Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

people CORPORATION

Experience the Benefits of People

Three months ended November 30, 2017 and 2016
(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, 2017.

PEOPLE CORPORATION

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

	Note	November 30, 2017	August 31, 2017
Assets			
Current assets:			
Cash		$ 38,684,023	$ 17,933,832
Trade and other receivables		8,524,780	11,233,804
Income taxes receivable		241,508	843,724
Prepaid and other current assets		731,351	1,376,436
Total current assets		48,181,662	31,387,796
Non-current assets:			
Property and equipment	4	6,132,055	2,666,248
Goodwill and intangible assets	5	133,422,125	134,943,617
Loans receivable	6	1,954,974	954,974
Total non-current assets		141,509,154	138,564,839
Total assets		**$ 189,690,816**	**$ 169,952,635**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	7	$ 10,619,340	$ 14,919,459
Deferred revenue		3,649,500	3,997,864
Current portion of loans and borrowings	10	3,541,591	3,627,518
Total current liabilities		17,810,431	22,544,841
Accrued and other liabilities	7	1,110,573	1,199,871
Non-controlling interest put options	9	35,053,112	34,059,108
Loans and borrowings	10	32,350,960	32,899,207
Deferred tax liability		9,788,891	10,878,605
Total liabilities		**96,113,967**	**101,581,632**
Shareholders' equity:			
Share capital	11	83,464,681	58,861,256
Contributed surplus		2,031,573	1,892,859
Retained earnings		8,080,595	7,616,888
Total shareholders' equity		**93,576,849**	**68,371,003**
Total liabilities and shareholders' equity		**$ 189,690,816**	**$ 169,952,635**

Commitments and contingencies (Note 14)
Comparative figures (Note 17)
Subsequent Events (Note 18)

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

PEOPLE CORPORATION

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

	Note	Three months November 30, 2017	Three months November 30, 2016
Revenue		$ 28,470,096	$ 23,344,727
Operating expenses		22,380,782	19,234,490
Depreciation and amortization	4,5	2,206,429	1,922,574
Finance expenses	13	1,628,824	1,848,631
Acquisition, integration and reorganization costs	16	888,600	260,337
	16	27,104,635	23,266,032
Income before income taxes		**1,365,461**	**78,695**
Income tax expense (recovery):			
Current		1,633,210	999,116
Deferred		(731,456)	(644,917)
		901,754	354,199
Net income (loss) and comprehensive income (loss)		**$ 463,707**	**$ (275,504)**
Earnings (loss) per share	11(c)		
Basic		$ 0.009	$ (0.006)
Diluted		$ 0.009	$ (0.006)

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, 2016		**$ 39,333,725**	**$ 1,213,006**	**$ 4,138,129**	**$ 44,684,860**
Loss and comprehensive loss for the period		-	-	(275,504)	(275,504)
Issuance of common shares	11(b)	18,946,403	-	-	18,946,403
Exercise of stock options	11(b)	47,424	(19,799)	-	27,625
Share-based payments	12(b)(c)(d)	-	246,676	-	246,676
		18,993,827	226,877	(275,504)	18,945,200
Balance, November 30, 2016		**$ 58,327,552**	**$ 1,439,883**	**$ 3,862,625**	**$ 63,630,060**
Net income and comprehensive income for the period		-	-	3,754,263	3,754,263
Issuance of common shares	11(b)	312,633	-	-	312,633
Exercise of stock options	11(b)	221,071	(88,770)	-	132,301
Share-based payments	12(b)(c)(d)	-	541,746	-	541,746
		533,704	452,976	3,754,263	4,740,943
Balance, August 31, 2017		**$ 58,861,256**	**$ 1,892,859**	**$ 7,616,888**	**$ 68,371,003**
Net income and comprehensive income for the period		-	-	463,707	463,707
Issuance of common shares	11(b)	24,252,189	-	-	24,252,189
Exercise of stock options	11(b)	351,236	(90,846)	-	260,390
Share-based payments	12(b)(c)(d)	-	229,560	-	229,560
		24,603,425	138,714	463,707	25,205,846
Balance, November 30, 2017		**$ 83,464,681**	**$ 2,031,573**	**$ 8,080,595**	**$ 93,576,849**

