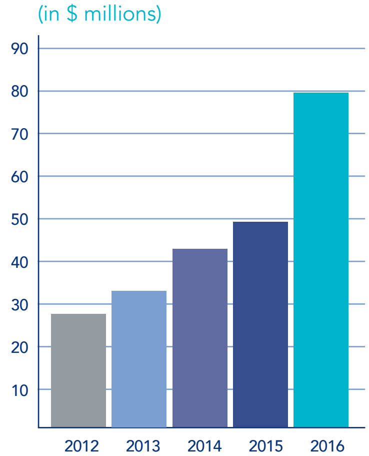
2016 ANNUAL REPORT

people CORPORATION

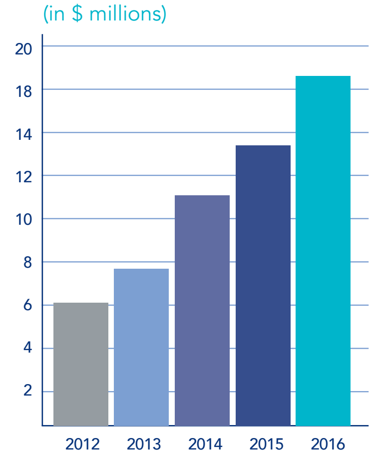
HIGHLIGHTS

YEAR ENDED AUGUST 31	2016	2015	2014	2013	2012
Revenue	$ 79,802,253	$ 49,293,254	$42,575,935	$ 32,892,159	$ 27,157,385
Operating income before corporate costs	$ 18,585,964	$ 13,318,640	$11,256,369	$ 7,839,707	$ 6,140,744
Adjusted EBITDA	$ 14,095,264	$ 9,161,383	$ 7,542,081	$ 4,344,309	$ 2,710,379
Total assets	$149,206,912	$114,597,346	$56,109,427	$ 53,736,277	$ 25,342,445
Total debt	$ 40,477,167	$ 25,409,649	$ 9,660,449	$ 19,249,335	$ 2,219,691
Other liabilities	$ 64,044,885	$ 45,108,307	$20,427,048	$ 20,310,320	$ 9,363,384
Shareholders' equity	$ 44,684,860	$ 44,079,390	$26,021,930	$ 14,176,622	$ 13,759,370
Total liabilities and shareholders' equity	$149,206,912	$114,597,346	$56,109,427	$ 53,736,277	$ 25,342,445
Cash, end of year	$ 14,369,959	$ 6,514,734	$ 2,750,465	$ 2,449,169	$ 3,199,643
Repayment of long-term debt, net	$ 3,269,984	$ 8,400,009	$11,258,167	$ 802,538	$ 853,910
Common shares outstanding at year end	45,225,050	44,958,383	39,551,486	33,027,193	32,970,527

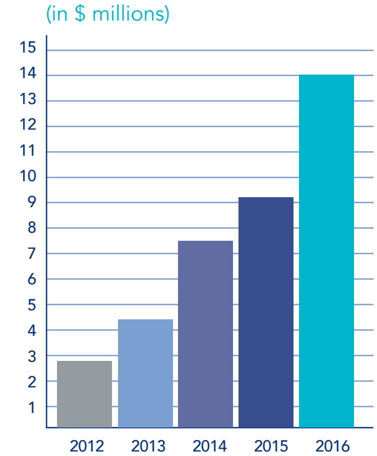
REVENUE
(in $ millions)



EBITDA BEFORE CORPORATE COSTS
(in $ millions)



ADJUSTED EBITDA
(in $ millions)



TO THE SHAREHOLDERS OF PEOPLE CORPORATION

Talk to any CEO and in virtually every case, she or he will tell you that the ability to attract and retain good people is one of the top three challenges of running a business today. This challenge is compounded by the multiple generations and widespread diversity that exist in the evolving workforce. Seventy-five years ago, the average employee held only one or two jobs in her or his entire working life. Today, that has changed dramatically and strategies to attract, retain and reward talent have become a necessity in running a successful business. Companies that are able to navigate this new landscape effectively, will outperform their peers in productivity and performance.

This is where People Corporation comes in. Our clients are consistently asking us to assist them, not only to attract top talent but to offer a unique solution that helps them retain and reward their people on a cost-effective basis. Our response, in the highly competitive environment in which we operate, has been to be laser focused, innovative and highly responsive to our clients' increasingly complex needs. Quite simply, we must fulfill our clients' demands to continue to be leading edge in our sector.

So what does it take to be a leading edge provider of group benefits, group retirement and HR solutions? Plain vanilla traditional consulting advice doesn't meet the needs of organizations today, who are coping with four different generations in the workforce: Generation Z, Millennials, Generation X and Baby Boomers. The ability to design and implement customized solutions that address the unique needs of companies operating in different industries, who are employing people across multiple generations, with correspondingly different demands, means that being a generalist simply does not cut it anymore. Specialized solutions are paramount. This new dynamic also requires a sophisticated delivery model, supported by technology-enabled platforms that can deliver these customized solutions to clients digitally with capability to inter-face with their technology systems.

To demonstrate that client focus is in our DNA, we achieved a number of key milestones in fiscal 2016. These milestones attest to what it means to be:

INNOVATIVE: We moved to a leadership position in the fastest growing segment of our industry: Third Party Administration. This key building block enables us to not only design but to also implement and deliver customized group benefit, group retirement and HR solutions to each client. Additionally, we have been providing our clients with effective cost containment strategies to empower them to better manage their benefit programs. Finally, we launched new proprietary fully-insured and self-insured solutions for our clients.

PEOPLE-FOCUSED: We attracted top talent to our organization, both from within and outside the industry, in the areas of technology, operations, finance and underwriting, to provide the infrastructure that we need to support our ongoing growth. We also launched our Talent Acquisition Team which focuses on attracting, onboarding and developing new talent and future leaders within our organization.

GEOGRAPHICALLY DIVERSE: We broadened our geographic reach and diversification of clients from coast to coast. In addition, we achieved significant organic growth in Quebec through the expansion of our leadership and consulting teams there, serving both Quebec domiciled organizations and national organizations who require local support and solutions in that market.

PARTNERSHIP-CENTRIC: Our most significant union this year came with the addition of BPA to our organization, which significantly enhanced our breadth, reach, talent pool, and capabilities – particularly in the Third Party Administration area. In addition, we broadened our national arrangements with key suppliers to deliver a broader selection of proprietary products and preferred pricing arrangements to our clients.

SERVICE-MINDED: We expanded our Shared Services business unit through the growth of our Wellness division that provides clients with informative drug utilization reviews, flu clinics, mental health strategies and more. We also launched a dedicated division for Strategic Initiatives to support our top priorities in operational integration and execution, brand management and innovative product development.

Fiscal year 2016 delivered our strongest financial and performance results yet:

- **Revenue:** grew 61.9% from prior year to $79.8 million;
- **Adjusted EBITDA:** grew 53.9% from prior year to $14.1 million;
- **Clients:** serviced well in excess of 1 million Canadians across Canada;
- **Value:** over $1.4 billion in benefit premiums and approximately $8 billion in pension assets;
- **Our People:** over 600 professionals across more than 35 offices throughout Canada; and
- **Balance Sheet:** strengthened as a consequence of increased financial performance and successful private placement offering – net proceeds of $19.1 million raised and corresponding expansion of shareholder base.

The outcome of these efforts provides proof of our ability to execute on our strategy to build the leading group benefits, group retirement and HR consulting firm in Canada.

Our collective achievements do not go unnoticed. Fueled by our outstanding 98% client retention rate, People Corporation was rewarded for the fourth time in a row and sixth time overall, as a PROFIT 500 organization – the definitive ranking of Canada's fastest growing companies. In addition, we achieved a ranking, for the second time in a row, as a 2016 TSX Venture 50 Company, which recognizes the top 50 performers on the TSX Venture Exchange out of the more than 1,600 companies that are listed on the Exchange.

At People Corporation, *Clients Come First*. They will continue to dictate our growth. We will maintain investment in top talent across Canada and build scalable product and service delivery platforms to meet our clients' needs. Thank you to our clients, our employees, our shareholders and our strategic partners, for their ongoing trust in us. We value our relationships, and we will continue to work hard every day to earn your trust. We remain relentless in our drive to maintain our leading edge service so that you continue to ***Experience the Benefits of People***.

Sincerely,

Laurie Goldberg
Chairman and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE QUARTER AND YEAR ENDED AUGUST 31, 2016

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This Management's Discussion and Analysis (**"MD&A"**) has been prepared with an effective date of November 23, 2016 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation (the **"Company"**), including the notes thereto, as at and for the year ended August 31, 2016, 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", "intends", "likely", 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 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 (**"Standardized EBITDA"**), the retained economic interest held by the vendors and/or principals of acquired companies (**"REI"**), Standardized EBITDA before acquisition, integration and reorganization costs, share-based compensation expense and compensation-based REI (**"Adjusted EBITDA before REI"**) or Standardized EBITDA net of REI before acquisition, integration and reorganization costs, share-based compensation expense (**"Adjusted EBITDA"**), operating income before corporate costs (**"Operating Income before Corporate Costs"**), corporate costs and Operating Working Capital, hereinafter defined, 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 Standardized EBITDA, Adjusted EBITDA before REI, 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. See the "Non-IFRS Financial Measures" section for further commentary.

The Company is an employee benefit, pension and human resource consulting firm in Canada. With a growing national footprint, the Company is bringing together leading consultants in the industry to offer innovative and customized product solutions to clients. The Company is listed on the TSX Venture Exchange (**"TSX-V"**) under the symbol "PEO".

FINANCIAL HIGHLIGHTS

The Company's financial results for the three months ended August 31, 2016, fully reflect the effect of last year's acquisition of Coughlin & Associates Ltd. (**"Coughlin"**) and organic growth initiatives. The effect of the acquisition of BPA Financial Group Limited (**"BPA"**) is also fully reflected in the three-month results as the transaction closed on April 13, 2016.

	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED	
	AUG 31, 2016	AUG 31, 2015	AUG 31, 2016	AUG 31, 2015
Revenue	$ 24,902.6	$ 15,767.2	$ 79,802.3	$ 49,293.3
Adjusted EBITDA	$ 3,796.2	$ 2,358.3	$ 14,095.3	$ 9,161.4
Adjusted EBITDA per share (Basic)	$ 0.084	$ 0.052	$ 0.313	$ 0.221
Net Income (Loss)	$ (277.0)	$ 1,050.5	$ (174.8)	$ 1,394.4
Net income per share (Basic)	$ (0.006)	$ 0.023	$ (0.004)	$ 0.034
Net income per share (Diluted)	$ (0.006)	$ 0.023	$ (0.004)	$ 0.033

For the three months ended August 31, 2016, the Company experienced revenue growth of $9,135.4 or 57.9%. The Company recognized acquired growth of $7,234.8 (79.2%) and organic growth of $1,900.6 (20.8%). Organic growth is primarily comprised 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.

Adjusted EBITDA for the fourth quarter of fiscal 2016 was $3,796.2, representing an increase of $1,437.9 or 61.0%, as compared to the same period in fiscal 2015. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquisitions and the increase in fourth quarter revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team. The Company may experience fluctuations in timing of revenue between quarters and, as a result, Adjusted EBITDA as a percentage of revenue is less meaningful on a quarterly basis.

For the three months ended August 31, 2016, the Company reported a decrease in Net Income of $1,327.5 resulting from higher costs primarily related to the BPA acquisition, including an increase in acquisition, integration and reorganization costs, finance expenses and acquisition-related amortization of intangible assets and accretion of REI liabilities resulting from 2015 and 2016 acquisitions, partially offset by the increase in revenue and Adjusted EBITDA.

For the twelve months ended August 31, 2016, the Company experienced revenue growth of $30,509.0 or 61.9%. The Company recognized acquired growth of $25,345.8 (83.1%) and organic growth of $5,163.2 (16.9%). Organic growth is primarily comprised 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.

Adjusted EBITDA for the twelve months ended August 31, 2016, was $14,095.3, representing an increase of $4,933.9 or 53.9%, as compared to the same period in fiscal 2015. Growth in Adjusted EBITDA for the twelve month period was primarily driven by contribution from acquisitions and the increase in revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team.

