The Company also strengthened the EBITDA before corporate costs margin from 22.6% in fiscal 2012 to 23.8% in fiscal 2013.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The following table summarizes the Company's cash flows for the year ended August 31, 2013: (amounts derived from the unaudited interim financial statements).

FOR THE YEAR ENDED	AUG 31, 2013	AUG 31, 2012	$ VARIANCE	% VARIANCE
Net income for the period	$ 260.1	$ 726.2	$ (466.1)	(64.2)%
Add non-cash items, net	1,765.9	1,192.5	573.4	48.1%
Changes in non-cash working capital	(559.0)	902.8	(1,461.8)	(161.9)%
Operating activities	1,467.0	2,821.5	(1,354.5)	(48.0)%
Investing activities	(14,585.2)	(165.1)	(14,420.1)	8,734.2%
Financing activities	12,367.7	(744.6)	13,112.3	(1,761.0)%
Net increase (decrease)	**$ (750.5)**	**$ 1,911.8**	**$ (2,662.3)**	**(139.3)%**

Cash generated from operating activities for the year ended August 31, 2013 was $1,467.0, a decrease of $1,354.5 or 48.0% from the $2,821.5 of cash generated in the same period in the prior year. Significant influences of cash inflows and outflows related to operating activities for 2013 versus 2012 include:

- Increase in Adjusted EBITDA of $1,633.9, as compared to the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.
- Non-recurring cash outflows of $966.0 for direct costs are related to the four acquisitions closed in 2013;
- Increase in cash interest expense (net) of $307.5 is related to debt assumed to finance acquisition activity
- Decrease in cash resulting from changes in working capital accounts of $1,720.7 including the effect of accounts receivable, accounts and other payables and deferred revenue. Changes in deferred revenue and other working capital accounts are the result of timing differences in when funds are received and in the underlying nature of the revenue.

Cash used by investing activities for the year ended August 31, 2013 of $14,585.2 was largely comprised of loan proceeds and operating cash used to fund the four acquisitions closed during the fiscal year. In addition to acquisition costs, the Company used $841.8 of operating cash, net of acquired cash, to fund a portion of the funds due on the close of each of the acquired companies.

Cash generated by financing activities for the year ended August 31, 2013, was $12,367.7, as compared to $744.6 used in the prior year. Cash outflows related to repayment of long-term debt and finance lease liabilities of $802.5 (2012 - $853.9) were offset by proceeds of long-term financing of 13,150.0 (2012 - $109.3) used to fund acquistions and proceeds from the exercise of stock options of $20.3 (2012 - nil).

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 did 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, 2013 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.

LOANS AND BORROWINGS RELATED TO ACQUISITIONS

The Company anticipates cashflows required to service the incremental debt are to be generated through incremental cashflows earned from the existing entities, as well as, the new entities acquired during the most recent fiscal year.

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

	AUG 31, 2013	AUG 31, 2012
Current assets	$ 5,734.2	$ 6,203.6
less:		
Current liabilities	12,230.9	8,475.2
Working capital	(6,496.7)	(2,271.6)
Add back:		
Current portion of loans and borrowings related to acquisitions	3,405.9	-
Operating working capital	(3,090.8)	(2,271.6)
Add back:		
Deferred revenue	3,792.3	4,098.5
Available operating working capital	**$ 701.5**	**$ 1,826.9**

Available operating working capital has decreased by $1,125.4 to surplus of $701.5 from the available working capital surplus of $1,826.9 experienced at August 31, 2012. The decrease in available operating working capital is primarily due to a decrease in cash of $306.2 related to lower deferred revenue balances and $841.8 of operating cash, net of acquired cash, used to fund a portion of the consideration paid for Prosure, Bencom and H+P acquisitions.

The current portion of loans and borrowings related to current year acquisitions increased by $3,405.9 to a balance of $3,405.9 due to the acquisitions of JSL, Prosure, Bencom and H+P. In its financial statements, the Company has presented incremental pro forma net income of $2,114.3, which includes both cash and non-cash items, representing management's estimates of consolidated net income for the year ended August 31, 2013 as if the acquisitions had been completed on September 1, 2012.

The Company maintains a $2 million operating line of credit to facilitate management of short-term working capital requirements. As at December 4th, 2013, the Company had not utilized this facility.

SHARE CAPITAL

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

	AUG 31, 2013	AUG 31, 2012
Common shares issued and outstanding:	33,027,193	32,970,527
Stock options outstanding:	3,129,809	2,763,142

COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes, as at August 31, 2013, the Company's 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	$ 4,507.7	$ 4,507.7	$ -	$ -	$ -
Operating lease obligations	3,336.1	985.0	1,455.0	859.3	36.9
Capital lease obligations	42.9	18.5	24.40	-	-
Long-term debt	14,592.1	2,238.6	4,477.1	4,387.1	3,489.3
Vendor-take-back debt	4,614.3	1,547.0	3,031.5	35.7	-
	$ 27,093.1	$ 9,296.8	$ 8,988.0	$ 5,282.1	$ 3,526.2

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, 2013, the Company had not utilized this facility.