PEOPLE CORPORATION

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

	Note	Three months November 30, 2017	Three months November 30, 2016
Operating activities			
Net income (loss) for the period		$ 463,707	$ (275,504)
Adjustments for:			
Depreciation	4	284,324	193,337
Amortization of intangible assets	5	1,922,105	1,729,237
Share-based compensation	12(b)(c)(d)	229,560	246,676
Change in estimated fair value of non-controlling interest put option	9	1,258,181	1,531,456
Accretive interest expense	13	16,752	17,640
Deferred tax recovery		(731,456)	(719,765)
Net cash from operations		3,443,173	2,723,077
Change in the following:			
Trade and other receivables		2,756,810	1,017,859
Prepaid and other current assets		645,085	12,459
Trade payables, accrued and other liabilities		(4,362,298)	(6,200,049)
Deferred revenue		(348,364)	(360,590)
Income taxes receivable		602,216	(183,958)
Net cash used for working capital items		(706,551)	(5,714,279)
Net cash from (used in) operating activities		**2,736,622**	**(2,991,202)**
Investing activities			
Acquisition of property and equipment	4	(3,750,131)	(132,515)
Acquisition of intangible assets	5	(448,399)	(968,427)
Net cash used in investing activities		**(4,198,530)**	**(1,100,942)**
Financing activities			
Proceeds from exercise of stock options		260,390	27,625
Outflows relating to loan advances	6	(1,000,000)	-
Repayment of loans and borrowings		(657,360)	(18,558,799)
Proceeds from private placement of shares, net	11(b)	23,873,246	18,946,403
Payment of dividends on non-controlling interest	9	(264,177)	(225,000)
Net cash from financing activities		**22,212,099**	**190,229**
Net increase (decrease) in cash		20,750,191	(3,901,915)
Cash at beginning of the period		17,933,832	14,369,959
Cash at the end of the period		**$ 38,684,023**	**$ 10,468,044**

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

(Expressed in Canadian dollars) (unaudited)

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 corporate office is 1403 Kenaston Boulevard, 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, third-party benefits administration services, pension consulting and human resources consulting 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, 2017 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, 2017 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on January 18, 2018.

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, 2017.

4. Property and equipment:

The Company had the following property and equipment:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Automobiles	Total
Cost					
Balance, August 31, 2016	$ 1,959,420	$ 2,450,310	$ 2,712,087	$ 119,181	**$ 7,240,998**
Additions	1,054,946	86,309	344,059	-	**1,485,314**
Write down of property and equipment	-	(2,668)	-	-	**(2,668)**
Acquisition through business combination	-	69,138	94,148	-	**163,286**
Balance, August 31, 2017	3,014,366	2,603,089	3,150,294	119,181	**8,886,930**
Additions	2,941,750	596,338	212,043	-	**3,750,131**
Balance, November 30, 2017	$ 5,956,116	$ 3,199,427	$ 3,362,337	$ 119,181	**$ 12,637,061**

(Expressed in Canadian dollars) (unaudited)

Depreciation					
Balance, August 31, 2016	$ (1,140,816)	$ (1,846,705)	$ (2,265,824)	$ (33,667)	**$ (5,287,012)**
Depreciation for the period	(398,234)	(176,958)	(335,487)	(25,654)	**(936,333)**
Disposals	-	2,663	-	-	**2,663**
Balance, August 31, 2017	(1,539,050)	(2,021,000)	(2,601,311)	(59,321)	**(6,220,682)**
Depreciation for the period	(187,027)	(13,795)	(79,013)	(4,489)	**(284,324)**
Balance, November 30, 2017	$ (1,726,077)	$ (2,034,795)	$ (2,680,324)	$ (63,810)	**$ (6,505,006)**
Carrying amounts					
Balance, August 31, 2017	$ 1,475,316	$ 582,089	$ 548,983	$ 59,860	**$ 2,666,248**
Balance, November 30, 2017	$ 4,230,039	$ 1,164,632	$ 682,013	$ 55,371	**$ 6,132,055**

Additions in the current period include $3,426,091 related to development of the Company's new Winnipeg-based corporate office.

