Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

people
CORPORATION

Experience the Benefits of People

Three and nine months ended May 31, 2015 and May 31, 2014
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements for the three and nine months ended May 31, 2015.

PEOPLE CORPORATION

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

	Note	May 31, 2015	August 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		$ 17,018,869	$ 2,750,465
Trade and other receivables		4,068,564	3,423,216
Other current assets		737,140	526,444
Total current assets		21,824,573	6,700,125
Non-current assets:			
Property and equipment	4	1,873,167	1,626,581
Goodwill and intangible assets	5	45,591,485	47,286,690
Deferred tax asset		518,937	496,031
Total non-current assets		47,983,590	49,409,302
Total assets		**$ 69,808,163**	**$ 56,109,427**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	6	$ 2,830,864	$ 3,700,928
Deferred revenue	7	3,565,618	4,059,744
Income taxes payable		14,332	276,275
Current portion of loans and borrowings	10	2,317,589	3,080,922
Total current liabilities		8,728,403	11,117,869
Accrued and other liabilities	6	1,178,583	1,093,781
Deferred revenue	7	128,875	68,536
Non-controlling interest put options	9	7,674,884	6,661,351
Loans and borrowings	10	7,455,872	6,579,527
Deferred tax liability		4,355,782	4,566,433
Total liabilities		**29,522,399**	**30,087,497**
Shareholders' equity:			
Share capital	11	36,325,575	22,465,334
Contributed surplus		697,787	638,090
Retained earnings		3,262,402	2,918,506
Total shareholders' equity		**40,285,764**	**26,021,930**
Total liabilities and shareholders' equity		**$ 69,808,163**	**$ 56,109,427**

Commitments and contingencies (Note 15)
Subsequent events (Note 18)

PEOPLE CORPORATION

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

	Note	May 31, 2015 Three months ended	May 31, 2015 Nine months ended	May 31, 2014 Three months ended	May 31, 2014 Nine months ended
Revenue					
Commissions		$ 6,121,270	$ 20,522,848	$ 6,969,241	$ 19,117,267
Fees and other revenues		4,366,314	13,003,184	4,607,727	13,450,226
		10,487,584	33,526,032	11,576,968	32,567,493
Expenses					
Personnel and compensation	17	6,083,617	19,451,139	7,225,882	19,924,927
General and administrative	17	2,203,665	6,836,493	2,232,220	5,853,479
Advertising and promotion	17	393,855	1,281,660	393,035	1,107,729
		8,681,137	27,569,292	9,851,137	26,886,135
Income before undernoted		**1,806,447**	**5,956,740**	**1,725,831**	**5,681,358**
Finance and other costs:					
Amortization of intangible assets		(638,131)	(1,880,644)	(613,407)	(1,750,221)
Write down of property and equipment		-	-	(28,570)	(28,570)
Finance expenses	13	(631,373)	(1,888,752)	(466,261)	(1,204,843)
Acquisition, integration and restructuring costs	17	(570,530)	(905,876)	(19,615)	(55,155)
		(1,840,034)	(4,675,272)	(1,127,853)	(3,038,789)
(Loss) Income before income taxes		**(33,587)**	**1,281,468**	**597,978**	**2,642,569**
Income tax expense (recovery):					
Current		292,263	1,171,129	878,493	1,967,431
Future		25,379	(233,557)	(423,408)	(1,290,926)
		317,642	937,572	455,085	676,505
(Loss) Net income & comprehensive (loss) income		**$ (351,229)**	**$ 343,896**	**$ 142,893**	**$ 1,966,064**
Earnings per share	11(c)				
Basic		$ (0.009)	$ 0.009	$ 0.004	$ 0.058
Diluted		$ (0.009)	$ 0.008	$ 0.004	$ 0.054

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, 2013		$ 12,024,732	$ 774,245	$ 1,377,645	$ 14,176,622
Net Income and comprehensive net income for the period		-	-	1,966,064	1,966,064
Issuance of common shares	11(b)	9,573,447	-	-	9,573,447
Exercise of stock options	11(b)	864,447	(311,055)	-	553,392
Share-based payments	12(b)	-	131,069	-	131,069
Total transactions with shareholders		10,437,894	(179,986)	1,966,064	12,223,972
Balance, May 31, 2014		**$ 22,462,626**	**$ 594,259**	**$ 3,343,709**	**$ 26,400,594**