2. A $20 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, 2013, the balance owing on this facility was equal to $12.9 million.

3. A $2.5 million instalment loan issued in 2011 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, 2013, the balance owing on this facility was equal to $1.7 million.

The facility is secured by a general security agreement over the assets of the Company and its subsidiaries. The Credit Facility Agreement contains certain mandatory financial covenants, including debt servicing ratios, and other standard business operating and performance covenants. The Company is compliant with all 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.

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 the acquisition 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. Risks related to the integration of acquisitions are mitigated through the Company's due diligence procedures and legal structure of the acquisitions.

POTENTIAL UNDISCLOSED LIABILITIES ASSOCIATED WITH ACQUISITION/ LIMITED INDEMNIFICATION

In connection with acquisitions completed by the Company, there may be liabilities and contingencies that the Company failed to discover or were unable to quantify in its due diligence which it conducted prior to the execution of an acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The existence of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

AVAILABILITY OF FINANCING

The Company relies principally on bank debt and vendor-take-back debt financing to fund its acquisitions. The Company may require additional funds to make future acquisitions of group benefit, group retirement and human resource consulting 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.

INTEREST RATE RISK

Advances under the Company's credit facilities bear interest at a variable rate. The Company may incur further indebtedness in the future that also bears interest at a variable rate or may be required to refinance its debt at higher rates. While the Company attempts to manage its interest rate risk, there can be no assurance that it will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates could affect the Company's cash flows.

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 the Company's 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.

INSURANCE

The Company believes that its professional errors and omissions insurance, director and officer liability insurance, and commercial general liability insurance coverage address all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Company's assets or operations.

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 the Company's 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 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.

FUTURE TAX

Future 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. Future 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, future tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Future 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. Future 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 future 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. Future 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.

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, 2013, 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 timing of certain renewals, 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 acquisitions and strategic activities continues to develop and mature, the seasonal impacts of 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, 2013 & 2012

MANAGEMENTS' STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of People Corporation ("the Company"):

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 the 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 Professional 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
Mr. Laurie Goldberg, CA
Director & Chief Executive Officer

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

December 4, 2013

MNP LLP

Independent Auditors' Report

To the Shareholders of People Corporation and its subsidiaries:

We have audited the accompanying consolidated financial statements of People Corporation and its subsidiaries which comprise the consolidated statements of financial position as at August 31, 2013 and August 31, 2012, 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, 2013 and 2012, 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.

Auditors' 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 auditors' 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 People Corporation and its subsidiaries as at August 31, 2013 and August 31, 2012 and their financial performance and their cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with International Financial Reporting Standards.

MNP LLP

December 4, 2013
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

PEOPLE CORPORATION

Consolidated Statements of Financial Position

For years ended as at August 31, 2013, August 31, 2012

	NOTE	AUG 31, 2013	AUG 31, 2012
Assets			
Current assets:			
Cash and cash equivalents		**$ 2,449,169**	$ 3,199,643
Trade and other receivables	5	**2,896,632**	2,573,125
Other current assets		**388,383**	430,873
Total current assets		**5,734,184**	6,203,641
Non-current assets:			
Property and equipment	6	**990,894**	840,670
Goodwill and intangible assets	7	**46,876,735**	18,298,134
Deferred tax asset	12	**134,464**	181,064
Total non-current assets		**48,002,093**	19,319,868
Total assets		**$ 53,736,277**	$ 25,523,509
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	8	**$ 4,522,278**	$ 3,684,621
Deferred revenue	9	**3,792,348**	4,098,533
Income taxes payable	12	**112,240**	226,651
Current portion of loans and borrowings	11	**3,804,077**	465,351
Total current liabilities		**12,230,943**	8,475,156
Accrued and other liabilities	8	**993,070**	57,398
Deferred revenue	9	**89,299**	150,518
Non-controlling interest put options	4	**6,172,884**	-
Loans and borrowings	11	**15,445,258**	1,754,340
Deferred tax liability	12	**4,628,201**	1,326,727
Total liabilities		**39,559,655**	11,764,139
Shareholders' equity:			
Share capital	13	**12,024,732**	11,990,956
Contributed surplus		**774,245**	650,878
Retained earnings		**1,377,645**	1,117,536
Total shareholders' equity		**14,176,622**	13,759,370
Total liabilities and shareholders' equity		**$ 53,736,277**	$ 25,523,509

Commitments and contingencies (Note 18)

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Scott Anderson"
Director, Chair of the Audit Committee

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

The notes on pages 42 to 68 are an integral part of these consolidated financial statements.