5. 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, 2016	$ 70,734,590	$ 60,993,722	$ 3,837,994	$ 3,665,216	**$139,231,522**
Additions	-	1,090,049	42,006	1,817,147	**2,949,202**
Acquisition through business combination	8,999,592	10,164,876	-	70,998	**19,235,466**
Balance, August 31, 2017	79,734,182	72,248,647	3,880,000	5,553,361	**161,416,190**
Additions	-	-	31,644	416,755	**448,399**
Write down and disposal of assets	-	(47,786)	-	-	**(47,786)**
Balance, November 30, 2017	$ 79,734,182	$ 72,200,861	$ 3,911,644	$ 5,970,116	**$161,816,803**
Amortization					
Balance, August 31, 2016	$ -	$ (13,717,645)	$ (2,821,274)	$ (2,418,641)	**$ (18,957,560)**
Amortization for the period	-	(6,248,644)	(474,355)	(792,014)	**(7,515,013)**
Balance, August 31, 2017	-	(19,966,289)	(3,295,629)	(3,210,655)	**(26,472,573)**
Amortization for the period	-	(1,741,724)	(24,779)	(155,602)	**(1,922,105)**
Balance, November 30, 2017	$ -	$ (21,708,013)	$ (3,320,408)	$ (3,366,257)	**$ (28,394,678)**

(Expressed in Canadian dollars) (unaudited)

Carrying amounts					
Balance, August 31, 2017	$ 79,734,182	$ 52,282,358	$ 584,371	$ 2,342,706	**$134,943,617**
Balance, November 30, 2017	$ 79,734,182	$ 50,492,848	$ 591,236	$ 2,603,859	**$133,422,125**

6. Loans receivable:

The Company had the following loans receivable:

	November 30, 2017	August 31, 2017
Loans receivable	$ 2,044,110	$ 1,044,110
Less current portion of loans receivable	(89,136)	(89,136)
Total non-current accrued and other liabilities	**$ 1,954,974**	**$ 954,974**

The Company holds an interest-bearing loan which was issued to facilitate the transfer of certain retained economic interests between non-related parties (see Note 9).

During the period, the Company entered into an agreement with an employee in which it provided a $1,000,000 interest-bearing loan forgivable over ten years subject to certain conditions. In addition, the agreement provides for future additional advances subject to certain conditions.

7. Trade payables, accrued and other liabilities:

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

	November 30, 2017	August 31, 2017
Trade payables and other liabilities	$ 10,262,930	$ 14,487,050
Provision for onerous contracts	813,375	896,300
Post-retirement benefits and other liabilities	653,608	735,980
	11,729,913	16,119,330
Less current portion of trade payables, accrued and other liabilities	10,619,340	14,919,459
Total non-current accrued and other liabilities	**$ 1,110,573**	**$ 1,199,871**

8. 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.

(Expressed in Canadian dollars) (unaudited)

	November 30, 2017	August 31, 2017
Payable to carriers and insured individuals or groups	$ 65,810,585	$ 62,010,813
Less related cash balances	65,810,585	62,010,813
	$ -	**$ -**

9. Non-controlling interest put options:

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

	Note	November 30, 2017	August 31, 2017
Balance, beginning of period		$ 34,059,108	$ 32,571,809
Change in estimated fair value	13	1,258,181	3,617,211
Less payment of dividends on non-controlling interest		(264,177)	(1,679,008)
Less non-controlling interest put options exercised		-	(450,904)
Balance, end of period		**$ 35,053,112**	**$ 34,059,108**

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 features.

(i) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals, through a class of 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”), can collectively hold an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). As at November 30, 2017, the BPA Principals held 16.2% of the aggregate BPA Retained Economic Interest. The remaining 16.8% of BPA Share Options will vest, and are expected to be exercised, evenly on an annual basis over the next 3 years.

The Company holds a separate class of non-voting, non-cumulative, dividend-bearing shares of BPA ("BPA Company Shares"). The Company is entitled to a priority on the payment of dividends declared on the BPA Company Shares to the extent of a specified earnings amount. The BPA Principals are entitled to a payment of dividends declared on the BPA Principal Shares. Divided payments from the BPA Company Shares and the BPA Principal Shares are issued in arrears on a quarterly basis.

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 liability recognized in connection with the BPA Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPA Principal Shares and the BPA Put Options, has been determined based on a pre-determined formula, including the exercise of BPA Share Options on vesting, defined in an agreement which is based on a multiple of estimated future earnings of BPA, the estimated future exercise dates of BPA Put Options and other factors. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after August 31, 2019, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(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% on August 31, 2020, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the five year period following the date of close, 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 31, 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On September 1, 2016, 1,000 Coughlin Vendor Shares with a total value of $450,904 were acquired by the Company resulting from the exercise of certain Coughlin Put Options. As at November 30, 2017, the Company's economic interest in Coughlin was 67.0%

(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 was three years from the effective date of the agreement, and is 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, and is 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. As no non-controlling put options were exercised and unsettled as at November 30, 2017, the Company had no specific contractual cash flows payable.