For the twelve months ended August 31, 2016, the Company reported a decrease in Net Income of $1,569.2 resulting from higher costs primarily related to the BPA acquisition, including an increase in acquisition, integration and reorganization costs, finance expenses and acquisition-related amortization of intangible assets and accretion of REI liabilities resulting from 2015 and 2016 acquisitions, partially offset by the increase in Adjusted EBITDA.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third party benefits administration, group retirement consulting, pension advisory services, claims processing, disability management and administration services and strategic human resource consulting and recruitment services to help companies attract, retain and reward employees. The Company achieves this through approximately 600 employees and contractors with thirty-five offices (includes 17 satellite offices) located in nine provinces. The Company earns revenues from a diverse base of clients in various industries. Approximately 95% (2015 - 94%) of the Company's revenues come from employee group benefit consulting, third party benefits administration and group retirement consulting while the remainder comes from strategic human resource consulting, recruitment services and other revenues. 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'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 has financial and management resources in place to execute these priorities.

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

people CORPORATION
Experience the Benefits of People

CONSULTING SOLUTIONS		BENEFIT SOLUTIONS	SHARED SERVICES	HUMAN RESOURCE SOLUTIONS
JSL	Investment Guild	HealthSource Plus	Integrated Solutions	PEOPLE FIRST HR SERVICES
Gallivan & Associates	White Willow	W.B. & Associés	Group Retirement Solutions	
Buffett Taylor	Prosure Group	BHL	Business Development	
Bencom fsgi	Fairles Benefit Services	Coughlin	Strategic Initiatives	
Hamilton + Partners		BPA	Talent Acquisition	
			Wellness Solutions	

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, reward and retain their people thereby assisting in the achievement of the client's 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 employee group benefit consulting, third party benefits administration, group retirement consulting, pension advisory services, claims processing, disability management and administration services, 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.
Retain	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 its client's unique needs:

Expertise	The Company's consultants are recognized industry leaders who can create 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, group pension and disability 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 areas:

CONSULTING SOLUTIONS

Within the Consulting Solutions division, the Company focuses on providing a unique and proprietary employee benefit, group retirement and human resource solution that is customized to individual client needs. The consulting advice primarily includes plan review and plan design, plan recommendations and alternative funding methods, plan set up, employee communications, wellness programs and plan marketing.

The Company's consultants are divided into teams that focus independently of each other on corporate benefits, public sector benefits, association benefits, student benefits and alternative funding methods including self-insurance. While each team goes to market independently, the Company has an advisor group that brings the skills of the different teams together and therefore, the Company is able to proactively approach client assignments in a manner that brings the expertise from various consultants together where necessary.

The Company assumes no underwriting risk as the insurance policies are underwritten by the insurance carrier.

Gallivan & Associates Student Networks

Gallivan & Associates Student Networks (**"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 170,000 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 its 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

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

Prosure Group Administrators and Prosure Insurance Agencies

Prosure Group Administrators and Prosure Insurance Agencies (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., established in 1984, 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.

BENEFIT SOLUTIONS

The Company's Benefit Solutions division has several third-party administrator (**"TPA"**) service platforms allowing it to provide consulting advice that is highly customized towards the client's needs. The TPA administers 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 through a plug-n-play approach of using multiple insurance carrier partners on a single benefits plan design. 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.

The Company serves as an independent data administrator on behalf of the Company's client, who is generally an employer and/or plan sponsor. This allows the benefit consultant to work with the client to select from various insurance carriers and funding options that are best suited to the benefit categories within the client's employee benefits program. The benefit to the client is the availability of multiple carriers and funding alternatives on one consolidated billing and reporting platform.

HealthSource Plus

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

Prosure

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

Bryan H. Lupe and Associates

Bryan H. Lupe and Associates (**"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.

Coughlin & Associates Ltd.

On June 12, 2015, the Company acquired Coughlin & Associates Ltd. (**"Coughlin"**). Coughlin, established in 1958, provides group benefit consulting, pension consulting, administrative solutions and claims management services to many of Canada's most respected corporations, unions and public service organizations. Coughlin has offices in Ottawa and Winnipeg.

BPA Financial Group Limited

On April 13, 2016, the Company acquired BPA Financial Group Limited (**"BPA"**). BPA, established in 1958, provides group benefit and pension administration, consulting and claims management services to many large multi-employer trust organizations and numerous other organizations across Canada. BPA has offices located throughout Ontario and Eastern Canada.

HUMAN RESOURCE SOLUTIONS

The Company's Human Resource Solutions division works with clients to diagnose, design and deliver customized human resource solutions. The human resources consulting team delivers a broad range of services, including: human resource consulting, compensation services, assessment services, and talent management.

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.

SHARED SERVICES

Through its Shared Services division, the Company works with its subsidiaries and divisions by providing subject matter experts and proprietary products, services and solutions to attract and retain clients and provide additional revenue opportunities. The Shared Services departments have been created to ensure that the Company's subsidiaries and divisions have access to an internal shared service not normally available to mid-size employee benefit firms, thereby ensuring clients are receiving the best possible consulting advice. This results in the Company's subsidiaries and divisions having a unique value proposition providing them a competitive edge.

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.

Group Retirement Solutions

Group Retirement Solutions (**"GRS"**) 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.

Business Development Representatives

The Business Development Representatives (**"BDR"**) division is an inside sales department responsible for generating qualified leads for the Company's benefit consultants. BDR identifies companies and their decision makers in order to qualify, create, and develop sales opportunities. The purpose of the department is to create and heighten People Corporation awareness to potential prospects as well as to generate leads for the consultants to ultimately increase the number of clients.

Strategic Initiatives

Strategic Initiatives is focused on working with internal stakeholders on developing, scoping and executing on strategic and priority plans for the Company and its clients.

Talent Academy

Talent Academy focuses on internally sourcing, attracting, and hiring top talent into the Company. Its mandate is to fill vacant positions in the Company in a timely and cost effective manner.

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 serves to help the Company's clients attract, reward, and retain their employees.

BUSINESS ENVIRONMENT AND STRATEGY

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 believes 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. In order 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.

OVERVIEW OF OPERATING PERFORMANCE

As a result of a focus on executing its strategic plan, the Company continues to be successful in building upon and growing operational capabilities by investing in employees and the tools they need to provide responsive solutions which address its client's 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 quarter.

OPERATIONAL INITIATIVES INCLUDE:

- Strengthening the senior leadership team with key strategic hires in the areas of finance, information technology, operations, integration and strategy;
- Increasing acquisition opportunities;
- Expanding the Company's Group Retirement Services team to drive new business and to enhance the unique value proposition;
- Launching the Talent Academy to facilitate the continued hiring and training of additional benefits consultants in order to expand our organic revenue generating capabilities.

Results from implementation of these initiatives, momentum from past initiatives and overall improvement in revenue growth can be seen in the Company's continued strong financial performance.

NOTABLE MILESTONES INCLUDE:

- Acquired 100% of the voting interest and 67% of the economic interest of BPA Financial Group Limited, one of Canada's preeminent independent full service national benefit and pension consulting and third party administration firms, with offices throughout Ontario and Eastern Canada;
- Expanded the size of the credit facility to $61.2 million with an option, subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by $15 million for an overall credit capacity of $76.2 million;
- Completed a bought deal private placement financing subsequent to the end of the year resulting in net proceeds of $19.1 million to be used to fund growth initiatives and for general corporate purposes;
- Strengthened the organizational structure to position the Company for continued growth, with the appointments of Mr. Dennis Stewner, CPA, CA as the Company's Chief Financial Officer & Chief Operating Officer, Mr. Robert Andrews, Chief Operating Officer - Benefit Solutions, Mr. Keyur Desai, SVP, Information Systems – Benefit Solutions, and Ms. Sue Tardi, SVP - Human Resource Solutions;
- Expanded organic growth capabilities through the continued expansion of its consulting team throughout Canada;

- Re-launched an enhanced sales management and CRM software technology platform to support organic revenue growth objectives;
- Launched new product and service offering on our TPA platform;
- Initiated an internal Employee Wellness program to promote internal staff health and well-being; and
- Maintained the TSX Venture 50 ranking.

GROWTH THROUGH ACQUISITIONS

The Company continues to pursue growth opportunities both organically, increasing its existing business by gaining new clients and increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. Over the past few years, the Company has enhanced its corporate development capabilities to execute transactions, through significant investments in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital, all with the objective of creating a compelling value proposition for new entities to join People Corporation.

Given the Company's strong financial position, Management believes it is well positioned to continue to make investments for growth.

The Company will consider acquisitions ranging in size and structure, but all share the characteristic of having a strong underlying strategic rationale, which may include enhancing the Company's position in existing markets or providing entry into new markets, expanding the Company's administrative and technological capabilities, providing new supplier relationships and enhancing the breadth and depth of the Company's product and service offering. At the same time, given the financial characteristics of the underlying businesses, and the structural components and financial terms of the transactions, the Company will continue to focus on achieving attractive financial returns.

With a flexible transaction model to address the objectives of vendors, and an operating model to support the ongoing success and growth of the underlying businesses, the Company continues to attract partners who want to join the People Corporation group of companies. In the past three fiscal years, four transactions have been completed, and there continues to be significant momentum in this component of the Company's overall growth strategy.

Effective April 13, 2016, the Company acquired BPA Financial Group Limited (**"BPA"**), an independent full service national firm providing group benefit and pension administration consulting and claims management services to corporations and multi-employer trust organizations in Canada. The company's interest in BPA is comprised of a 100% voting interest and will hold a 67% economic interest through ownership of voting, dividend-bearing common shares of BPA (**"Company Shares"**).

The principals of BPA collectively hold non-voting, dividend-bearing special shares of BPA (**"BPA Principal Shares"**) and options to acquire BPA Principal Shares at a nominal price over a period of four and one-half years from April 13, 2016 (**"BPA Share Options"**), which upon exercise of the options, will result in an aggregate 33% economic interest in BPA (**"BPA Retained Economic Interest"**). Commencing November 29, 2016, the issued Company Shares and BPA Principal Shares have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPA's earnings. The Company is entitled to a priority on the payment of dividends declared on the BPA dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPA Principal Shares (**"BPA Call Options"**) and individual BPA Principals have a future right to require the Company to purchase the BPA Principal Shares (collectively, the **"BPA Put Options"**) by giving notice to the Company. On the effective date of exercise of the BPA Call Options or the BPA Put Options, the BPA Principal's pro-rata right to earn dividends will be terminated.

OUTLOOK

In order to position itself for growth in this environment, the Company invests significantly in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital to provide a compelling value proposition to its clients. Driven by these investments, the Company continues to pursue growth opportunities both organically, increasing its existing business by gaining new clients and increased penetration of products and services within its existing client base and hiring of new benefit consultants, as well as through acquisitions in which new operating entities or subsidiaries become part of the Company. Given the positive underlying industry fundamentals, the ongoing development of the Company's operating and transaction models, and the overall value proposition 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.

NON-IFRS FINANCIAL MEASURES

The Company reports non-IFRS financial measures, including Standardized EBITDA, REI, Adjusted EBITDA before REI, Adjusted EBITDA, Operating Income before Corporate Costs, Operating Working Capital, hereinafter defined, 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, 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, readers 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 CPA'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 revenue 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 or 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, integration and reorganization costs which do not relate to the current operating performance of the business but are typically costs incurred to expand operations or improve productivity and efficiency, Retained Economic Interest representing the minority economic interest portion of earnings, and share-based compensation. Acquisition, integration and reorganization costs are comprised of professional fees and other non-recurring incremental costs incurred to secure and complete specific acquisitions, non-operating outlays associated with integrating acquired operations into the Company's business model subsequent to completion of an acquisition, and non-recurring outlays including consulting and recruiting fees and severance costs associated with reorganization operations to position the Company for building additional scale and to enhance operating performance.