PEOPLE CORPORATION

Consolidated Statements of Comprehensive Income

For years ended as at August 31, 2013, August 31, 2012

	NOTE		YEAR ENDED AUG 31, 2013		YEAR ENDED AUG 31, 2012
Revenue					
Commissions		**$**	**17,433,232**	$	12,829,814
Fees and other revenues			**15,458,927**		14,327,571
			32,892,159		27,157,385
Operating expenses					
Personnel	23		**21,056,253**		17,740,775
General and administrative			**6,763,330**		5,957,044
Advertising and promotion			**1,245,111**		1,161,615
	23		**29,064,694**		24,859,434
Income before undernoted			**3,827,465**		2,297,951
Finance and other income (costs):					
Amortization of intangible assets			**(1,242,131)**		(901,135)
Finance expenses	15		**(930,783)**		(336,787)
Acquisition costs	4		**(966,018)**		-
			(3,138,932)		(1,237,922)
Net income before income taxes			**688,533**		1,060,029
Income tax expense:					
Current	12		**711,149**		454,910
Deferred	12		**(282,725)**		(121,034)
			428,424		333,876
Net income and comprehensive income		**$**	**260,109**	$	726,153
Earnings per share	13(c)				
Basic		**$**	**0.008**	$	0.022
Diluted		**$**	**0.008**	$	0.022

The notes on pages 42 to 68 are an integral part of these consolidated financial statements.

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity

For the years ended August 31, 2013 and August 31, 2012

		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		726,153
Transactions with shareholders, recorded directly in shareholders' equity								
Share-based payments		-		103,134		-		103,134
Total transactions with shareholders	$	-	$	103,134	$	726,153	$	829,287
Balance, August 31, 2012	**$**	**11,990,956**	**$**	**650,878**	**$**	**1,117,536**	**$**	**13,759,370**

		SHARE CAPITAL		CONTRIBUTED SURPLUS		RETAINED EARNINGS)		TOTAL
Balance, August 31, 2012	**$**	**11,990,956**	**$**	**650,878**	**$**	**1,117,536**	**$**	**13,759,370**
Net Income and comprehensive income for the year	-			-		260,109		260,109
Transactions with shareholders, recorded directly in shareholders' equity								
Exercise of stock options		33,776		(13,510)		-		20,266
Share-based payments	-	-		136,877		-		136,877
Total transactions with shareholders		33,776		123,367		260,109		417,252
Balance, August 31, 2013	**$**	**12,024,732**	**$**	**774,245**	**$**	**1,377,645**	**$**	**14,176,622**

The notes on pages 42 to 68 are an integral part of these consolidated financial statements.

PEOPLE CORPORATION

Consolidated Statements of Cash Flows

For the years ended August 31, 2013 and August 31, 2012

	NOTE		YEAR ENDED AUG 31, 2013		YEAR ENDED AUG 31, 2012
Operating activities					
Net income for the year		**$**	**260,109**	$	726,153
Adjustments for:					
Depreciation	6		**379,967**		309,293
Amortization of intangible assets	7		**1,242,131**		901,135
Share-based compensation			**136,877**		103,134
Non-controlling interest put option fair value adjustment			**123,220**		-
Accretive interest expense			**163,426**		-
Loss from disposal of capital assets			**3,045**		-
Deferred tax expense (recovery)			**(282,725)**		(121,034)
Net cash from operations			**2,026,050**		1,918,681
Change in the following:					
Trade and other receivables			**167,912**		635,358
Other current assets			**139,101**		(117,214)
Trade payables, accrued and other liabilities			**(277,379)**		(314,829)
Deferred revenue			**(367,404)**		579,919
Deferred tax liability			**(221,265)**		119,610
Net cash from (used by) working capital items			**(559,035)**		902,844
Net cash from operating activities			**1,467,015**		2,821,525
Investing activities					
Proceeds from disposal of property and equipment			**300**		-
Acquisition of subsidiary, net of cash and cash equivalents acquired			**(13,991,842)**		-
Acquisition of property and equipment			**(395,470)**		(165,056)
Acquisition of intangible assets			**(198,205)**		-
Net cash used in investing activities			**(14,585,217)**		(165,056)
Financing activities					
Proceeds from exercise of stock options			**20,266**		-
Proceeds from loans and borrowings			**13,150,000**		109,343
Repayment of loans and borrowings			**(802,538)**		(853,910)
Net cash from (used) in financing activities			**12,367,728**		(744,567)
Net increase (decrease) in cash and cash equivalents			**(750,474)**		1,911,902
Cash and cash equivalents at beginning of the year			**3,199,643**		1,287,741
Cash and cash equivalents at the end of the year		**$**	**2,449,169**	$	3,199,643

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. The Company 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, 2013.

2. BASIS OF PRESENTATION:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("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

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries 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.

The preparation of our Consolidated Financial Statements requires us to make estimates and judgments that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates. Areas of significant accounting estimates and judgments include determination of fair value of financial instruments, impairment of financial instruments, impairment of goodwill and intangible assets, and taxes. We also use judgment when determining functional currencies, contingencies, restructuring, non-current assets and the determination of fair value of share-based payments. Details on the estimates and judgments are further described in the relevant accounting policies in these Notes.