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, August 31, 2014		$ 22,465,334	$ 638,090	$ 2,918,506	$ 26,021,930
Net Income and comprehensive net income for the period		-	-	343,896	343,896
Issuance of common shares	11(b)	13,602,196	-	-	13,602,196
Exercise of stock options	11(b)	258,045	(96,572)	-	161,473
Share-based payments	12(b)	-	156,269	-	156,269
Total transactions with shareholders		13,860,241	59,697	343,896	14,263,834
Balance, May 31, 2015		**$ 36,325,575**	**$ 697,787**	**$ 3,262,402**	**$ 40,285,764**

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

PEOPLE CORPORATION

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

		May 31, 2015		May 31, 2014	
	Note	Three months ended	Nine months ended	Three months ended	Nine months ended
Operating activities					
Net income (loss) for the period		$ (351,229)	$ 343,896	$ 142,893	$ 1,966,064
Adjustments for:					
Depreciation		265,797	689,986	188,404	334,956
Amortization of intangible assets		638,131	1,880,644	613,407	1,750,221
Share-based compensation		70,249	156,269	50,573	131,069
Impairment losses on property and equipment		-	-	28,570	28,570
Change in non-controlling interest put liability		400,000	1,013,533	175,502	300,132
Accretive interest expense		116,751	234,244	92,699	286,017
Deferred income tax expense (recovery)		25,379	(233,557)	(423,408)	(1,290,926)
Net cash from operations		1,165,078	4,085,015	868,640	3,506,103
Change in the following:					
Trade and other receivables		439,818	(645,348)	618,430	554,257
Other current assets		167,401	(210,696)	(104,961)	(78,284)
Trade payables, accrued and other liabilities		(703,644)	(879,165)	1,325,757	(613,936)
Deferred revenue		(57,211)	(433,787)	(314,730)	(232,077)
Income taxes payable		(442,718)	(261,943)	(227,350)	378,275
Net cash from (used by) working capital items		(596,354)	(2,430,939)	1,297,146	8,235
Net cash from operating activities		**568,724**	**1,654,076**	**2,165,786**	**3,514,338**
Investing activities					
Acquisition of intangible assets		(145,545)	(185,440)	(968,935)	(1,103,241)
Acquisition of subsidiaries, net of cash acquired		-	-	(261,984)	(261,984)
Acquisition of property and equipment		(460,460)	(936,572)	(307,171)	(494,534)
Net cash used by investing activities		**(606,005)**	**(1,122,012)**	**(1,538,090)**	**(1,859,759)**
Financing activities					
Proceeds from exercise of stock options		6,458	161,473	421,262	553,393
Proceeds from loans and borrowings		-	7,000,000	900,000	900,000
Repayment of loans and borrowings		(298,812)	(7,027,328)	(2,019,995)	(3,718,587)
Proceeds from private placement of shares, net		13,602,195	13,602,195	9,573,447	9,573,447
Net cash from financing activities		**13,309,841**	**13,736,340**	**8,874,714**	**7,308,253**
Change in cash and cash equivalents		**13,272,560**	**14,268,404**	**9,502,410**	**8,962,832**
Cash and cash equivalents at beginning of the period		3,746,309	2,750,465	1,909,591	2,449,169
Cash and cash equivalents at the end of the period		**$17,018,869**	**$17,018,869**	**$11,412,001**	**$11,412,001**

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

1. Reporting entity:

People Corporation (the “Company”) was incorporated under the Ontario Business Corporations Act on July 5, 2006. The Company is a public company listed on the TSX Venture Exchange (the "TSX-V"), trading under the "PEO" symbol and is domiciled in Canada. The address of the Company’s head office is 360 Main Street, Suite 1800, Winnipeg, Manitoba, Canada and the Company’s registered office is 180 Bay Street, Suite 4400, Toronto, Ontario, Canada. These condensed consolidated interim financial statements of the Company comprise accounts of the Company and its subsidiaries. The Company is primarily involved in the delivery of employee group benefit consulting, pension consulting and third-party benefits administration services, as well as, recruiting services, strategic human resources consulting and career management services to help companies recruit, retain and reward employees.

2. Basis of presentation:

These condensed consolidated interim financial statements for the three and nine months ended May 31, 2015 and May 31, 2014 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2014 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on July 15, 2015.

3. Significant accounting policies:

Except as described below, 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, 2014.

