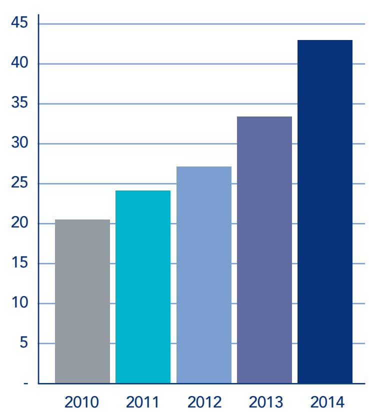
2014 ANNUAL REPORT

people CORPORATION

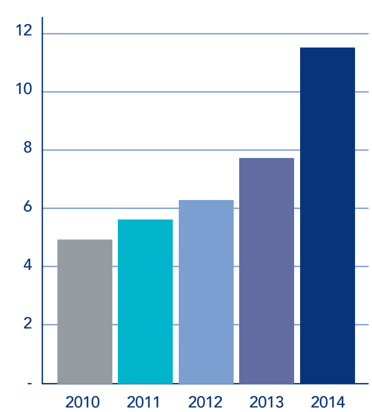
HIGHLIGHTS

YEAR ENDED AUGUST 31	2014	2013	2012	2011
Revenue	$ 42,542,878	$ 32,892,159	$ 27,157,385	$ 24,274,990
EBITDA before corporate costs	11,256,369	7,839,707	6,140,744	5,632,042
Adjusted EBITDA	$ 7,542,081	$ 4,344,309	$ 2,710,379	$ 2,346,088
Total assets	$ 55,834,263	$ 53,736,277	$ 25,342,445	$ 24,994,058
Total debt	9,660,449	19,249,335	2,219,691	2,889,376
Other liabilities	20,151,884	20,310,320	9,363,384	9,174,599
Shareholders' equity	26,021,930	14,176,622	13,759,370	12,930,083
Total liabilities and shareholders' equity	$ 55,834,263	$ 53,736,277	$ 25,342,445	$ 24,994,058
Cash, end of year	$ 2,481,008	$ 2,449,169	$ 3,199,643	$ 1,287,741
Repayment of long-term debt	$ 11,258,167	$ 802,538	$ 853,910	$ 2,749,928
Common shares outstanding at year end	39,858,150	33,027,193	32,970,527	32,970,527

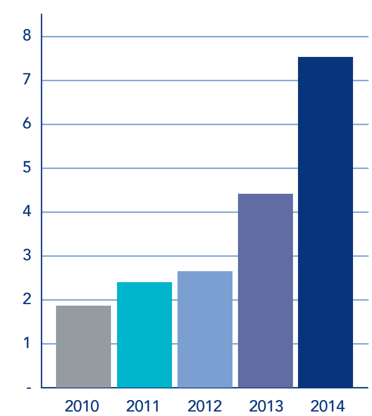
REVENUE
(in $ millions)



EBITDA BEFORE CORPORATE COSTS
(in $ millions)



ADJUSTED EBITDA
(in $ millions)



TO THE SHAREHOLDERS OF PEOPLE CORPORATION

In my letter to you last year, I made reference to Canada's economy overcoming the challenges associated with the global economic decline commonly referred to as the 'Great Recession'. As it turns out, I may have spoken too soon: Canada, once the model for an economy that could and did withstand serious stresses, is now facing a period of vulnerability. As I write this letter, declining resource prices and the related impact on Canada's financial markets may adversely affect the Canadian economy as a whole. No doubt, this will make for a delicate balancing act for our government, which is faced with a weakening dollar, while the prospect of raising interest rates carries risks of increased market volatility and downward pressure on spending.

The vulnerability inherent in every economy also filters down to the industries and companies that operate within it. In times of economic change, industries tend to change equally, with certain participants losing market share and others being presented with new opportunities. The Canadian group-benefits, pension and human-resources industry, in which People Corporation participates, is no exception.

We are in an industry that is evolving at an ever-increasing pace. Day to day, those who operate in it may not feel those winds of change, but a retrospective comparison, of today's market with those of three years ago, 10 years ago and beyond, reveals an obvious transformation of the competitive landscape. This change is being driven by the maturation of clients' needs, as they increasingly require deeper expertise in the areas of benefit-plan designs, group-retirement strategies, and HR solutions to attract, retain and reward their employees. Costs continue to escalate and, in order to stay competitive on a global scale, companies need to find better ways to design cost-effective HR-related programs to ensure they have the talent they need to execute on their business strategies. This demand for progressively more sophisticated consulting advice is proving to be the catalyst for consolidation of the group-benefits industry, just as there have recently been similar periods of consolidation among the multinational consulting houses and the insurance companies themselves.

This new era of consolidation in our industry is the logical progression of an environment where, because of greater client demands, it is increasingly difficult to have all the resources and expertise required for a client engagement. Change is necessary and those industry participants that don't evolve are soon exposed. Jack Welch's (former CEO of GE) famous saying, "Change before you have to," could not be more applicable to our industry than it is today.

I believe that this continued evolution is of the highest priority for People Corporation. Following from our 2013 initiatives, 2014 was a year for ensuring we put ourselves in a strong position from a financial, reputational and talent perspective. To this end, here are some of our fiscal-2014 accomplishments:

1. Record financial success, as follows:

    - Revenue grew by 29.3%;
    - EBITDA grew by 73.6%;
    - EBITDA per share grew by 60.6%;
    - Premiums under administration exceeded $600 million;
    - Our footprint across Canada grew to 28 offices across 7 provinces, with a staff of over 250 people.

2. We welcomed two new partner firms to the People Corporation group of companies, as part of our acquisition-related growth plan. In June 2014, we announced the acquisition of the group-benefits business of Bryan H. Lupe and Associates, based in Winnipeg, Manitoba. This transaction was strategically significant, as the first acquisition for the Company in the city of our head office. It also substantially increased our presence in the Manitoba market, adding a firm with an outstanding reputation for client service and creativity. Later in the year, the Company completed the acquisition of Fairles Benefit Services, based in Waterloo, Ontario. Through this acquisition, completed by our subsidiary, Bencom Financial Services Group, the Company increased its presence in Southwestern Ontario.

3. To strengthen our financial position and enable us to take advantage of future growth opportunities, the Company completed two significant financings: a bought-deal private placement of common shares, and a significant enhancement to our credit facility with our senior lender.

The private placement was highly successful, raising $10.4 million of new capital: 4.8 million common shares at a price of $2.15 per share. This offering was very well received by investors, with demand significantly exceeding supply. The proceeds of the transaction were used for investments in growth opportunities (both organic and transaction-based), to pay down the Company's senior debt, and for general corporate purposes.

The new credit facility provides for significantly expanded debt capacity of $35 million (and up to $50 million, subject to certain conditions), with improved terms and enhanced flexibility.

4. Our third-party administration (TPA) platform was strengthened, by way of technological improvements and expanded product and insurance-carrier offerings, thereby making it one of the most comprehensive and flexible TPA platforms in the country. We will continue to make significant investments in this regard, as our platform proves to increasingly be the avenue of choice for many of our clients.

5. We attracted some top talent from within and outside of the industry, to position us for our next level of growth. In addition, we initiated some structural changes in our organization, whereby Bonnie Chwartacki was appointed as President of the Company and Brevan Canning assumed the role of Group Head, Group Benefit Solutions, leading our TPA strategy and associated service and technology platforms.

Furthermore, our Board of Directors has been enhanced with the addition of Mr. Eric Stefanson. Mr. Stefanson, whose reputation is beyond reproach, brings a wealth of government, corporate and public-company experience to our organization.

Our reputation for market-leading solutions in Canada continues to grow, as evidenced by a number of 'brand-name' organizations having become new clients of our firm. Further strengthening our reputation, we received accolades from a number of external sources, including, for the fourth time in recent years, being named to the annual PROFIT 500 list - the definitive ranking of Canada's Fastest Growing Companies, by PROFIT Magazine.

The people within our organization are the key to our success. As evidenced by unprecedented participation in our company Employee Stock Option Plan, we have a dedicated, enthusiastic and committed team that will position us for success as we enter into fiscal 2015 and beyond.

With record financial results, a strong balance sheet and a growing, engaged talent base, I believe we are poised to benefit from the dynamic and changing environment in our industry. We continue to remain focused on our strategy, with disciplined operational execution and prudent allocation of capital and resources.

Most importantly, our focus continues to be on our clients, where it will always remain. As client needs continue to evolve, we intend to continue to develop and deliver best-in-class advice, products, service and solutions, customized to each client's specifications.

This is both an interesting and exciting time to be in our industry. While we are well past 'start-up', we have only just begun. The next few years ahead will no doubt prove to be very exciting. We invite you to be a part of this excitement and "Experience the Benefits of People."