Provisions are recognized for present legal or constructive obligations as a result of a past event, if it is probable that they will result in an outflow of economic resources and the amount can be reliably estimated. The amounts recognized for these provisions are the best estimates of the expenditures required to settle the present obligations or to transfer them to a third party at the statement of financial position date, considering all the inherent risks and uncertainties, as well as the time value of money. These provisions are reviewed as relevant facts and circumstances change.

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 years presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

For acquisitions, the Company 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.

The Company recognizes liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in profit or loss for the period.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: recognition and measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company 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.

(iii) Transactions eliminated on consolidation

Intra-Company balances and transactions, and any realized or unrealized income and expenses arising from intra-Company transactions, are eliminated in preparing these consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

Financial assets 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 Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company 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 Company 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

Financial liabilities classified as fair value through profit and loss ("FVTPL") are measured at fair value, with gains and losses recognized in net income/loss. Non-controlling interest put option is classified as FVTPL.

The Company 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 Company becomes a party to the contractual provisions of the instrument.

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

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

The Company has the following non-derivative financial liabilities: 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	Shorter of useful life or term of the lease
Computer software	Straight-line	4 years
Software licenses	Straight-line	Shorter of 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) Goodwill and 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) Intangible assets

Intangible assets consist of acquired brands, customer relationships and contracts. 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 flows.

(e) Leased assets

Leases in terms of which the Company 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 Company'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 Company'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 Company'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) Trade payables, accrued and other liabilities

Trade payables include obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade 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.

(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 Company 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) 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 of services 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 are 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.

(l) 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.

(m) 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.

(n) 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.

(o) New Standards and interpretations not yet adopted

The Company 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"

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. In November 2013, the IASB has removed the mandatory effective date for IFRS 9. The new date will be determined when IFRS 9 is closer to completion.

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

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 Company'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, including IFRS 10, IFRS 11, IFRS 12 and IFRS 13, are not expected to have a material impact on the results and the financial position of the Company.

4. BUSINESS ACQUISITIONS:

During the year ended August 31, 2013, the Company acquired the following businesses:

- Effective September 1, 2012 the Company acquired all of the issued and outstanding shares of JSL Inc. ("JSL"), a company that provides employee benefit solutions, consulting services and practical health management programs to its clients.
- Effective November 1, 2012, the Company acquired all of the issued and outstanding shares of Prosure Group Administrators Ltd. and Prosure Insurance Agencies Ltd. (collectively "Prosure"). Prosure provides employee benefit solutions, consulting services and third party administration services to mid-market corporate clients.
- Effective December 3, 2012 the Company acquired all of the issued and outstanding common shares and special shares of Bencom Financial Service Group Inc. ("Bencom"), a company that provides employee benefit solutions, group retirement solutions and individual benefit solutions to its clients.
- In connection with the Bencom acquisition, the Company entered into various agreements whereby the vendors hold an economic interest in Bencom through the ongoing right to earn performance-based commission and fees. In addition, the vendors hold ongoing ownership through non-voting, non-dividend earning special shares of Bencom ("Bencom Special Shares"). The Company has the right to purchase the Bencom Special Shares ("Call Option") and the vendors have the right to require the Company to purchase the Bencom Special Shares ("Bencom Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the Call Option or the Put Option, the vendor's right to earn performance based commission and fees will be terminated.
- Effective July 9, 2013 the Company acquired all of the issued and outstanding common shares of H+P Consulting Corporation ("H+P") which wholly owns Employee Benefits Inc. ("EBI"), Disability Concepts Inc. ("DCI") and 6814409 Canada Incorporated ("681") which operate under the brand Hamilton + Partners. H+P provides group benefits and disability insurance consulting services to its clients.

In connection with the H+P acquisition, the Company entered into various agreements whereby the vendors hold an economic interest in H+P through the ongoing right to earn performance based commission and fees. In addition, the vendors hold ongoing ownership through non voting, non dividend earning special shares of H+P ("H+P Special Shares"). The Company has the right to purchase the H+P Special Shares ("Call Option") and the vendors have the right to require the Company to purchase the H+P Special Shares ("H+P Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the Call Option or the Put Option, the vendor's right to earn performance based commission and fees will be terminated.

The Company has accounted for these transactions as business combinations and has applied the acquisition method of accounting in accordance with IFRS 3. The recognized amounts of assets acquired and liabilities assumed in the transactions and the acquisition-date fair value of the total consideration transferred are as follows:

	HAMILTON + PARTNERS	BENCOM	OTHER ACQUISITIONS	TOTAL
Assets				
Cash	$ 252,543	$ 128,012	$ 234,914	**$ 615,469**
Accounts receivable and other assets	160,878	196,890	50,155	**407,923**
Property and equipment	109,847	14,756	13,460	**138,063**
Other long-term assets	57,310	-	-	**57,310**
Customer relationships	10,814,000	1,660,000	1,170,000	**13,644,000**
Goodwill	11,603,671	3,588,548	786,304	**15,978,523**
Deferred tax liability	(2,880,850)	(439,900)	(310,050)	**(3,630,800)**
Accounts payable and accrued liabilities	(510,051)	(439,347)	(198,321)	**(1,147,719)**
	19,607,348	4,708,959	1,746,462	**26,062,769**
Consideration				
Cash payment on closing	10,311,068	3,435,907	860,334	**14,607,309**
Working capital adjustment due to vendors	(132,023)	75,000	-	**(57,023)**
Promissory note payable	3,186,686	498,637	886,128	**4,571,451**
Non-controlling interest put option	5,310,044	699,415	-	**6,009,459**
Contingent consideration	931,573	-	-	**931,573**
	$ 19,607,348	$ 4,708,959	$ 1,746,462	**$ 26,062,769**

