Management's Discussion & Analysis
(Expressed in Canadian Dollars)

People Corporation

Experience the Benefits of People

As at and for the three and nine months ended May 31, 2014

PEOPLE CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2014

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of July 16, 2014 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of the Company, including the notes thereto, as at and for the year ended August 31, 2013, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") and the unaudited interim condensed consolidated financial statements as at and for the three and nine months ended May 31, 2014 (the "May 31, 2014 Interim Consolidated Financial Statements"), unless otherwise specified. Annual references are to the Company's fiscal year which ends August 31. The financial data discussed in this MD&A, including financial data relating to comparative periods in the prior year, has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.peoplecorporation.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Use of words such as "may", "will", "expect", "believe", or other words of similar effect may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in the Company's publicly filed documents (available on SEDAR at www.sedar.com) and in this MD&A under the heading "Risks and Uncertainties". Those risks and uncertainties include the ability to maintain profitability and manage organic or acquisition growth, reliance on information systems and technology, reputation risk, dependence on key clients, reliance on key professionals and general economic conditions. Many of these risks and uncertainties can affect the Company's actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by the Company or on its behalf. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. All forward-looking statements in this MD&A are qualified by these cautionary statements. These statements are made as of the date of this MD&A and, except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, its financial or operating results or its securities.

Readers are cautioned that net income before finance expense, income tax expense, depreciation and amortization ("**EBITDA**") or EBITDA before non-recurring acquisition and transaction costs ("**Adjusted EBITDA**"), Operating Income before Corporate Costs, Corporate Costs, Adjusted Working Capital, Operating Working Capital and other similar terms do not have standardized meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that EBITDA, Adjusted EBITDA or Operating Income before Corporate Costs should not replace Net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance.

PEOPLE CORPORATION

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AS AT AND FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2014

TABLE OF CONTENTS

People Corporation (the "**Company**") is an employee benefit, pension and human resource consulting firm in Canada. With a growing national footprint of twenty-eight offices and satellite offices in seven provinces, the Company is bringing together leading consultants in the industry, offering innovative and customized benefit, pension and human resource solutions to its clients. The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "PEO".

The Company was again recognized as part of the annual PROFIT 500, the definitive ranking of Canada's Fastest-Growing Companies by PROFIT Magazine. Ranking Canada's Fastest-Growing Companies by five-year revenue growth, the PROFIT 500 profiles the country's most successful growth companies. A joint venture between Canada's premier business brands, the PROFIT 500 is published in the July issue of Canadian Business and online at PROFITguide.com. People Corporation reported a five-year revenue growth of 377%.

FINANCIAL HIGHLIGHTS

	May 31, 2014		May 31, 2013	
	Three months ended	**Nine months ended**	**Three months ended**	**Nine months ended**
Revenue	$ 11,572.0	$ 32,549.5	$ 8,665.6	$ 23,817.5
Adjusted EBITDA	$ 1,964.9	$ 6,147.4	$ 1,325.0	$ 3,425.6
Adjusted EBITDA per share (Basic)	$ 0.054	$ 0.180	$ 0.040	$ 0.104
Net Income	$ 142.9	$ 1,966.1	$ 418.4	$ 841.1
Net income per share (Basic)	$ 0.004	$ 0.058	$ 0.013	$ 0.025

For the nine months ended May 31, 2014, the Company reported revenue growth of $8,732 or 36.7%. The increase in revenue reported for the nine months ended May 31, 2014 as compared to the prior year is due to both acquired growth and organic growth.

Approximately one-third ($2,484.2 or 28.4%) of the increase in revenue represents organic growth in the business, attributable to the activities discussed below such, as efforts to expand the Company's team of benefits consultants and the additions to the Shared Services product/service offering, which has resulted in additional revenue from existing clients as well as the addition of new clients. The balance of the revenue growth, $6,247.8 or 71.6%, was generated through the prior year acquisitions of H+P, Prosure, and Bencom as hereinafter defined.

Adjusted EBITDA for the nine months ended May 31, 2014 was $6,147.4 million, representing an increase of 79.5% or $2,721.8, as compared to the same period in 2013. Adjusted EBITDA margin increased from 14.4% for the nine months ended May 31, 2013 to 18.9% for the nine months ended May 31, 2014. The growth in Adjusted EBITDA and margin improvements are a result of the operating leverage in the business, as the revenue associated with past investments in operations effectively increases operating earnings with limited additional incremental corporate investment or expense.

Net Income increased $1,125.0 or 133.8% for the nine months ended May 31, 2014. The increase in net income is due to growth in Adjusted EBITDA offset by incremental income tax expense as well as interest expense attributable to debt issued in connection with the transactions completed during the prior year and to various non-cash expenses related to the accounting entries for items such as accretion expense on vendor-take-back loans, accretion expense on contingent consideration and amortization of intangible assets.

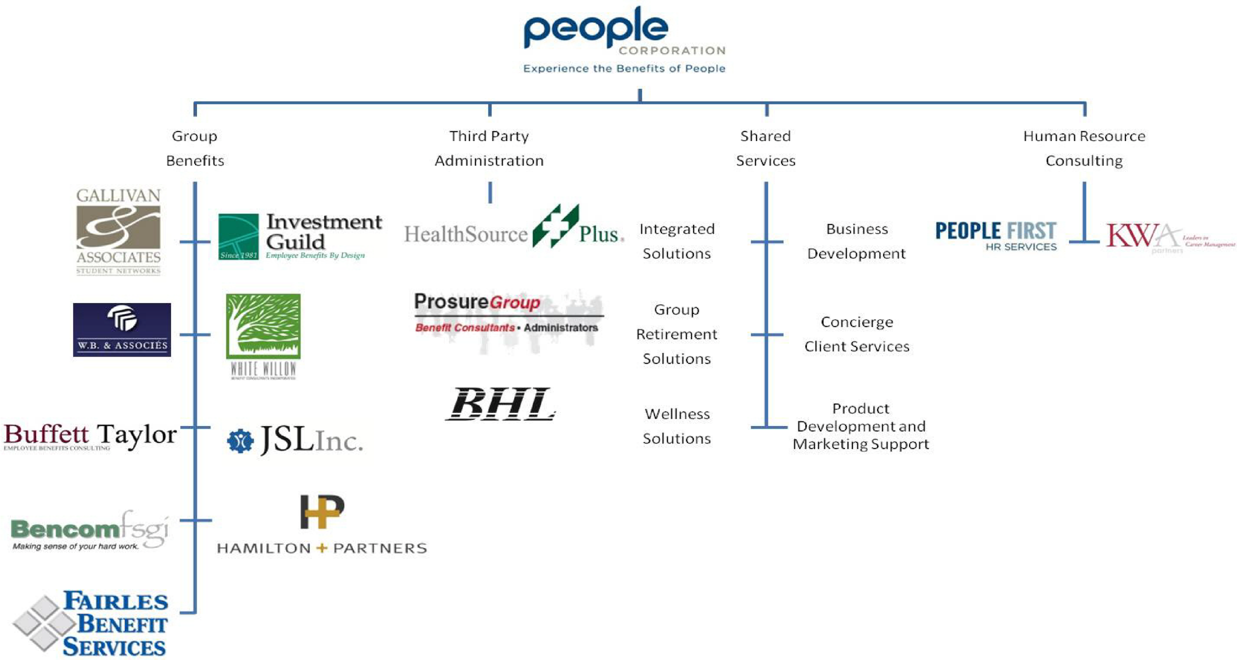
The decrease of $275.5 in net income for the three months ended May 31, 2014 is due to factors similar to those affecting the nine month period.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third-party benefits administration, group retirement consulting, strategic human resource consulting and recruitment services to help companies attract, retain and reward employees. The Company achieves this through its approximately 200 professionals and support staff with twenty-eight offices and satellite offices in seven provinces and earns its revenues from a diverse base of clients in various industries. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders; i) shareholders, ii) clients, iii) acquisition partners, and iv) employees.