OVERVIEW OF FINANCIAL PERFORMANCE

ADJUSTED EBITDA

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

	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED	
	AUG 31, 2016	AUG 31, 2015	AUG 31, 2016	AUG 31, 2015
Net income	**$ (277.0)**	**$ 1,050.5**	**$ (174.8)**	**$ 1,394.4**
Add:				
Depreciation and amortization	2,009.0	1,364.7	6,975.6	3,935.4
Finance expenses, net	1,561.0	(240.1)	5,258.4	1,648.7
Income taxes, net	1,201.7	(60.2)	1,912.7	877.4
Standardized EBITDA	**4,494.7**	**2,114.9**	**13,971.9**	**7,855.9**
Add:				
Acquisition, integration and reorganization costs	291.9	622.3	2,302.6	1,528.1
Compensation-based REI	488.9	421.0	2,144.7	1,874.1
Share-based compensation	63.2	62.4	593.9	218.7
Adjusted EBITDA before REI	**5,338.7**	**3,220.6**	**19,013.1**	**11,476.8**
Deduct:				
Compensation-based REI	(488.9)	(421.0)	(2,144.7)	(1,874.1)
Equity-based REI	(1,053.6)	(441.3)	(2,773.1)	(441.3)
Adjusted EBITDA	**$ 3,796.2**	**$ 2,358.3**	**$ 14,095.3**	**$ 9,161.4**
Adjusted EBITDA before REI as a % of Revenue	**21.4%**	**20.4%**	**23.8%**	**23.3%**
Adjusted EBITDA as a % of Revenue	**15.2%**	**15.0%**	**17.7%**	**18.6%**

Adjusted EBITDA before REI for the year ended August 31, 2016, was $19,013.1, an increase of $7,536.3, or 65.7% from $11,476.8 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Acquired revenue growth of $25,345.8 representing the increase in revenue resulting from the increased contribution to run rates from 2015 and 2016 acquisitions as well as an increase in organic growth of $5,163.2;

- Increased salaries, bonuses and commissions of $18,631.2 primarily attributable to the increased employee count resulting from the acquisitions of Coughlin and BPA, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team; and

- Increased operating costs of $4,341.5 primarily attributable to the acquired operations of Coughlin and BPA.

Adjusted EBITDA for the year ended August 31, 2016, was $14,095.3, an increase of $4,933.9, or 53.9% from $9,161.4 reported for the same period in the prior year. The increase is due to those factors influencing Adjusted EBITDA before variable REI representing the vendors' interests in Coughlin, BPA, H+P and Bencom.

See 'Selected Quarterly Financial Information' for Management's discussion of quarterly results.

OPERATING INCOME BEFORE CORPORATE COSTS

The following is a reconciliation of the Company's Adjusted EBITDA to Operating Income before Corporate Costs:

	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED	
	AUG 31, 2016	AUG 31, 2015	AUG 31, 2016	AUG 31, 2015
Adjusted EBITDA	**$ 3,796.2**	**$ 2,358.3**	**$ 14,095.3**	**$ 9,161.4**
Add:				
Corporate costs	1,264.0	1,221.9	4,490.7	4,157.3
Operating income before corporate costs	**$ 5,060.2**	**$ 3,580.2**	**$ 18,586.0**	**$ 13,318.7**

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 three months ended August 31, 2016, were $1,264.0 versus $1,221.9 for the same period in the prior year. The increase of $42.1 is primarily due to an increase in salaries and wages as a result of the investment in leadership positions during the 2015 and 2016 fiscal years, partially offset by a decrease in professional fees and corporate travel expenses. Operating income before corporate costs for the three months ended August 31, 2016, was $5,060.2 versus $3,580.2 for the same period in the prior year. The increase of $1,480.0 is due to contributions to Adjusted EBITDA from 2015 and 2016 acquisitions and organic growth compared to the same period in the prior year.

Corporate costs for the year ended August 31, 2016, were $4,490.7 versus $4,157.3 incurred in the prior comparative period. The increase of $333.4 is primarily due to an increase in salaries and wages as a result of the investment in leadership positions during the 2015 and 2016 years as well as an increase in public company costs, partially offset by a decrease in professional fees.

SELECTED ANNUAL INFORMATION

	AUG 31, 2016	AUG 31, 2015	AUG 31, 2014
Revenue	$ 79,802.3	$ $49,293.3	$ 42,575.9
Net income and comprehensive income	$ (174.8)	$ 1,394.4	$ 1,540.9
Earnings per share (basic)	$ (0.004)	$ 0.034	$ 0.043
Earnings per share (diluted)	$ (0.004)	$ 0.033	$ 0.041
Total assets	**$ 149,206.9**	**$ 114,597.3**	**$ 56,109.4**
Total non-current financial liabilities	**$ 85,710.9**	**$ 58,130.9**	**$ 18,969.6**

See 'Revenue' for Management's discussion of results.

Net loss for the year ended August 31, 2016, was $174.8, a decrease of $1,569.2 from fiscal 2015 and a decrease of $1,715.7 from fiscal 2014. Net income and comprehensive income has decreased as compared to the prior year as a result of acquisition-related amortization of intangible assets, an increase in acquisition, integration and reorganization costs primarily related to the magnitude of the 2015 and 2016 acquisitions and an increase in accretion expense pertaining to the non-controlling interest put options associated with the 2015 and 2016 acquisitions, partially offset by increased adjusted EBITDA. Basic earnings per share is primarily affected by the change in net income, as well as by an increase in the number of outstanding shares from private placements to fund acquisition growth and the exercise of stock options.

Total assets at August 31, 2016, were $149,206.9, an increase of $34,609.6 and $93,097.5 from August 31, 2015 and 2014, respectively. The increase can primarily be attributed to additions to intangible assets, goodwill and working capital through acquisitions. Total non-current financial liabilities at August 31, 2016, were $85,710.9, an increase of $27,580.0 and $66,741.3 from August 31, 2015 and 2014, respectively. Non-current financial liabilities have increased due to increases in non-controlling interest put options, loans and borrowings and deferred taxes in connection with acquisition activity in 2015 and 2016.

REVENUE

Revenue from the Consulting Solutions division is primarily comprised of commissions from insurance carriers. In addition, the Company earns fees from pension assets under administration which are paid by the carrier who administers and invests the funds. 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 the Benefit Solutions division is primarily from fees earned for third party administration services.

Revenue from the Shared Services division is primarily earned through commissions which are paid by the insurance carriers and fees earned from pension assets under administration which are paid by the carrier who administers and invests the funds.

The Human Resource Solutions revenue is primarily earned from hourly or fixed fees for consulting services and as a percentage of compensation for recruiting services.

Revenue is as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 79,802.3	$ 49,293.3	$ 30,509.0	61.9%

For the year ended August 31, 2016, the Company experienced revenue growth of $30,509.0 or 61.9%. The Company recognized acquired growth of $25,345.8 (83.1%) representing the increase in revenue resulting from the increased contribution to run rates from 2015 acquisitions and organic growth of $5,163.2 (16.9%). Organic growth is comprised 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.

PERSONNEL AND COMPENSATION EXPENSES

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

Personnel and compensation expenses are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 47,630.7	$ 28,999.5	$ 18,631.2	64.2%

For the year ended August 31, 2016, personnel and compensation costs represent 59.7% of revenues (2015 - 58.8%). The increase in salaries, bonuses and commissions for the year ended August 31, 2016, of $18,631.2 from $28,999.5 to $47,630.7, is primarily attributable to the increased employee count resulting from the acquisitions of Coughlin and BPA in the 2015 and

2016 fiscal years. Other factors include the expansion of the consulting team through hiring additional benefit consultants in both the 2015 and 2016 fiscal years and the net increased commissions resulting from organic growth in sales. In addition to incremental costs of current and prior year acquisitions and the increased commissions reflective of an increase in organic revenue growth, an expansion of the leadership team partially contributed to the increase in personnel and compensation costs.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include expenses relating to acquisition, integration and reorganization, travel, office supplies, telephone and internet, computer costs, professional fees, advertising, business development and other less significant categories.

General and administrative expenses are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 10,405.5	$ 7,425.0	$ 2,980.5	40.1%

For the year ended August 31, 2016, general and administrative expenses have increased by $2,980.5 primarily due to incremental costs incurred to support the ongoing growth strategy of the Company, specifically:

- An increase in acquisition, integration and restructuring costs of $774.4 primarily comprised of costs related to the acquisition and integration of Coughlin and BPA, other acquisition activity, and reorganizing certain aspects of its organizational structure to position the Company positively for the future; and

- A net increase of $2,939.4 resulting from a higher general and administrative run-rate due to the Coughlin and BPA acquisitions, offset by a decrease of $683.1 in professional fees resulting from the one-time costs incurred in the comparative period relating to the investments in leadership and benefit consulting positions and accounting and legal costs incurred to execute certain strategic initiatives and a $50.2 net decrease in all other general and administrative expenses. In addition, a greater portion of professional fees required in the current fiscal year pertained to acquisition, integration and reorganization objectives.

DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation is recognized 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. 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.

Depreciation and amortization expense is as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 6,975.6	$ 3,935.4	$ 3,040.2	77.3%

For the year ended August 31, 2016, depreciation and amortization expense increased by $3,040.2 primarily due to significant additions to intangible assets during the 2015 and 2016 fiscal years.

Depreciation expense on property, plant and equipment increased by $40.0 due to additions through the acquisitions of Coughlin and BPA which resulted in a higher cost base in property, plant and equipment compared to that of the Company in the prior year, offset by a decrease in depreciation expense in other areas of the Company due to limited additions in the current year and the diminishing cost base of existing property, plant and equipment.

Amortization expense and impairment losses on customer relationships, customer contracts and software increased by $3,000.2 primarily due to additions of customer relationships resulting from the acquisition of Coughlin in the 2015 fiscal year and BPA in the 2016 fiscal year and ongoing investments in software development for the TPA platform.

OCCUPANCY COSTS

Occupancy costs are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 4,423.2	$ 2,461.1	$ 1,962.1	79.7%

Occupancy costs increased by $1,962.1 for the year ended August 31, 2016, primarily due to incremental lease costs associated with the acquisition of Coughlin during the 2015 fiscal year and BPA during the 2016 fiscal year.

ADMINISTRATION FEES

Administration fees represent amounts paid by the Company to third party claims adjudicators for services provided on behalf of the Company to certain of its clients on its TPA platform.

Administration fees are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 3,023.1	$ 2,213.7	$ 809.4	36.6%

Administration fees increased by $809.4 for the year ended August 31, 2016, due to an increase in claims processing fees. The increase in claims processing fees is volume driven and is a direct result from the increase in TPA revenue in Benefit Solutions from organic and acquired growth.

FINANCE EXPENSES

Finance expenses, net of interest income, are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 5,258.4	$ 1,648.7	$ 3,609.7	218.9%

Finance expenses increased by $3,609.7 for the year ended August 31, 2016. The change is primarily due to an increase of $3,117.8 in fair value adjustments to and the accretion of the non-controlling interest put obligations and accretion of contingent consideration and vendor take-back notes, primarily driven by additions to non-controlling interest put obligations resulting from the acquisition of Coughlin and BPA. In addition, interest and finance costs on long-term debt and other finance costs increased by $491.9 resulting from an increase in outstanding debt from the draw-down of the Company's acquisition credit facility and increase in term loans relating to the Coughlin and BPA acquisitions.

PUBLIC COMPANY COSTS

Public Company costs are as follows:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
	$ 347.9	$ 338.1	$ 9.8	2.9%

Public company costs have increased by $9.8 for the year ended August 31, 2016. The increase can be attributed to higher TSX-V filing costs due to higher market capitalization, consistent with the Company's increase in outstanding shares.

SELECTED QUARTERLY INFORMATION

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

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 24,902.6	$ 20,248.1	$ 18,336.6	$ 16,314.9	$ 15,767.2	$ 10,487.6	$ 11,974.9	$ 11,063.6
Operating and corporate expenses	(20,052.7)	(16,073.8)	(14,156.7)	(12,650.4)	(12,967.6)	(8,345.1)	(9,513.9)	(8,864.2)
Adjusted EBITDA	3,796.2	3,461.4	3,633.2	3,204.6	2,358.3	2,142.5	2,461.0	2,199.4
Finance expenses	(1,561.0)	(1,334.3)	(1,069.6)	(1,293.6)	240.1	(631.4)	(584.2)	(673.2)
Depreciation and amortization	(2,009.0)	(1,686.3)	(1,426.2)	(1,854.1)	(1,364.7)	(903.9)	(821.6)	(845.1)
Share-based compensation	(63.2)	(152.6)	(133.3)	(244.8)	(62.4)	(70.2)	(40.3)	(45.7)
REI, issued as dividends	1,053.6	713.0	546.7	459.8	441.3	-	-	-
Income tax expense, net	(1,201.7)	303.0	(806.3)	(207.6)	60.2	(317.6)	(352.6)	(267.3)
Acquisition, integration and reorganization costs	(291.9)	(1,072.6)	(724.7)	(213.4)	(622.3)	(570.5)	(275.3)	(60.0)
Net income	(277.0)	231.6	19.8	(149.1)	1,050.5	(351.1)	387.0	308.1
Total assets	149,206.9	146,358.7	112,809.7	113,105.2	114,597.3	69,808.2	57,440.7	57,838.5
Total loans and borrowings	40,477.2	42,015.7	24,343.9	25,285.0	25,409.6	9,773.5	9,986.8	10,637.0
Total other liabilities	64,044.9	59,518.7	44,062.0	43,645.1	45,108.3	19,748.9	20,495.9	20,689.1
Shareholders' equity	44,684.9	44,824.2	44,403.7	44,175.1	44,079.4	40,285.8	26,958.1	26,512.5
Adjusted EBITDA per share	0.084	0.077	0.081	0.082	0.053	0.052	0.062	0.055
Earnings per share (basic)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.010	0.008
Earnings per share (diluted)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.009	0.008

Adjusted EBITDA for the three months ended August 31, 2016, was $3,796.2, representing an increase of $1,437.9 or 61.0%, as compared to the same period in fiscal 2015.