Sincerely,

Laurie Goldberg
Chairman and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE QUARTER AND YEAR ENDED AUGUST 31, 2014

TABLE OF CONTENTS

This Management's Discussion and Analysis (**"MD&A"**) has been prepared with an effective date of December 12, 2014 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, 2014, 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 the Company's 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 finance expense, income tax expense, depreciation and amortization ("EBITDA") or EBITDA before non-recurring acquisition and transaction costs ("Adjusted EBITDA"), 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, Adjusted EBITDA and Operating Income before Corporate Costs 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, 2014		AUG 31, 2013	
	THREE MONTHS ENDED	YEAR ENDED	THREE MONTHS ENDED	YEAR ENDED
Revenue	$ 9,993.3	$ 42,542.9	$ 9,074.6	$ 32,892.2
Adjusted EBITDA	$ 1,394.7	$ 7,542.1	$ 918.7	$ 4,344.3
Adjusted EBITDA per share (Basic)	$ 0.039	$ 0.212	$ 0.028	$ 0.132
Net Income	$ 425.1	$ 1,540.9	$ (581.0)	$ 260.1
Net income per share (Basic)	$ (0.012)	$0.043	$ (0.018)	$ 0.008

For the year ended August 31, 2014, the Company reported revenue growth of $9,651 or 29.3%. The increase in revenue reported for the year ended August 31, 2014 as compared to the prior year is due to both acquired growth and organic growth.

Approximately one-third ($3,547.0 or 36.8%) of the increase in revenue represents organic growth in the business, attributable to the activities discussed below, such as efforts to expand 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 ($6,104.0 or 63.2%) was generated through the prior year acquisitions of H+P, BHL and FBS, as hereinafter defined.

Adjusted EBITDA for the year ended August 31, 2014, was $7,542.1, representing an increase of 73.6% or $3,197.8, as compared to the same period in 2013. Adjusted EBITDA margin increased from 14.4% for the year ended August 31, 2013, to 18.9% for the year ended August 31, 2014. 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 corporate investment or expense.

Net Income increased $1,280.8 or 492.4% for the year ended August 31, 2014. The increase in net income is due to growth in Adjusted EBITDA offset by incremental income tax expense as well as interest expense attributable to debt issued in connection with the acquisitions completed during the prior year and to various non-cash expenses related to the accounting entries for items such as accretion expense on vendor-take-back loans, accretion expense on contingent consideration and amortization of intangible assets.

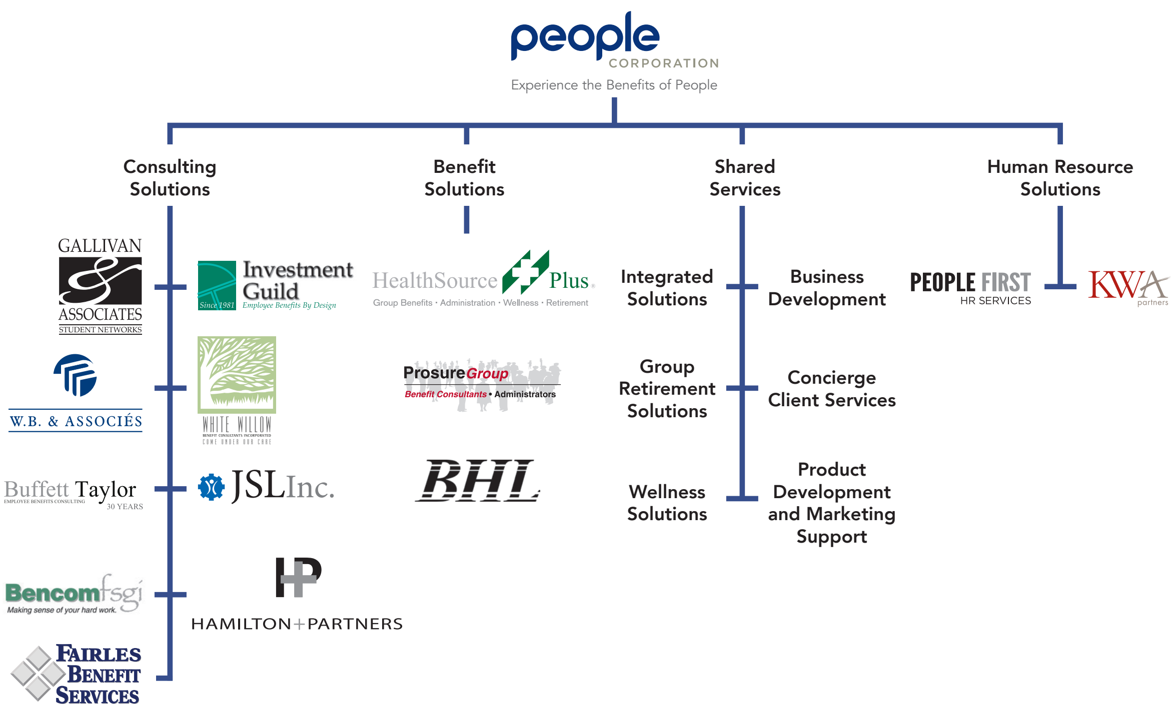
The increase in net income of $155.9 for the three months ended August 31, 2014 is due to factors similar to those affecting the nine month period.

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 250 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 these 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:



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 so 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 excel, 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 for 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.

Whether a client needs a simple benefits package or a comprehensive solution, the Company's experts can customize a program for the 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 the Company's partner relationships, its ability to leverage its various systems and platforms and through the expertise of its 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 clients' businesses 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:

CONSULTING SOLUTIONS

The Company's Consulting Solutions division has offices across the country, each backed by a team of experienced benefit consultants, employees and professionals who have industry-specific expertise with insight to guide and advise clients in customizing a suite of services for their organization.

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 plans.

WHITE WILLOW BENEFITS CONSULTANTS

White Willow Benefit Consultants ("**White Willow**"), established in 1988, is a boutique group benefits consulting firm that provides services 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 ASSURANCES W.B. INC.

Les Assurances W.B. Inc. ("**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 Group Administrators Inc. and 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.

FAIRLES BENEFIT SERVICES

Fairles Benefit Services ("**Fairles**"), established in 1991, provides group benefits and group retirement consulting to a broad range of clients in the Southwestern Ontario region. Fairles was acquired by Bencom in 2014 and now operates in close association with Bencom.

HAMILTON + PARTNERS INC.

Hamilton + Partners Inc. consists 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.

GROUP BENEFIT SOLUTIONS

The Company's Group Benefit Solutions division 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 ("**HSP**"), established in 1992 and amalgamated with the Company in 2014, provides TPA of group benefit programs including billing services, client services, employee data management and claims management through a proprietary platform. As a TPA, HSP is able to provide customized benefits solutions based on the needs of the client including complex plan design, customized reporting, alternative funding models and hybrid plans. HSP has offices in Toronto, Montreal, Niagara and Winnipeg and typically serves businesses with 25 to 5,000 employees.

PROSURE

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

BRYAN H. LUPE AND ASSOCIATES LTD.

Bryan H. Lupe and Associates Ltd. ("**BHL**"), established in 1969, provides group benefits and consulting and administration services to a broad range of clients, and has established a solid reputation for outstanding client service and creativity in providing group benefits solutions to clients primarily based in Manitoba.

HUMAN RESOURCE SOLUTIONS

Within its human resource service division the Company has deep expertise and the ability to take advantage of the entire organization's resources to provide executive search and recruiting, career management and human resource consulting services.

PEOPLE FIRST HR SERVICES LTD.

People First HR Services Ltd. ("**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.

CORPORATE SHARED SERVICES

Through its corporate shared service divisions, the Company 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 and thereby ensuring that clients are receiving the best possible consulting advice, and that the Company's 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

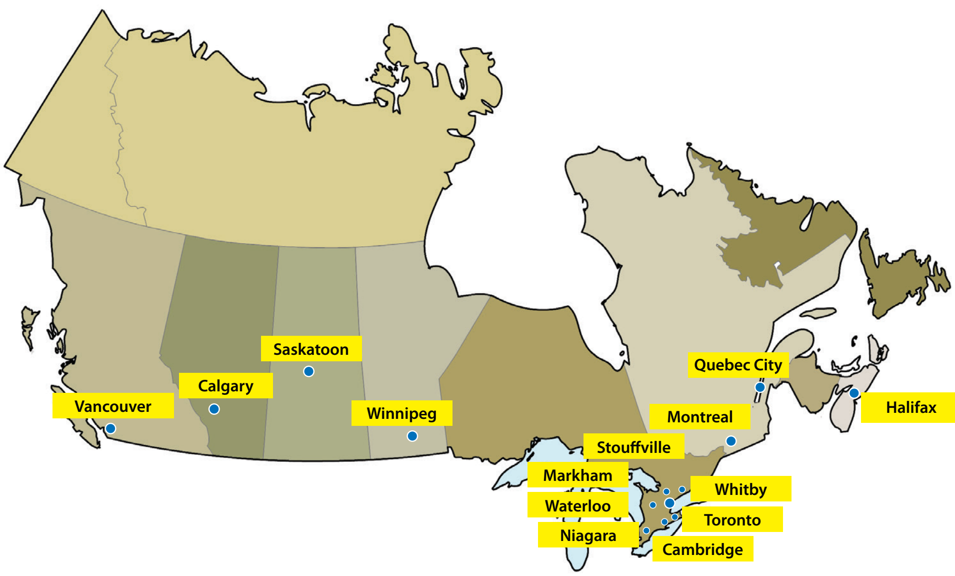
The Company's Concierge Client Service offering is designed to ensure proper elements and commitments are in place to provide consistent service and delivery to clients on an integrated basis. The standard service level agreements between the Company and its clients provide for a common understanding 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 clients with a suite of proprietary products and service offerings that will help manage the increasing costs of absenteeism, presenteeism, and loss of productivity. In addition, the Company's Wellness Solutions serve to help the Company's clients attract, reward, and retain their employees.