The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the Company to continue to grow and execute on its vision. The Company has a funnel of potential acquisitions in place and available financial and management resources to execute such acquisitions in accordance with its corporate strategic plan.

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



The Company has offices across Canada; each led by a team of experts and backed by the resources of a public company. The Company's diverse team of experienced consultants have industry-specific expertise and can provide businesses with insight to customize an innovative suite of services specific for their business requirements. The Company is committed to helping businesses attract, retain and reward their people thereby assisting in the achievement of the client goals.

While the Company continues to go-to-market with the various brands acquired through acquisition, the Company is organized in such a way as to leverage the capabilities of the entire organization. People Corporation can help businesses attract the right talent for the job and provide the right incentives to motivate employees to excel, enabling client businesses to prosper.

People Corporation helps businesses:

<u>Attract</u> — 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.

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

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

Group Benefits

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

Expertise	The Company's consultants are recognized industry leaders who can create unparalleled value for a client’s organization. Through the experience of working with hundreds of clients, the Company's consultants have developed broad, as well as specialized, product, insurance and industry expertise.
Custom Solutions	The Company's broad range of innovative and proprietary group benefit solutions can be tailored to suit organizations of any size, in any sector. This is achieved through our partner relationships, the ability to leverage our various systems & platforms and through the expertise of consultants and staff.
Industry Leading Pricing	As a national provider, the Company's buying power allows it to offer clients the best products on the best terms.
Independent Guidance	The Company's expert advice is unbiased and independent. The Company works with all major insurers to provide clients with the best customized solution for its client’s business and people.
National Servicing	With offices across the country, the Company can provide clients with servicing on a localized basis.

Below is a summary of the Company’s various operating brands within group benefits:

Gallivan & Associates

Gallivan & Associates (“**Gallivan**”), established in 1993, provides professional advice and service infrastructure to post-secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country and provides Student Health and Dental Plans to post-secondary student organizations representing over 250,000 students.

The Investment Guild

The Investment Guild (“**TIG**”), established in 1981, specializes in mid-market corporate benefits, association plan benefits, group retirement solutions and individual insurance products.

Buffett Taylor & Associates

Buffett Taylor & Associates (“**Buffett Taylor**”), established in 1981, is a consulting firm specializing in providing service to a predominately public sector and not-for-profit clientele. Buffett Taylor is versed in all areas of group benefits insurance and benefit plans. Using an integrated approach to the design and cost management planning of group benefit programs with a proven track record in servicing clients across Ontario has enabled Buffett Taylor to maximize the investment that their clients have made in their employee benefit plan.

White Willow Benefits Consultants

White Willow Benefit Consultants (“**White Willow**”), established in 1988, is a boutique group benefits consulting firm that provides service to mid-market to large corporate clients with group benefit plans and group retirement solutions. White Willow has special expertise in servicing legal firms and organizations within the financial services sector.

Les Assurance W.B.

Les Assurance W.B. ("**LAWB**") provides group benefit advisory services to clients based in the Québec city area and northern Québec. LAWB leverages the HSP platform, hereinafter described, to provide its clients with third-party administration of group benefit programs including billing services, client services, employee data management and claims management. In addition to providing third-party administration services, LAWB also provides traditional group benefit programs to its clients.

JSL Inc.

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

Prosure Group Administrators Inc. & Prosure Insurance Agencies Inc.

Prosure Insurance Agencies Inc. & Prosure Insurance Agencies Inc. (collectively, "**Prosure**"), established in 1987, provides employee benefits solutions, consulting services and third-party administration services to over 300 mid-market corporate clients, the majority of which are located in Ontario.

Bencom Financial Group Services Inc.

Bencom Financial Services Group Inc. ("**Bencom**"), established in 1982, provides group benefit, group retirement and individual benefit advisory services to approximately 200 mid-market corporate clients located primarily in Ontario.

Hamilton + Partners.

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

Fairles Benefit Services Inc.

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

Third-Party Administration

The Company has several third-party administration ("**TPA**") service platforms allowing it to administer benefit plans on behalf of clients and insurance carrier partners. These administration platforms, allow the Company to develop specialized, unique and customized benefit solutions for its clients. TPA services include employee data management, billing services, consolidated billing services where a client has multiple insurance carriers associated with its plan, customized reporting, customized plan design services, underwriting services, communication services and booklet printing services. In addition, through its various partners, the TPA platforms also provide claims adjudication services and claims management.

HealthSource Plus

HealthSource Plus Inc ("**HSP**"), established in 1992, provides TPA of group benefit programs including billing services, client services, employee data management and claims management through a proprietary platform. As a TPA, HSP is able to provide customized benefits solutions based on the needs of the client including complex plan design, customized reporting, alternative funding models and hybrid plans. HSP has offices in Toronto, Montreal, Niagara and Winnipeg 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, establishing a solid reputation for outstanding client service and creativity in providing group benefits solutions to clients primarily based in Manitoba.