Significant unobservable inputs assumptions include: (i) put option exercises over periods ranging from 6 to 60 months; (ii) Contractually-defined *EBITDA* of BPA, Coughlin, H+P and Bencom before considering the retained economic interest attributable the respective vendors generated ("Put EBITDA") as at November 30, 2017 equal to $20.8 million; (iii) growth rates applied to Put EBITDA ranging from 1.2% to 11.9% annually based on historical results; and (iv) discount rate of 16%. An increase in the Put EBITDA would result in an increase to the liability associated with the non-controlling put options. A 1% change in the discount rate would decrease or increase the liability associated with the non-controlling put options by $0.9 million.

(Expressed in Canadian dollars) (unaudited)

10. Loans and borrowings:

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

	November 30, 2017	August 31, 2017
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.	$ 18,327,375	$ 18,882,750
(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.	14,500,000	14,500,000
Total term loans	32,827,375	33,382,750
Vendor take-back loans		
(c) 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.	-	99,040
(d) 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.	843,844	834,762
(e) A vendor take-back loan bearing no interest per annum, unsecured, payable in two annual installments of $750,000. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on April 12, 2019.	1,468,432	1,459,912
(f) A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments: $325,000 in the first year and $425,180 in the second year. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on July 31, 2019.	726,990	722,366

(Expressed in Canadian dollars) (unaudited)

Total vendor take-back loans	3,039,266	3,116,080
Finance lease liabilities		
(g) 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%.	25,910	27,895
Total finance lease liabilities	25,910	27,895
	35,892,551	36,526,725
Less current portion of:		
Term loans	2,221,500	2,221,500
Vendor take-back loans	1,304,125	1,394,089
Finance lease liabilities	15,966	11,929
	3,541,591	3,627,518
	$ 32,350,960	**$ 32,899,207**

The Company is a party to an agreement with a syndicate of Canadian banks, which included the following components:

1. $5,000,000 revolving credit facility to fund operating cash flow needs. As at November 30, 2017, the Company had not utilized this facility (August 31, 2017 - nil).
2. $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 November 30, 2017, the balance owing on this facility was equal to $18,327,375 (August 31, 2017 - $18,882,750).
3. $34,000,000 term acquisition credit facility to fund future acquisitions. As at November 30, 2017, $14,500,000 (August 31, 2017 - $14,500,000) was drawn down on the credit facility in connection with the acquisitions of Sirius and Skipwith.

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. Subsequent to the end of the period, the credit facility was amended. See Note 18(b).

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

(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, 2016	45,225,050	$	39,333,725
Private placement of shares	5,439,500		19,259,036
Exercise of stock options	336,590		268,495
Balance, August 31, 2017	51,001,140		58,861,256
Private placement of shares	3,776,600		24,252,189
Exercise of stock options	89,445		351,236
Balance, November 30, 2017	**54,867,185**	**$**	**83,464,681**

On October 6, 2016, the Company closed a private placement offering of 5,439,500 shares at a price of $3.70 per share, for gross proceeds of $20,126,150. The offering resulted in net proceeds of $19,259,036 after share issuance and commission costs, including a deferred tax asset of $312,633 relating to share issuance and commission costs.

On November 22, 2017, the Company closed a private placement offering of 3,776,600 shares at a price of $6.70 per share, for gross proceeds of $25,303,220. The offering resulted in net proceeds of $24,252,189 after share issuance and commission costs, including a deferred tax asset of $378,943 relating to share issuance and commission costs. See Note 18(b).

(c) Earnings per share

Basic earnings per share is calculated by dividing net income (loss) 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 income (loss) 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 November 30, 2017 that would have been issued by the Company under its stock option plans.

(Expressed in Canadian dollars) (unaudited)

The following details the earnings per share, basic and diluted, calculations for the three months ended November 30, 2017 and 2016.

	November 30, 2017	November 30, 2016
Net income (loss) attributable to common shares (basic and diluted)	$ 463,707	$ (275,504)
Weighted average number of common shares (basic)	51,435,465	48,534,088
Add: Dilutive effect of stock options	1,632,632	729,565
Weighted average number of common shares (diluted)	53,068,097	49,263,653
Net income (loss) per share (basic)	$ 0.009	$ (0.006)
Net income (loss) per share (diluted)	$ 0.009	$ (0.006)

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

12. Share-based payments:

The Company's Security Based Compensation Plan allows for the issuance of stock options, restricted stock units and deferred stock units.

