Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

people CORPORATION

Experience the Benefits of People

Three and nine months ended May 31, 2016 and May 31, 2015
(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, 2016.

PEOPLE CORPORATION

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

	Note	May 31, 2016	August 31, 2015
Assets			
Current assets:			
Cash and cash equivalents		$ 11,410,009	$ 6,514,734
Trade and other receivables		7,697,565	7,199,276
Income taxes receivable		1,270,436	610,065
Other current assets		1,177,187	879,282
Total current assets		21,555,197	15,203,357
Non-current assets:			
Property and equipment	5	1,946,675	1,582,820
Goodwill and intangible assets	6	121,683,448	97,087,692
Deferred tax asset		1,173,361	723,477
Total non-current assets		124,803,484	99,393,989
Total assets		**$ 146,358,681**	**$ 114,597,346**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	7	$ 7,945,380	$ 4,962,924
Deferred revenue	8	4,047,373	4,951,681
Current portion of loans and borrowings	11	3,417,623	2,472,433
Total current liabilities		15,410,376	12,387,038
Accrued and other liabilities	7	2,428,505	1,666,656
Deferred revenue	8	158,044	89,303
Non-controlling interest put options	10	31,730,790	22,649,069
Loans and borrowings	11	38,598,102	22,937,216
Deferred tax liability		13,208,646	10,788,674
Total liabilities		**101,534,463**	**70,517,956**
Shareholders' equity:			
Share capital	12	39,220,698	39,029,883
Contributed surplus		1,188,226	736,584
Retained earnings		4,415,294	4,312,923
Total shareholders' equity		**44,824,218**	**44,079,390**
Total liabilities and shareholders' equity		**$ 146,358,681**	**$ 114,597,346**

Commitments and contingencies (Note 16)

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

PEOPLE CORPORATION

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

		May 31, 2016		May 31, 2015	
	Note	**Three months ended**	**Nine months ended**	**Three months ended**	**Nine months ended**
Revenue		$ 20,248,129	$ 54,899,654	$ 10,487,584	$ 33,526,032
Operating expenses	18	16,226,261	43,411,648	8,415,340	26,879,306
Depreciation and amortization	5,6	1,686,324	4,966,585	903,927	2,570,630
Finance expenses	14	1,334,264	3,697,462	631,373	1,888,753
Acquisition, integration and reorganization costs		1,072,641	2,010,674	570,530	905,876
	18	20,319,490	54,086,369	10,521,170	32,244,565
(Loss) income before income taxes		**(71,361)**	**813,285**	**(33,586)**	**1,281,467**
Income tax expense:					
Current		93,102	1,661,008	292,263	1,171,129
Deferred		(396,115)	(950,094)	25,379	(233,557)
		(303,013)	710,914	317,642	937,572
Net Income (loss)		**$ 231,652**	**$ 102,371**	**$ (351,228)**	**$ 343,895**
Earnings per share	12(c)				
Basic		$ 0.005	$ 0.002	$ (0.009)	$ 0.009
Diluted		$ 0.005	$ 0.002	$ (0.008)	$ 0.008

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

PEOPLE CORPORATION

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

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, August 31, 2014		$ 22,465,334	$ 638,090	$ 2,918,506	$ 26,021,930
Net income (loss) and comprehensive net income (loss) for the period		-	-	343,895	343,895
Issuance of common shares	12(b)	13,602,196	-	-	13,602,196
Exercise of stock options		258,045	(96,572)	-	161,473
Share-based payments	13(b)(c)(d)	-	156,269	-	156,269
		13,860,241	59,697	343,895	14,263,833
Balance, May 31, 2015		**$ 36,325,575**	**$ 697,787**	**$ 3,262,401**	**$ 40,285,763**

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, August 31, 2015		$ 39,029,883	$ 736,584	$ 4,312,923	$ 44,079,390
Net income (Loss) and comprehensive net income (loss) for the period		-	-	102,371	102,371
Exercise of stock options	12(b)	190,815	(79,048)	-	111,767
Share-based payments	13(b)(c)(d)	-	530,690	-	530,690
		190,815	451,642	102,371	744,828
Balance, May 31, 2016		**$ 39,220,698**	**$ 1,188,226**	**$ 4,415,294**	**$ 44,824,218**