Corporate Shared Services

Through our corporate shared service divisions, People Corporation helps its subsidiaries and divisions by providing resources to attract clients and retain clients. The corporate shared service divisions were created to ensure that the Company's subsidiaries and divisions have access to advanced product experts, proprietary products and services not normally available to mid-size employee benefit firms; thereby ensuring clients are receiving the best possible consulting advice, and its subsidiaries have a unique value proposition allowing them a competitive edge to attract and retain clients.

Integrated Solutions

Integrated Solutions ("**IS**") provides group benefit advisory services with a focus on unique strategic and tax effective compensation solutions designed to realign the competing needs of the business and the people in it. IS provides its specific expertise through a network of third party insurance brokers who do not traditionally serve group benefit needs.

Concierge Client Services

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

Group Retirement Solutions

Group Retirement Solutions focuses on enhancing and expanding upon the Company's existing group retirement products and client service model. The mandate of the division is to provide support services to the Company's benefit consultants to facilitate and help them expand their service offering to clients by adding Group Retirement Solutions.

Wellness Solutions

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

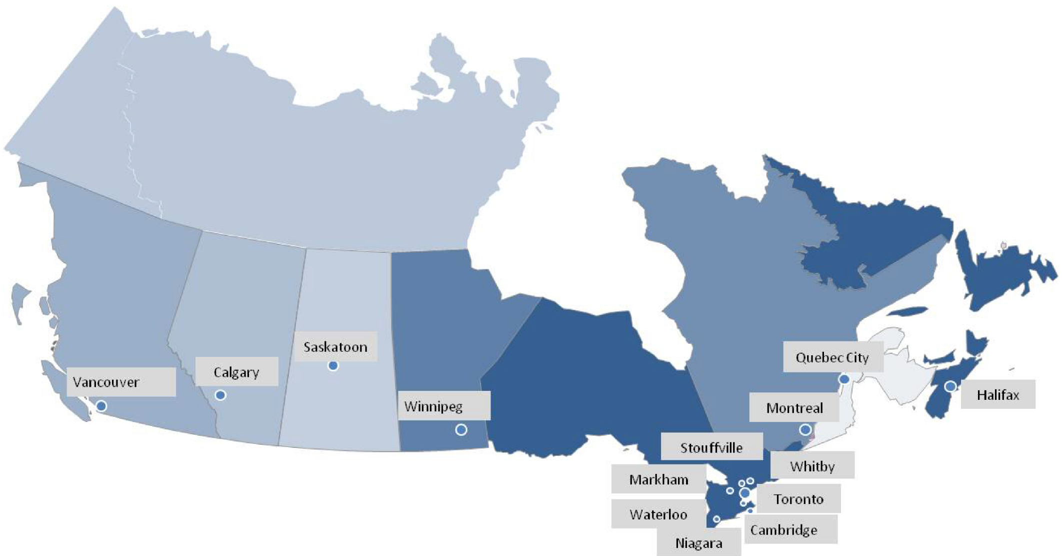
Human Resource Services

Within its human resource service divisions the Company has deep expertise and the ability to take advantage of the entire organizations resources to provide:

- Executive search and recruiting services
- Career management services
- Human resource consulting services

People First HR Services

People First HR Services ("**PFHR**"), established in 2000, is Manitoba's largest full service human resource provider. PFHR through its various brands delivers high quality leadership and organizational solutions and contributes to the success of its clients by working with them to: recruit top talent; discover the full potential of each of their employees; realize the collective strength of a highly engaged workforce; and support employees and employers during times of change. They leverage the experience base of the firm and the efficiency of its processes to create workable and timely solutions that deliver great value for clients.



INDUSTRY

Resulting from a projected shortage of skilled employees, rapid technological change in many industries, and increasing regulatory scrutiny, companies have to rethink their approach to human resources. According to research conducted by Skills Canada, companies will be faced with a shortfall of one million skilled workers by 2020. For every two workers leaving the workforce, only one worker is entering. The pending "war for talent" will require companies and HR professionals to offer potential employees with value propositions and to deliver on those value propositions to attract and retain them. Innovative compensation programs with reward and recognition programs – monetary and other, combined with work life balance, fulfilling roles and flexible work arrangements will become increasingly important.

Companies now need to include ongoing recruitment practices that facilitate a constant funnel of potential candidates, the nurturing of candidate relationships, strategic interview processes, strong candidate selection processes combined with candidate profiling, rapid response and candidate follow up. The recruiting process needs to be continuous, rapid and highly responsive which creates an administrative challenge. Furthermore, companies need to provide employees with on boarding, training and career development programs to ensure that they are successful. Small to mid-sized companies don't have the skills, technology and resources necessary to be effective or competent in these areas and will increasingly need to outsource recruiting and other HR functions to expert professional advisors.

Many companies have long used the employer sponsored benefits program as one of the tools to help attract and retain employees. Companies have seen significant cost increases in group insurance premiums resulting from increasing healthcare costs, the entry of new drugs, aging demographics and related consumer utilization. With an aging population that is both living and working longer and taking advantage of more medical services and improvements in drugs, cost and utilization are naturally increasing. This, combined with the continued cost shifting from the public sector to the private sector through reduced coverage under provincial healthcare programs and other public plans, and the long term outlook for group insurance costs, suggest that such premiums will continue to rise. This creates a double edged sword for companies – they need to use benefits programs to attract and retain workers – but, the increasing cost makes it difficult.

Human resource consulting and staffing services are dominated by many small players and a few large multinational firms. Small and medium enterprise group insurance and pension consulting is serviced by a large number of small regional and local participants. The balance of the industry, which is focused on large employers and government accounts, is serviced by a small number of multinational consulting firms. The scope of their services generally includes pension and benefits consulting, pension and benefits administration, communication consulting, actuarial services and wellness consulting. The multinational consulting firms primarily offer fee based consulting and administrative services, while the balance of the marketplace operates primarily on commission based compensation, with limited fee based services available depending upon the client and the services required.

Management believes that the continued evolution and growth of the benefits, pension, insurance and human resource industries combined with external factors such as aging demographics, regulatory and legal changes, and technology will continue to cultivate the need by clients for external expertise in consulting and administrative matters in order to attract, retain and reward employees. In addition, Management believes that consultant demographics and lack of succession planning options is positioning the industry for consolidation. The Company's unique approach to provide these services within a one stop shop approach positions the Company well within the overall human resources and insurance distribution industry.

OUTLOOK

Management believes that the employee benefits and human resources industry and the business of the Company are positioned for growth. The industry is poised for growth as a result of rising health care costs and long term trend of tightening labour markets. The industry is also ripe for consolidation as a result of the aging demographics of regional consulting practices and the significant demand from mid-market employers to manage the costs and requirements of providing employee benefits to staff along with the complimentary need for ancillary human resource services like recruiting, career transition and human resource consulting services.