The growth in Adjusted EBITDA for the three month period was comprised of:

- Acquired revenue growth of $7,234.8;
- Organic revenue growth of $1,900.6; offset by;
- Increased salaries, bonuses and commissions of $4,965.8 primarily attributable to the acquired employee count, the expansion of the consulting team, and increased commissions resulting from organic growth in sales; and
- Increased operating costs of $2,119.3 primarily attributable to the acquired operations of Coughlin and BPA as well as organic growth of the Company's business; and
- REI, issued as dividends, representing the vendors' share of Coughlin and BPA Adjusted EBITDA of $1,053.6.

The Company can experience fluctuations in timing of revenue between quarters and, as a result, Adjusted EBITDA as a percentage of revenue is less meaningful on a quarterly basis.

Finance expenses for the fourth quarter of fiscal 2016 were $1,561.0, representing an increase of $1,801.1 or 750.1%, as compared to the same period in fiscal 2015. The increase in finance expenses for the three month period was primarily due to the fair value revaluation of the Coughlin, Bencom and H+P non-controlling put liabilities, as well as the addition of the BPA non-controlling interest put liability and the associated accretion expense which was not present in the comparative period in the prior year. In addition to the revaluation, the Company incurred higher interest and finance costs on long-term debt resulting from an increase to the credit facility to fund both the Coughlin and BPA acquisitions.

Depreciation and amortization for the fourth quarter of fiscal 2016 was $2,009.0, representing an increase of $644.3 or 47.2%, as compared to the same period in fiscal 2015, primarily due to increased amortization of customer lists acquired related to the Coughlin and BPA acquisitions.

Retained Economic Interest of Coughlin and BPA representing the vendors' share of Adjusted EBITDA was $1,053.6.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity ensures the Company has sufficient financial resources available at all times to meet its obligations. This involves effectively managing assets and liabilities while maintaining an optimal capital structure. The Company manages this risk by ensuring it has adequate cash and access to credit to meet its obligations in the most cost-effective manner possible. Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating and capital expenditure requirements.

The Company also continues to actively investigate acquisition and other growth opportunities. The Company expects to finance future acquisitions from a combination of available cash, unutilized credit available on existing credit facilities, vendor financing, expanded credit facilities, issuance of equity as part of the consideration and equity proceeds from treasury issuance.

CONTRACTUAL OBLIGATIONS

The following table summarizes, as at August 31, 2016, the Company's contractual obligation for the periods specified.

	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1 – 3 YEARS	4 – 5 YEARS	THERE-AFTER
Accounts payable and accrued liabilities	$ 13,934.4	$ 11,308.5	$ 2,058.5	$ 202.4	$ 365.0
Operating lease obligations	15,100.2	4,085.9	6,160.0	4,854.3	-
Obligations under finance leases	42.2	13.0	29.2	-	-
Vendor-take-back loans	1,462.6	462.6	400.0	600.0	-
Term credit facility	21,104.3	2,221.5	18,882.8	-	-
Acquisition credit facility	17,985.0	-	-	17,985.0	-
	$ 69,628.7	$ 18,091.5	$ 27,530.5	$ 23,641.7	$ 365.0

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

CASH FLOWS

The following table summarizes the Company's cash flows for the year ended August 31, 2016:

FOR THE YEAR ENDED	AUG 31, 2016	AUG 31, 2015	$ VARIANCE	% VARIANCE
Net income for the period	$ (174.8)	$ 1,394.4	$ (1,569.2)	(112.5)%
Add non-cash items, net	10,156.7	4,351.5	5,805.2	133.4%
Changes in non-cash working capital	3,609.6	(2,391.6)	6,001.2	(250.9)%
Net cash from operating activities	13,591.6	3,354.3	10,237.3	305.2%
Net cash from (used by) investing activities	(19,871.6)	(27,676.2)	7,804.6	(28.2)%
Net cash from (used by) financing activities	14,135.2	28,086.2	(13,951.0)	(49.7)%
Net increase in cash	**$ 7,855.2**	**$ 3,764.3**	**4,090.9**	**108.7%**

Cash generated from operating activities for the year ended August 31, 2016, was $13,591.6, an increase of $10,237.3 or 305.2% from the $3,354.3 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, 2016, versus the same period in the prior year include:

- Increase in cash resulting from changes in working capital accounts of $6,001.2 including the effect of trade and other receivables, trade payables, accrued and other liabilities, and deferred revenue. The majority of the change in working capital is a result of changes in trade and other receivables and trade payables, accrued and other liabilities. The most notable changes resulting in cash increases are due to a change in trade and other receivables of $1,342.4, a change in trade payables, accrued and other liabilities of $4,291.1, and a net increase of $367.7 in other non-cash working capital items, including deferred revenue and income tax payable.

- Increase in Adjusted EBITDA of $4,933.9, as compared to the comparable period in 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.

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 Revolver 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 the year.

WORKING CAPITAL

The Company's working capital (defined as current assets less current liabilities) at August 31, 2016, is set forth in the table below. The Company defines Operating Working Capital as current assets less current liabilities, with an exclusion of certain current liabilities from such calculation. The current liabilities excluded are comprised of:

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.

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

	AUG 31, 2016	AUG 31, 2015
Current assets	$ 25,750.1	$ 15,203.4
Less:		
Current liabilities	18,811.2	12,387.0
Working capital	6,938.9	2,816.4
Add back:		
Current portion of deferred revenue	5,263.3	4,951.7
Operating working capital	**$ 12,202.2**	**$ 7,768.1**

Operating Working Capital has increased by $4,434.1 to a surplus of $12,202.2 compared to the surplus of $7,768.1 at August 31, 2015. The change in Operating Working Capital is due to an increase in cash, trade payables, accrued and other liabilities and the current portion of loans and borrowings and a decrease in trade and other receivables. These changes are primarily the result of operating activities and Adjusted EBITDA contributions from 2015 and 2016 acquisitions. The increase related to the current portion of loans and borrowings can be attributed to increased quarterly principal repayments resulting from expansion of the credit facility, offset in part by repayments of vendor-take-back loans and principal on long-term debt.

The Company maintains a revolving operating line of credit of $5,000.0 to facilitate management of short-term working capital requirements. As at August 31, 2016, the Company had not utilized this facility.

CREDIT FACILITIES

The Company is a party to 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:

1. $5,000.0 revolving credit facility to fund operating cash flow needs;
2. $34,000.0 term acquisition credit facility to fund future acquisitions; and
3. $22,215.0 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions.

The agreement also has an Accordion Feature, which provides for an option, subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by up to $15,000.0 of additional capacity. This would result in an increase in the size of the acquisition credit facility of up to $49,000.0 and overall credit capacity of up to $76,215.0.

The facility matures on October 31, 2017, and the Company has the option to extend it to October 31, 2019. The Term Loan requires quarterly principal repayments of $555.4 per quarter until November 30, 2018 and $666.5 per quarter thereafter, with the balance due at maturity. The Operating Revolver and Acquisition Revolver do not have scheduled principal repayments prior to maturity.

The loans bear interest at a floating rate based on banker's acceptances plus a credit margin based on the Company's quarterly leverage ratio. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to both financial and non-financial covenants, including maximum total leverage and senior leverage ratios and minimum fixed charge coverage ratios. The new facility replaced the Company's previously existing credit facility originally entered into in 2011 and has been subsequently amended.

At August 31, 2016, the Company had a balance of $21,104.3 outstanding on the Term Loan, $17,985.0 outstanding on the Acquisition Revolver and was compliant with all financial covenants. On October 31, 2016, the Company used a portion of net proceeds from the Offering (see the Share Capital section) to fully repay the term acquisition credit facility.

At November 23, 2016, the Company had unutilized and available credit of $5,000.0 on the Operating Revolver and $34,000.0 to fund acquisitions on the Acquisition Revolver.

SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares. The Company's outstanding securities are comprised of:

	NOV 23, 2016	AUG 31, 2016	AUG 31, 2015
Common shares issued and outstanding	49,764,550	45,225,050	44,958,383
Stock options outstanding	1,535,070	1,504,897	1,107,679
Restricted Stock Units outstanding	299,103	128,680	38,568
Deferred Stock Units outstanding	41,478	26,442	9,730

On October 6, 2016, the Company closed a bought deal private placement financing (the "Offering") with a syndicate co-led by Cormark Securities Inc. and Acumen Capital Finance Partners Limited, and including Laurentian Bank Securities (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 5,439,500 common shares (the "Shares") of the Company at a purchase price of $3.70 per Share, including 709,500 Shares issued pursuant to the full exercise of the Underwriters over-allotment option, for gross proceeds to the Company of $20,126,150. The Underwriters received a cash commission equal to 5.0% of the gross proceeds raised in the Offering.

The net proceeds of the Offering will be used to fund growth initiatives and for general corporate purposes.

The Shares issued in connection with the Offering are subject to a restrictive legend which expires on February 7, 2017.

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.

RISK FACTORS

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, including, but not limited to, those involved in benefits plan design and administration, benefits legislative and regulatory issues, group retirement plan design and specialized human resource consulting, recruitment and career management. 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.

The Company currently has many experienced employees who hold senior positions in the Company, who have various professional designations and who have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure for its employees, including an employee share purchase plan and a security based compensation plan and has comprehensive employment agreements in place with its employees to protect the Company, the loss of a number of key personnel 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.

CLIENT RELATIONSHIPS

Group insurance contracts are generally renegotiated on an annual basis with clients, often resulting in 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 or at the same pricing level. 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 4.5% of the Company's revenue and the clients are diversified both in size and industry.

INSURANCE COMPANY RELATIONSHIPS

In certain cases, the Company acts as the advisor to end-user employers to broker group insurance products with insurance companies. There can be no assurance that the Company will be able to maintain its existing relationships with these insurance companies and the failure to do so could have a material adverse effect on the Company's business, financial condition and operating results. In addition, during the renewal process, the Company's benefits consulting teams will provide benefits planning and consulting services based on the availability of insurance products and pricing of such products. Changes in available products could result in decreased benefits coverage and/or decreased premiums which generally would result in decreased revenue for the Company.

REGULATION AND CERTIFICATION

The Company's employee benefits and group retirement 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 that are competitive with the products offered by the Company.

The rules and regulations governing income and commodity taxes are complex and wide-ranging, and the calculation of income taxes and applicability of commodity taxes requires judgment in interpreting tax rules and regulations. The Company's tax filings are subject to government audits that could result in material changes to the amount of current and future income taxes and related costs.

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

TECHNOLOGY AND INFORMATION SECURITY

The Company is reliant on computerized operational and reporting systems. The Company makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately and maintains a disaster recovery plan to protect against significant system failures. While a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results in the short term.

Information security risks have increased in recent years due, in part, to the proliferation, sophistication and constant evolution of new technologies used by hackers and external parties. The Company's technologies, systems and networks and third parties providing services to the Company, may be subject to attacks, breaches or other compromises. In the event of such an occurrence, the Company may experience, among other things, financial loss, a loss of customer or business opportunities, disruption to operations, misappropriation or unauthorized release of confidential, financial or personal information, litigation, regulatory penalties or intervention, remediation, investigation or restoration cost, and reputational damage.

ACCESS TO CAPITAL

The Company relies principally on bank debt, vendor-take-back debt financing and issuance of common shares 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 on the business performance of the Company. While the Company has been successful in the past, there is no assurance that capital will be available under terms that are satisfactory to the Company.

Pursuant to its articles of incorporation, the Company is authorized to issue an unlimited number of common shares for consideration and on such terms as are established by the Board of Directors without the approval of any shareholders. Further issuance of common shares may dilute the interests of existing shareholders. If additional capital 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 strategic growth plans. In addition, if the Company experiences financial difficulty, the Company's creditors who have security interests in the Company's assets, may decide to exercise their rights to acquire or dispose of the Company's assets.

FUTURE GROWTH VIA ACQUISITIONS

The Company's growth and expansion plans contain a dual approach of generating organic growth by increasing its existing business by gaining new clients and increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

INTEGRATION OF FUTURE ACQUISITIONS

There can be no assurance that 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 businesses that 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 its acquisitions.