INDUSTRY

Many companies are increasingly utilizing employer-sponsored benefits programs as one of the tools to help them attract and retain employees in today's competitive market for talent. However, they are challenged in doing so because of the increasing cost of providing such programs to employees, which is driven by rising insurance premiums as a result of factors such as increasing healthcare costs, the entry of new drugs and treatments, the advent of new medical services, higher utilization rates, and the overall aging demographics of the workforce. Given these factors, companies are looking for value-added advice with respect to plan design, and strategies to minimize the cost of plans while continuing to provide competitive benefit programs that will be appealing to employees.

Concurrent with the evolution in client demands as described above, the supplier base for group benefits and pension products and services, which is primarily the insurance carriers, continues to consolidate, leading to fewer alternatives for benefits consultants to work with when devising and pricing benefit plans. At the same time, competition has increased, not only from traditional market players, but also from new players focused on technology-based solutions, as well as from market participants who have traditionally focused on other segments of the market or adjacent sectors. Finally, the regulatory environments that can impact benefit and pension programs continue to evolve, not only as it relates to the products and services themselves (e.g. pension plan regulations), but also as it relates to the provision of products and services, including matters such as fee disclosure. Given these market dynamics, scale is becoming increasingly important.

The Canadian market for group benefits, group pension and HR consulting products and services is dominated by many small players and a few large multinational firms. Historically, the market has been segregated by size: small- and medium-sized enterprises have traditionally been serviced by a large number of small regional and local market players, providing a relatively narrow range of products and services, generally priced on a commission-based structure. The balance of the industry, which is focused on large employers and government accounts, has traditionally been serviced by a small number of multinational consulting firms, with a broader scope of services, primarily offered on fee-based structures. While a significant amount of consolidation has occurred among players servicing large enterprises (i.e. consolidation among the multinational consulting firms), the segment of the market servicing small and medium-sized enterprises continues to be highly fragmented, with a significant number of small firms, many of which are encountering succession planning issues given the demographic characteristics of their consultant owners. Management believe that this, along with the increasing need for scale as described above, suggests that consolidation in this segment of the market is likely to intensify.

Management believes that the current dynamics in the group benefits, group pension and HR consulting sectors will continue to drive change within the industry, likely at an accelerating pace. To provide a compelling value proposition to employers, benefits, pension and HR consultants must provide innovative products, specialized services and customized solutions. Furthermore, in a highly competitive environment, consultants need to find ways to be more efficient and cost effective. As a result of these environmental factors, scale is increasingly important in these sectors.

OUTLOOK

In order to position itself for growth in this environment, the Company has made significant investments in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital to provide a compelling value proposition. Driven by these investments, the Company intends to pursue growth opportunities both organically, increasing its existing business by gaining new clients and a larger 'share of wallet' with existing clients, as well as through acquisitions in which new operating entities or subsidiaries become part of the Company. As an example, the Company's Shared Services and Shared Support divisions provide resources to enhance growth at existing operating subsidiaries, and are also a compelling reason for new entities to join People Corporation, so that they can gain access to the Company's proprietary products and operational infrastructure. Given the positive underlying industry fundamentals, the ongoing development of the Company's operating and transaction models, and the overall value proposition that the Company provides to stakeholder groups that include its clients, consultants, suppliers and employees, management currently expects to continue to generate growth in the foreseeable future.

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 its clients business challenges. The Company wants its clients to experience the benefits that 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. The Company continued its positive momentum and strong performance during the fourth quarter.

OPERATIONAL INITIATIVES INCLUDE:

i.) promoting and recruiting additional leadership to execute the Company's organic growth plans;

ii.) recruiting additional benefits consultants in order to expand our organic revenue generating capabilities;

iii.) enhancing the client service model to promote client retention; and

iv.) expanding the product portfolio to expand solutions to the Company's clients.

STRATEGIC INITIATIVES INCLUDE:

i.) pursuing possible acquisitions which align with the Company's strategic plan;

ii.) examination and updating of the capital strategy to ensure the Company maintains appropriate financial resources to support operational investments and corporate development activities;

iii.) enhancing investor relations activities; and

iv.) expanding the Company's billing platforms and TPA platforms, thereby increasing the number of product offerings available to clients.

Results from implementation of the above strategic initiatives, momentum from past initiatives and 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.

NOTABLE MILESTONES INCLUDE:

i.) Entered into new expanded Credit Facility with $35 million of senior credit available, a significant increase over the Company's previous senior credit facility of $24.5 million. The agreement also provides for the potential to increase the facility by a further $15 million to a total of $50 million of available credit, effectively doubling the Company's senior credit capacity;

ii.) Laurie Goldberg, Chairman and CEO, named 2014 Prairie Region EY Entrepreneur of the Year for the professional and financial services category, as awarded by Ernst & Young LLP;

iii.) Implemented changes to the organizational structure to position the Company for building additional scale, including appointing Ms. Bonnie Chwartacki to the office of President and Mr. Brevan Canning to the offices of Executive Vice-President and Group Head - Group Benefit Solutions;

iv.) Appointment of Mr. Eric Stefanson to the Company's Board of Directors;

v.) Completed a bought deal private placement financing, issuing 4,815,080 common shares at $2.15 per share resulting in gross proceeds to the Company of $10.4 million and which included the exercise in full of the underwriters' over-allotment of 628,050 shares;

vi.) Acquired the group benefits and third party administration business of Bryan H. Lupe and Associates Ltd., based in Winnipeg, Manitoba;

vii.) Acquired the group benefits business of Fairles Benefit Services Inc., based in Waterloo, Ontario;

viii.) Ranked as one of Canada's 2014 PROFIT 500 Firms;

ix.) Expanded the Company's group benefit and human resource consulting service offerings into the Saskatchewan market place;

x.) Launched an enhanced stop-loss product offering for clients on the Company's self-insured benefits TPA platform; and

xi.) Launched the myWellness product with a focus on mental health for the Company's student benefit clients.

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 its existing businesses. To date the Company has completed twelve acquisitions which includes fifteen operating entities. During the past several years the Company has focused on corporation development and has put in place acquisition financing and has developed and built several value propositions to attract acquisitions.

In fiscal 2012, the Company went to market with a renewed acquisition model and value propositions, completing four acquisitions in the 2013 fiscal year and the Company has seen significant momentum as a result of these efforts. In addition to its ongoing corporate development activities, to date, the Company has completed three small acquisitions in fiscal 2014. In addition to a commission stream on a portfolio of clients from an associate broker, the Company acquired BHL and Fairles.

Supported by acquired cash flows for servicing requirements and in addition to equity issuances, acquisitions have been 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 minimal shareholder dilution. To support the Company's revenues and Adjusted EBITDA growth plans, recent acquisitions brought additional carrier relationships, product solutions and administrative capabilities. The Company' capabilities, resources, systems, tools, and business development team are expected to support the vendors to increase the rates at which the acquired businesses grow.

The Company continues to consider a number of opportunities, which are 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:

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 9,993.3	$ 11,572.0	$ 11,208.8	$ 9,768.8	$ 9,074.6	$ 8,665.6	$ 8,138.3	$ 7,013.6
Operating & corporate expenses	(8,598.6)	(9,607.2)	(8,876.5)	(7,918.5)	(8,155.9)	(7,340.6)	(6,930.2)	(6,121.3)
Adjusted EBITDA	1,394.7	1,964.8	2,332.3	1,850.3	918.7	1,325.1	1,208.2	892.3
Finance expenses	(437.8)	(466.3)	(283.3)	(455.3)	(472.6)	(202.2)	(174.5)	(81.4)
Amortization and depreciation	(787.6)	(801.8)	(664.1)	(619.2)	(435.7)	(430.9)	(443.8)	(311.7)
Share-based compensation	(44.7)	(50.6)	(40.2)	(40.3)	(37.4)	(23.7)	(37.9)	(37.8)
Income tax expense, net	(509.1)	(455.1)	80.2	(301.6)	63.2	(242.2)	(137.1)	(112.3)
Acquisition costs	(40.6)	(19.6)	-	(35.5)	(617.2)	(7.6)	(236.8)	(104.4)
Net income	(425.1)	142.9	1,424.9	398.4	(581.0)	418.5	178.1	244.7
Total Assets	56,109.4	63,356.5	52,838.0	53,349.0	53,736.3	31,101.9	32,560.1	25,778.4
Total loans and borrowings	9,660.4	16,847.5	17,688.2	18,740.1	19,249.3	6,905.2	7,132.6	2,972.9
Total other liabilities	20,427.0	20,108.4	18,937.4	19,958.6	20,310.3	9,476.6	11,169.7	8,763.7
Shareholders' equity	26,021.9	26,400.6	16,212.4	14,650.4	14,176.6	14,720.2	14,257.7	14,041.8
Adjusted EBITDA per share	0.039	0.054	0.070	0.028	0.028	0.040	0.037	0.013
Earnings per share (basic)	0.012	0.004	0.043	0.012	(0.018)	0.013	0.014	0.007
Earnings per share (diluted)	0.011	0.004	0.040	0.011	(0.017)	0.012	0.014	0.006

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 commencement of the services or engagement.