In order to take advantage of these industry trends and the opportunity for growth, the Company has developed and implemented a strategic plan that focuses on growth through acquisition combined with specific business plans for each of its operating brands to enhance organic growth opportunities. The Company's Shared Services structure is designed to provide both significant revenue growth opportunities to the existing operating brands as well as a value added recruiting tool for new consultants and acquisition targets. Management expects that the strategic plan supported by a focus on organic growth, acquisitions and its Shared Services strategy will result in continued growth in coming years.

OVERVIEW OF OPERATIONAL PERFORMANCE

As a result of a focus on executing its strategic plan, the Company has been successful in building upon and growing operational capabilities by investing in employees and the tools they need to provide responsive solutions which address their client's business challenges. The Company wants its clients to experience the benefits which People Corporation professionals bring to the table, to experience the benefits their people can deliver to them, and wants the client relationship to be an experience, not a transaction.

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

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

Results from implementation of the above strategic initiatives, momentum from past initiatives and overall improvement in revenue growth can be seen in the Company's continued strong financial performance. The Company's results demonstrate operating leverage whereby increased revenue resulted in increased profitability.

Notable milestones in the current fiscal year include:

i) Completed a bought deal private placement financing, issuing 4,815,080 common shares at $2.15 per share.

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

iii) Acquired the group benefits business of Fairles Benefit Services Inc., Based in Waterloo, Ontario

iv) Ranked as one of Canada's 2014 PROFIT 500 Firms

v) Invested in leadership and increased capabilities:
  - Hired Mr. Domenic Monopoli as Director of Consulting Services to oversee expansion of the Company's internal benefit consultants.
  - Hired Mr. Jason Faulkner as Practice Leader of the Prosure Group of Companies to focus on the expansion of its cost-plus and health spending account solutions.
  - Hired Ms. Celia Gorlick as Vice-President, Legal Affairs and Corporate Secretary
  - Hired Mr. Taylor Kostiuk as Solutions Architect in the Technology department to evaluate and design business requirements for the Company's various billing and administration platforms;

ii) Expanded the Company's group benefit and human resource consulting service offerings into the Saskatchewan market place;
iii) Launched an enhanced stop-loss product offering for clients on the Company's self-insured benefits TPA platform; and
iv) Launched myWellness product with a focus on mental health for the Company's student benefit clients.

ACQUISITIONS

The Company's business plan, in addition to organically growing the Company through client growth and product expansion, is to acquire additional businesses which are complementary to the existing businesses. To date the Company has completed twelve acquisitions which includes fifteen operating entities. During the past several years the Company has focused on Corporation Development and has put in place acquisition financing and has developed and built several value propositions to attract acquisitions.

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

Supported by acquired cash flows for servicing requirements and in addition to equity issuances, acquisitions have been funded through vendor-take-back debt and by drawing on the Company's acquisition credit facility with CIBC and are therefore accretive to shareholders over time with limited shareholder dilution. To support the Company's revenues and Adjusted EBITDA growth plans, recent acquisitions brought additional carrier relationships, product solutions and administrative capabilities. The Company' capabilities, resources, systems, tools, business development team are expected to support the vendors to increase the rates at which the acquired businesses grow.

The Company continues to consider a number of opportunities at various stages of the acquisition process.

OVERVIEW OF FINANCIAL PERFORMANCE

Selected Quarterly Financial Information

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

	Q3 - 2014	Q2 - 2014	Q1 - 2014	Q4 - 2013	Q3 - 2013	Q2 - 2013	Q1 - 2013	Q4 - 2012
Revenue	$ 11,572.0	$ 11,208.8	$ 9,768.8	$ 9,074.6	$ 8,665.6	$ 8,138.3	$ 7,013.6	$ 6,710.7
Operating & corporate expenses	(9,607.2)	(8,876.5)	(7,918.5)	(8,155.9)	(7,340.6)	(6,930.2)	(6,121.3)	(6,268.4)
Adjusted EBITDA	1,964.8	2,332.3	1,850.2	918.7	1,325.1	1,208.2	892.3	442.3
Finance expenses	(466.3)	(283.3)	(455.3)	(472.6)	(202.2)	(174.5)	(81.4)	(76.7)
Amortization and depreciation	(801.8)	(664.1)	(619.2)	(435.7)	(430.9)	(443.8)	(311.7)	(312.7)
Write down of capital assets	(28.6)	-	-	-	-	-	-	-
Share-based compensation	(50.6)	(40.2)	(40.3)	(37.4)	(23.7)	(37.9)	(37.8)	(35.7)
Income tax expense, net	(455.1)	80.2	(301.6)	63.2	(242.2)	(137.1)	(112.3)	156.3
Acquisition costs	(19.6)	-	(35.5)	(617.2)	(7.6)	(236.8)	(104.4)	-
Net income	142.9	1,424.9	398.3	(581.0)	418.5	178.1	244.7	173.5
Total Assets	63,356.5	52,838.0	53,349.0	53,736.3	31,101.9	32,560.1	25,778.4	25,342.4
Total loans and borrowings	16,847.5	17,688.2	18,740.1	19,249.3	6,905.2	7,132.6	2,972.9	2,219.7
Total other liabilities	20,108.4	18,937.4	19,958.6	20,310.3	9,476.6	11,169.7	8,763.7	9,363.4
Shareholders' equity	26,400.6	16,212.4	14,650.4	14,176.6	14,720.2	14,257.7	14,041.8	13,759.4
Adjusted EBITDA per share	0.054	0.070	0.028	0.028	0.040	0.037	0.027	0.013
Earnings per share (basic)	0.004	0.043	0.012	(0.018)	0.013	0.014	0.007	0.007
Earnings per share (diluted)	0.004	0.040	0.011	(0.017)	0.012	0.014	0.007	0.006

Revenue

Revenue from group benefit consulting is primarily earned as commissions which are paid by the insurance carriers. Revenues from TPA services are earned as fees which are generally charged to clients. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from group retirement consulting is principally earned through commissions and fees earned from pension assets under administration and is paid by the carrier which administers and invests the funds.