Amounts recognized as promissory notes payable represent the estimated fair value of the promissory notes of $287,257 for JSL, $700,000 for Prosure, $564,093 for Bencom, and $3,605,000 for H+P, as well as the estimated contingent consideration expected to be paid were fair valued using a discount rate of 6.43%. Total consideration paid is subject to final adjustments for working capital and contingent consideration based on earnings of Prosure in each of the first and second years ending after the date of acquisition.

Amounts recognized as contingent consideration represent the estimated present value of $1,308,793 for potential additional future consideration based on achieving financial targets for H+P.

The Company's consolidated statements of comprehensive income include the result of operations for JSL, Prosure, Bencom, and H+P from their respective dates of acquisition to August 31, 2013.

AUG 31, 2013		AS REPORTED		PRO FORMA
Operating revenues				
H+P	$	525,473	$	6,200,328
Bencom	$	1,750,241	$	2,386,358
Other acquisitions	$	1,377,399	$	1,457,250
Net income and comprehensive income (loss)				
H+P	$	67,843	$	1,334,785
Bencom	$	484,016	$	475,950
Other acquisitions	$	281,569	$	303,585

Pro forma balances represent management's estimates of consolidated revenue and consolidated net income as if the acquisitions had been completed on September 1, 2012. For the purposes of these pro forma balances, comprehensive income is equal to net income. Acquisition-related costs amounting to $966,018 are not included as part of the consideration transferred and have been recognized as acquisition costs in the consolidated statements of comprehensive income.

Non-controlling interest Put Options

In connection with the Bencom and H+P acquisition, the Company entered into agreements whereby the vendors' hold an economic interest, which includes performance-based commissions and fees, which may be acquired by People through exercise of non-controlling interest put options in the future, subject to certain terms and conditions.

The liability recognized in connection with the Bencom Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Bencom, the estimated future exercise dates and other factors. The fair value of the liability associated with the Bencom Put Options as at August 31, 2013 was $756,640 (August 31, 2012 - nil). The Bencom Put Option is restricted during the first three years of the agreement but then may be exercisable at any time by the non-controlling shareholder(s).

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The fair value of the liability associated with the H+P Put Option as at August 31, 2013 was $5,416,245 (August 31, 2012 - nil)). The H+P Put Option is restricted during the first three years of the agreement but then may be exercisable at any time by the non-controlling shareholder(s).

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income. For the year ended August 31, 2013 the Company recorded an adjustment to the non-controlling interest put options amounting to $163,426 (2012 – nil) to the change in estimated fair value of the liability.5. Trade and other receivables:

5. TRADE AND OTHER RECEIVABLES:

	AUG 31, 2013	AUG 31, 2012
Trade receivables	$ 2,896,632	$ 2,573,125

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

6. PROPERTY AND EQUIPMENT:

	NOTE	LEASEHOLD IMPROVEMENTS	FURNITURE AND FIXTURES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	TOTAL
Cost						
Balance, September 1, 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**
Additions		70,703	11,257	179,552	133,958	**395,470**
Disposals		-	(8,376)	-	-	**(8,376)**
Acquisition through business combination		6,527	54,013	23,319	54,204	**138,063**
Balance, August 31, 2013		540,542	782,217	1,218,918	607,452	**3,149,129**

	NOTE	LEASEHOLD IMPROVEMENTS	FURNITURE AND FIX-TURES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	TOTAL
Depreciation and impairment losses						
Balance, September 1, 2011		(230,193)	(434,478)	(579,118)	(230,217)	**(1,474,006)**
Depreciation 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)**
Depreciation for the year		(88,473)	(53,095)	(127,525)	(110,874)	**(379,967)**
Disposals		-	(5,031)	-	-	**(5,031)**
Balance, August 31, 2013		(394,120)	(537,742)	(822,868)	(403,505)	**$ (2,158,235)**
Carrying amounts						
Balance, August 31, 2012		$ 157,665	$ 235,643	$ 320,703	$ 126,659	**$ 840,670**
Balance, August 31, 2013		$ 146,422	$ 244,475	$ 396,050	$ 203,947	**$ 990,894**

