Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

people CORPORATION

Experience the Benefits of People

Three months ended November 30, 2015 and November 30, 2014
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements for the three months ended November 30, 2015.

PEOPLE CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars) (unaudited)

	Note	November 30, 2015	August 31, 2015
Assets			
Current assets:			
Cash and cash equivalents		$ 6,618,131	$ 6,514,734
Trade and other receivables		6,936,003	7,199,276
Income taxes receivable		296,936	610,065
Other current assets		914,189	879,282
Total current assets		14,765,259	15,203,357
Non-current assets:			
Property and equipment	4	1,489,255	1,582,820
Goodwill and intangible assets	5	95,945,512	97,087,692
Deferred tax asset		905,189	723,477
Total non-current assets		98,339,956	99,393,989
Total assets		**$ 113,105,215**	**$ 114,597,346**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	6	$ 3,566,253	$ 4,962,924
Deferred revenue	7	4,407,178	4,951,681
Current portion of loans and borrowings	10	2,524,315	2,472,433
Total current liabilities		10,497,746	12,387,038
Accrued and other liabilities	6	1,707,877	1,666,656
Deferred revenue	7	29,733	89,303
Non-controlling interest put options	9	23,528,867	22,649,069
Loans and borrowings	10	22,760,699	22,937,216
Deferred tax liability		10,405,180	10,788,674
Total liabilities		**68,930,102**	**70,517,956**
Shareholders' equity:			
Share capital	11	39,029,883	39,029,883
Contributed surplus		981,382	736,584
Retained earnings		4,163,848	4,312,923
Total shareholders' equity		**44,175,113**	**44,079,390**
Total liabilities and shareholders' equity		**$ 113,105,215**	**$ 114,597,346**

Commitments and contingencies (Note 15)

PEOPLE CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Income
(Expressed in Canadian dollars) (unaudited)

	Note	Three months November 30, 2015	Three months November 30, 2014
Revenue		$ 16,314,894	$ 11,063,577
Operating expenses		12,895,242	8,909,814
Depreciation, amortization and impairment losses	4,5	1,854,073	845,101
Finance expenses	13	1,293,643	673,213
Acquisition, integration and reorganization costs		213,368	60,000
	17	16,256,326	10,488,128
Income before income taxes		**58,568**	**575,449**
Income tax expense:			
Current		772,849	424,769
Deferred		(565,206)	(157,480)
		207,643	267,289
(Loss) Net Income		**$ (149,075)**	**$ 308,160**
(Loss) Earnings per share	11(c)		
Basic		$ (0.003)	$ 0.008
Diluted		$ (0.003)	$ 0.008

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

PEOPLE CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars) (unaudited)

	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 net income for the period		-	-	308,160	308,160
Exercise of stock options	11(b)	232,847	(96,165)	-	136,682
Share-based payments	12(b)(c)(d)	-	45,686	-	45,686
		232,847	(50,479)	308,160	490,528
Balance, November 30, 2014		**$ 22,698,181**	**$ 587,611**	**$ 3,226,666**	**$ 26,512,458**

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, August 31, 2015		$ 39,029,883	$ 736,584	$ 4,312,923	$ 44,079,390
Loss and comprehensive loss for the period		-	-	(149,075)	(149,075)
Share-based payments	12(b)(c)(d)	-	244,798	-	244,798
		-	244,798	(149,075)	95,723
Balance, November 30, 2015		**$ 39,029,883**	**$ 981,382**	**$ 4,163,848**	**$ 44,175,113**

PEOPLE CORPORATION

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars) (unaudited)