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 Company's 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 November 30, 2017, there were 295 participants (November 30, 2016 – 214) in the plan. The total number of shares purchased during the three months ended November 30, 2017 on behalf of participants, including the Company contribution, was 54,009 shares (November 30, 2016 – 65,210 shares). During the three months ended November 30, 2017, the Company’s matching contributions totaled 10,802 shares (November 30, 2016 – 13,042 shares).

For the three months ended November 30, 2017 the Company recorded an expense to recognize the matching contribution equal to $73,709 (November 30, 2016 – $53,487).

(b) Stock option plans

Stock 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.

(Expressed in Canadian dollars) (unaudited)

Changes in the number of options outstanding during the three months ended November 30, 2017 and 2016, were as follows:

	November 30, 2017		**November 30, 2016**	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	1,298,480	$ 2.73	1,504,897	$ 2.08
Granted	39,847	7.14	30,173	3.99
Exercised	(89,445)	2.87	(65,000)	0.43
Balance, end of period	**1,248,882**	**$ 2.73**	**1,470,070**	**$ 2.19**

	November 30, 2017	**November 30, 2016**
Options exercisable, end of period	**594,986**	**673,218**

For the three months ended November 30, 2017, the Company received proceeds equal to $260,390 (2016 - $27,625) from the exercise of 89,445 (2016 - 65,000) options. Related to these transactions, the Company transferred $90,846 (2016 - $19,799) from contributed surplus to share capital.

Options outstanding at November 30, 2017 consisted of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.51 - $ 1.00	193,334	0.40 years	0.63	193,334
$ 1.01 - $ 2.00	125,000	1.21 years	1.71	125,000
$ 2.01 - $ 3.00	492,184	5.32 years	2.88	110,832
$ 3.01 - $ 4.00	284,485	6.10 years	3.58	156,467
$ 4.01 - $ 5.00	114,032	7.09 years	4.43	9,353
$ 7.01 - $ 7.22	39,847	7.93 years	7.14	-
$ 0.25 - $ 7.22	1,248,882	4.57 years	$ 2.73	594,986

For the three months ended November 30, 2017, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $70,519 (2016 - $103,468).

(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.

(Expressed in Canadian dollars) (unaudited)

For the three months ended November 30, 2017, the Company conditionally granted 149,488 RSUs related to the current fiscal year; the RSUs, if earned, are scheduled to vest on or after November 30, 2019, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the three months ended November 30, 2017 and November 30, 2016, were as follows:

	November 30, 2017		November 30, 2016	
	Number of RSUs	Grant price $	Number of RSUs	Grant price $
Balance, beginning of period	325,156	$ 3.87	128,680	$ 3.73
Granted	149,488	6.59	170,423	3.99
Forfeited	-	-	(3,466)	4.11
Balance, end of period	**474,644**	**$ 4.73**	**295,637**	**$ 3.88**

The fair value RSU's awarded is determined at grant date calculated based on the volume weighted average price of the Company's common shares for the ten business days preceding grant date and the related salary expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied. The number of RSUs awarded is determined based on the fair market value of those RSUs on the date credited.

Subsequent to November 30, 2017, the company settled 31,203 fully vested RSUs.

For the three months ended November 30, 2017, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to $99,041 (2016 - $83,208).

(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.

Changes in the number of DSUs outstanding during the three months ended November 30, 2017 and November 30, 2016, were as follows:

	November 30, 2017		November 30, 2016	
	Number of DSUs	Grant price $	Number of DSUs	Grant price $
Balance, beginning of period	41,478	$ 3.78	26,442	$ 3.78
Granted	9,104	6.59	15,036	3.99
Balance, end of period	**50,582**	**$ 4.35**	**41,478**	**$ 3.86**

(Expressed in Canadian dollars) (unaudited)

The fair value DSU's awarded is determined at grant date calculated based on the volume weighted average price of the Company's common shares for the ten business days preceding grant date and the related salary expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied, if any. The number of DSUs awarded is determined based on the fair market value of those DSUs on the date credited.

For the three months ended November 30, 2017, the Company recorded an expense to recognize DSUs granted to directors of the Company equal to $60,000 (2016 - $60,000) for annual awards covering the 2017 fiscal year.

For the year ended November 30, 2017 the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to $229,560 (November 30, 2016 – $246,676).