POTENTIAL UNDISCLOSED LIABILITIES ASSOCIATED WITH ACQUISITION/LIMITED INDEMNIFICATION

In connection with acquisitions completed by the Company, there may be liabilities and contingencies related to the acquired entity that the Company failed to discover or was unable to quantify in its due diligence conducted prior to the execution of the 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.

INTEREST RATE

Advances under the Company's credit facilities bear interest at variable rates. The Company may incur further indebtedness in the future that also bears interest at variable rates or it 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 adversely affect the Company's cash flows.

LEGAL

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.

CANADIAN ECONOMY AND COMPETITIVE CONDITIONS

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. Currently, the Company is exposed to difficult economic conditions in western Canada resulting from depressed oil and gas markets. There is no assurance that the Company will have sufficient financial resources to withstand a prolonged and deep recession.

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.

BRAND AND REPUTATION

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. Damage to the Company's brand or reputation could result in the loss of client relationships, which could result in a material adverse effect on the Company's business, financial condition and operating results. There can be no assurance that future incidents will not negatively affect the Company's brand or reputation.

INTERNAL CONTROL

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), as defined by National Instrument 52-109, 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 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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. Management is required in preparing the Company's financial statements, in accordance with IFRS, to make certain estimates, judgments and assumptions that it believes 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.

DEFERRED TAX

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

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

SEASONALITY

As the Company continues to grow through acquisitions, 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. As the Company continues to grow both organically and through acquisitions the revenue and Adjusted EBITDA trends from quarter to quarter within a fiscal year 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.

OFF-BALANCE SHEET ARRANGEMENTS

Other than as outlined below, the Company does not have any off-balance sheet arrangements.

Concurrent with the acquisition of Coughlin, the Company assumed the role of sponsor of certain individual pension plans ("IPP") which had been established prior to the date of acquisition. While the IPPs are ongoing, the Company's obligation to make contributions towards any funding deficiency required by pension legislation is indemnified by the beneficiaries of the respective IPP. Conversely, any funding surpluses are payable to the beneficiaries of the respective IPP. As a result, the Company has no net exposure to unfunded or overfunded IPPs.

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, non-controlling interest put options 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, 2016 & 2015

(Expressed in Canadian Dollars)

MNP LLP

Independent Auditors' Report

To the Shareholders of People Corporation and its subsidiaries:

We have audited the accompanying financial statements of People Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at August 31, 2016 and August 31, 2015, and the consolidated statements of comprehensive (loss) income, consolidated statements of changes in equity and consolidated statements of cash flows, for the years ended August 31, 2016 and August 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of People Corporation and its subsidiaries as at August 31, 2016, August 31, 2015, and their financial performance and their cash flows for the years ended August 31, 2016 and August 31, 2015, in accordance with International Financial Reporting Standards.

MNP LLP

Toronto, Ontario
November 23, 2016

Chartered Professional Accountants
Licensed Public Accountants

PEOPLE CORPORATION

Consolidated Statements of Financial Position

As at August 31, 2016 and August 31, 2015

	NOTE	AUG 31, 2016	AUG 31, 2015
Assets			
Current assets:			
Cash		$ **14,369,959**	$ 6,514,734
Trade and other receivables	5	**9,421,731**	7,199,276
Income taxes receivable	13	**782,602**	610,065
Prepaid and other current assets		**1,175,832**	879,282
Total current assets		**25,750,124**	15,203,357
Non-current assets:			
Property and equipment	6	**1,953,986**	1,582,820
Goodwill and intangible assets	7	**120,273,962**	97,087,692
Deferred tax asset	13	**1,228,840**	723,477
Total non-current assets		**123,456,788**	99,393,989
Total assets		$ **149,206,912**	**$ 114,597,346**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	8	$ **10,905,251**	$ 4,962,924
Deferred revenue	9	**5,263,309**	4,951,681
Current portion of loans and borrowings	12	**2,642,625**	2,472,433
Total current liabilities		**18,811,185**	12,387,038
Accrued and other liabilities	8	**2,302,519**	1,666,656
Deferred revenue	9	**106,124**	89,303
Non-controlling interest put options	11	**32,571,809**	22,649,069
Loans and borrowings	12	**37,834,542**	22,937,216
Deferred tax liability	13	**12,895,873**	10,788,674
Total liabilities		**104,522,052**	**70,517,956**
Shareholders' equity:			
Share capital	14	**39,333,725**	39,029,883
Contributed surplus		**1,213,006**	736,584
Retained earnings		**4,138,129**	4,312,923
Total shareholders' equity		**44,684,860**	**44,079,390**
Total liabilities and shareholders' equity		$ **149,206,912**	**$ 114,597,346**

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

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Eric Stefanson"
Director, Chair of the Audit Committee

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

The notes are an integral part of these Consolidated Financial Statements.

PEOPLE CORPORATION

Consolidated Statements of Comprehensive (Loss) Income

For the years ended August 31, 2016 and August 31, 2015

	NOTE	YEAR ENDED AUG 31, 2016	YEAR ENDED AUG 31, 2015
Revenue		**$ 79,802,253**	$ 49,293,254
Operating expenses		**63,527,786**	39,909,260
Depreciation and amortization	6,7	**6,975,608**	3,935,352
Finance expenses	16	**5,258,428**	1,648,690
Acquisition, integration and reorganization costs		**2,302,565**	1,528,133
	24	**78,064,387**	47,021,435
Income before income taxes		**1,737,866**	**2,271,819**
Income tax expense (recovery):			
Current	13	**3,229,715**	1,452,849
Deferred	13	**(1,317,055)**	(575,447)
		1,912,660	877,402
Net (Loss) Income and Comprehensive (Loss) Income		**$ (174,794)**	**$ 1,394,417**
(Loss) Earnings per share	14(c)		
Basic		$ **(0.004)**	$ 0.034
Diluted		$ **(0.004)**	$ 0.033

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity

For the years ended August 31, 2016 and August 31, 2015

	NOTE	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
Balance, August 31, 2014		$ 22,465,334	$ 638,090	$ 2,918,506	$ 26,021,930
Net income and comprehensive income for the year		-	-	1,394,417	1,394,417
Issuance of common shares	14(b)	13,744,339	-	-	13,744,339
Acquisition-related Issuance of shares	14(b)	2,500,000	-	-	2,500,000
Exercise of stock options	14(b)	320,210	(120,195)	-	200,015
Share-based payments	15(b)(c)(d)	-	218,689	-	218,689
		16,564,549	98,494	1,394,417	18,057,460
Balance, August 31, 2015		**$ 39,029,883**	**$ 736,584**	**$ 4,312,923**	**$ 44,079,390**

	NOTE	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
Balance, August 31, 2015		$ 39,029,883	$ 736,584	$ 4,312,923	$ 44,079,390
Net loss and comprehensive loss for the year		-	-	(174,794)	(174,794)
Exercise of stock options	14(b)	303,842	(117,475)	-	186,367
Share-based payments	15(b)(c)(d)	-	593,897	-	593,897
		303,842	476,422	(174,794)	605,470
Balance, August 31, 2016		**$ 39,333,725**	**$ 1,213,006**	**$ 4,138,129**	**$ 44,684,860**

The notes are an integral part of these Consolidated Financial Statements.

PEOPLE CORPORATION

Consolidated Statements of Cash Flows

For the years ended August 31, 2016 and August 31, 2015

	NOTE	YEAR ENDED AUG 31, 2016	YEAR ENDED AUG 31, 2015
Operating activities			
Net (loss) income for the year		$ (174,794)	$ 1,394,417
Adjustments for:			
Depreciation	6	776,024	736,019
Amortization of intangible assets	7	6,199,584	3,199,333
Share-based compensation	15(b)	593,897	218,689
Change in estimated fair value of non-controlling interest put option	16	3,586,413	468,618
Accretive interest expense	16	317,933	304,299
Deferred tax recovery	13	(1,317,055)	(575,447)
Net cash from operations		9,982,002	5,745,928
Change in the following:			
Trade and other receivables		261,806	(1,080,626)
Other current assets		(90,353)	(120,403)
Trade payables, accrued and other liabilities		3,597,075	(694,071)
Deferred revenue		114,661	209,872
Income tax payable		(273,581)	(706,419)
Net cash from (used by) working capital items		3,609,608	(2,391,647)
Net cash from operating activities		**13,591,610**	**3,354,281**
Investing activities			
Acquisition of subsidiary, net of cash acquired	4	(17,305,049)	(26,214,652)
Acquisition of property and equipment		(481,968)	(734,273)
Acquisition of intangible assets	7	(2,084,591)	(727,278)
Net cash used in investing activities		**(19,871,608)**	**(27,676,203)**
Financing activities			
Proceeds from exercise of stock options		186,367	200,015
Proceeds from loans and borrowings		18,159,955	22,775,000
Repayment of loans and borrowings		(3,269,984)	(8,400,009)
Proceeds from private placement of shares, net		-	13,511,185
Payment of dividends on non-controlling interest	11	(941,115)	-
Net cash from financing activities		**14,135,223**	**28,086,191**
Net increase in cash		7,855,225	3,764,269
Cash at beginning of the year		6,514,734	2,750,465
Cash at the end of the year		**$ 14,369,959**	**$ 6,514,734**

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.

2. BASIS OF PRESENTATION:

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 23, 2016.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(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
- share-based compensation 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 functional currency of the Company and its subsidiaries. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(d) Use of estimates and judgments

Preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and the reported amounts of assets, liabilities at the date of these financial statements and reported amounts of revenue and expenses during the reporting period. 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, business combinations, and deferred taxes. The Company also uses judgment when determining functional currencies, operating segments, 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 net (loss) income.

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 net (loss) income 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 net (loss) income.

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

Inter-company balances and transactions, and any realized or unrealized revenue and expenses arising from inter-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 are measured at fair value, with gains and losses recognized in net (loss) income. Cash are classified as fair value through profit and loss.

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

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

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 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.

The Company has the following non-derivative financial liabilities: loans and borrowings, trade payables, and 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.

(c) 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.

(d) 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 (loss) income in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in the consolidated statements of comprehensive (loss) 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
Automobiles	Diminishing balance	30%

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

(e) 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, computer software, 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 (loss) 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.

(f) Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are 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 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 flows discounted at the asset's original effective interest rate. Losses are recognized in net (loss) income 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 net (loss) income.

(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 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 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 inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash 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 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 net (loss) income. 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

In its capacity as third party administrators, the Company collects premiums from clients and remits premiums and claim payments, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance carriers. As the Company is acting in its capacity as third party administrators to collect and remit premiums to insurance underwriters and claim payments to individuals, the Company is considered to have a legal right to offset premiums collected and corresponding liabilities. As such, the cash 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 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 Employee Share Purchase Plan, equity-settled stock options, equity-settled performance-conditioned Restricted Stock Units and equity-settled Deferred Stock Units (collectively, "Equity-settled Awards"). Equity-settled Awards granted to employees and directors of the Company are measured at the fair value of the equity instruments at the grant date. The grant date fair value of Equity-settled Awards are recognized as compensation expense, with a corresponding increase in equity, over the period that the awards vest. The amount recognized as an expense is adjusted to reflect the number of Equity-settled 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 Equity-settled Awards that do meet the related service and non-market performance conditions at the vesting date. For Equity-settled 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 Purchase Plan are expensed as incurred.

Equity-settled Awards 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 counterparty 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 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 is 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 is 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 net (loss) income, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in net (loss) income 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 net (loss) income attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net (loss) income attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise stock options granted to employees.

(o) New standards and interpretations not yet adopted

The Company has not early adopted the following new and revised Standards and Interpretations that have been issued by IASB 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 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.

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, 2018 with earlier adoption permitted.

IFRS 16, *Leases* ("IFRS 16")

The IASB issued IFRS 16 set out principles for the recognition, measurement, presentation and disclosure of leases. The objective of IFRS 16 is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted for those entities that have also adopted IFRS 15.

The Company is currently evaluating the impact of adopting IFRS 9, IFRS 15 and IFRS16 on its consolidated financial statements and the extent of the impact of adoption of the standard has not yet been determined.

4. BUSINESS ACQUISITIONS:

BPA Financial Group Limited

Effective April 13, 2016, the Company acquired BPA Financial Group Ltd. ("BPA"), an independent full service national firm providing group benefit and pension administration consulting and claims management services to corporations and multi-employer trust organizations in Canada. The Company holds a 100% voting interest and will hold a 67% economic interest in BPA through ownership of all of the issued dividend-bearing common shares of BPA ("Company Shares").