FOR THE YEAR ENDED	AUG 31, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Commissions	$ 24,995.8	$ 17,433.2	$ 7,562.6	43.4%
Fees and other revenues	17,547.1	15,459.0	2,088.1	13.5%
	$ 42,542.9	**$ 32,892.2**	**$ 9,650.7**	**29.3%**

During fiscal 2014, the Company increased its revenues by $9,650.7 or 29.3%, as compared to the prior year resulting from:

Acquired growth represented $6,104.0 or 63.2% of the increase in revenue resulting from run rates on 2013 and 2014 acquisitions. Organic growth represented $3,547.0, or 36.8% of the increase in revenue resulting from the addition of new clients from the Company's existing and expanded Benefits Consulting team and natural inflationary factors. The majority of revenue generated by the companies acquired in 2013 and 2014 is commission revenue resulting in relatively stronger growth of commissions, as compared to fees and other revenues.

Revenue earned in the three months ended August 31, 2014, represents growth of $918.7, or 10.1%. The increase is comprised of $723.9 attributable to growth in commission based revenue and a $194.9 increase in fee based revenue. This growth trend is consistent with the factors discussed for the twelve month period.

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, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Salaries and Wages	$ 14,707.2	$ 11,096.6	$ 3,610.6	32.5%
Commissions	7,632.1	6,354.2	1,277.9	20.1%
Bonuses	1,880.1	1,755.8	124.3	7.1%
Short-term benefits & insurance premiums	2,106.8	1,712.8	394.0	23.0%
Share-based payments	175.7	136.9	38.8	28.3%
	$ 26,501.9	**$ 21,056.3**	**$ 5,445.6**	**25.9%**

For the year ended August 31, 2014, personnel and compensation costs represent 62.3% of revenues (2013 - 64.0%). 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 personnel and compensation expense for the year ended August 31, 2014 from $21,056.3 to $26,501.9 is due to investments in new leadership positions, incremental commissions directly resulting from organic growth in sales and to acquired growth generated through new 2013 and 2014 acquisitions.

The increase in salary expense for the three months ended August 31, 2014 of $668.6, or 11.3%, is largely reflective of investments in new leadership positions, increased compensation paid to consultants and associate consultants tied to organic and acquired revenue generation and client retention.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are composed of expenditures identified in the following tables:

FOR THE YEAR ENDED	AUG 31, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Occupancy	$ 2,156.2	$ 1,718.2	$ 438.0	25.5%
Claims Administration fees	1,812.3	1,697.5	114.8	6.8%
Office Supplies & communication	1,574.9	1,176.2	398.7	33.9%
Professional fees	620.3	886.4	(266.1)	(30.0)%
Other	412.2	329.9	82.3	24.9%
Corporate Travel	388.0	328.5	59.5	18.1%
Public company costs	270.0	246.6	23.4	9.5%
Depreciation of property & equipment	460.5	380.0	80.5	21.2%
	$ 7,694.4	**$ 6,763.3**	**$ 931.1**	**13.8%**

This increase of $931.1 in general and administrative expenses for the year ended August 31, 2014 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 claims administration fees directly related to increased volumes in claims adjudication on the Company's TPA;
- An increase in depreciation of property and equipment related due to capitalized leasehold improvement costs at the corporate office;
- 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;
- An increase in corporate travel, directly related to corporate development activities and management of companies recently acquired;
- A decrease in legal fees and other professional fees related to having hired in-house legal counsel; and
- An increase in public company costs directly related to an increase in investor relations activities and corporate development initiatives.

The increase of $179.9 in general and administrative expenses for the three months ended August 31, 2014 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, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Business Development	$ 509.7	$ 396.8	$ 112.9	28.5%
Travel	770.4	681.1	89.3	13.1%
Advertising	160.5	167.3	(6.8)	(4.1)%
	$ 1,440.6	**$ 1,245.2**	**$ 195.4**	**15.7%**

The increase in advertising and promotion expense for the year ended August 31, 2014 is due to direct incremental costs from acquired entities, the expansion of the Company's team of Benefit Consultants, 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, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Amortization of intangible assets	$ 2,418.6	$ 1,242.1	$ 1,176.5	94.7%
Interest and other finance costs	1,642.6	930.8	711.8	76.5%
Acquisition costs	95.8	966.0	(870.2)	(90.1)%
	$ 4,157.0	**$ 3,138.9**	**$ 1,018.1**	**32.4%**

The increase in finance and other costs for the year ended August 31, 2014 is due to increased incremental interest expense attributable to debt issued to fund the H+P, Bencom and Prosure acquisitions in the prior year and to various non cash expenses related to the accounting entries for items such as accretion expense on vendor take back loans, accretion expense on contingent consideration and amortization of intangible assets.

Acquisition costs, which include professional fees and other direct incremental and non-recurring costs incurred by the Company to secure and complete specific acquisitions, decreased as compared to the comparable period in the prior year. Notwithstanding continued investment in corporate development initiatives, only those costs incurred which meet the Company's definition of 'acquisition cost' are excluded from the calculation of Adjusted EBITDA. Non-direct corporate development expenditures are included in general and administrative expenses.

NON-IFRS FINANCIAL MEASURES

The Company reports non-IFRS financial measures, including Adjusted EBITDA and Operating Income before Corporate Costs as key measures used by management to evaluate performance of the business, to compensate employees and to facilitate a comparison of quarterly and annual results of ongoing operations. Adjusted EBITDA is also a concept utilized in measuring compliance with debt covenants. The Adjusted EBITDA measure is 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 used to assist in evaluating the operating performance and debt servicing ability of the Company, investors are cautioned that Adjusted EBITDA as reported by the Company may not be comparable in all instances to Adjusted EBITDA as reported by other companies.

The CICA's Canadian Performance Reporting Board defined EBITDA to foster comparability of the measure between entities ("Standardized EBITDA"). 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 of one-time 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 costs which do not relate to the current operating performance of the business but are typically costs incurred to expand operations. Acquisition 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 Operating Income before Corporate Costs and Adjusted EBITDA:

FOR THE YEAR ENDED	AUG 31, 2014	AUG 31, 2013
Revenue	$ 42,542.9	$ 32,892.2
Operating costs	31,286.5	25,052.5
Operating Income Before Corporate Costs	11,256.4	7,839.7
Corporate costs	3,714.3	3,495.4
Adjusted EBITDA	7,542.1	4,344.3
less:		
Stock-based compensation	175.7	136.9
Income before undernoted	7,366.4	4,207.4
Interest and other finance costs	1,642.6	930.8
Depreciation of capital assets	460.5	380.0
Amortization of intangible assets	2,418.6	1,242.1
Acquisition costs	95.8	966.0
Write down of capital assets	22.3	-
Income taxes, net	1,185.6	428.4
Net income	**$ 1,541.0**	**$ 260.1**

OPERATING INCOME BEFORE CORPORATE COSTS

For the year ended August 31, 2014, Operating Income before Corporate Costs was $11,256.4, which represents an increase of $3,416.7, or 43.6%, over the comparable period in the prior fiscal year. The Company also strengthened the Operating Income before Corporate Costs margin to 26.5% in the year ended August 31, 2014 from 23.8% over the comparable period in the prior fiscal year.

Corporate Costs, which represent expenses incurred at the corporate office, such as executive remuneration, public company compliance costs, insurance and corporate development activities, for the year ended August 31, 2014 were $3,714.3 versus $3,495.4 incurred in the prior period. The increase of $218.9 is due to incremental costs for personnel costs, professional fees, and travel costs for corporate development activities, slightly offset by reductions in office space and public company compliance.

ADJUSTED EBITDA

Adjusted EBITDA for the year ended August 31, 2014 was $7,542.1, an increase of $3,197.8, or 73.6% from $4,344.3 reported for the same period in the prior year.