New Standards and interpretations not yet adopted

The Company has not early applied the following new and revised Standards and Interpretations that have been issued by IASB but are not yet effective.

IFRS 9, *Financial Instruments* ("IFRS 9")

The IASB issued IFRS 9 as a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash and cash equivalents flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39. The effective date is for annual periods beginning on or after January 1, 2018.

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

(Expressed in Canadian dollars) (unaudited)

IAS 1 Presentation of Financial Statements ("IAS 1")

The IASB issued amendments to IAS 1. The amendments are part of the IASB's Disclosure Initiative to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgment when preparing their financial statements. The amendments may impact presentation relating to materiality, presentation of financial position and profit or loss and other comprehensive income, and notes to the financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The Company is currently evaluating the impact of adopting IAS 1 on its financial statements and the extent of the impact of adoption of the standard has not yet been determined.

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

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

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

4. Property and equipment:

The Company has the following property and equipment:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Computer software	Total
Cost					
Balance, August 31, 2013	$ 540,542	$ 782,217	$ 1,218,918	$ 607,452	**$ 3,149,129**
Additions	461,004	115,635	165,332	377,008	**1,118,979**
Write down of property and equipment	-	-	-	(22,320)	**(22,320)**
Acquisition through business combination	44,681	-	46,641	2,535	**93,857**
Balance, August 31, 2014	1,046,227	897,852	1,430,891	964,675	**4,339,645**
Additions	305,058	127,840	205,419	298,255	**936,572**
Balance, May 31, 2015	$ 1,351,285	$ 1,025,692	$ 1,636,310	$ 1,262,928	**$ 5,276,217**

(Expressed in Canadian dollars) (unaudited)

Depreciation					
Balance, August 31, 2013	$ (394,120)	$ (537,742)	$ (822,868)	$ (403,505)	**$ (2,158,235)**
Depreciation for the period	(163,500)	(66,682)	(125,488)	(105,301)	**(460,971)**
Acquisition through business combination	(44,681)	-	(46,641)	(2,535)	**(93,857)**
Balance, August 31, 2014	(602,301)	(604,424)	(994,997)	(511,341)	**(2,713,063)**
Depreciation for the period	(186,066)	(145,271)	(248,894)	(109,755)	**(689,986)**
Balance, May 31, 2015	$ (788,367)	$ (749,695)	$ (1,243,891)	$ (621,097)	**$ (3,403,049)**
Carrying amounts					
Balance, August 31, 2014	$ 443,926	$ 293,428	$ 435,894	$ 453,333	**$ 1,626,581**
Balance, May 31, 2015	$ 562,919	$ 275,998	$ 392,419	$ 641,831	**$ 1,873,167**

5. Goodwill and intangible assets:

The Company has the following goodwill and intangible assets:

	Goodwill	Customer relationships	Customer contracts	Total
Cost				
Balance, August 31, 2013	$ 29,552,558	$ 19,643,352	$ 3,134,007	**$ 52,329,917**
Additions	-	900,000	278,157	**1,178,157**
Acquisition through business combination	585,423	1,065,000	-	**1,650,423**
Balance, August 31, 2014	30,137,981	21,608,352	3,412,164	**55,158,497**
Additions	-	133,461	51,979	**185,440**
Balance, May 31, 2015	$ 30,137,981	$ 21,741,813	$ 3,464,143	**$ 55,343,937**
Amortization				
Balance, August 31, 2013	$ -	$ (3,599,811)	$ (1,853,372)	**$ (5,453,183)**
Amortization for the period	-	(2,110,533)	(308,092)	**(2,418,625)**
Balance, August 31, 2014	-	(5,710,344)	(2,161,464)	**(7,871,808)**
Amortization for the period	-	(1,640,944)	(239,700)	**(1,880,644)**
Balance, May 31, 2015	$ -	$ (7,351,288)	$ (2,401,164)	**$ (9,752,452)**
Carrying amounts				
Balance, August 31, 2014	$ 30,137,981	$ 15,898,008	$ 1,250,701	**$ 47,286,690**
Balance, May 31, 2015	$ 30,137,981	$ 14,390,525	$ 1,062,979	**$ 45,591,485**

(Expressed in Canadian dollars) (unaudited)