The principals of BPA collectively hold non-voting, non-cumulative, dividend-bearing shares of BPA ("BPA Principal Shares") and options to acquire BPA Principal Shares at a nominal price over a period of approximately four and one-half years from April 13, 2016. ("BPA Share Options"), which upon exercise of the options will result in the BPA Principals holding an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). Commencing November 29, 2016, the issued Company Shares and BPA Principal Shares have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPA's earnings. The Company is entitled to a priority on the payment of dividends declared on the BPA dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPA Principal Shares ("BPA Call Options") and individual BPA Principals have a future right to require the Company to purchase the BPA Principal Shares (collectively, the "BPA Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPA Call Options or the BPA Put Options, the BPA Principal's pro-rata right to earn dividends will be terminated.

The Company accounted for this transaction as a business combination 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:

Assets acquired and liabilities assumed		
Net working capital		$ 1,654,624
Property and equipment		869,166
Customer relationships and other intangible assets		12,431,347
Goodwill (including assembled workforce)		14,665,972
Deferred tax liabilities		(3,406,189)
		$ 26,214,920
Consideration paid or payable		
Cash payment on closing		$ 18,159,955
Working capital adjustment due to vendors		777,523
Non-controlling interest ("BPA Retained Economic Interest")	(Note 11)	7,277,442
		$ 26,214,920

Total consideration paid is subject to final adjustments for working capital.

The BPA Retained Economic Interest represented by the BPA Principal Shares and BPA Share Options is classified as a liability due to its terms, including the discounted value of estimated future dividend payments and put and call features. The fair value of these shares and options was determined using a discounted cash flow approach, and based on the terms of the BPA Principal Shares. The key assumptions in valuing the interest associated with the BPA Principal Shares and BPA Share Options include: estimated gross projected cash flows based on historical results and applying a growth factor; the dates at which the put options will be exercised by the holder; the likelihood of certain contingent milestones being reached; and, a discount rate of 16.0%. In accordance with IFRS 2, the BPA Share Options are deemed to have vested immediately. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after September 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

Changes in fair value, arising from changes in assumptions and accretion of interest, of these estimated liabilities for consideration paid will be recorded in finance costs in the consolidated statements of comprehensive income in future periods.

The Company's consolidated statements of comprehensive (loss) income include the result of operations for BPA from its date of acquisition to August 31, 2016.

	AUG 31, 2016	
	AS REPORTED FOR BPA	PRO FORMA OF THE COMPANY
Operating revenues	$ 8,932,086	$ 22,100,000
Net income and comprehensive income	$ 1,165,797	$ 3,400,000

Pro forma balances represent management's estimates of consolidated revenue and consolidated net income as if the acquisitions had been completed on September 1, 2015. For the purposes of these pro forma balances, comprehensive income is equal to net income. Acquisition-related costs amounting to $1,243,549 (2015 - nil) are not included as part of the consideration transferred and have been recognized as acquisition, integration and reorganization costs in the consolidated statements of comprehensive (loss) income.

Coughlin & Associates Limited

Effective June 12, 2015, the Company acquired Coughlin & Associates Ltd. ("Coughlin"), an independent full service national firm providing group benefit consulting, pension consulting, administrative solutions and claims management services to corporations, unions and public service organizations in Canada. The Company's interest in Coughlin includes 100% voting interest through a class of voting preferred shares and 66% economic interest through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin PC Shares").

In connection with the Coughlin acquisition, the former Coughlin shareholders (the "Coughlin Vendors") retained an initial 34% minority economic interest ("Coughlin Retained Economic Interest") through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Vendor Shares"). In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend bearing shares of Coughlin ("Coughlin Spring Shares") in which they may increase their Coughlin Retained Economic Interest to 40% in five years, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the next five years, and thereby reducing the Company's economic interest in Coughlin to 60%.

Commencing September 1, 2015, all classes of non-voting, non-cumulative, dividend-bearing shares of Coughlin have an ongoing contractual right to receive quarterly dividends based on a calculation derived from Coughlin's earnings. The Company is entitled to a priority on the payment of dividends declared on the Coughlin dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares ("Coughlin Call Option") and individual Coughlin Vendors have a future right to require the Company to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (collectively, the "Coughlin Put Options") subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the Coughlin Call Option or the Coughlin Put Option, the Coughlin Vendor's pro-rata right to earn performance based dividends will be terminated (Note 11).

The Company accounted for this transaction as a business combination 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:

Assets acquired and liabilities assumed	
Net working capital	$ 641,759
Property and equipment	446,000
Customer relationships	25,855,000
Goodwill (including assembled workforce)	25,930,637
Post-retirement benefits	(460,000)
Deferred tax liabilities	(6,803,396)
	$ 45,610,000

Consideration paid or payable	
Cash payment on closing	$ 26,375,000
Common shares issued by the Company	2,500,000
Working capital adjustment due to vendors	27,000
Vendor take-back notes payable	1,189,000
Non-controlling economic interest ("retained economic interest")	15,519,000
	$ 45,610,000

Total consideration paid was subject to final adjustments for working capital.

Further details as to consideration paid, including the fair value of certain components of contingent consideration are as follows:

- 626,566 common shares of the Company at a value of $3.99 per share, totaling $2,500,000 (Note 14);
- Vendor take-back notes payable with a face value of $1,350,000, payable in installments of $150,000 in June 2016, and thereafter $300,000 annually until 2020. The notes payable were discounted at a rate of 4.4%, with a fair value of $1,189,000; and,

- The retained economic interest comprises the Coughlin Vendor Shares and the Coughlin Spring Shares, which are classified as a liability due to their terms, including the put and call features. The fair value of these shares was determined using a discounted cash flow methodology, and based on the terms of the Coughlin Vendor Shares and the Coughlin Spring Shares. The key assumptions in valuing the retained economic interest include: estimated gross projected cash flows based on historical results and applying a growth factor; the dates at which the put options will be exercised by the holders; the likelihood of certain contingent milestones being reached; and, a discount rate of 16%.

Changes in fair value, arising from changes in assumptions and accretion of interest, of these estimated liabilities for consideration paid will be recorded in finance costs in the consolidated statements of comprehensive income in future periods. Acquisition-related costs amounting to $727,353 (2015 - $964,806) are not included as part of the consideration transferred and have been recognized as acquisition, integration and reorganization costs in the consolidated statements of comprehensive (loss) income.

The Company's consolidated statements of comprehensive income include the result of the operations of Coughlin from its date of acquisition to August 31, 2016 and 2015

5. TRADE AND OTHER RECEIVABLES:

The Company has the following trade and other receivables:

	AUG 31, 2016	AUG 31, 2015
Trade receivables	$ 9,414,126	$ 7,174,925
Commission advances	7,605	24,351
	$ 9,421,731	$ 7,199,276

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	AUTOMOBILES	TOTAL
Cost					
Balance, August 31, 2014	$ 1,046,227	$ 897,852	$ 1,430,891	$ -	**$ 3,374,970**
Additions	331,454	235,533	167,286	-	**734,273**
Acquisition through business combination	47,017	1,067,752	834,796	35,000	**1,984,565**
Balance, August 31, 2015	1,424,698	2,201,137	2,432,973	35,000	**6,093,808**
Additions	283,892	50,680	147,396	-	**481,968**
Acquisition through business combination	1,776,521	988,136	1,075,247	120,857	**3,960,761**
Balance, August 31, 2016	$ 3,485,111	$ 3,239,953	$ 3,655,616	$ 155,857	**$ 10,536,537**
Depreciation					
Balance, August 31, 2014	$ (602,301)	$ (604,424)	$ (994,997)	$ -	**$ (2,201,722)**
Depreciation for the year	(201,331)	(285,343)	(248,304)	(1,041)	**(736,019)**
Acquisition through business combination	(38,537)	(790,893)	(726,518)	(17,299)	**(1,573,247)**
Balance, August 31, 2015	(842,169)	(1,680,660)	(1,969,819)	(18,340)	**(4,510,988)**
Depreciation for the year	(298,647)	(166,045)	(296,005)	(15,327)	**(776,024)**
Acquisition through business combination	(1,525,691)	(789,643)	(943,529)	(36,676)	**(3,295,539)**
Balance, August 31, 2016	$ (2,666,507)	$ (2,636,348)	$ (3,209,353)	$ (70,343)	**$ (8,582,551)**
Carrying amounts					
Balance, August 31, 2015	$ 582,529	$ 520,477	$ 463,154	$ 16,660	**$ 1,582,820**
Balance, August 31, 2016	$ 818,604	$ 603,605	$ 446,263	$ 85,514	$ **1,953,986**

7. GOODWILL AND INTANGIBLE ASSETS:

The Company had the following goodwill and intangible assets:

	GOODWILL	CUSTOMER RELATIONSHIPS	CUSTOMER CONTRACTS	COMPUTER SOFTWARE	TOTAL
Cost					
Balance, August 31, 2014	$ 30,137,981	$ 21,608,352	$ 3,412,165	$ 964,675	**$ 56,123,173**
Additions	-	308,461	93,945	324,871	**727,277**
Acquisition through business combination	25,930,637	25,855,000	-	1,209,581	**52,995,218**
Balance, August 31, 2015	56,068,618	47,771,813	3,506,110	2,499,127	**109,845,668**
Additions	-	790,562	331,884	962,145	**2,084,591**
Acquisition through business combination	14,665,972	12,431,347	-	3,294,280	**30,391,599**
Balance, August 31, 2016	$ 70,734,590	$ 60,993,722	$ 3,837,994	$ 6,755,552	**$ 142,321,858**
Amortization					
Balance, August 31, 2014	$ -	$ (5,710,344)	$ (2,161,464)	$ (511,341)	**$ (8,383,149)**
Amortization for the year	-	(2,689,396)	(329,905)	(180,032)	**(3,199,333)**
Acquisition through business combination	-	-	-	(1,175,494)	**(1,175,494)**
Balance, August 31, 2015	-	(8,399,740)	(2,491,369)	(1,866,867)	**(12,757,976)**
Amortization for the year	-	(5,317,905)	(329,905)	(551,774)	**(6,199,584)**
Acquisition through business combination	-	-	-	(3,090,336)	**(3,090,336)**
Balance, August 31, 2016	$ -	$ (13,717,645)	$ (2,821,274)	$ (5,508,977)	**$ (22,047,896)**
Carrying amounts					
Balance, August 31, 2015	$ 56,068,618	$ 39,372,073	$ 1,014,741	$ 632,260	$ **97,087,692**
Balance, August 31, 2016	$ 70,734,590	$ 47,276,077	$ 1,016,720	$ 1,246,575	$ **120,273,962**

The Company completed its annual impairment tests for goodwill and concluded that there was no impairment. For impairment test purposes, the carrying value of goodwill has been allocated as follows:

		AUG 31, 2016	AUG 31, 2015
Coughlin & Associates Ltd.	(Note 4)	$ 25,930,637	$ 25,930,637
BPA Financial Group Ltd.		14,665,972	-
Hamilton & Partners Ltd.	(Note 4)	11,600,184	11,600,184
Bencom Financial Services Group Inc.		3,913,752	3,913,752
Other		14,624,045	14,624,045
		$ 70,734,590	**$ 56,068,618**

The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in margins. The values of these assumptions reflect past experience.

The weighted average cost of capital was determined to be in the range of 15.0% to 16.0% (August 31, 2015 - 13.2% to 14.6%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the Company's financing arrangements and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using rates of return derived from the Company's after-tax weighted average cost of capital considering specific risks relating to each CGU. At August 31, 2016, the after-tax discount rates used in the recoverable amount calculations ranged from 15.0% to 16.0% (August 31, 2015 - 13.2% to 14.6%). The pre-tax discount rates ranged from 19.0% to 21.0% (August 31, 2015 - 17.2% to 19.0%).

The Company included five years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the five year period using estimated long term growth rate of 2.0% (August 31, 2015 - 2.0%).

8. TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES:

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

	AUG 31, 2016	AUG 31, 2015
Trade payables and other liabilities	$ 10,852,669	$ 4,954,935
Contingent acquisition consideration	1,308,793	1,183,319
Post-retirement benefits and other liabilities	1,046,308	491,326
	13,207,770	6,629,580
Less current portion of trade payables, accrued and other liabilities	10,905,251	4,962,924
Total non-current accrued and other liabilities	**$ 2,302,519**	**$ 1,666,656**

Amounts recognized as contingent acquisition consideration at August 31, 2016, represent the estimated undiscounted fair value of $1,308,793 (August 31, 2015 - $1,308,793) for potential additional future consideration related to the acquisition of Hamilton + Partners group of companies ("H+P") on July 9, 2013. The estimate of additional future consideration is based on achieving financial targets for H+P and may be payable at 36, 48 and 60 months subsequent to the acquisition. 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. 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, 2016, the Company recognized an adjustment to the fair value of the contingent consideration of $125,474 (2015 - $119,090).