Factors influencing the increase in adjusted EBITDA include:

- Acquired Adjusted EBITDA from acquisitions completed within the past twelve months. The acquired Adjusted EBITDA reported for the year ended August 31, 2014 did not include the full impact of the acquisition as only partial year's worth of acquisitions were reportable in the Company's 2014 results;

- Adjusted EBITDA from organic initiatives adopted by the Company to generate additional revenue from existing clients and from additions to the Company's client base, offset by related variable compensation and business development costs;

- Investments in leadership positions, occupancy costs and modest business development expenditures to support the Company's strategic plan.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The following table summarizes the Company's cash flows for the year ended August 31, 2014:

FOR THE YEAR ENDED	AUG 31, 2014	AUG 31, 2013	$ VARIANCE	% VARIANCE
Net income for the period	$ 1,540.9	$ 260.1	$ 1,280.8	492.4%
Add non-cash items, net	3,240.3	1,765.9	1,474.4	83.5%
Changes in non-cash working capital	(1,222.6)	(559.0)	(663.6)	118.7%
Net cash from operating activities	3,558.6	1,467.0	2,091.6	142.6%
Net cash from (used by) investing activities	(3,027.8)	(14,585.2)	11,557.4	(79.2)%
Net cash from (used by) financing activities	(229.5)	12,367.7	(12,597.2)	(101.9)%
Net increase (decrease) in cash	**$ 301.3**	**$ (750.5)**	**$ 1,051.8**	**(140.1)%**

Cash generated from operating activities for the year ended August 31, 2014 was $3,558.6, an increase of $2,091.6 or 142.6% from the $1,467.0 of cash generated in the same period in the prior year. Significant influences of cash inflows and outflows related to operating activities for the year ended August 31, 2014 versus the same period in the prior year include:

- Favourable change in Adjusted EBITDA of $3,197.8, 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.

- Unfavourable change in cash resulting from an increase in cash interest expense (net) of $116.8 related to debt assumed to finance acquisition activity.

- Favourable change in cash resulting from a decrease in acquisition costs of $870.2 as compared to the prior year.

- Favourable change in cash resulting from changes in working capital accounts of $545.8, 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, 2014 of $3,027.8 was used to fund the acquisitions, the acquisition of property and equipment, the acquisition of an increased economic interest in a portfolio of group benefit clients, as well as direct costs incurred related to the acquisition of customer contracts with fixed terms.

Cash used from financing activities for the year ended August 31, 2014, was $229.5, as compared to cash generated of $12,367.7 in the prior year. Cash outflows related to repayment of long-term debt and finance lease liabilities of $11,258.2 (2013 - $802.5) were offset by proceeds from the issue of shares from a private placement of $9,573.4 as well as proceeds from the exercise of stock options of $555.3 (2013 - $20.3).

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 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 make 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, 2014 is set forth in the table below. The Company defined "Available Operating 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 have 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, 2014	AUG 31, 2013
Current assets	$ 6,700.1	$ 5,734.2
less:		
Current liabilities	11,117.9	12,230.9
Working capital	(4,417.8)	(6,496.7)
Add back:		
Deferred revenue	4,059.7	3,792.3
Operating working capital	(358.1)	(2,704.4)
Add back:		
Current portion of loans and borrowings related to acquisitions	3,498.8	3,405.9
Available Operating Working Capital	**$ 3,140.7**	**$ 701.5**

Available Operating Working Capital has increased by $2,439.2 to surplus of $3,140.7 from the available working capital surplus of $701.5 experienced at August 31, 2013. The increase in Available Operating Working Capital is primarily due to an increase in cash as a result of cash generated from operating activities and proceeds from the private placement of shares offset by early repayment of a portion of long-term debt.

The current portion of loans and borrowings related to current year acquisitions increased by $267.4 to a balance of $3,498.8 due to the acquisitions of JSL, Prosure, Bencom, H+P, BHL, and Fairles.

Current assets increased by $965.9 to a balance of $6,700.1 due to increases in cash balances as described above and increase in accounts receivable balances related to growth in revenues over the year.

The Company maintains a revolving operating line of credit to facilitate management of short-term working capital requirements. As at August 31, 2014, 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, 2014	AUG 31, 2013
Common shares issued and outstanding:	39,551,486	33,027,193
Stock options outstanding:	1,566,667	2,763,142

On April 23, 2014, the Company closed a private placement offering of 4,815,080 shares at a price of $2.15 per share, which included the exercise in full of the Underwriter's over-allotment option of 628,050 shares, for aggregate gross proceeds of $10,352.4. Total share issuance and commission costs of $779.0 were incurred in the private placement.

COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes, as at August 31, 2014, 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	$ 3,687.6	$ 3,687.6	$ -	$ -	$ -
Operating lease obligations	2,496.6	893.6	1,270.9	332.1	-
Capital lease obligations	29.2	20.0	9.2	-	-
Long-term debt	12,373.2	2,007.1	4,014.3	4,014.3	2,337.5
Vendor-take-back debt	4,445.0	1,607.9	2,837.1	-	-
	$ 23,031.6	$ 8,216.2	$ 8,131.5	$ 4,346.4	$ 2,337.5

Management believes that operations will generate sufficient cash flows to fund ongoing operations and finance its seasonal working capital needs.

Effective October 31, 2014, the Company entered into a new Credit Facility Agreement with the CIBC, which included the following components:

1. $5 million revolving credit facility.

2. $23 million term acquisition credit facility to fund future acquisitions (the "Acquisition Revolver").

3. $7 million term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous credit agreement.

The agreement provides for an option (the "Accordion Feature"), subject to the satisfaction of certain terms and conditions, to increase the Acquisition Revolver by an additional $15 million of capacity, which would result in the size of the Acquisition Revolver being increased to $38 million, and overall credit capacity being increased to $50 million.

The new facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. The new facility replaces the Company's previously existing credit facility originally entered into 2011 and subsequently amended.

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 a number of 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 for 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, this 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 upon 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, the Company must rebate to the insurance company the amount paid to it by the insurance company on a pro rata basis.

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 among the Company's existing client base and through the ongoing acquisition of independent group benefit and 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 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 Company, there may be liabilities and contingencies that the Company failed to discover or was unable to quantify in its due diligence 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 have the financial basis upon which it would be able to access its acquisition credit facility or be successful in its efforts to use 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 division 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 division of the Company rely 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 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.

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.

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.

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

As the company's acquisitive growth continues, the revenue trends from quarter to quarter may change depending on the relative significance of acquisitions in a fiscal year and the seasonal variances of the client renewals of those particular acquisitions. During fiscal 2014, the full effects of one significant acquisition in the fourth quarter of fiscal 2013 impacted the consolidated revenue trends in fiscal 2014 thereby resulting in higher consolidated revenue trends in the second and third quarter of fiscal 2014 despite the significant quarter over quarter revenue growth from fiscal 2013 to fiscal 2014. As the company continues to grow both organically and through acquisitions the revenue trends from quarter to quarter within a fiscal may continue to vary, however the annual revenue trends will increasingly be more representative of the Company's annual revenue run rate as the company achieves increasing scale.

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, 2014 & 2013

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of People Corporation:

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, 2014 and August 31, 2013, 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, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of People Corporation and its subsidiaries as at August 31, 2014 and August 31, 2013 and their financial performance and their cash flows for the years ended August 31, 2014 and August 31, 2013 in accordance with International Financial Reporting Standards.

MNP LLP

December 12, 2014
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

PEOPLE CORPORATION

Consolidated Statements of Financial Position

For years ended as at August 31, 2014, August 31, 2013

	NOTE	AUG 31, 2014	AUG 31, 2013
Assets			
Current assets:			
Cash and cash equivalents		**$ 2,750,465**	$ 2,449,169
Trade and other receivables	5	**3,423,216**	2,896,632
Other current assets		**526,444**	388,383
Total current assets		**6,700,125**	5,734,184
Non-current assets:			
Property and equipment	6	**1,626,581**	990,894
Goodwill and intangible assets	7	**47,286,690**	46,876,735
Deferred tax asset	13	**496,031**	134,464
Total non-current assets		**49,409,302**	48,002,093
Total assets		**$ 56,109,427**	$ 53,736,277
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	8	**$ 3,700,928**	$ 4,522,278
Deferred revenue	9	**4,059,744**	3,792,348
Income taxes payable	13	**276,275**	112,240
Current portion of loans and borrowings	12	**3,080,922**	3,804,077
Total current liabilities		**11,117,869**	12,230,943
Accrued and other liabilities	8	**1,093,781**	993,070
Deferred revenue	9	**68,536**	89,299
Non-controlling interest put options	10	**6,661,351**	6,172,884
Loans and borrowings	12	**6,579,527**	15,445,258
Deferred tax liability	13	**4,566,433**	4,628,201
Total liabilities		**30,087,497**	39,559,655
Shareholders' equity:			
Share capital	14	**22,465,334**	12,024,732
Contributed surplus		**638,090**	774,245
Retained earnings		**2,918,506**	1,377,645
Total shareholders' equity		**26,021,930**	14,176,622
Total liabilities and shareholders' equity		**$ 56,109,427**	$ 53,736,277

Commitments and contingencies (Note 19)
Subsequent Events (Note 24)

ON BEHALF OF THE BOARD OF DIRECTORS

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

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

PEOPLE CORPORATION

Consolidated Statements of Comprehensive Income

For years ended as at August 31, 2014, August 31, 2013

	NOTE	YEAR ENDED AUG 31, 2014	YEAR ENDED AUG 31, 2013
Revenue			
Commissions		**$ 24,995,792**	$ 17,433,232
Fees and other revenues		**17,547,086**	15,458,927
		42,542,878	32,892,159
Operating expenses			
Personnel and compensation	23	**26,501,987**	21,056,253
General and administrative		**7,694,444**	6,763,330
Advertising and promotion		**1,440,580**	1,245,111
	23	**35,637,011**	29,064,694
Income before undernoted		**6,905,867**	3,827,465
Finance and other income (costs):			
Amortization of intangible assets		**(2,418,626)**	(1,242,131)
Write down of property and equipment	16	**(22,320)**	-
Finance expenses	16	**(1,642,637)**	(930,783)
Acquisition costs	4	**(95,799)**	(966,018)
		(4,179,382)	(3,138,932)
Net income before income taxes		**2,726,485**	688,533
Income tax expense:			
Current	13	**1,894,600**	711,149
Deferred	13	**(708,976)**	(282,725)
		1,185,624	428,424
Net income and comprehensive income		**$ 1,540,861**	$ 260,109
Earnings per share	14(c)		
Basic		**$ 0.043**	0.008
Diluted		**$ 0.041**	0.008

The notes on pages 39 to 67 are an integral part of these consolidated financial statements.