6. Trade payables, accrued and other liabilities:

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

	May 31, 2015	August 31, 2014
Trade payables and other liabilities	$ 2,818,435	$ 3,687,611
Contingent acquisition consideration	1,158,132	1,064,229
Deferred lease inducements	32,880	42,869
	4,009,447	4,794,709
Less current portion of trade payables, accrued and other liabilities	2,830,864	3,700,928
Total long-term accrued and other liabilities	**$ 1,178,583**	**$ 1,093,781**

Amounts recognized as contingent acquisition consideration represent the estimated undiscounted fair value of $1,308,793 (2014 - $1,308,793) for potential additional future consideration related to the acquisition of Hamilton + Partners group of companies (H+P) on July 9, 2013. The estimate of additional future consideration is based on achieving financial targets for H+P and may be payable at 36, 48 and 60 months subsequent to the acquisition. The liability recognized in connection with the contingent consideration has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P and other factors. The fair value of the liability in connection with the contingent consideration is determined by discounting the estimated future payment obligation at each reporting date. Changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income. For the three and nine months ended May 31, 2015 the Company recognized an adjustment to the fair value of the contingent consideration of $31,301 and $93,903 (2014 - $27,947 and $83,842).

7. Deferred revenue:

Deferred revenue is a non-cash liability which represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The Company has the following deferred revenue:

	May 31, 2015	August 31, 2014
Fees received in advance	$ 3,694,493	$ 4,128,280
Less current portion of deferred revenue	3,565,618	4,059,744
Long-term portion of deferred revenue	$ 128,875	$ 68,536

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

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

(Expressed in Canadian dollars) (unaudited)

	May 31, 2015	August 31, 2014
Payable to carriers and insured individuals or groups	$ 15,668,935	$ 16,640,790
Less related cash and cash equivalents balances	15,668,935	16,640,790
	$ -	$ -

9. Non-controlling interest put options:

In connection with the acquisitions of Bencom Financial Service Group Inc. ("Bencom") and the Hamilton + Partners group of companies ("H+P"), the Company entered into various agreements whereby the vendors hold an economic interest in Bencom and H+P respectively through the ongoing right to earn performance-based commissions and fees. In addition, the vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("Special Shares"). The Company has the right to purchase the Special Shares ("Call Option") and the vendors have the right to require the Company to purchase the Special Shares ("Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the Call Option or the Put Option, the vendor’s right to earn performance based commissions and fees will be terminated.

The liability recognized in connection with the Bencom Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Bencom, the estimated future exercise dates and other factors. The fair value of the liability associated with the Bencom Put Options as at May 31, 2015 was $1,010,225 (August 31, 2014 - $851,511). The Bencom Put Option is restricted until December 2015, which is three years from the effective date of the agreement, but then may be exercisable at any time by the non-controlling shareholder(s).

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The fair value of the liability associated with the H+P Put Option as at May 31, 2015 was $6,664,659 (August 31, 2014 - $5,809,840). The H+P Put Option is restricted until July 2016, which is three years from the effective date of the agreement, but then may be exercisable at any time by the non-controlling shareholder(s).

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income. For the three and nine months ended May 31, 2015 the Company recorded an adjustment to the non-controlling interest put options amounting to $400,000 (2014 - $175,502) and $1,013,533 (2014 - $300,132) to the change in estimated fair value of the liability.

10. Loans and borrowings:

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

	May 31, 2015	August 31, 2014
Term loans		
(a) A bank loan bearing interest of prime plus 1.50% per annum, secured by the assets of the Company, repayable in quarterly installments of principal of $335,714 plus accrued interest. The loan was repaid in October 2014.	$ -	$ 6,057,143

(Expressed in Canadian dollars) (unaudited)

(b)	A bank loan bearing interest of prime plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan matures October 31, 2017 unless extended pursuant to the agreement.	6,720,000	-
Total term loans		6,720,000	6,057,143
Vendor-take-back loans			
(c)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in two annual installments of $350,000. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan was repaid on February 17, 2015.	-	346,476
(d)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $188,031. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on December 1, 2015.	183,153	358,619
(e)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in two payments of $105,000 and $135,000, respectively. The amortized cost of the loan has been discounted using a rate of 5.76%. The loan matures May 1, 2016.	226,929	217,659
(f)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $1,201,667. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on July 9, 2016.	2,319,001	2,213,392
(g)	A vendor-take-back loan bearing no interest per annum, secured by the assets of the Company, 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 May 1, 2017.	184,221	272,183
(h)	A vendor-take-back loan bearing no interest per annum, unsecured, payable in monthly installments of $5,224. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on August 1, 2017.	130,909	170,564