7. GOODWILL AND INTANGIBLE ASSETS:

	NOTE		GOODWILL		CUSTOMER RELATIONSHIPS		CUSTOMER CONTRACTS		TOTAL
Cost									
Balance, September 1, 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**
Additions			26,200		38,001		134,008		**198,209**
Acquisition through business combination	4		15,978,523	$	13,644,000	$	-	**$**	**29,622,523**
Balance, August 31, 2013		$	29,552,558	$	19,643,352	$	3,134,008	**$**	**52,329,918**
Amortization and impairment losses									
Balance, September 1, 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)**
Amortization for the year			-		(938,759)		(303,372)		**(1,242,131)**
Balance, August 31, 2013		$	-	$	(3,599,811)	$	(1,853,372)	**$**	**(5,453,183)**
Carrying amounts									
Balance, August 31, 2012		$	13,547,835	$	3,300,299	$	1,450,000	**$**	**18,298,134**
Balance, August 31, 2013		$	29,552,558	$	16,043,541	$	1,280,636	**$**	**46,876,735**

8. TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES:

The Company had the following trade payables, accrued and other liabilities.

			AUG 31, 2013		AUG 31, 2012
Trade payables and other liabilities		$	4,507,749	$	3,645,066
Contingent consideration	4		950,204		-
Deferred lease inducements			57,395		96,955
		$	5,515,348	$	3,742,021
Less current portion of trade payables, accrued and other liabilities			4,522,278		3,684,621
Long-term portion of accrued and other liabilities		$	993,070	$	57,398
Total long-term Trade payables		**$**	**993,070**	**$**	**57,398**

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

9. DEFERRED REVENUE:

Deferred revenue is a non-cash liabilitiy which represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The Company had the following deferred revenue.

		AUG 31, 2013		AUG 31, 2012
Fees received in advance	$	3,881,647	$	4,249,051
less: current portion of deferred revenue	$	3,792,348	$	4,098,533
Long-term portion of deferred revenue	$	89,299	$	150,518

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

In its capacity as third-party benefits administrator, the Company 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 Company 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 Company had the following amounts held in accounts segregated from the Company's operating funds for insurance premium liabilities.

	AUG 31, 2013	AUG 31, 2012
Payable to carriers and insured individuals or groups	$ 14,558,743	$ 10,882,121
less: related cash and cash equivalents balances	$ 14,558,743	$ 10,882,121
	$ -	$ -

11. LOANS AND BORROWINGS:

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

	AUG 31, 2013	AUG 31, 2012
Term loans		
(a) A loan bearing interest of 7% per annum, unsecured, repayable in quarterly installments of principal and interest of $21,422. The loan matured on September 30, 2012.	$ -	$ 21,054
(b) A bank loan bearing interest of 4.5% per annum, secured by the assets of the Company, repayable in monthly installments of $11,161. The loan matured November 30, 2012.	-	33,214
(c) A bank loan bearing interest of prime plus 1.5% per annum, secured by the assets of the Company, repayable in quarterly installments of $90,000 plus accrued interest. The loan matures May 31, 2018	1,710,000	2,070,000
(d) A bank loan bearing interest of prime plus 1.5% per annum, secured by the assets of the Company, repayable in quarterly installments of principal of $133,929 plus accrued interest. The loan matures December 31, 2019.	3,482,143	-
(e) A bank loan bearing interest of prime plus 1.5% per annum, secured by the assets of the Company, repayable in quarterly installments of principle of $335,714 plus accrued interest. The loan matures July 8, 2020.	9,400,000	-
Total term loans	14,592,143	2,124,268
Vendor-take-back loans		
(f) 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 matured on February 1, 2013.	-	11,924
(g) A non-interest bearing loan, unsecured, repayable in monthly installments of $1,933. The loan matures on September 1, 2013.	899	23,793
(h) A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in two annual instalments of $350,000. The amortized cost of the loan has been discounted using a rate equal to 6.43%. The loan matures on October 1, 2014.	672,019	-

(i)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual instalments of $181,031. The amortized cost of the loan has been discounted using a rate equal to 6.43%. The loan matures on December 1, 2015.	520,386	-
(j)	A vendor-take-back loan bearing no interest per annum, unsecured, payable in monthly instalments of $5,224. The amortized cost of the loan has been discounted using a rate equal to 6.43%. The loan matures on August 1, 2017.	200,109	-
(k)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual instalments of $1,201,667. The amortized cost of the loan has been discounted using a rate equal to 6.43%. The loan matures on June 9, 2016.	3,220,838	-
Total vendor-take-back loans		4,614,251	35,717
Finance lease liabilities			
(l)	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%.	18,254	26,265
(m)	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%.	24,687	33,441
Total finance lease liabilities		42,941	59,706
		19,249,335	2,219,691
Less: current portion			
Term loans		2,238,571	436,663
Vendor take-back loans		1,546,978	11,924
Finance lease liabilities		18,528	16,764
		$ 3,804,077	$ 465,35
		$ 15,445,258	**$ 1,754,340**

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, 2013, the Company had not utilized this facility (2012 - nil).

2. A $20 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 bearing periodically fixed interest plus 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, 2013, the balance owing on this facility was equal to $12,882,143 (2012 - nil); 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 is being repaid in quarterly installments over a seven year period and bears interest at prime plus 1.5%. As at August 31, 2013, the balance owing on this facility was equal to $1,710,000 (2012 - $2,070,000).