The human resource consulting and recruitment services offered by the Company derive revenue primarily from consulting fees. Fees for human resource consulting services are generally based on hourly rates and depend on the nature of the project and skill set and experience of the consultant engaged on the project. Fees for recruitment services are generally charged as a percentage of projected compensation of the candidate being placed. Fees for career management services are based on the level of the program selected by the client. Fees are established with the client prior to the services or engagement starting.

	for the three months ended				for the nine months ended			
	May 31, 2014	May 31, 2013	$ Variance	% Variance	May 31, 2014	May 31, 2013	$ Variance	% Variance
Commissions	$ 6,969.2	$ 4,461.8	$ 2,507.4	56.2 %	$ 19,117.3	$ 12,278.6	$ 6,838.7	55.7 %
Fees and other revenues	4,602.7	4,203.8	398.9	9.5 %	13,432.3	11,539.0	1,893.3	16.4 %
	$ 11,571.9	$ 8,665.6	$ 2,906.3	33.5 %	$ 32,549.6	$ 23,817.6	$ 8,732.0	36.7 %

During the first nine months of fiscal 2014, the Company increased its revenues by $8,732.0, or 36.7%, as compared to the prior year resulting from:

Acquired growth represented $6,247.8 or 71.6% of the increase in revenue resulting from run rates on 2013 acquisitions. The acquired revenue reported for the year ended August 31, 2013 did not include the full impact of the acquisition as only partial year's worth of transactions were reportable in the Company's 2013 results. The portion of acquired revenue for the 12 months subsequent to acquisition not included in 2013 results represents acquired growth in the current year.

The majority of revenues generated by the companies acquired in 2013 is commission revenue resulting in relatively stronger growth of commissions, as compared to fees and other revenues.

Organic growth, which represented $2,484.2, or 28.4% 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.

Revenue earned in the three months ended May 31, 2014 represents growth of $2,906.3, or 33.5%. The increase is comprised of $2,507.4 attributable to growth in commission based revenue and a $398.9 increase in fee based revenue. This growth trend is consistent with the factors discussed for the first nine month period.

Personnel and Compensation

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

	for the three months ended				for the nine months ended			
	May 31, 2014	May 31, 2013	$ Variance	% Variance	May 31, 2014	May 31, 2013	$ Variance	% Variance
Salaries and Wages	$ 6,046.5	$ 4,532.0	$ 1,514.5	33.4 %	$ 16,722.1	$ 12,521.9	$ 4,200.2	33.5 %
Bonuses	530.4	414.7	115.7	27.9 %	1,461.9	1,246.6	215.3	17.3 %
Short-term benefits & insurance premiums	598.4	466.7	131.7	28.2 %	1,609.8	1,279.8	330.0	25.8 %
Share-based payments	50.6	23.7	26.9	113.5 %	131.1	99.4	31.7	31.9 %
	$ 7,225.9	$ 5,437.1	$ 1,788.8	32.9 %	$ 19,924.9	$ 15,147.7	$ 4,777.2	31.5 %

For the nine months ended May 31, 2014, personnel and compensation costs represent 61.2% of revenues (2013 - 63.6%). The Company believes that investment in its employees and associate consultant networks is key to ensuring successful execution of its strategic plans.

The increase in personnel and compensation expense for the nine months ended May 31, 2014 from $15,147.7 to $19,924.9 is due to investments in new leadership positions, incremental commissions directly resulting from organic growth in sales and to acquired growth generated through new acquisitions of H+P, Bencom, Prosure, BHL and Fairles.

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

General and Administrative Expenses

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

	for the three months ended				for the nine months ended			
	May 31, 2014	May 31, 2013	$ Variance	% Variance	May 31, 2014	May 31, 2013	$ Variance	% Variance
Administration fees	503.9	557.9	(54.0)	(9.7)%	1,385.1	1,254.1	131.0	10.4 %
Depreciation of property & equipment	188.4	102.2	86.2	84.3 %	335.0	278.6	56.4	20.2 %
Occupancy	563.8	432.9	130.9	30.2 %	1,614.1	1,170.3	443.8	37.9 %
Office Supplies & communication	398.8	293.8	105.0	35.7 %	1,143.0	870.0	273.0	31.4 %
Other	151.6	78.1	73.5	94.1 %	350.5	247.3	103.2	41.7 %
Professional fees	233.5	171.3	62.2	36.3 %	509.2	451.6	57.6	12.8 %
Public company costs	53.8	41.7	12.1	29.0 %	180.6	193.7	(13.1)	(6.8)%
Corporate Travel	133.4	48.6	84.8	174.5 %	318.1	252.9	65.2	25.8 %
	$ 2,227.2	$ 1,726.5	$ 500.7	29.0 %	$ 5,835.5	$ 4,718.5	$ 1,117.0	23.7 %

This increase of $1,117.0 in general and administrative expenses for the nine months ended May 31, 2014 is due to direct incremental costs related to acquired entities and costs to meet servicing needs of the Company's clients, specifically:

- An increase in administration fees due to increased volumes in claims adjudication on the Company's TPA;
- An increase in depreciation of property and equipment related due to capitalized leasehold improvement costs at the Corporate head office;
- An increase in occupancy costs is primarily due to increased rates and space agreed to on renewal of a lease agreement and incremental lease costs associated with the acquired businesses;
- An increase in corporate travel, directly related to corporate development activities and management of companies recently acquired; and
- An increase in legal fees and other professional fees related to an increase in the volume of contract negotiations, employment and other corporate matters; and
- A decrease in public company costs directly related to a reduction in insurance premiums and fluctuations in the timing of certain public company costs.

The increase of $500.7 in general and administrative expenses for the three months ended May 31, 2014 is due to factors similar to those affecting the nine month period.

Advertising and Promotion Expenses

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

	for the three months ended				for the nine months ended			
	May 31, 2014	May 31, 2013	$ Variance	% Variance	May 31, 2014	May 31, 2013	$ Variance	% Variance
Business Development	$ 141.4	$ 90.7	$ 50.7	55.9 %	$ 377.2	$ 271.5	$ 105.7	38.9 %
Travel	216.4	180.2	36.2	20.1 %	597.4	502.3	95.1	18.9 %
Advertising	35.2	31.9	3.3	10.3 %	133.1	129.8	3.3	2.5 %
	$ 393.0	$ 302.8	$ 90.2	29.8 %	$ 1,107.7	$ 903.6	$ 204.1	22.6 %

The increase in advertising and promotion expense for the nine months ended May 31, 2014 is due to direct incremental costs from acquired entities, the expansion of the Company's sales force, and travel costs associated with acquisitions and securing new clients.

The increase of $90.2 in advertising and promotion expenses for the three months ended May 31, 2014 is due to activities which are driven by factors similar to those affecting the nine month period.