(Expressed in Canadian dollars) (unaudited)

Total vendor-take-back loans	3,044,213	3,578,893
Finance lease liabilities		
(i) A finance lease repayable in monthly installments of $939 and secured by the assets to which the obligation relates. The lease expires August 1, 2015 and includes an implicit interest rate equal to 8.65%.	2,457	9,520
(j) A finance lease repayable in monthly installments of $1,074 and secured by the assets to which the obligation relates. The lease expires December 1, 2015 and includes an implicit interest rate equal to 11.28%.	6,791	14,893
Total finance lease liabilities	9,248	24,413
	9,773,461	9,660,449
Less current portion of:		
Term loans	630,000	1,342,857
Vendor take-back loans	1,678,341	1,717,587
Finance lease liabilities	9,248	20,478
	2,317,589	3,080,922
	$ 7,455,872	$ 6,579,527

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

1. $5 million revolving credit facility. As at May 31, 2015, the Company had not utilized this facility (August 31, 2014 - nil).
2. $23 million term acquisition credit facility to fund future acquisitions. As at May 31, 2015, the Company had not utilized this facility (August 31, 2014 - $6,057,143). Subsequent to May 31, 2015, $15,775,000 was drawn down on the credit facility in connection with the acquisition of Coughlin & Associates Ltd., as described in note 18, Subsequent Events.
3. $7 million term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement. As at May 31, 2015, the balance owing on this facility was equal to $6,720,000 (August 31, 2014 - nil).

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

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

(Expressed in Canadian dollars) (unaudited)

Finance lease liabilities are payable as follows:

		May 31, 2015				August 31, 2014
	Future minimum lease payments	Interest	PV of minimum lease payments	Future minimum lease payments	Interest	PV of minimum lease payments
1-12 months	$ 9,542	$ 294	$ 9,248	$ 22,055	$ 1,577	$ 20,478
13-60 months	-	-	-	4,028	93	3,935
	$ 9,542	$ 294	$ 9,248	$ 26,083	$ 1,670	$ 24,413

11. Share capital:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Note	Number of Common voting shares	Amount
Balance, August 31, 2013		33,027,193	$ 12,024,732
Private placement of shares		4,815,080	9,573,447
Exercise of stock options		1,709,213	867,155
Balance, August 31, 2014		39,551,486	22,465,334
Private placement of shares		4,232,000	13,602,196
Exercise of stock options	12(b)	523,331	258,045
Balance, May 31, 2015		44,306,817	$ 36,325,575

On May 6, 2015, the Company closed a private placement offering of 4,232,000 shares at a price of $3.40 per share, which included the exercise in full of the Underwriter's over-allotment option of 552,000 shares. The offering resulted in aggregate gross proceeds of $14,388,800 less share issuance and commission costs of $786,604 for net proceeds of $13,602,196.

Subsequent to May 31, 2015, the Company issued 626,566 common shares for an aggregate value of $2,500,000 in connection with the acquisition of Coughlin & Associates Ltd., as described in note 18, Subsequent Events.

(c) Earnings per share

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

Diluted earnings per share was calculated using the basic calculation described above, and adjusting for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at May 31, 2015 that would have been issued by the Company under its stock option plan.

(Expressed in Canadian dollars) (unaudited)

The following details the earnings per share, basic and diluted, calculations for the three and nine months ended May 31, 2015 and May 31, 2014:

	May 31, 2015		May 31, 2014	
	Three months ended	Nine months ended	Three months ended	Nine months ended
(Loss) Net income attributable to common shares (basic and diluted)	$ (351,229)	$ 343,896	$ 142,893	$ 1,966,064
Weighted average number of common shares (basic)	41,219,306	40,294,964	36,179,556	34,189,368
Add: Dilutive effect of stock options	806,059	947,001	1,692,436	2,083,765
Weighted average number of common shares (diluted)	42,025,365	41,241,965	37,871,992	36,273,133
Earnings per share (basic)	$ (0.009)	$ 0.009	$ 0.004	$ 0.058
Earnings per share (diluted)	$ (0.009)	$ 0.008	$ 0.004	$ 0.054

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

12. Share-based payments:

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

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates. 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 Employee Share Purchase Plan and under the former Stock Option Plan.