	Note	Three months November 30, 2015	Three months November 30, 2014
Operating activities			
(Loss) Net Income for the period		$ (149,075)	$ 308,160
Adjustments for:			
Depreciation	4	323,804	190,365
Amortization of intangible assets	5	1,530,269	654,737
Share-based compensation	12(b)(c)(d)	244,798	45,686
Change in estimated fair value of non-controlling interest put option	13	879,798	231,233
Accretive interest expense	13	116,141	85,582
Deferred tax expense (recovery)		(565,206)	(157,480)
Net cash from operations		2,380,529	1,358,283
Change in the following:			
Trade and other receivables		263,273	(70,535)
Other current assets		(34,907)	(127,434)
Trade payables, accrued and other liabilities		(1,437,675)	71,063
Deferred revenue		(604,073)	(5,128)
Income tax payable		313,129	68,152
Net cash from (used by) working capital items		(1,500,253)	(63,882)
Net cash from operating activities		**880,276**	**1,294,401**
Investing activities			
Acquisition of property and equipment		(230,239)	(50,875)
Acquisition of intangible assets		(388,089)	(36,660)
Net cash used in investing activities		**(618,328)**	**(87,535)**
Financing activities			
Proceeds from exercise of stock options		-	136,682
Proceeds from loans and borrowings		-	7,000,000
Repayment of loans and borrowings		(158,551)	(6,077,744)
Net cash from (used) in financing activities		**(158,551)**	**1,058,938**
Net increase (decrease) in cash and cash equivalents		103,397	2,265,804
Cash and cash equivalents at beginning of the period		6,514,734	2,750,465
Cash and cash equivalents at the end of the period		**$ 6,618,131**	**$ 5,016,269**

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 condensed consolidated interim 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 condensed consolidated interim financial statements for the three months ended November 30, 2015 and November 30, 2014 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2015 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on January 21, 2016.

3. Significant accounting policies:

The accounting policies applied by the Company in these condensed consolidated interim financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended August 31, 2015.

New standards and interpretations not yet adopted

The Company has not early applied the following new and revised Standards and Interpretations that have been issued 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 and cash equivalents flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39. The effective date is for annual periods beginning on or after January 1, 2018.

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

(Expressed in Canadian dollars) (unaudited)

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.

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

4. Property and equipment:

The Company has the following property and equipment:

	Leasehold improvements	Furniture & 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	178,184	24,619	27,436	-	**230,239**
Balance, November 30, 2015	$ 1,602,882	$ 2,225,756	$ 2,460,409	$ 35,000	**$ 6,324,047**
Depreciation					
Balance, August 31, 2014	$ (602,301)	$ (604,424)	$ (994,997)	$ -	**$ (2,201,722)**
Depreciation for the period	(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 period	(118,147)	(73,462)	(130,945)	(1,250)	**(323,804)**
Balance, November 30, 2015	$ (960,316)	$ (1,754,122)	$ (2,100,764)	$ (19,590)	**$ (4,834,792)**
Carrying amounts					
Balance, August 31, 2015	$ 582,529	$ 520,477	$ 463,154	$ 16,660	**$ 1,582,820**
Balance, November 30, 2015	$ 642,566	$ 471,634	$ 359,645	$ 15,410	**$ 1,489,255**

(Expressed in Canadian dollars) (unaudited)

5. Goodwill and intangible assets:

The Company has 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	-	257,078	71,203	59,807	**388,088**
Balance, November 30, 2015	$ 56,068,618	$ 48,028,891	$ 3,577,313	$ 2,558,934	**$110,233,756**
Amortization					
Balance, August 31, 2014	$ -	$ (5,710,344)	$ (2,161,464)	$ (511,341)	**$ (8,383,149)**
Amortization for the period	-	(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 period	-	(1,333,360)	(82,476)	(114,433)	**(1,530,269)**
Balance, November 30, 2015	$ -	$ (9,733,100)	$ (2,573,845)	$ (1,981,300)	**$ (14,288,245)**
Carrying amounts					
Balance, August 31, 2015	$ 56,068,618	$ 39,372,073	$ 1,014,741	$ 632,260	**$ 97,087,692**
Balance, November 30, 2015	$ 56,068,619	$ 38,295,791	$ 1,003,468	$ 577,634	**$ 95,945,512**

6. Trade payables, accrued and other liabilities:

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

	November 30, 2015	**August 31, 2015**
Trade payables and other liabilities	$ 3,558,263	$ 4,954,935
Contingent acquisition consideration	1,220,961	1,183,319
Post-retirement benefits and other liabilities	494,906	491,326
	5,274,130	6,629,580
Less current portion of trade payables, accrued and other liabilities	3,566,253	4,962,924
Total non-current accrued and other liabilities	**$ 1,707,877**	**$ 1,666,656**

(Expressed in Canadian dollars) (unaudited)

Amounts recognized as contingent acquisition consideration at November 30, 2015 represent the estimated undiscounted fair value of $1,308,793 (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 three months ended November 30, 2015 the Company recognized an adjustment to the fair value of the contingent consideration of $37,642 (2015 - $31,301).