Finance and other costs

Finance and other income and costs are as follows:

	for the three months ended				for the nine months ended			
	May 31, 2014	May 31, 2013	$ Variance	% Variance	May 31, 2014	May 31, 2013	$ Variance	% Variance
Amortization of intangible assets	$ 613.4	$ 328.7	$ 284.7	86.6 %	$ 1,750.2	$ 907.8	$ 842.4	92.8 %
Write down of capital assets	28.6	-	28.6	- %	28.6	-	28.6	- %
Interest and other finance costs	466.3	202.2	264.1	130.6 %	1,204.8	458.2	746.6	162.9 %
Acquisition costs	19.6	7.6	12.0	157.9 %	55.2	348.9	(293.7)	(84.2)%
	$ 1,127.9	$ 538.5	$ 589.4	109.5 %	$ 3,038.8	$ 1,714.9	$ 1,323.9	77.2 %

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

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

NON-IFRS FINANCIAL MEASURES

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

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

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

For the nine months ended	**May 31, 2014**		**May 31, 2013**	
	Three months ended	**Nine months ended**	**Three months ended**	**Nine months ended**
Revenue	$ 11,572.0	$ 32,549.5	$ 8,665.6	$ 23,817.5
Operating costs	8,610.9	23,730.9	6,526.4	17,964.7
Operating Income Before Corporate Costs	2,961.1	8,818.6	2,139.2	$ 5,852.8
Corporate Costs	996.3	2,671.2	814.2	2,427.2
Adjusted EBITDA	1,964.8	6,147.4	1,325.0	3,425.6
less:				
Stock-based compensation	50.6	131.1	23.7	99.4
Interest and other finance costs	466.3	1,204.8	202.2	458.1
Depreciation of capital assets	188.4	335.0	102.2	278.6
Amortization of intangible assets	613.4	1,750.2	328.7	907.8
Acquisition costs	19.6	55.2	7.6	348.9
Write down of capital assets	28.6	28.6	-	-
Income taxes, net	455.1	676.5	242.2	491.6
Net income	**$ 142.9**	**$ 1,966.1**	**$ 418.4**	**$ 841.1**

Operating Income before Corporate Costs

For the nine months ended May 31, 2014, Operating Income before Corporate Costs was $8,818.6, which represents an increase of $2,965.8, or 50.7%, over the comparable period in the prior fiscal year. The Company also strengthened the Operating Income before Corporate Costs margin to 27.1% in the nine months ended May 31, 2014 from 24.6% over the comparable period in the prior fiscal year.

Corporate Costs, which represent expenses incurred at the corporate office, such as executive remuneration, public company compliance costs, insurance and corporate development activities, for the nine months ended May 31, 2014 were $2,671.2 versus $2,427.2 incurred in the prior period. The increase of $244.0 is due to incremental costs for personnel costs, professional fees, and travel costs for corporate development activities, slightly offset by reductions in office space and public company compliance.

Corporate Costs for the three months ended May 31, 2014 were $996.3 versus $814.2 for the same period in the prior year. The increase in Corporate Costs for the period are largely attributable to factors similar to those affecting the nine month period.

Adjusted EBITDA

Adjusted EBITDA for the nine months ended May 31, 2014 was $6,147.4, an increase of $2,721.8, or 79.5% from $3,425.6 reported for the same period in the prior year.

Factors influencing the increase in adjusted EBITDA include:
- Acquired Adjusted EBITDA from acquisitions completed within the past twelve months. The acquired Adjusted EBITDA reported for the year ended August 31, 2013 did not include the full impact of the acquisition as only partial year's worth of transactions were reportable in the Company's 2013 results;
- Adjusted EBITDA from organic initiatives adopted by the Company to generate additional revenue from existing clients and from additions to the Company's client base, offset by related variable compensation and business development costs;
- Investments in leadership positions, occupancy costs and modest business development expenditures to support the Company's strategic plan.

Adjusted EBITDA for the three months ended May 31, 2014 was $1,964.8, an increase of $639.8 from the $1,325.0 of Adjusted EBITDA reported for the same period in the prior year, which are largely attributable to factors similar to those affecting the nine month period.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table summarizes the Company's cash flows for the three and nine months ended May 31, 2014: (amounts derived from the unaudited interim financial statements).

For the nine months ended	May 31, 2014	May 31, 2013	$ Variance	% Variance
Net income for the period	$ 1,966.1	$ 841.1	$ 1,125.0	133.8 %
Add non-cash items, net	1,540.0	713.8	826.2	115.7 %
Changes in non-cash working capital	8.2	(1,460.6)	1,468.8	(100.6)%
Net cash from operating activities	3,514.3	169.3	3,345.0	1,975.8 %
Net cash from (used by) investing activities	(1,859.8)	(4,292.0)	2,432.2	(56.7)%
Net cash from (used by) financing activities	7,308.3	3,221.3	4,087.0	126.9 %
Net increase (decrease) in cash	**$ 8,962.8**	**$ (901.4)**	**$ 9,864.2**	**(1,094.3)%**

For the three months ended	May 31, 2014	May 31, 2013	$ Variance	% Variance
Net income for the period	$ 142.9	$ 418.4	$ (275.5)	(65.8)%
Add non-cash items, net	725.7	248.8	476.9	191.7 %
Changes in non-cash working capital	1,297.1	(1,271.9)	2,569.0	(202.0)%
Net cash from (used by) operating activities	2,165.8	(604.7)	2,770.5	(458.2)%
Net cash from (used by) investing activities	(1,538.1)	(82.2)	(1,455.9)	1,771.2 %
Net cash from (used by) financing activities	8,874.7	(228.6)	9,103.3	(3,982.2)%
Net increase (decrease) in cash	**$ 9,502.4**	**$ (915.5)**	**$ 10,417.9**	**(1,137.9)%**

Cash generated from operating activities for the nine months ended May 31, 2014 was $3,514.3, an increase of $3,345.0 or 1,975.8% from the $169.3 of cash generated in the same period in the prior year. Significant influences of cash inflows and outflows related to operating activities for the nine months ended May 31, 2014 versus the same period in the prior year include:

- Favourable change in Adjusted EBITDA of $2,721.8, as compared to the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.
- Unfavourable change in cash resulting from an increase in cash interest expense (net) of $238.7 related to debt assumed to finance acquisition activity.
- Favourable change in cash resulting from a decrease in acquisition costs of $293.7 as compared to the prior year.
- Favourable change in cash resulting from changes in working capital accounts of $820.7 including the effect of accounts receivable, accounts and other payables and deferred revenue. Changes in deferred revenue and other working capital accounts are the result of timing differences in when funds are received and in the underlying nature of the revenue.