13. Finance expenses:

The Company's finance expenses for the three months ended November 30, 2017 and November 30, 2016 were comprised of the following:

	Note	November 30, 2017	November 30, 2016
Interest and finance costs on long-term debt	10	$ 251,252	$ 295,555
Other finance costs, net		102,639	3,980
Non-cash finance costs			
Accretion expense on vendor take-back loans and long-term liabilities		16,752	17,640
Change in estimated fair value of non-controlling interest put option	9	1,258,181	1,531,456
		1,274,933	1,549,096
		$ 1,628,824	$ 1,848,631

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).

14. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to December 2027. Future minimum lease payments as at November 30, 2017 are as follows:

Next 12 months	$ 4,677,117
13 - 24 months	3,885,718
25 - 36 months	3,644,396
37 - 48 months	2,981,807
49 - 60 months	2,475,319
Thereafter	6,161,797
	$ 23,826,154

(Expressed in Canadian dollars) (unaudited)

(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's view is 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.

15. 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 12(a)) and Security Based Compensation Plan (Note 12(b)(c),(d)).

The following table details the compensation paid to key management personnel during the three months ended November 30, 2017 and 2016:

	November 30, 2017	November 30, 2016
Salaries, fees and short-term employee benefits	$ 542,095	$ 513,403
Share-based payments	180,080	156,090
	$ 722,175	$ 669,493

(b) Key management personnel and director transactions

As at November 30, 2017, directors and key management personnel owned 16.09% (November 30, 2016 - 17.11%) of the voting shares of the Company.

During the three months ended November 30, 2017 and November 30, 2016, the Company engaged in transactions with key management personnel of the Company, which are in the normal course of operations and measured at the exchanged amount, being the consideration agreed to by the parties.

(Expressed in Canadian dollars) (unaudited)

16. Expenses by nature:

The Company's expenses for the three months ended November 30, 2017 and November 30, 2016 were comprised of the following:

	November 30, 2017	November 30, 2016
Personnel and compensation	$ 17,335,355	$ 14,123,887
General and administrative	3,462,415	3,043,090
Occupancy	1,502,526	1,418,666
Administration fees	907,848	825,060
Public company costs	61,238	84,124
	23,269,382	19,494,827
Depreciation and amortization	2,206,429	1,922,574
Finance expenses	1,628,824	1,848,631
	$ 27,104,635	$ 23,266,032

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statements of comprehensive income, for the three months ended November 30, 2017 and November 30, 2016 were comprised of the following:

	November 30, 2017	November 30, 2016
Operating expenses	$ 22,380,782	$ 19,234,490
Acquisition, integration and reorganization costs	888,600	260,337
	$ 23,269,382	$ 19,494,827

For the three months ended November 30, 2017 the Company incurred $888,600 (2016 - $260,337) 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.

17. Comparative figures:

Certain prior period balances have been reclassified to conform with the current year presentation. The Company revised the classification of certain expenses by nature to better reflect the substance of certain transactions.

18. Subsequent events:

(a) Acquisition of Assurances Dalbec

On December 4, 2017, the Company acquired specific assets, liabilities and business operations of Assurances Dalbec Ltée ("Dalbec"), a Third Party Administrator (TPA) and Third Party Payor (TPP) service provider for employee benefit plans of small and medium-sized companies in the Québec market. The Company has acquired the assets of Dalbec for a purchase price of $16.1 million, subject to post-closing adjustments. The purchase price is comprised of a payment of $11.3 million at closing and the remaining $4.8 million in the form of a vendor note to be repaid in installments on the first, second, and third anniversaries of the closing. The deferred payments are subject to potential adjustments related to the financial performance of the business over that period.

The $11.3 million payment issued on close was funded from net proceeds of the private placement share offering completed on November 22, 2017 (Note 11(b)). The additional payments are expected to be paid from available cash resources on the anniversaries.

(b) Amendment to Credit Facility

On December 4, 2017, in conjunction with the acquisition of Dalbec, the Company's senior lender increased its existing credit facility by $22,085,000 to a total of $83,300,000. The amended credit facility consists of a $5,000,000 revolving facility (the "Revolving Credit Facility"), a $19,500,000 term loan (the "Term Loan") with $9,500,000 delayed draw on the term loan (the "Delayed Draw), and a $48,800,000 revolving acquisition facility (the "Acquisition Revolver") with an option, subject to the satisfaction of certain terms and conditions, to increase the Acquisition Revolver by an additional $15,000,000 (the "Accordion Feature") of capacity, which would result in the size of the Acquisition Revolver being increased to $82,800,000, and overall credit capacity being increased to $97,800,000. Subsequent to November 30, 2017, The Company drew $5,000,000 against the delayed draw term and repaid the $14,500,000 Acquisition Revolver.