7. 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 has the following deferred revenue:

	November 30, 2015	August 31, 2015
Fees received in advance	$ 4,436,911	$ 5,040,984
Less current portion of deferred revenue	4,407,178	4,951,681
Long-term portion of deferred revenue	$ 29,733	$ 89,303

8. Insurance premium liabilities and related cash and cash equivalents:

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

	November 30, 2015	August 31, 2015
Payable to carriers and insured individuals or groups	$ 49,057,760	$ 41,852,258
Less related cash and cash equivalents balances	49,057,760	41,852,258
	$ -	$ -

9. Non-controlling interest put options:

The Company's non-controlling interest put options are as follows:

	November 30, 2015	November 30, 2014
Balance, beginning of period	$ 22,649,069	$ 6,661,351
Change in estimated fair value	879,798	231,233
Balance, end of period	**$ 23,528,867**	**$ 6,892,584**

(i) 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 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%.

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 holds a separate class of Coughlin dividend-bearing shares that is entitled to a priority on the payment of dividends declared to the extent of a specified earnings amount. Coughlin dividend entitlements are paid in arrears on a quarterly basis, commencing September 1, 2015.

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 (collectively, 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 minimum time period between individual exercise dates.

(ii) 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 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 is restricted until August 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.

(Expressed in Canadian dollars) (unaudited)

(iii) 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 is restricted until December 2015, 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.

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.

10. Loans and borrowings:

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

	November 30, 2015	August 31, 2015
Term loans		
(a) A bank loan bearing interest of prime 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, 2017 unless extended pursuant to the agreement.	$ 6,440,000	$ 6,580,000
(b) A bank loan bearing interest of prime 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, 2017 unless extended pursuant to the agreement.	15,775,000	15,775,000
Total term loans	22,215,000	22,355,000

(Expressed in Canadian dollars) (unaudited)

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 matures on December 3, 2015.	188,031	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 matures June 14, 2016.	226,450	230,197
(e) A vendor-take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $1,201,667. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on July 9, 2016.	1,159,318	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 August 29, 2017.	189,644	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.	103,418	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.	1,202,079	1,189,000
Total vendor-take-back loans	3,068,940	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 expires December 1, 2015 and includes an implicit interest rate equal to 11.28%.	1,074	3,935
Total finance lease liabilities	1,074	3,935
	25,285,014	25,409,649

(Expressed in Canadian dollars) (unaudited)

Less current portion of:		
Term loans	700,000	665,000
Vendor take-back loans	1,823,241	1,803,498
Finance lease liabilities	1,074	3,935
	2,524,315	2,472,433
	$ 22,760,699	$ 22,937,216

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

1. $5,000,000 revolving credit facility. As at November 30, 2015, the Company had not utilized this facility (August 31, 2015 - nil).
2. $23,000,000 term acquisition credit facility to fund future acquisitions. As at November 30, 2015, $15,775,000 (August 31, 2015 - $15,775,000) was drawn down on the credit facility in connection with the acquisition of Coughlin.
3. $7,000,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement. As at November 30, 2015, the balance owing on this facility was equal to $6,440,000 (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 Acquisition Revolver by an additional $15,000,000 of capacity. The exercise of the option would result in the size of the Acquisition Revolver being increased to a maximum of $38,000,000 and overall credit capacity being increased to a maximum of $50,000,000.