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, 2016	AUG 31, 2015
Fees received in advance	$ 5,369,433	$ 5,040,984
Less current portion of deferred revenue	5,263,309	4,951,681
Long-term portion of deferred revenue	**$ 106,124**	**$ 89,303**

10. INSURANCE PREMIUM LIABILITIES AND RELATED CASH:

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 investment balances relating to these liabilities are deducted from the related liability in the consolidated balance sheets. The Company has the following amounts held in accounts segregated from the Company's operating funds for insurance premium liabilities.

	AUG 31, 2016	AUG 31, 2015
Payable to carriers and insured individuals or groups	$ 46,034,450	$ 19,564,951
Less related cash balances	46,034,450	19,564,951
	$ -	**$ -**

11. NON-CONTROLLING INTEREST PUT OPTIONS:

The Company is subject to the following non-controlling interest put options:

	NOTE	AUG 31, 2016	AUG 31, 2015
Balance, beginning of year		$ 22,649,069	$ 6,661,451
Acquisition through business combination	4	7,277,442	15,519,000
Change in estimated fair value	16	3,586,413	468,618
Less payment of dividends on non-controlling interest		(941,115)	-
Balance, end of year		**$ 32,571,809**	**$ 22,649,069**

Changes in estimated fair value represents accretion of interest and changes in assumptions used to estimate the liability related to future dividend payments and put and call features.

(i) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals collectively hold an aggregate 33% economic interest and have rights to the BPA Put Options by giving notice to the Company. Refer to details in Note 4.

(ii) Coughlin

In connection with the Coughlin acquisition, the Company entered into various agreements whereby the former Coughlin shareholders (the "Coughlin Vendors") retained an initial 34% minority economic interest ("Coughlin Retained Economic Interest") through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Vendor Shares"). In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest can increase to 40% in five years, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the next five years, and thereby reducing the Company's economic interest in Coughlin to 60%.

All classes of non-voting, non-cumulative, dividend-bearing shares of Coughlin have an ongoing contractual right to receive dividends based on a calculation derived from Coughlin's earnings. The Company is entitled to a priority on the payment of dividends declared on a distinct class of Coughlin dividend-bearing shares to the extent of a specified earnings amount. Coughlin dividend entitlements are paid in arrears on a quarterly basis.

In addition, the Company has the right to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares ("Coughlin Call Options") and individual Coughlin Vendors have the right to require the Company to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (the "Coughlin Put Options") by giving notice to the Company. On the effective date of exercise of the Coughlin Call Options or the Coughlin Put Options, the Coughlin Vendor's right to earn earnings-based dividends will be terminated.

The liability recognized in connection with the Coughlin Retained Economic Interest, which includes the fair value of future dividend entitlements of the Coughlin Vendor Shares and Coughlin Spring Shares and the Coughlin Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Coughlin, the estimated future exercise dates of Coughlin Put Options and other factors. Individual Coughlin Vendors are restricted from exercising their respective Coughlin Put Options until dates on or after August 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

The Company agreed to facilitate the exercise of 1,000 Class Y Shares under the terms of the Coughlin Put Options, expected to close subsequent to August 31, 2016 with a total estimated value of $400,000.

(iii) H+P

In connection with the acquisition of H+P, the Company entered into various agreements whereby the H+P vendors hold an economic interest in H+P through the ongoing right to earn performance-based commissions and fees. In addition, the H+P vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("H+P Special Shares"). The Company has the right to purchase the H+P Special Shares ("H+P 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 H+P Call Option or the H+P Put Option, the H+P vendor's right to earn performance-based commissions and fees will be terminated.

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 H+P Put Option was restricted until July 2016, which is three years from the effective date of the agreement, but then may be exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

(iv) Bencom

In connection with the acquisition of Bencom Financial Service Group Inc. ("Bencom"), the Company entered into various agreements whereby the vendors hold an economic interest in Bencom 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 ("Bencom Special Shares"). The Company has the right to purchase the Bencom Special Shares ("Bencom 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 Bencom Call Option or the Bencom Put Option, the Bencom 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 Bencom Put Option was restricted until December 2015, which was three years from the effective date of the agreement, but may subsequently be exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

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.

12. LOANS AND BORROWINGS:

The Company had the following loans and borrowings, which are measured at amortized cost:

		AUG 31, 2016	AUG 31, 2015
Term loans			
(a)	A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan matures October 31, 2019 unless extended pursuant to the agreement.	$ 21,104,250	$ 6,580,000
(b)	A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures October 31, 2019 unless extended pursuant to the agreement.	17,984,955	15,775,000
Total term loans		**$ 39,089,205**	**$ 22,355,000**

Vendor-take-back loans			
(c)	A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $188,031. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matured on December 3, 2015.	-	186,137
(d)	A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of $105,000 and $135,000, respectively. The amortized cost of the loan has been discounted using a rate of 5.76%. The loan matured on June 14, 2016.	-	230,197
(e)	A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $1,201,667. $502,167 of the final installment was paid in February 2016. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matured on July 9, 2016.	-	1,141,168
(f)	A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $100,000. The amortized cost of the loan has been discounted using a rate equal to 5.80%. The loan matures on October 29, 2017.	198,094	186,928
(g)	A vendor take-back loan bearing no interest per annum, unsecured, payable in monthly installments of $5,224. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on August 31, 2017.	60,494	117,284
(h)	A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: $150,000 in the first year and $300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures on June 12, 2020.	1,090,098	1,189,000
Total vendor take-back loans		**1,348,686**	**3,050,714**
Finance lease liabilities			
(i)	A finance lease repayable in monthly installments of $1,074 and secured by the assets to which the obligation relates. The lease expired December 1, 2015 and included an implicit interest rate equal to 11.28%.	-	3,935
(j)	A finance lease repayable in monthly installments of $1,082 and secured by the assets to which the obligation relates. The lease expires December 13, 2019 and includes an implicit interest rate equal to 4.71%.	39,276	-
Total finance lease liabilities		39,276	3,935
		40,477,167	**25,409,649**
Less: current portion of:			
Term loans		2,221,500	665,000
Vendor take-back loans		410,834	1,803,498
Finance lease liabilities		10,291	3,935
		2,642,625	**2,472,433**
		$ 37,834,542	**$ 22,937,216**

The Company is a party to 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:

1. $5,000,000 revolving credit facility. As at August 31, 2016, the Company had not utilized this facility (August 31, 2015 - nil).

2. $34,000,000 term acquisition credit facility to fund future acquisitions. As at August 31, 2016, $17,984,955 (August 31, 2015 - $15,775,000) was drawn down on the credit facility in connection with the acquisitions of Coughlin and BPA (Note 26).

3. $22,215,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions. As at August 31, 2016, the balance owing on this facility was equal to $21,104,250 (August 31, 2015 - $6,580,000).

The agreement provides for an option (the "Accordion Feature"), subject to the satisfaction of certain terms and conditions, to increase the term acquisition credit facility by an additional $15,000,000 of capacity. The exercise of the option would result in the size of the term acquisition credit facility being increased to a maximum of $49,000,000 and overall credit capacity being increased to a maximum of $76,215,000.

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

13. INCOME TAXES:

Income taxes recognized in profit or loss comprise the following:

	AUG 31, 2016	AUG 31, 2015
Income before income taxes	$ 1,737,866	$ 2,271,819
Statutory tax rate	26.80%	26.57%
Income tax provision at statutory tax rates	465,748	603,622
Adjustments to income taxes		
Non-deductible items	1,265,781	331,697
Change in tax rates and other	(50,950)	129
Change in estimate	232,081	(58,046)
	1,912,660	877,402
Current taxes	3,229,715	1,452,849
Deferred taxes	(1,317,055)	(575,447)
	$ 1,912,660	$ 877,402

The 2016 statutory tax rate differs from the 2015 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, 2016	AUG 31, 2015
Deferred tax assets		
Property and equipment	$ 21,146	$ -
Deferred financing costs	7,165	11,044
Lease inducements	869	8,323
Equity issue and financing costs	191,695	242,706
Non-capital losses carried forward	27,425	259,470
Cumulative eligible capital	399,072	122,499
Other	581,468	79,435
	$ 1,228,840	$ 723,477
Deferred tax liabilities		
Property and equipment	$ -	$ 104,876
Intangible assets	12,895,873	10,683,795
	12,895,873	10,788,671
Net deferred tax liabilities	$ (11,667,033)	$ (10,065,194)

Movement in net deferred tax liabilities:

	AUG 31, 2016	AUG 31, 2015
Balance, August 31, 2015	$ (10,065,194)	$ (4,070,402)
Recognized in the statement of income and comprehensive income	1,317,055	575,447
Share issue costs in equity	-	233,154
Recognized in business acquisitions	(3,406,189)	(6,803,396)
Other	487,295	3
Balance, August 31, 2016	$ (11,667,033)	$ (10,065,194)

14. SHARE CAPITAL:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares with no par value.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	NUMBER OF COMMON VOTING SHARES	AMOUNT
Balance, August 31, 2014	39,551,486	$ 22,465,334
Private placement of shares	4,232,000	13,744,339
Acquisition-related issuance of shares	626,566	2,500,000
Exercise of stock options	548,331	320,210
Balance, August 31, 2015	44,958,383	39,029,883
Exercise of stock options	266,667	303,842
Balance, August 31, 2016	45,225,050	$ 39,333,725

(c) Earnings per share

Basic earnings per share is calculated by dividing net (loss) income attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net (loss) income attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at August 31, 2016 that would have been issued by the Company under its stock option plans.

The following details the earnings per share, basic and diluted, calculations for the years ended August 31, 2016 and August 31, 2015:

	AUG 31, 2016	AUG 31, 2015
Net (loss) income attributable to common shares (basic and diluted)	(174,794)	1,394,417
Weighted average number of common shares (basic)	45,093,051	41,448,569
Add: Dilutive effect of stock options	625,380	906,428
Weighted average number of common shares (diluted)	45,718,431	42,354,997
(Loss) Earnings per share (basic)	(0.004)	0.034
(Loss) Earnings per share (diluted)	(0.004)	0.034

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:

Effective March 6, 2015, the Company established a Security Based Compensation Plan replacing the Company's existing Stock Option Plan. The new Plan provides for more flexibility in the granting of equity incentive awards. The Security Based Compensation Plan allows for the issuance of stock options, tandem stock appreciation rights, restricted stock units and deferred stock units. All option agreements entered into under the former Stock Option Plan will continue to be governed under the terms of the former Stock Option Plan. The Company's Employee Share Purchase Plan ("ESPP") is unaffected by the new Plan.

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates by the Company's Board of Directors. Subject to the adjustment provisions provided for in the Security Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSX Venture Exchange), the aggregate number of common shares reserved for issuance pursuant to the Security Based Compensation Plan cannot exceed 5,986,222, which number takes into account the common shares that are available for issuance under the ESPP and the Security Based Compensation Plan

(a) Employee share purchase plan

The Company has an ESPP 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.

At August 31, 2016, there were 207 participants (August 31, 2015 – 174) in the plan. The total number of shares purchased during the year ended August 31, 2016, on behalf of participants, including the Company contribution, was 321,528 shares (August 31, 2015 – 230,738 shares). During the year ended August 31, 2016, the Company's matching contributions totalled 64,306 shares (August 31, 2015 – 46,148 shares).

For the year ended August 31, 2016, the Company recorded an expense to recognize the matching contribution equal to $185,440 (August 31, 2015 – $134,209).

(b) Stock option plans

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 Security Based Compensation Plan or former Stock Option Plan or by security regulators. Options shall not be granted for a term exceeding eight years under the terms of the Security Based Compensation Plan or five years under the terms of the former Stock Option Plan.

Changes in the number of options outstanding during the years ended August 31, 2016 and August 31, 2015, were as follows:

	AUG 31, 2016		AUG 31, 2015	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of the year	1,107,679	$ 1.12	$ 1,566,667	$ 0.57
Granted	713,885	3.11	189,345	3.06
Exercised	(266,667)	0.70	(548,331)	0.36
Forfeited and expired	(50,000)	2.96	(100,002)	0.31
Balance, end of year	**1,504,897**	**$ 2.08**	**$ 1,107,679**	**$ 1.12**
Options exercisable, end of year	**664,775**		**701,664**	

For the year ended August 31, 2016, the Company received proceeds equal to $186,367 (2015 - $200,015) from the exercise of 266,667 (2015 - 548,331) options. Related to these transactions, the Company transferred $117,475 (2015 - $120,195) from contributed surplus to share capital.