(a) Employee share ownership plan

The Company has an employee share ownership plan ("ESOP") whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed as incurred as there is no vesting period. Under the plan, the Company matches $1 for every $4 contributed by employee contributions of between 2% and 5% of annual base remuneration.

At May 31, 2015, there were 176 participants (May 31, 2014 – 171) in the plan. The total number of shares purchased during the three and nine months ended May 31, 2015 on behalf of participants, including the Company contribution, was 50,360 and 175,245 shares (May 31, 2014 – 74,809 and 270,695 shares). During the three and nine months ended May 31, 2015, the Company's matching contributions totalled 10,070 and 35,049 shares (May 31, 2014 – 14,962 and 54,139 shares).

(Expressed in Canadian dollars) (unaudited)

For the three and nine months ended May 31, 2015 the Company recorded an expense to recognize the matching contribution equal to $35,473 and $97,495 (May 31, 2014 – $34,721 and $88,966).

(b) Stock option plans

Options may be granted to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine within the limitations set forth in the stock option plans or by security regulators. Options shall not be granted for a term exceeding eight years.

Changes in the number of options outstanding during the nine months ended May 31, 2015 and May 31, 2014, are as follows:

	May 31, 2015		May 31, 2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	1,566,667	$ 0.57	3,129,809	$ 0.37
Granted	175,314	2.98	150,000	1.90
Exercised	(523,331)	0.37	(1,701,713)	0.33
Forfeited and expired	(100,003)	0.31	(3,929)	0.28
Balance, end of period	1,118,647	$ 1.06	1,574,167	$ 0.42
Options exercisable, end of period	726,664		890,828	

For the nine months ended May 31, 2015, the Company received proceeds from exercise of stock options equal to $161,473 (2014 - $553,393) from the exercise of 523,331 (2014 - 1,701,713) options. Related to these transactions, the Company transferred $96,572 (2014 - $311,055) from contributed surplus to share capital.

Options outstanding at May 31, 2015 consist of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.25 - $ 0.50	500,000	1.67 years	$ 0.40	500,000
$ 0.51 - $ 1.00	293,334	2.92 years	0.63	176,666
$ 1.51 - $ 2.00	125,000	3.71 years	1.71	41,665
$ 2.51 - $ 2.96	190,313	4.55 years	2.92	8,333
$ 3.01 - $ 3.83	10,000	7.99 years	3.83	-
$ 0.25 - $ 2.96	1,118,647	2.77 years	$ 1.06	726,664

(Expressed in Canadian dollars) (unaudited)

13. Finance expenses:

The Company's finance expenses for the three and nine months ended May 31, 2015 and May 31, 2014 were comprised of the following:

	May 31, 2015		May 31, 2014	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Interest on loans and borrowings	$ 106,423	$ 597,916	$ 194,749	$ 571,093
Interest income	(216)	(582)	(578)	(1,977)
Other finance costs	8,415	43,641	3,889	49,578
Non-cash finance costs				
Accretion expense on vendor-take-back loans	85,450	140,341	64,751	202,175
Accretion on contingent acquisition consideration	31,301	93,903	27,948	83,842
Non-controlling interest put option adjustment	400,000	1,013,533	175,502	300,132
	516,751	1,247,777	268,201	586,149
Total finance expenses	$ 631,373	$ 1,888,752	$ 466,261	$ 1,204,843

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

14. Financial instruments:

Fair value measurement

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

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

(Expressed in Canadian dollars) (unaudited)

	Note	(Quoted prices in an active market for identical assets) **Level 1**	(Significant other observable inputs) **Level2**	(Significant other unobservable inputs) **Level 3**
May 31, 2015				
Cash and cash equivalents		$ 17,018,869	$ -	$ -
Contingent acquisition consideration	6	-	-	1,158,132
Non-controlling interest put options	9	-	-	7,674,884
August 31, 2014:				
Cash and cash equivalents		$ 2,750,465	$ -	$ -
Contingent acquisition consideration	6	-	-	1,064,229
Non-controlling interest put options	9	-	-	6,661,351

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

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

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

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

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

15. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to May 2019. Future minimum lease payments as at May 31, 2015 are as follows:

Next 12 months	$ 1,090,968
13 - 24 months	936,682
25 - 36 months	712,563
37 - 48 months	358,747
49 - 60 months	46,660
	$ 3,145,620

(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 is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

16. Related parties:

(a) Key management personnel compensation

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

The following table details the compensation paid to key management personnel during the three and nine months ended May 31, 2015 and 2014:

	May 31, 2015		May 31, 2014	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Salaries, fees and short-term employee benefits	$ 295,270	$ 1,045,282	$ 292,210	$ 1,202,361
Share-based payments	63,598	136,985	43,444	110,495
	$ 358,868	$ 1,182,267	$ 335,654	$ 1,312,856

(b) Key management personnel and director transactions

As at May 31, 2015, directors and key management personnel owned 22.08% (August 31, 2014 - 24.50%) percent of the voting shares of the Company.