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, 2013				AUG 31, 2012
	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	$ 3,528	$ 18,528	$ 22,055	$ 5,289	$ 16,766
13-60 months	26,083	1,670	24,412	48,138	5,198	42,940
	$ 48,138	$ 5,198	$ 42,940	$ 70,193	$ 10,487	$ 59,706

12. INCOME TAXES:

	AUG 31, 2013	AUG 31, 2012
Net income and comprehensive net income	$ 688,533	$ 1,060,029
Statutory tax rate	26.59%	26.78%
Income taxes (recovery) at statutory tax rates	183,116	283,858
Adjustments to income taxes		
Non-deductible items	228,177	64,960
Change in rate at which temporary differences are recorded	(2,450)	56,492
Recognition of previously unrecognized tax loss	73,122	-
Other	(53,541)	(71,434)
	428,424	333,876
Current taxes	711,149	454,910
Deferred taxes	(282,725)	(121,034)
	$ 428,424	$ 333,876

The 2013 statutory tax rate differs from the 2012 statutory tax rate because of a change in the provincial allocation of gross revenue and wages.

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

	AUG 31, 2013	AUG 31, 2012
Deferred tax assets		
Equity issue and financing costs	$ 15,442	$ 37,910
Lease inducements	15,248	25,826
Other reserves	15,665	30,633
Non-capital loss carryforwards	66,037	86,695
Deferred financing costs	22,072	-
	134,464	181,064
Deferred tax liabilities		
Property and equipment	71,415	61,379
Intangible assets	4,556,786	1,265,348
	4,628,201	1,326,727
Net deferred tax liabilities	$ (4,493,737)	$ (1,145,663)

Movement in net deferred tax liabilities:

		AUG 31, 2013		AUG 31, 2012
Balance, August 31, 2012	$	(1,145,663)	$	(1,266,697)
Recognized in the statement of income and comprehensive income		282,725		121,034
Recognized in business acquisitions (Note 4)		(3,630,799)		-
Balance, August 31, 2013		(4,493,737)		(1,145,663)

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

2031	$	790
2032		49,729
2033		198,052
	$	248,571

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, August 31, 2011	32,970,527	$	11,990,956
Balance, August 31, 2012	32,970,527	$	11,990,956
Exercise of stock options	56,666	$	33,776
Balance, August 31, 2013	33,027,193	$	12,024,732

(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 year.

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 years ended August 31, 2013 and August 31, 2012:

		AUG 31, 2013		AUG 31, 2012
Net income attributable to common shares (basic and diluted)	$	260,109	$	726,153
Weighted average number of common shares (basic)		33,000,604		32,970,527
add: Dilutive effect of stock options		382,229		38,942
Weighted average number of common shares (diluted)		33,382,833		33,009,469
Earnings per share (basic)	$	0.008	$	0.022
Earnings per share (diluted)	$	0.008	$	0.022

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 year during which the options were outstanding.

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 plans, 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 4,954,079, 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, 2013, there were 116 participants (2012 – 87) in the plan. The total number of shares purchased during the years ended August 31, 2013 on behalf of participants, including the Company contribution, was 662,591 shares (2012 – 788,834 shares). During the years ended August 31, 2013, the Company's matching contributions totalled 139,282 shares (2012 – 157,814 shares).

(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 years ended August 31, 2013 and August 31, 2012, are as follows:

	AUG 31, 2013		AUG 31, 2012	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	2,763,142	$ 0.34	2,891,142	$ 0.39
Granted	475,000	0.56	800,000	0.41
Exercised	(56,666)	0.36	-	-
Forfeited and expired	(51,667)	0.55	(928,000)	0.55
Balance, end of year	3,129,809	$ 0.37	2,763,142	$ 0.34
Options exercisable, end of year	2,166,472		1,811,472	

Options outstanding at August 31, 2013 consist of the following:

RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE OUTSTANDING NUMBER	REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE NUMBER
$ 0.25 - $ 0.40	2,279,809	1.32 years	$0.32	1,999,806
$ 0.41 - $ 0.50	500,000	3.48 years	$0.43	166,666
$ 0.51 - $ 0.64	350,000	4.67 years	$0.63	-
$ 0.25 - $ 0.64	3,129,809	2.04 years	$0.34	2,166,472

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, 2013	AUG 31, 2012
Expected option life	5.00 years	5.00 years
Risk free interest rate	1.37%	1.46%
Dividend yield	nil	nil
Forfeiture rate	6.37%	6.05%
Volatility factor of expected market price of the Company's shares	88.26%	93.78%

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, 2013 and August 31, 2012 were comprised of the following:

	NOTE	AUG 31, 2013	AUG 31, 2012
Accretion			
vendor-take-back loans	11	$ 104,589	$ -
contingent consideration	4	18,631	-
		123,220	-
Non-controlling interest put option adjustment		163,426	-
Interest on long-term debt		558,422	354,362
Other finance costs		89,300	29,826
Interest income		(3,585)	(47,401)
		$ 930,783	336,787

16. FINANCIAL INSTRUMENTS:

Fair Value

The Company's carrying value of cash and cash equivalents, trade and other receivables, trade payables, 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, 2013:

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
Non-controlling interest put option	Fair value through profit or loss

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.