Options outstanding at August 31, 2016, consisted of the following:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE
$ 0.25 - $ 0.50	290,000	0.52 years	$ 0.42	290,000
$ 0.51 - $ 1.00	236,667	1.66 years	0.63	236,667
$ 1.01 - $ 2.00	125,000	2.46 years	1.71	83,330
$ 2.01 - $ 3.00	572,184	6.71 years	2.88	46,769
$ 3.01 - $ 4.00	267,014	7.27 years	3.53	3,333
$ 4.01 - $ 4.12	14,032	6.87 years	4.11	4,676
$ 0.25 - $ 4.12	1,504,897	4.47 years	$ 2.08	664,775

For the year ended August 31, 2016, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $262,317 (2015 - $218,689).

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, 2016	AUG 31, 2015
Expected option life	5.28 years	5.16 years
Risk-free interest rate	0.80%	0.89%
Dividend yield	nil	nil
Forfeiture rate	7.24%	6.27%
Volatility factor of expected market price of the Company's shares	35.62%	64.59%

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.

(c) Performance-conditioned Restricted Stock Units (RSUs)

The Company has conditionally granted RSUs (payable in cash or shares of the Company's common stock at the discretion of the Board of Directors) to designated management employees, that may be earned at the end of a one-year performance period, based on each fiscal year ("the performance period"), subject to certain financial metrics for the performance period. In order to earn RSUs a minimum threshold must be achieved, with the maximum number of RSUs being earned upon achievement of the target. On October 19, 2015, the Company conditionally granted 110,724 RSUs related to the current fiscal year; the RSUs, if earned, are scheduled to vest on October 19, 2018, conditional upon continued employment with the Company until such date.

		AUG 31, 2016
	NUMBER OF RSUs	GRANT PRICE $
Balance, beginning of the year	38,568	$ 4.11
Granted	110,724	3.59
Issued	-	-
Forfeited and expired	(20,612)	3.69
Balance, end of year	**128,680**	**$ 3.73**

For the year ended August 31, 2016, the Company recorded an expense to recognize amortization of RSUs granted to employees and directors of the Company equal to $231,578 (2015 - nil).

(d) Deferred Stock Units ("DSUs")

Independent members of the Company's Board of Directors are paid a portion of their annual retainer in the form of DSUs, which vest on the date determined by the Board of Directors. They may also elect to receive up to 100% of their remaining cash remuneration in the form of DSUs. The underlying security of DSUs are the Company's common shares, which are valued based on their volume weighted average closing price for the ten trading days prior to the date on which the DSUs are granted. The DSUs will be settled by the issuance of common shares by the Company unless, subject to the consent of the Company, the Director elects to receive cash in lieu of common shares.

	AUG 31, 2016 NUMBER OF DSUs
Balance, beginning of the year	9,730
Granted	16,712
Balance, end of year	**26,442**

For the year ended August 31, 2016, the Company recorded an expense to recognize amortization of DSUs granted to directors of the Company equal to $100,000 (2015 - nil) for annual awards covering the 2015 and 2016 fiscal years.

16. FINANCE EXPENSES:

The Company's finance expenses for the years ended August 31, 2016 and August 31, 2015, were comprised of the following:

	NOTE	AUG 31, 2016	AUG 31, 2015
Interest and finance costs on long-term debt	12	$ 1,290,921	$ 829,544
Other finance costs, net		63,161	46,229
Non-cash finance costs			
Accretion expense on vendor-take-back loans and long-term liabilities	12	192,459	185,209
Accretion on contingent acquisition consideration	8	125,474	119,090
		317,933	304,299
Change in estimated fair value of non-controlling interest put option	11	3,586,413	468,618
		3,904,346	772,917
		$ 5,258,428	**$ 1,648,690**

17. FINANCIAL INSTRUMENTS:

Fair Value Measurement

The Company's financial instruments measured at fair value through profit or loss include cash, 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:

	NOTE	(QUOTED PRICES IN AN ACTIVE MARKET FOR IDENTICAL ASSETS) **LEVEL 1**	(SIGNIFICANT OTHER OBSERVABLE INPUTS) **LEVEL 2**	(SIGNIFICANT OTHER UNOBSERVABLE INPUTS) **LEVEL 3**
August 31, 2015:				
Cash		$ 6,514,734	$ -	$ -
Contingent acquisition consideration	8	-	-	1,183,319
Non-controlling interest put options	11	-	-	22,649,069
August 31, 2016:				
Cash		$ 14,369,959	$ -	$ -
Contingent acquisition consideration	8	-	-	1,308,793
Non-controlling interest put options	11	-	-	32,571,809

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 or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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

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 May 2022. Future minimum lease payments as at August 31, 2016, are as follows:

Next 12 months	$ 4,085,947
13 - 24 months	3,392,065
25 - 36 months	2,767,885
37 - 48 months	2,457,651
49 - 60 months	2,396,690
	$ 15,100,238

(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 consolidated financial statements.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's 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, 2016, a change in interest rate relating to loans and borrowings of 1% would have increased or decreased interest expense by approximately $329,000 (2015 - $175,000).

(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 experienced bad debt write offs and accordingly its allowance at August 31, 2016, was $224,230 (2015 - $19,005).

Pursuant to their respective payment terms, consolidated trade receivables were aged as follows as at August 31, 2016:

Current	$ 8,944,904
31 - 60 days past due	453,224
61 - 90 days past due	54,712
Over 91 days past due	193,121
	9,645,961
Allowance for doubtful accounts	(224,230)
	$ 9,421,731

(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 flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt servicing costs. The Company manages its cash resources through ongoing financial forecasts and anticipated cash flows.

The maturity dates of the Company's financial liabilities as at August 31, 2016, are as follows:

	AMOUNT	CASH FLOWS	MATURING IN 12 MONTHS	MATURING IN 13 TO 36 MONTHS	MATURING IN 37 TO 60 MONTHS	MATURING IN 60 MONTHS
Trade payables and accrued liabilities	$ 13,207,770	$ 13,934,417	$ 11,308,497	$ 1,752,916	$ 508,004	$ 365,000
Loans and borrowings	40,477,167	40,594,029	2,697,102	19,311,973	18,584,955	-
	$ 53,684,937	$ 54,528,446	$ 14,005,599	$ 21,064,889	$ 19,092,959	$ 365,000

21. CAPITAL MANAGEMENT:

The Company views its capital as the combination of its cash, loans and borrowings, and shareholders' equity, which as at August 31, 2016 was equal to $70,792,068 (August 31, 2015 - $62,974,305). 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, 2016.

22. OPERATING SEGMENTS:

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits Insurance, benefits and pension administration. As at August 31, 2016, the Company applied the aggregation criteria on the basis of type of services provided across all the segments and in accordance with IFRS 8, *Operating Segments*, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

23. 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 benefits and participation in the Employee Share Purchase Plan (Note 15(a)) and Security Based Compensation Plan (Note 15(b)(c),(d)).

The following table details the compensation paid to key management personnel during the years ended August 31, 2016 and 2015:

	AUG 31, 2016	AUG 31, 2015
Salaries, fees and short-term employee benefits	$ 1,526,174	$ 1,279,078
Share-based payments	191,644	186,626
	$ 1,717,818	$ 1,465,704

(b) Key management personnel and director transactions

As at August 31, 2016, directors and key management personnel owned 19.19% (August 31, 2015 - 19.06%) of the voting shares of the Company.

As at August 31, 2016, the Company engaged in transactions with Directors and key management personnel of the Company. All the transactions were in the normal course of operations and are measured at the exchanged amount, which is the consideration agreed to by the parties

24. EXPENSES BY NATURE:

The Company's expenses for the years ended August 31, 2016 and August 31, 2015, were comprised of the following:

	AUG 31, 2016	AUG 31, 2015
Personnel and compensation	$ 47,630,673	$ 28,999,456
General and administrative	10,405,522	7,424,991
Occupancy	4,423,180	2,461,131
Administration fees	3,023,050	2,213,696
Public company costs	347,926	338,119
	65,830,351	41,437,393
Depreciation and amortization	6,975,608	3,935,352
Finance expenses	5,258,428	1,648,690
	$ **78,064,387**	**$ 47,021,435**

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statements of comprehensive income, for the years ended August 31, 2016 and August 31, 2015, were comprised of the following:

	AUG 31, 2016	AUG 31, 2015
Operating expenses	$ 63,527,786	$ 39,909,260
Acquisition, integration and reorganization costs	2,302,565	1,528,133
	$ 65,830,351	**$ 41,437,393**

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totalled $227,039 for the year ended August 31, 2016 (2015 – $31,433).

Employee benefits totalled $5,245,234 for the year ended August 31, 2016 (2015 – $2,637,982). These amounts are included in the personnel and compensation expense in these consolidated financial statements.

For the year ended August 31, 2016, the Company incurred $2,302,565 (2015 - $1,528,133) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of professional fees and other non-recurring incremental costs incurred to secure and complete specific acquisitions, non-operating outlays associated with integrating acquired operations into the Company`s business model subsequent to completion of an acquisition, and non-recurring outlays including consulting and recruiting fees and severance costs associated with reorganization of operations.

25. COMPARATIVE FIGURES:

Certain prior period balances have been reclassified to conform with the current year presentation. These reclassifications do not affect prior period's net income.

26. SUBSEQUENT EVENTS:

(a) Private Placement

On September 16, 2016, the Company entered into an agreement with a syndicate which agreed to purchase, on a bought deal private placement basis, 4,730,000 common shares (the "Shares") of the Company at a price of $3.70 per Share (the "Issue Price") with an option, exercisable in whole or in part at any time prior to the closing date, to purchase for resale up to an additional 15% of the Shares at the Issue Price (the "Offering"). The Offering was completed on October 6, 2016 and, pursuant to the Offering, the Company issued 5,439,500 Shares of the Company at a purchase price of $3.70 per Share, including 709,500 Shares issued through the full exercise of the syndicate's over-allotment option, for gross proceeds to the Company of $20,126,150. The members of the syndicate received a cash commission equal to 5.0% of the gross proceeds raised in the Offering.

The net proceeds of the Offering will be used to fund growth initiatives and for general corporate purposes.

The Shares issued in connection with the Offering are subject to a restrictive legend which expires on February 7, 2017.

(b) Shared-based Payments

On October 14, 2016, the Company's Board of Directors granted equity incentive awards to certain independent directors and senior management of the Company under its Security Based Compensation Plan. In particular, the company granted:

- 30,173 stock options to independent directors with an exercise price of $3.99 per option, having terms of eight years, vesting over a period of three years and otherwise subject to the terms of the Security Based Compensation Plan;

- 15,036 DSUs to independent directors, vesting immediately and otherwise subject to the terms of the Security Based Compensation Plan; and

- 170,423 RSUs, subject to performance conditions, to certain senior management, vesting after three years and otherwise subject to the terms of the Security Based Compensation Plan.

On October 19, 2015, the Company conditionally granted 110,724 RSUs relating to the 2016 fiscal year to designated management employees. In November 2016, the Board of Directors confirmed that the conditions attaching to these RSUs were met and accordingly, approved the issuance of all the RSUs granted in respect of the 2016 fiscal year. These RSUs are scheduled to vest on October 19, 2018, conditional upon continued employment with the Company until such vesting date (Note 15(c)).

(c) Loan Repayment

On October 31, 2016, the Company used a portion of net proceeds from the Offering to fully repay the $17,984,955 term acquisition credit facility balance (Note 12).

NOTES

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT TEAM:	Laurie Goldberg, Chief Executive Officer Bonnie Chwartacki, President Dennis Stewner, Chief Financial Officer & Chief Operating Officer Brevan Canning, Executive Vice President, Benefit Solutions Lisa Villani, Executive Vice President, Consulting Solutions John Gallivan, Senior Advisor Glenn Pittman, Vice President, Corporate Development
BOARD OF DIRECTORS:	Laurie Goldberg, Chairman Scott Anderson, Lead Director Richard Leipsic, Director Eric Stefanson, Director
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
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LISTING:	Stock Exchange: TSX-V Symbol: PEO
ANNUAL GENERAL MEETING:	February 27, 2017 3:00 PM Central Standard Time Suite 1800, 360 Main Street Winnipeg, Manitoba R3C 3Z3 Canada

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