Cash generated from operating activities was $2,165.8 in the three months ended May 31, 2014, a change of $2,770.5 from the cash usage of $604.7 in the same period of the prior year, primarily due to a favourable change resulting from changes in working capital accounts.

Cash used by investing activities for the nine months ended May 31, 2014 of $1,859.8 was used to fund the acquisition of BHL, the acquisition of property and equipment, the acquisition of an increased economic interest in a portfolio of group benefit clients, as well as direct costs incurred related to the acquisition of customer contracts with fixed terms.

Cash used by investing activities was $1,538.1 for the three months ended May 31, 2014, a change of $1,455.9 from the cash usage of $82.2 in the same period in the prior year.

Cash generated from financing activities for the nine months ended May 31, 2014, was $7,308.3, as compared to cash generation of $3,221.3 in the prior year. Cash outflows related to repayment of long-term debt and finance lease liabilities of $3,718.6 (2013 - $549.0) were offset by proceeds from the issue of shares from a private placement of $9,573.4 as well as proceeds from the exercise of stock options of $553.4 (2013 - $20.3).

Cash generated from financing activities for the three months ended May 31, 2014 was $8,874.7, as compared to cash usage of $228.6 in the prior year due to net proceeds from the private placement of shares of $9,573.4 and proceeds from the exercise of stock options of $421.3, partially offset by cash outflows related to repayment of long-term debt of $2,020.0 (2013 - $248.9).

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide opportunities for growth to shareholders and benefits for other stakeholders and to maintain financial flexibility in, or to take advantage of, organic growth and new acquisition opportunities as they arise.

In the management of capital, the Company includes cash, bank financing, vendor-take-back debt and shareholders' equity in the definition of capital. The Company manages its capital structure and can adjust it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take-back debt or issue new debt to replace existing debt with different characteristics. The Company has the opportunity to use its operating line of credit during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not made use of its operating line of credit during first nine months of year.

Working Capital

The Company's working capital (defined as current assets less current liabilities) at May 31, 2014 is set forth in the table below. The Company defined "Available Working Capital" as current assets less current liabilities, with an exclusion of certain current liabilities (the "Excluded Items") from such calculation. The Excluded Items include:

Deferred Revenue

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The amount is amortized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as deferred revenue. Fee revenue that is contingent on certain criteria being met is included in deferred revenue until the criteria has been met.

Deferred revenue is a non-cash liability and therefore management believes that adding back the deferred revenue provides a more accurate reflection of the liquidity and working capital position of the Company.

Loans and borrowings related to acquisitions

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

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

	May 31, 2014	Aug 31, 2013
Current assets	$ 14,225.7	$ 5,734.2
less:		
Current liabilities	11,780.3	12,230.9
Working capital	2,445.4	(6,496.7)
Add back:		
Deferred revenue	3,512.6	3,792.3
Operating working capital	5,958.0	(2,704.4)
Add back:		
Current portion of loans and borrowings related to acquisitions	3,498.8	3,405.9
Available operating working capital	**$ 9,456.8**	**$ 701.5**

Available operating working capital has increased by $8,755.3 to surplus of $9,456.8 from the available working capital surplus of $701.5 experienced at August 31, 2013. The increase in available operating working capital is primarily due to an increase in cash as a result of proceeds from the private placement of shares.

The current portion of loans and borrowings related to current year acquisitions increased by $279.7 to a balance of $3,498.8 due to the acquisitions of JSL, Prosure, Bencom, H+P, BHL, and Fairles.

Subsequent to the end of the period, the Company used cash of $5,980.4 to pay down principal against its acquisition credit facility.

Current assets increased by $8,491.5 to a balance of $14,225.7 due to proceeds from the private placement of shares incurred in the period.

The Company maintains a $2 million operating line of credit to facilitate management of short-term working capital requirements. As at February 28, 2014, the Company had not utilized this facility.

Share capital

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

	May 31, 2014	Aug 31, 2013
Common shares issued and outstanding:	39,543,986	33,027,193
Stock options outstanding:	1,574,167	2,763,142

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

COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following table summarizes, as at May 31, 2014, the Company's contractual obligation for the periods specified.

Obligation	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	Thereafter
Accounts Payable and accrued liabilities	$ 4,117.2	$ 4,117.2	$ -	$ -	$ -
Operating lease obligations	2,563.7	848.5	1,253.9	461.3	-
Capital lease obligations	29.2	20.0	9.2	-	-
Long-term debt	12,373.2	2,007.1	4,014.3	4,014.3	2,337.5
Vendor-take-back debt	4,445.0	1,607.9	2,837.1	-	-
	$ 23,528.3	$ 8,600.7	$ 8,114.5	$ 4,475.6	$ 2,337.5

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

The Company is party to a Credit Facility Agreement with the Canadian Imperial Bank of Commerce which includes the following components:

1. A $2 million operating line of credit. As at May 31, 2014, the Company had not utilized this facility.
2. A $20 million term revolving acquisition credit facility to fund future acquisitions. The acquisition credit facility is available via loans bearing interest at prime plus 1.5% or via bankers' acceptances with a stamping fee of 2.5% annually. Each draw on the facility will be treated as a separate loan repayable over a period of up to seven years. As at May 31, 2014, the balance owing on this facility was equal to $12.4 million.

Subsequent to the end of the period, the Company paid $5,980,359 in principal against the acquistion credit facitiy; and

3. A $2.5 million instalment loan issued in 2011 which was utilized to refinance certain long-term debt facilities and vendor-take-back debt of the Company. As at May 31, 2014, the balance owing on this facility had been fully repaid.

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

Contingencies

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

RISKS AND UNCERTAINTIES

The Company operates in a well established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. These factors include, but are not limited to, the following:

Key Personnel

The Company is highly dependent upon the expertise and experience of its personnel, particularly those engaged in generating revenue. The Company's operations depend, in part, on the relationships and reputations these individuals have established with clients, often over many years. In the event the Company were to lose key personnel, client relationships could be negatively impacted which could lead to material adverse effects on the Company's operating and financial results. In addition, many of the Company's employees have developed specialized expertise and experience in the delivery of human resource and benefit solutions. These solutions include, but are not limited to, specialized human resource consulting engagements, recruitment projects, career management, benefits plan design and administration, legislative and regulatory issues, as well as group retirement plan design.

The Company currently has many well experienced employees that have served the Company for five years or more, who hold senior positions in the Company, that have various professional designations and that have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure including stock options and an employee share ownership plan to its employees and has signed comprehensive employment agreements with its employees to protect the Company, in the event that the Company were to lose any of its key personnel, it may have a material adverse effect on the business of the Company. The ability to attract, retain and develop new employees into senior positions could affect the business of the Company.