Fair value through profit or loss financial instruments are measured at fair value using Level 1 inputs for cash and cash equivalents and Level 3 inputs for non-controlling interest put option.

17. DETERMINATION OF FAIR VALUES:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial instruments 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 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.

(D) Non-controlling interest put option

The fair value of the non-controlling interest put option has been determined by discounting estimated future cash flows based on an appropriate discount rate. The estimated future cash flows are calculated based on pre-determined formulas as defined in the purchase agreements which are based on a multiple of estimated future earnings, estimated future exercise dates and other factors.

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, 2013 are as follows:

Next 12 months	$	984,964
13 – 24 months		848,518
25 – 36 months		606,443
37 – 48 months		580,176
49 – 60 months		279,173
Thereafter		36,855
	$	3,336,129

(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. Management is of the position that 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.

19. FINANCIAL RISK MANAGEMENT:

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

- interest risk
- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these interim condensed 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 term loans bear interest at variable rates and vendor-take-back loans are non-interest bearing. 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 has identified an exposure to fair value variation in relation to variable interest term loans. The Company does not use financial derivatives to decrease its exposure to interest risk. For the year ended August 31, 2013, a change in interest rate relating to loans and borrowings of 1% would have increased or decreased interest expense by approximately $108,000 (2012 - $26,000).

(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, 2013 is nil (2012 - $812).

Pursuant to their respective payment terms, consolidated accounts receivable are aged as follows as at August 31, 2013:

Current	$	2,527,610
31 – 60 days past due		35,146
61 – 90 days past due		161,833
Over 91 days past due		172,043
		2,896,632
Allowance for doubtful accounts		-
		2,896,632

(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. 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, 2013 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 MORE THAN 60 MONTHS
Trade payables	$ 4,507,749	$ 4,507,749	$ 4,507,749	$ -	$ -	$ -
Loans and borrowings	19,249,335	19,729,644	4,060,386	7,756,331	4,423,642	3,489,285
	$ 23,757,084	$ 24,237,393	8,568,135	$ 7,756,331	$ 4,423,642	$ 3,489,285

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.

The Company expanded the acquisition component of its existing credit facility agreement with the Canadian Imperial Bank of Commerce from $10 million to $20 million. No other 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 complied with all the required financial covenants at August 31, 2013.

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, 2013, 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, 2013 and 2012:

		AUG 31, 2013		AUG 31, 2012
Salaries, fees and short-term employee benefits	$	1,600,152	$	1,370,612
Short-term benefits and insurance premiums		21,894		24,245
Share-based payments		83,115		79,204
	$	1,705,161	$	1,474,061

(b) Key management personnel and director transactions

Directors and key management personnel own 30.66% (August 31, 2012 - 26.90%) percent of the voting shares of the Company.

As at August 31, 2013, the Company engages in transactions with Directors and key management personnel 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.

23. EXPENSES BY NATURE:

The Company's operating expenses for the year ended August 31, 2013 and August 31, 2012 were comprised of the following

		AUG 31, 2013		AUG 31, 2012
Personnel				
Wages, salaries and commissions	$	17,450,791	$	14,190,325
Bonuses		1,755,832		1,965,567
Short term benefits and insurance premiums		1,712,753		1,481,749
Share based payments		136,877		103,134
		21,056,253		17,740,775
Advertising and sponsorships		512,186		491,321
Automobile		292,473		233,317
Administration fees		1,697,491		1,568,739
Depreciation of property and equipment		379,967		309,294
Occupancy		1,718,214		1,315,689
Office supplies and communication		1,176,216		1,123,747
Other		381,809		375,540
Professional fees		886,439		793,005
Public company costs		246,569		285,897
Travel		717,077		622,110
	$	29,064,694	$	24,859,434

Compensation and benefits includes salaries, wages, management fees and commissions.

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totaled $26,822 for the year ended August 31, 2013 (2012 – $25,683). The amount is included in the salaries, wages and benefits expense in these interim condensed consolidated financial statements.

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 David Young, Vice-Chair, Corporate Initiatives
BOARD OF DIRECTORS:	Laurie Goldberg, Chairman Scott C. Anderson, Lead Director 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, 181 Bay Street, Suite 4400 Toronto, Ontario, M5J 2T3
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TRANSFER AGENT:	TMX Equity Transfer Services 200 University Avenue, Suite 300 Toronto, Ontario M5H 4H1 Canada
LISTING:	Stock Exchange: TSX-V Symbol: PEO
ANNUAL GENERAL MEETING:	February 26, 2014 3:00 PM Central Standard Time Suite 1800, 360 Main Street Winnipeg, Manitoba R3C 3Z3 Canada

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