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity

For the years ended August 31, 2014 and August 31, 2013

	NOTE	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
Exercise of stock options	14(b)	33,776	(13,510)	-	20,266
Share-based payments	15(b)	-	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**

	NOTE	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS)	TOTAL
Balance, August 31, 2013		**$ 12,024,732**	**$ 774,245**	**$ 1,377,645**	**14,176,622**
Net Income and comprehensive income for the year		-	-	1,540,861	1,540,861
Issuance of common shares	14(b)	9,573,447	-	-	9,573,447
Exercise of stock options	14(b)	867,155	(311,888)	-	555,267
Share-based payments	15(b)	-	175,733	-	175,733
Total transactions with shareholders		10,440,602	(136,155)	1,540,861	11,845,308
Balance, August 31, 2014		**$ 22,465,334**	**$ 638,090**	**$ 2,918,506**	**$ 26,021,930**

PEOPLE CORPORATION

Consolidated Statements of Cash Flows

For the years ended August 31, 2014 and August 31, 2013

	NOTE	YEAR ENDED AUG 31, 2014	YEAR ENDED AUG 31, 2013
Operating activities			
Net income for the year		$ 1,540,861	$ 260,109
Adjustments for:			
Depreciation	6	460,481	379,967
Amortization of intangible assets	7	2,418,626	1,242,131
Share-based compensation		175,733	136,877
Non-controlling interest put option fair value adjustment		488,467	123,220
Accretive interest expense		400,444	163,426
Loss from disposal or write down of property and equipment	6	22,320	3,045
Deferred tax expense (recovery)		(725,735)	(282,725)
Net cash from operations		4,781,197	2,026,050
Change in the following:			
Trade and other receivables		(476,748)	167,912
Other current assets		(138,061)	139,101
Trade payables, accrued and other liabilities		(992,910)	(277,379)
Deferred revenue		246,633	(367,404)
Deferred tax liability		138,478	(221,265)
Net cash from (used by) working capital items		(1,222,608)	(559,035)
Net cash from operating activities		**3,558,589**	**1,467,015**
Investing activities			
Proceeds from disposal of property and equipment		-	300
Acquisition of subsidiary, net of cash and cash equivalents acquired		(746,044)	(13,991,842)
Acquisition of property and equipment		(1,118,488)	(395,470)
Acquisition of intangible assets		(1,163,308)	(198,205)
Net cash used in investing activities		**(3,027,840)**	**(14,585,217)**
Financing activities			
Proceeds from exercise of stock options		555,267	20,266
Proceeds from loans and borrowings		900,000	13,150,000
Repayment of loans and borrowings		(11,258,167)	(802,538)
Proceeds from private placement of shares, net		9,573,447	-
Net cash from (used) in financing activities		**(229,453)**	**12,367,728**
Net increase (decrease) in cash and cash equivalents		301,296	(750,474)
Cash and cash equivalents at beginning of the year		2,449,169	3,199,643
Cash and cash equivalents at the end of the year		**$ 2,750,465**	**$ 2,449,169**

The notes on pages 39 to 67 are an integral part of these consolidated financial statements.

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.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 12, 2014.

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 these 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, trade 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 ("IFRS 9")

The IASB issued IFRS 9 as 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. The effective date is for annual periods beginning on or after January 1, 2018.

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.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

The IASB issued IFRS 15, to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2017 with earlier adoption permitted.

The Company does not anticipate that the application of IFRS 15 will materially impact on the amounts reported in respect of the Company's financial assets. However, it is not yet practicable to provide a reasonable estimate the extent of such effect.

Changes in accounting policies:

The Company has adopted the following revised standards on a prospective basis, along with any consequential amendments, effective September 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10, Consolidated Financial Statements ("IFRS 10"):

IFRS 10 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 Company has assessed its consolidation conclusions on September 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, Joint Arrangements ("IFRS 11"):

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 Company is not a party to any joint arrangements and has determined that adoption of IFRS 11 did not result in a material impact on the results or the financial position of the Company.

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")

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 ("Interests in Other Entities"). The standard introduces additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company is not a party to any Interests in Other Entities and has determined that adoption of IFRS 12 did not result in a material impact on the results or the financial position of the Company.

IFRS 13, Fair Value Measurement ("IFRS 13")

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 Company adopted IFRS 13 on September 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at September 1, 2013. The standard also establishes disclosures about fair value measurement. The Company has included in Note 17 new financial instrument fair value disclosures required by IFRS 13.

4. BUSINESS ACQUISITIONS:

The Company accounts 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 transaction and the acquisition-date fair value of the total consideration transferred are as follows:

During the year ended August 31, 2014, the Company acquired the following businesses:

- Effective May 30, 2014 the Company acquired all of the issued and outstanding shares of Bryan H. Lupe and Associates Ltd. ("BHL"), a company that provides group benefits consulting and administration services to a broad range of clients in the Manitoba region.
- Effective June 23, 2014 the Company acquired all of the issued shares of Fairles Benefit Services Inc ("FBS"), through its wholly owned subsidiary, Bencom Financial Services Group Inc. ("Bencom"). FBS provides group benefits and group retirement consulting to a broad range of clients in the Southwestern Ontario region.

Assets	
Cash	$ 154,124
Accounts receivable and other assets	49,836
Customer relationships intangible asset	1,065,000
Goodwill	585,423
Accounts payable and accrued liabilities	(175,481)
Other current liabilities	(8,321)
Deferred tax payable	(287,550)
	1,383,031
Consideration	
Cash payment	880,000
Promissory note payable	482,863
Working capital adjustment	20,168
	$ 1,383,031

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, 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.

	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**

For the year ended August 31, 2014, promissory notes payable were recognized representing the estimated fair value of the promissory notes using a weighted average discount rate of 5.77% (2013 - 6.43%). Total consideration paid is subject to final adjustments for working capital.

As at August 31, 2014, amounts recognized as contingent consideration represent the estimated present value of $1,064,229 (2013 - $950,204) for potential additional future consideration based on achieving financial targets for H+P (Note 8).

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, 2014		AUG 31, 2013	
	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA
Operating revenues				
H+P	$ -	$ -	$ 525,473	$ 6,200,328
Bencom	$ -	$ -	$ 1,750,241	$ 2,386,358
Other acquisitions	$ 87,186	$ 928,622	$ 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	$ 31,152	$ 424,558	$ 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, 2013 and September 1, 2012, respectively. For the purposes of these pro forma balances, comprehensive income is equal to net income. Acquisition-related costs amounting to $95,799 (2013 - $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.

5. TRADE AND OTHER RECEIVABLES:

The Company had the following trade and other receivables:

	AUG 31, 2014	AUG 31, 2013
Trade receivables	$ 3,264,492	$ 2,896,632
Commission advances	158,724	-
	$ 3,423,216	$ 2,896,632

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 20.

6. PROPERTY AND EQUIPMENT:

The Company had the following property and equipment:

	LEASEHOLD IMPROVEMENTS	FURNITURE AND FIXTURES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	TOTAL
Cost					
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**
Additions	461,004	115,635	165,332	377,008	**1,118,979**
Write down of property and equipment	-	-	-	(22,320)	**(22,320)**
Acquisition through business combination	44,681	-	46,641	2,535	**93,857**
Balance, August 31, 2014	$ 1,046,227	$ 897,852	$ 1,430,891	$ 964,675	**$ 4,339,645**

	LEASEHOLD IMPROVEMENTS	FURNITURE AND FIXTURES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	TOTAL
Depreciation and impairment losses					
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)**
Depreciation for the year	(163,500)	(66,682)	(125,488)	(105,301)	**(460,971)**
Acquisition through business combination	(44,681)	-	(46,641)	(2,535)	**(93,857)**
Balance, August 31, 2014	$ (602,301)	$ (604,424)	$ (994,997)	$ (511,341)	**$ (2,713,063)**
Carrying amounts					
Balance, August 31, 2013	$ 146,422	$ 244,475	$ 396,050	$ 203,947	**$ 990,894**
Balance, August 31, 2014	$ 443,926	$ 293,428	$ 435,894	$ 453,333	**$ 1,626,581**

7. GOODWILL AND INTANGIBLE ASSETS:

The Company had the following goodwill and intangible assets:

	NOTE	GOODWILL	CUSTOMER RELATIONSHIPS	CUSTOMER CONTRACTS	TOTAL
Cost					
Balance, September 1, 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**
Additions		-	900,000	278,157	**1,178,157**
Acquisition through business combination	4	585,423	1,065,000	-	**1,650,423**
Balance, August 31, 2014		$ 30,137,981	$ 21,608,352	$ 3,412,165	**$ 55,158,498**
Amortization and impairment losses					
Balance, September 1, 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)**
Amortization for the year		-	(2,110,533)	(308,093)	**(2,418,626)**
Balance, August 31, 2014		$ -	$ (5,710,344)	$ (2,161,465)	**$ (7,871,809)**
Carrying amounts					
Balance, August 31, 2013		$ 29,552,558	$ 16,043,541	$ 1,280,636	**$ 46,876,735**
Balance, August 31, 2014		$ 30,137,981	$ 15,898,008	$ 1,250,701	**$ 47,286,690**

During the year, the Company acquired an increased economic interest in a portfolio of group benefit clients in a transaction with a third party insurance brokerage firm with a cost of $900,000. In addition, the company incurred $278,157 in direct costs related to the acquisition of customer contracts with fixed terms.

8. TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES:

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

	NOTES	AUG 31, 2014	AUG 31, 2013
Trade payables and other liabilities		$ 3,687,611	$ 4,507,749
Contingent consideration	4	1,064,229	950,204
Deferred lease inducements		42,869	57,395
		$ 4,794,709	$ 5,515,348
Less current portion of trade payables, accrued and other liabilities		$ 3,700,928	$ 4,522,278
Long-term portion of accrued and other liabilities		$ 1,093,781	$ 993,070
Total long-term Trade payables		**$ 1,093,781**	**$ 993,070**

Amounts recognized as contingent consideration represent the estimated undiscounted fair value of $1,308,793 (2013 - $1,308,793) for potential additional future consideration based on achieving financial targets for H+P. The liability recognized in connection with the contingent consideration 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 and other factors. The fair value of the liability in connection with the contingent consideration 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. During the year, the Company recognized an adjustment to the fair value of the contingent consideration of $114,025 (2013 - nil).

9. DEFERRED REVENUE:

Deferred revenue is a non-cash liability 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, 2014	AUG 31, 2013
Fees received in advance	$ 4,128,280	$ 3,881,647
less: current portion of deferred revenue	$ 4,059,744	$ 3,792,348
Long-term portion of deferred revenue	$ 68,536	$ 89,299

10. NON-CONTROLLING INTEREST PUT OPTIONS:

In connection with the acquisitions of Bencom Financial Service Group Inc. ("Bencom") and the Hamilton + Partners group of companies ("H+P"), the Company entered into various agreements whereby the vendors hold an economic interest in Bencom and H+P respectively through the ongoing right to earn performance-based commissions and fees. In addition, the vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("Special Shares"). The Company has the right to purchase the Special Shares ("Call Option") and the vendors have the right to require the Company to purchase the Special Shares ("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 commissions and fees will be terminated.

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, 2014 was $851,511 (August 31, 2013 - 756,640). 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, 2014 was $5,809,840 (August 31, 2013 - 5,416,245). 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, 2014 the Company recorded an adjustment to the non-controlling interest put options amounting to $488,467 (2013 - 163,426) to the change in estimated fair value of the liability.

11. 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, 2014	AUG 31, 2013
Payable to carriers and insured individuals or groups	$ 16,640,790	$ 14,558,743
less: related cash and cash equivalents balances	$ 16,640,790	$ 14,558,743
	$ -	$ -

12. 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 20.

	AUG 31, 2014	AUG 31, 2013
Term loans		
(a) 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
(b) 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 was repaid in June 2014.	-	3,482,143
(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 principle of $335,714 plus accrued interest. The loan matures July 8, 2020.	6,057,143	9,400,000
Total term loans	6,057,143	14,592,143
Vendor-take-back loans		
(d) A vendor-take-back loan bearing no interest per annum, unsecured, repayable in monthly installments of $1,933. The loan matured on September 1, 2013.	-	899
(e) 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.	346,476	672,019
(f) A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual instalments of $188,031. The amortized cost of the loan has been discounted using a rate equal to 6.43%. The loan matures on December 1, 2015.	358,619	520,386
(g) A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in two payments of $105,000 and $135,000, respectively. The amortized cost of the loan has been discounted using a rate equal to 5.76%. The loan matures May 1, 2016.	217,659	-

(h) 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 July 9, 2016.	2,213,392	3,220,838
(i) A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual instalments of $100,000. The amortized cost of the loan has been discounted using a rate equal to 5.80%. The loan matures on May 1, 2017.	272,183	-
(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.	170,564	200,109
Total vendor-take-back loans	**3,578,893**	**4,614,251**
Finance lease liabilities		
(k) 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%.	9,520	18,254
(l) 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%..	14,893	24,687
Total finance lease liabilities	**24,413**	**42,941**
	9,660,449	**19,249,335**
Less: current portion		
Term loans	1,342,857	2,238,571
Vendor take-back loans	1,717,587	1,546,978
Finance lease liabilities	20,478	18,528
	$ 3,080,922	$ 3,804,077
	$ 6,579,527	**$ 15,445,258**

As at August 31, 2014, the Company had been party to a Credit Facility Agreement with the Canadian Imperial Bank of Commerce ("CIBC") which included the following components:

1. A $2 million operating line of credit. As at August 31, 2014, the Company had not utilized this facility (August 31, 2013 - nil).
2. A $20 million term revolving acquisition credit facility to fund future acquisitions. As at August 31, 2014, the balance owing on this facility was equal to $6,057,143 (August 31, 2013 - $12,882,143)
3. A $2.5 million installment loan which was used to refinance certain long-term debt facilities and vendor-take-back debt of the Company. As at August 31, 2014, the balance owing on this facility had been repaid (August 31, 2013 - $1,710,000).

The facility had been secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants (Note 21).

Subsequent to the end of the year, the Company entered into a new Credit Facility Agreement with CIBC (Note 24).

Finance lease liabilities are payable as follows:

	AUG 31, 2014			AUG 31, 2013		
	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	$ 1,577	$ 20,478	$ 22,055	$ 3,528	$ 18,528
13-60 months	4,028	93	3,935	26,083	1,670	24,413
	$ 26,083	$ 1,670	$ 24,413	$ 48,138	$ 5,198	$ 42,941

13. INCOME TAXES:

	AUG 31, 2014	AUG 31, 2013
Net income and comprehensive net income	$ 2,726,485	$ 688,533
Statutory tax rate	26.62%	26.59%
Income taxes (recovery) at statutory tax rates	725,790	183,116
Adjustments to income taxes		
Non-deductible items	340,546	228,177
Prior period deferred tax expense	81,610	-
Prior period current tax expense (recovery), net	(14,270)	3,995
Change in rate at which temporary differences are recorded	729	(2,450)
Recognition of previously unrecognized tax loss	14,222	73,122
Other	36,997	(57,536)
	1,185,624	428,424
Current taxes	1,894,600	711,149
Deferred taxes	(708,976)	(282,725)
	$ 1,185,624	$ 428,424

The 2014 statutory tax rate differs from the 2013 statutory tax rate resulting from a change in the provincial allocation of gross revenue and wages.

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

	AUG 31, 2014	AUG 31, 2013
Deferred tax assets		
Equity issue and financing costs	$ 35,101	$ 15,442
Lease inducements	11,389	15,248
Other reserves	11,420	15,665
Non-capital loss carryforwards	421,563	66,037
Deferred financing costs	16,558	22,072
	496,031	134,464
Deferred tax liabilities		
Property and equipment	57,978	71,415
Intangible assets	4,498,215	4,556,786
	4,556,193	4,628,201
Net deferred tax liabilities	$ (4,060,162)	$ (4,493,737)

	AUG 31, 2014	AUG 31, 2013
Balance, August 31, 2013	$ (4,493,737)	$ (1,145,663)
Recognized in the statement of income and comprehensive income	(708,975)	282,725
Recognized in business acquisitions (Note 4)	(275,400)	(3,630,799)
Balance, August 31, 2014	$ (4,060,162)	$ (4,493,737)

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

2032	$ 24,927
2033	1,561,874
	$ 1,586,801

14. 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:

	NOTE	NUMBER OF COMMON VOTING SHARES	AMOUNT
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
Private placement of shares		4,815,080	$ 9,573,447
Exercise of stock options	15(b)	1,709,213	$ 867,155
Balance, August 31, 2014		39,551,486	$ 22,465,334

On April 23, 2014, the Company closed a private placement offering of 4,815,080 shares at a price of $2.15 per share, which included the exercise in full of the Underwriter's over-allotment option of 628,050 shares, for aggregate gross proceeds of $10,352,422. Total share issuance and commission costs of $778,975 were incurred in the private placement.