Regulation and Certification

The Company’s benefit and pension consulting and administration services are subject to laws and regulations that are constantly evolving. In addition, the laws and regulations differ from province to province and the Company is required to keep up to date with the laws and regulations of each province.

Although there are currently restrictions on the ability of Canadian banks to market insurance products in competition with the Company, such legislation is currently under review. Accordingly, dependent upon the nature of legislative reforms, Canadian banks may in the future be able to offer products which are competitive with the products offered by the Company.

Currently the provisions of recruitment services and human resource consulting engagements are not generally subject to government regulation. However, there is no certainty that regulation will not be introduced.

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

Controls

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), and as such has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Termination of Contracts

Group insurance contracts are generally re-negotiated on an annual basis with clients, pursuant to which insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go-forward basis. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled with thirty days notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. No single client makes up more than 5% of the Company’s revenue and the clients are diversified both in size and industry. During the renewal process the benefits consulting team will provide benefits planning and consulting services which could result in decreased benefits coverage and/or decreased premiums which generally results in decreased revenue for the Company. The Company is often paid commissions in advance from the insurance carrier. In the event that a contract is terminated by a client and the Company has been paid in advance for the year, then the Company must rebate the amount paid on a pro rata basis to the insurance company.

Competitive Conditions

The insurance brokerage market is highly competitive and is composed of a large number of companies of varying size and scope of services. Insurance companies themselves also offer their products through other methods, including insurance agents and direct distribution channels, which are competitive with the insurance brokerage industry and the Company.

Future Growth via Acquisitions

The Company’s growth and expansion plans contain a dual approach of generating organic growth through enhanced service offerings amongst the Company’s existing client base and through ongoing acquisition of independent Group Benefit, Pension Advisory businesses and human resource Consulting and Staffing firms at reasonable prices. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate the acquisition on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

Integration of Acquisitions

There can be no assurance that the businesses acquired by the Company in the future will achieve acceptable levels of revenue and profitability or otherwise perform as expected. The Company has limited experience in acquiring and integrating brokerages in other markets. The Company may be unable to successfully integrate any business it may acquire in the future, due to diversion of management attention, strains on the Company’s infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to integrate acquired businesses may be disruptive to the Company’s operations and negatively impact the Company’s revenue or increase the Company’s expenses. Risks related to the integration of acquisitions are mitigated through the Company's due diligence procedures and legal structure of the acquisitions.

Potential Undisclosed Liabilities Associated with Acquisition/Limited Indemnification

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

Availability of Financing

The Company relies principally on bank debt and vendor-take-back debt financing to fund its acquisitions. The Company may require additional funds to make future acquisitions of group benefit, group retirement and human resource consulting businesses and may require additional funds to market and sell its products into the marketplace. The ability of the Company to arrange such financing in the future, and to repay its existing debt, will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, when needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If additional financing is not available on terms favourable to the Company, the Company may be unable to grow or may be required to limit or halt its expansion plans. In addition, the Company’s existing creditors, some of whom have security interests in the Company’s assets, may exercise their rights to acquire or dispose of the Company’s assets.

Interest Rate Risk

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

Dividends

Any decision to pay dividends on its common shares in the future will be made by the Board of Directors on the basis of the Company’s earnings, financial requirements and other conditions at such time.

Legal Risk

Legal risk is the potential for civil litigation or criminal or regulatory proceedings being commenced against the Company that, once decided, could materially and adversely affect the Company's business, operations or financial condition. In the ordinary course of business, the Company may be involved in litigation and other claims as a defendant or as a plaintiff. The outcomes of these actions could result in significant losses to the Company which could have a material adverse effect on the Company's business, financial condition and operating results.

Insurance

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

Reputation Risk

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. In addition, the human resource Consulting and Staffing part of the Company is dependent upon its reputation with potential candidates that will be placed with clients through its recruitment services. The Company's reputation can be significantly damaged by failing to deliver timely and quality consulting and recruitment services or by failing to provide quality services to potential candidates. The benefit and pension part of the Company relies upon information systems and technology to maintain accurate records and to carry out its contractual administrative obligations. Failing to meets its contractual obligations to clients could result in litigation as well as significant reputation damage to the Company. Damage to the Company’s reputation could result in the loss of client and candidate relationships which could result in a material adverse effect on the Company’s business, financial condition and operating results.

Canadian Economy

The Company’s future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. The Company may not have sufficient financial resources to withstand a prolonged and deep recession.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are defined as those that are both very important to the portrayal of the Company’s financial condition and results, and require management’s most difficult, subjective or complex judgments. We are required in preparing the Company’s financial statements, in accordance with IFRS, to make certain estimates, judgments and assumptions that we believe are reasonable based upon available information, historical information and/or forecasts. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results could differ from these estimates. The accounting policies which management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include those relating to revenue recognition, business acquisitions and accounting for the resulting customer relationships and contracts, goodwill and income taxes.

Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Concurrently with the above general principles, the Company applies the following specific revenue recognition policies:

Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as deferred revenue. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services are recognized in income at the effective or renewal date of the policy, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Fee revenue from administrative and consulting services are recognized on the percentage of completion basis.

For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until the work is completed.

All other revenues are recognized upon the completion of services rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

Business combinations

For acquisitions, the Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets consist of acquired customer relationships and contracts. Other intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized in the either on a declining balance or on a straight-line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash flows.

Future Tax

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

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

OFF-BALANCE-SHEET ARRANGEMENTS

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

SEASONALITY

During the nine months ending May 31, 2014, the Company experienced a leveling of seasonal fluctuations. Notwithstanding, the Company expects higher revenues in the fourth quarter due to the timing of certain renewals, as well as, the seasonal impacts associated with student benefit advisory services. During the past fiscal year the Company had greater cash flows during the third and fourth quarter. The fourth quarter is primarily strong due to cash receipts associated with its student benefit advisory business which renews in August. It is Management's belief that as growth from acquisitions and strategic activities continues to develop and mature, the seasonal impacts of revenue and cash flow will be minimized.

FINANCIAL INSTRUMENTS

The financial instruments of the Company consist of basic financial instruments which are typically used in the Company's operation, including cash, restricted cash, accounts receivable, accounts payable and other liabilities, obligations under capital lease and long-term debt.

For the current assets and liabilities, the main risk is the credit risk associated with accounts receivable. The credit risk is reduced due to a diversified customer base. The risks associated with long-term debt include the risk of interest rate increases and the risk of potential defaults in debt payments due to insufficient cash flows.