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

Finance lease liabilities are payable as follows:

			November 30, 2015			August 31, 2015
	Future minimum lease payments	Interest	PV of minimum lease payments	Future minimum lease payments	Interest	PV of minimum lease payments
1-12 months	$ 1,074	$ -	$ 1,074	$ 4,028	$ 93	$ 3,935
13-60 months	-	-	-	-	-	-
	$ 1,074	$ -	$ 1,074	$ 4,028	$ 93	$ 3,935

(Expressed in Canadian dollars) (unaudited)

11. 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
Balance, November 30, 2015	44,958,383	$ 39,029,883

(c) Earnings per share

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

Diluted earnings per share was calculated using the basic calculation described above, and adjusting for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at November 30, 2015 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 three months ended November 30, 2015 and November 30, 2014:

	November 30, 2015	**November 30, 2014**
(Loss) Net income attributable to common shares (basic and diluted)	$ (149,075)	$ 308,160
Weighted average number of common shares (basic)	44,958,383	39,723,810
Add: Dilutive effect of stock options	728,677	1,271,669
Weighted average number of common shares (diluted)	45,687,060	40,995,479
(Loss) Earnings per share (basic)	$ (0.003)	$ 0.008
(Loss) Earnings per share (diluted)	$ (0.003)	$ 0.008

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

12. Share-based payments:

Effective March 6, 2015, the Company established a Security Based Compensation Plan ("SBCP") replacing the Company's existing Stock Option Plan. The SBCP provides for more flexibility in the granting of equity incentive awards. The SBCP 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 SBCP, 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 SBCP 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 SBCP cannot exceed 5,986,222, which number takes into account the common shares that are available for issuance under the ESPP and the SBCP.

(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 November 30, 2015, there were 214 participants (November 30, 2014 – 135) in the plan. The total number of shares purchased during the three months ended November 30, 2015 on behalf of participants, including the Company contribution, was 71,066 shares (November 30, 2014 – 62,920 shares). During the three months ended November 30, 2015, the Company's matching contributions totalled 14,218 shares (November 30, 2014 – 12,597 shares).

For the three months ended November 30, 2015 the Company recorded an expense to recognize the matching contribution equal to $59,797 (November 30, 2014 – $31,753).

(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 SBCP 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 SBCP or five years under the terms of the former Stock Option Plan.

Changes in the number of options outstanding during the three months ended November 30, 2015 and November 30, 2014, are as follows:

(Expressed in Canadian dollars) (unaudited)

	November 30, 2015		November 30, 2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	1,107,679	$ 1.12	1,566,667	$ 0.57
Granted	200,340	3.59	20,000	2.85
Exercised	-	-	(306,664)	0.45
Forfeited and expired	-	-	(8,334)	0.34
Balance, end of period	1,308,019	$ 1.50	1,271,669	$ 0.64
Options exercisable, end of period	708,330		626,665	

Options outstanding at November 30, 2015 consist of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.25 - $ 0.50	475,000	1.22 years	$ 0.41	475,000
$ 0.51 - $ 1.00	293,334	2.42 years	0.63	176,666
$ 1.01 - $ 2.00	125,000	3.21 years	1.71	41,665
$ 2.01 - $ 3.00	190,313	4.05 years	2.92	14,999
$ 3.01 - $ 4.00	210,340	7.87 years	3.64	-
$ 4.01 - $ 4.12	14,032	7.62 years	4.11	-
$ 0.25 - $ 4.12	1,308,019	3.23 years	$ 1.50	708,330

For the three months ended November 30, 2015, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $72,041 (2015 - $45,686).

(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 corporate financial metrics and other performance criteria. In order to earn RSUs a minimum threshold must be achieved, with the maximum number of RSUs being earned upon achievement of the target. During the three months ended November 30, 2015, the Company conditionally granted 110,724 RSUs related to the fiscal year; the RSUs, if earned, are scheduled to vest on October 19, 2018, conditional upon continued employment with the Company until such date.

(Expressed in Canadian dollars) (unaudited)

	November 30, 2015		
	Number of RSUs		Grant price
Balance, beginning of period	38,568	$	4.11
Granted	110,724		3.59
Issued	-		-
Forfeited and expired	-		-
Balance, end of period	149,292	$	3.72

For the three months ended November 30, 2015, the Company recorded an expense to recognize amortization of RSUs granted to employees of the Company equal to $72,757 (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.

	November 30, 2015
	Number of DSUs
Balance, beginning of period	9,730
Granted	16,712
Balance, end of period	26,442

For the three months ended November 30, 2015, the Company recorded an expense related to DSUs granted to directors of the Company equal to $100,000 (2015 - nil) for annual awards covering the 2015 and 2016 fiscal years.