(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, 2014 and August 31, 2013:

	AUG 31, 2014	AUG 31, 2013
Net income attributable to common shares (basic and diluted)	$ 1,540,861	$ 260,109
Weighted average number of common shares (basic)	35,540,710	33,000,604
add: Dilutive effect of stock options	1,891,772	382,229
Weighted average number of common shares (diluted)	37,432,482	33,382,833
Earnings per share (basic)	$ 0.043	$ 0.008
Earnings per share (diluted)	$ 0.041	$ 0.008

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

15. 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 5,932,723 (2013 – 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, 2014, there were 177 participants (August 31, 2013 – 116) in the plan. The total number of shares purchased during the and year ended August 31, 2014 on behalf of participants, including the Company contribution, was 335,633 shares (August 31, 2013 – 662,591 shares). During the year ended August 31, 2014, the Company's matching contributions totalled 66,907 shares (August 31, 2013 – 139,282 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 year ended August 31, 2014 and August 31, 2013, are as follows:

	AUG 31, 2014		AUG 31, 2013	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	3,129,809	$ 0.37	2,763,142	$ 0.34
Granted	150,000	1.90	475,000	0.56
Exercised	(1,709,213)	0.32	(56,666)	0.36
Forfeited and expired	(3,929)	0.28	(51,667)	0.55
Balance, end of year	1,566,667	$ 0.57	3,129,809	$ 0.37
Options exercisable, end of year	883,328		2,166,472	

For the year ended August 31, 2014, the Company received proceeds from exercise of stock options equal to $555,267 (2013 - $20,266) from the exercise of 1,709,213 options. Related to these transactions, the Company transferred $311,888 (2013 - $13,510) from contributed surplus to share capital.

Options outstanding at August 31, 2014 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	566,667	1.81 years	$ 0.31	433,331
$ 0.41 - $ 0.50	500,000	2.48 years	$ 0.43	333,332
$ 0.51 - $ 0.64	350,000	3.67 years	$ 0.63	116,665
$ 0.65 - $ 2.84	150,000	4.50 years	$ 1.90	-
$ 0.25 - $ 2.84	1,566,667	2.70 years	$ 0.57	883,328

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 18) with the following weighted average assumptions:

	AUG 31, 2014	AUG 31, 2013
Expected option life	5.00 years	5.00 years
Risk-free interest rate	1.61%	1.37%
Dividend yield	nil	nil
Forfeiture rate	6.38%	6.37%
Volatility factor of expected market price of the Company's shares	76.72%	88.26%

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.

16. FINANCE INCOME AND FINANCE COSTS:

The Company's Interest and other finance costs for the years ended August 31, 2014 and August 31, 2013 were comprised of the following:

	NOTE	AUG 31, 2014	AUG 31, 2013
Interest on long-term debt	12	$ 705,246	$ 558,422
Interest income		(2,571)	(3,585)
Other finance costs		51,052	89,300
Non-cash finance costs			-
Accretion expense on vendor-take-back loans	12	286,419	104,589
Accretion on contingent consideration	8	114,024	18,631
Non-controlling interest put option adjustment		488,467	163,426
		888,910	286,646
Finance expenses, net		$ 1,642,637	$ 930,783

17. FINANCIAL INSTRUMENTS:

Fair Value Measurement

The Company's financial instruments measured at fair value through profit or loss include cash and cash equivalents, contingent consideration, and non-controlling interest put options. The valuation techniques used to measure level 2 and level 3 financial instruments are described in the referenced notes.

The following presents the Company's assets and liabilities measured at fair value on a recurring basis and categorized by hierarchy level at August 31, 2014:

	NOTE	(QUOTED PRICES IN AN ACTIVE MARKET FOR IDENTICAL ASSETS) **LEVEL 1**	(SIGNIFICANT OTHER OBSERVABLE INPUTS) **LEVEL 2**	(SIGNIFICANT OTHER OBSERVABLE INPUTS) **LEVEL 3**
August 31, 2014				
Cash and cash equivalents		$ 3,069,287	-	-
Contingent consideration	8	-	1,064,229	-
Non-controlling interest put options	10	-	6,661,351	-
August 31, 2013				
Cash and cash equivalents		$ 2,449,169	-	-
Contingent consideration	8	-	950,204	-
Non-controlling interest put options	10	-	6,172,884	-

The carrying value of the Company's 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.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset of 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.

18. 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.

19. COMMITMENTS AND CONTINGENCIES:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to February 2018. Future minimum lease payments as at August 31, 2014 are as follows:

Next 12 months	$ 893,617
13 - 24 months	649,101
25 - 36 months	621,800
37 - 48 months	294,612
49 - 60 months	37,518
	$ 2,496,648

(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.

20. 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, 2014, a change in interest rate relating to loans and borrowings of 1% would have increased or decreased interest expense by approximately $145,000 (2013 - $108,000).

(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, 2014 is nil (2013 - nil).

Pursuant to their respective payment terms, consolidated trade receivable are aged as follows as at August 31, 2014:

Current	$ 2,848,428
31 – 60 days past due	233,310
61 – 90 days past due	322,201
Over 91 days past due	19,277
	3,423,216
Allowance for doubtful accounts	-
	$ 3,423,216

(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, 2014 are as follows:

	AMOUNT	CASH FLOWS	MATURING IN 12 MONTHS	MATURING IN 13 TO 36 MONTHS	MATURING IN 37 TO 60 MONTHS	MATURING MORE THAN 60 MONTHS
Trade payables	$ 3,687,611	$ 3,687,611	$ 3,687,611	$ -	$ -	$ -
Loans and borrowings	9,660,449	9,938,945	3,265,723	$ 4,644,651	$ 2,028,572	-
	$ 13,348,060	$ 13,626,556	$ 6,953,334	$ 4,644,651	$ 2,028,572	$ -

21. CAPITAL MANAGEMENT:

The Company views its capital as the combination of its cash and cash equivalents, long-term debt, and shareholders' equity, which as at August 31, 2014 was equal to $32,931,914. 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 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, 2014.

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 15(a)) and Stock Option Plan (Note 15(b)).

The following table details the compensation paid to key management personnel during the year ended August 31, 2014 and 2013:

	AUG 31, 2014	AUG 31, 2013
Salaries, fees and short-term employee benefits	$ 1,546,677	$ 1,600,152
Short-term benefits and insurance premiums	23,018	21,894
Share-based payments	122,977	83,115
	$ 1,692,672	$ 1,705,161

(b) Key management personnel and director transactions

As at August 31, 2014, directors and key management personnel owned 24.50% (August 31, 2013 - 30.66%) percent of the voting shares of the Company.

As at August 31, 2014, 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, 2014 and August 31, 2013 were comprised of the following:

	AUG 31, 2014	AUG 31, 2013
Personnel		
Wages, salaries and commissions	$ 22,339,309	$ 17,450,791
Bonuses	1,880,107	1,755,832
Short-term benefits and insurance premiums	2,106,838	1,712,753
Share-based payments	175,733	136,877
	26,501,987	21,056,253
Advertising and sponsorships	610,507	512,186
Automobile	275,587	292,473
Administration fees	1,812,337	1,697,491
Depreciation of property and equipment	460,481	379,967
Occupancy	2,156,215	1,718,214
Office supplies and communication	1,574,919	1,176,216
Other	471,827	381,809
Professional fees	620,338	886,439
Public company costs	269,960	246,569
Travel	882,853	717,077
	$ 35,637,011	**$ 29,064,694**

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 $27,292 for the year ended August 31, 2014 (2013 – $26,822). The amount is included in the salaries, wages and benefits expense in these condensed consolidated interim financial statements.

24. SUBSEQUENT EVENTS:

On October 31, 2014, the Company entered into an agreement with its senior lender, Canadian Imperial Bank of Commerce ("CIBC"), as lead lender of a syndicated loan facility, which included the following components:

- $5 million revolving credit facility.
- $23 million term acquisition credit facility to fund future acquisitions.
- $7 million term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement.

The agreement provides for an option (the "Accordion Feature"), subject to the satisfaction of certain terms and conditions, to increase the Acquisition Revolver by an additional $15 million of capacity, which would result in the size of the Acquisition Revolver being increased to $38 million, and overall credit capacity being increased to $50 million.

The new facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. The new facility replaces the Company's previously existing credit facility originally entered into 2011 and subsequently amended (Note 12).

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT TEAM:
Laurie Goldberg, Chief Executive Officer
Bonnie Chwartacki, President
Brevan Canning, Executive Vice President, Group Head - Benefits Solutions
Paul Asmundson, Vice President Corporate Development
Glenn Pittman, Vice President Corporate Development
Dave Young, Vice Chair, Corporate Initiatives

BOARD OF DIRECTORS:
Laurie Goldberg, Chairman
Scott Anderson, Lead Director
Richard Leipsic
Eric Stefanson

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 Canada

LEGAL COUNSEL:
McMillan LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario M5J 2T3 Canada

AUDITORS:
MNP LLP
701 - 85 Richmond Street West
Toronto, Ontario M5H 2C9 Canada

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 19, 2015
3:00 PM Central Standard Time
Suite 1800, 360 Main Street
Winnipeg, Manitoba R3C 3Z3 Canada

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

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

people
CORPORATION
Experience the Benefits of People