As at May 31, 2015, the Company engages in transactions with Directors and key management personnel of the Company. All the transactions are in the normal course of operations and are measured at the exchanged amount, which is the consideration agreed to by the parties.

17. Expenses by nature:

The Company's operating expenses for the three and nine months ended May 31, 2015 and May 31, 2014 were comprised of the following:

(Expressed in Canadian dollars) (unaudited)

	May 31, 2015		May 31, 2014	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Personnel and compensation				
Salaries, bonuses and commissions	$ 5,413,959	$ 17,659,040	$ 6,576,925	$ 18,184,076
Short-term benefits	599,409	1,635,830	598,385	1,609,782
Share-based payments	70,249	156,269	50,573	131,069
	6,083,617	19,451,139	7,225,883	19,924,927
Advertising and sponsorships	145,488	503,538	157,734	460,450
Automobile	82,166	237,931	73,827	203,671
Administration fees	562,403	1,597,758	508,771	1,402,949
Depreciation of property and equipment	265,797	689,986	188,404	334,956
Occupancy	496,790	1,619,204	563,822	1,614,076
Office supplies and communication	427,054	1,235,374	398,751	1,142,968
Other	93,392	359,973	170,586	400,376
Professional fees	260,215	920,038	233,633	509,350
Public company costs	83,084	265,212	53,836	180,565
Travel	181,131	689,139	275,890	711,847
	$ 8,681,137	$ 27,569,292	$ 9,851,137	$ 26,886,135

For the three months ended May 31, 2015 the Company incurred $570,530 (2014 - $19,615) of acquisition, integration and restructuring costs and $905,876 for the nine months ended May 31, 2015 (2014 - $55,155). Acquisition, integration and restructuring costs are comprised of professional fees and other non-recurring incremental costs incurred to secure and compete 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 restructuring operations.

18. Subsequent events:

Effective on June 12, 2015, the Company acquired 100% of the issued and outstanding voting shares of Coughlin & Associates Ltd. ("Coughlin") from the principals of Coughlin and 66% of the economic interest in Coughlin through the acquisition of certain non-voting shares of Coughlin. The Company paid $30,225,000 for the purchased shares by way of (i) a cash payment of $26,375,000 to the principals, (ii) the issuance of 626,566 common shares of the Company (issued at a ten-day weighted average trailing price of $3.99 per share) to certain of the principals for an aggregate value of $2,500,000 and (iii) the issuance of $1,350,000 of vendor-take-back notes to certain of the principals, payable by five annual installments commencing June 12, 2016 and thereafter on each anniversary. The Company's 66% economic interest in Coughlin is held by way of a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("PC Coughlin Shares"). The remaining 34% economic interest in Coughlin is held by certain of the principals by way of a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Vendor Coughlin Shares"). The Vendor Coughlin Shares held by these principals may be acquired by the Company or sold by these principals amongst themselves or to the Company in the future, after a specified hold period at a price determinable based upon pre-agreed terms, subject to certain terms and conditions.

Dividends, if declared, are based on specified criteria, including a formula related to the adjusted earnings of Coughlin. Dividends are payable, firstly to the Company through its PC Coughlin Shares to the extent of a base earnings amount, secondly, to the Principals who hold the Vendor Coughlin Shares to the extent of earnings in excess of the base earnings amount up to an agreed level of earnings and thereafter, dividends are paid out to all the holders of the PC Coughlin Shares and Vendor Coughlin Shares on a pro rata basis.

In addition, certain of the vendors have the potential to earn contingent consideration in the future subject to certain specified terms and conditions having been met and subject to achieving certain financial performance targets over the next five years.

The Company paid the cash payment portion of the purchase price from a combination of existing cash resources of $10,600,000 and a draw-down on the Company's senior credit facility of $15,775,000.

19. Comparative figures:

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