(Expressed in Canadian dollars) (unaudited)

13. Finance expenses:

The Company's finance expenses for the three months ended November 30, 2015 and November 30, 2014 were comprised of the following:

	Note	November 30, 2015	November 30, 2014
Interest and finance costs on long-term debt	10	$ 260,442	$ 339,672
Other finance costs, net		37,262	16,664
Non-cash finance costs			
Accretion expense on vendor-take-back loans	10	73,365	54,343
Accretion on contingent acquisition consideration	6	37,642	31,301
Accretion on post-retirement benefit liability		5,134	-
		116,141	85,644
Change in estimated fair value of non-controlling interest put option	9	879,798	231,233
		995,939	316,877
		$ 1,293,643	$ 673,213

Accretion expense on vendor-take-back loans represents the implied interest cost related to non-interest bearing vendor take-back-loans initially recognized on a discounted basis (Note 10). Accretion on contingent acquisition consideration is a charge to the Company's net income in the period to recognize the change in discounted fair value of the contingent acquisition consideration liability (Note 6).

14. Financial instruments:

Fair value measurement

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

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

	Note	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level 2	(Significant other unobservable inputs) Level 3
November 30, 2015:				
Cash and cash equivalents		$ 6,618,131	$ -	$ -
Contingent acquisition consideration	6	-	-	1,220,961
Non-controlling interest put options	9	-	-	23,528,867
August 31, 2015:				
Cash and cash equivalents		$ 6,514,734	$ -	$ -
Contingent acquisition consideration	6	-	-	1,183,319
Non-controlling interest put options	9	-	-	22,649,069

(Expressed in Canadian dollars) (unaudited)

The carrying value of the Company's trade and other receivables, trade payables, accrued and other liabilities approximate their fair values due to the immediate or short term maturity of these instruments. The carrying value of the long term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

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

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

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

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

15. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to May 2019. Future minimum lease payments as at November 30, 2015 are as follows:

Next 12 months	$	1,771,576
13 - 24 months		1,674,875
25 - 36 months		1,202,507
37 - 48 months		585,891
49 - 60 months		436,693
	$	5,671,542

(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.

16. Related parties:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non-cash and cash equivalents benefits and participation in the Employee Share Purchase Plan (Note 12(a)) and SBCP (Note 12(b),(c)).

The following table details the compensation paid to key management personnel during the three months ended November 30, 2015 and 2014:

(Expressed in Canadian dollars) (unaudited)

	November 30, 2015	November 30, 2014
Salaries, fees and short-term employee benefits	$ 282,498	$ 472,423
Share-based payments	55,032	34,387
	$ 337,530	$ 506,810

(b) Key management personnel and director transactions

As at November 30, 2015, directors and key management personnel owned 19.16% (November 30, 2014 - 23.12%) of the voting shares of the Company.

As at November 30, 2015, the Company engages in transactions with Directors and key management personnel of the Company. All the transactions are in the normal course of operations and are measured at the exchanged amount, which is the consideration agreed to by the parties.

17. Expenses by nature:

The Company's expenses for the three months ended November 30, 2015 and November 30, 2014 were comprised of the following:

	November 30, 2015	November 30, 2014
Personnel and compensation	$ 9,893,295	$ 6,433,917
General and administrative	1,511,684	1,385,069
Occupancy	891,406	550,813
Administration fees	711,705	531,178
Public company costs	100,520	68,837
	13,108,610	8,969,814
Depreciation, amortization and impairment losses	1,854,073	845,101
Finance expenses	1,293,643	673,213
	$ 16,256,326	$ 10,488,128

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statement of comprehensive income, for the three months ended November 30, 2015 and November 30, 2014 were comprised of the following:

	November 30, 2015	November 30, 2014
Operating expenses	$ 12,895,242	$ 8,909,814
Acquisition, integration and reorganization costs	213,368	60,000
	$ 13,108,610	$ 8,969,814

For the three months ended November 30, 2015 the Company incurred $213,368 (2014 - $60,000) 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.

18. 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.