PEOPLE CORPORATION

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

		May 31, 2016		May 31, 2015	
	Note	Three months ended	Nine months ended	Three months ended	Nine months ended
Operating activities					
Net Income for the period		$ 231,652	$ 102,371	$ (351,228)	$ 343,895
Adjustments for:					
Depreciation	5	289,037	714,602	265,797	689,986
Amortization of intangible assets	6	1,397,286	4,251,982	638,131	1,880,644
Share-based compensation	13(b)(c)(d)	152,560	530,690	70,249	156,269
Change in non-controlling interest put liability	10, 14	899,383	2,479,279	400,000	613,533
Accretive interest expense	14	74,665	253,585	116,751	634,245
Deferred income tax expense (recovery)		(396,122)	(950,101)	25,379	(233,557)
Net cash from operations		2,648,461	7,382,408	1,165,079	4,085,015
Change in the following:					
Trade and other receivables		1,172,824	1,985,970	439,817	(645,349)
Other current assets		9,554	(91,708)	167,401	(210,696)
Trade payables, accrued and other liabilities		1,730,388	804,810	(703,644)	(879,165)
Deferred revenue		(247,832)	(1,049,355)	(57,211)	(433,787)
Income taxes payable		(1,197,390)	(761,415)	(442,718)	(261,943)
Net cash from (used by) working capital items		1,467,544	888,302	(596,355)	(2,430,940)
Net cash from operating activities		**4,116,005**	**8,270,710**	**568,724**	**1,654,075**
Investing activities					
Acquisition of property and equipment	5	(81,374)	(413,235)	(460,460)	(936,572)
Acquisition of intangible assets	6	(410,335)	(1,546,475)	(145,545)	(185,440)
Acquisition of subsidiaries, net of cash acquired		(17,305,049)	(17,305,049)	-	-
Net cash used by investing activities		**(17,796,758)**	**(19,264,759)**	**(606,005)**	**(1,122,012)**
Financing activities					
Proceeds from exercise of stock options		36,268	111,768	6,458	161,473
Proceeds from loans and borrowings	4	18,159,955	18,159,955	-	7,000,000
Proceeds from private placement		-	-	13,602,195	13,602,195
Repayment of loans and borrowings		(568,936)	(1,707,399)	(298,812)	(7,027,328)
Payment of dividends on non-controlling interest	10	(225,000)	(675,000)	-	-
Net cash from (used in) financing activities		**17,402,287**	**15,889,324**	**13,309,841**	**13,736,340**
Change in cash and cash equivalents		**3,721,534**	**4,895,275**	**13,272,560**	**14,268,403**
Cash and cash equivalents at beginning of the period		7,688,475	6,514,734	3,746,309	2,750,465
Cash and cash equivalents at the end of the period		**$ 11,410,009**	**$ 11,410,009**	**$ 17,018,869**	**$ 17,018,868**

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, 2016 and May 31, 2015 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

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

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on July 14, 2016.

3. Significant accounting policies:

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

The following new and revised Standards and Interpretations 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.

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

The IASB issued IFRS 15 to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

(Expressed in Canadian dollars) (unaudited)

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

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

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

4. Business acquisitions:

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

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

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

The Company accounted for this transaction as a business combination and has applied the acquisition method of accounting in accordance with IFRS 3. The recognized amounts of assets acquired and liabilities assumed in the transaction and the acquisition date fair value of the total consideration transferred are as follows:

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

(Expressed in Canadian dollars) (unaudited)

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

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

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

The Company's condensed consolidated interim statements of comprehensive income include the result of operations for BPA from its date of acquisition to May 31, 2016.

	May 31, 2016	
	As reported for BPA	Pro forma of the Company
Operating revenues	$ 2,457,913	$ 16,593,001
Net income and comprehensive income (loss)	$ 377,913	$ 2,550,600

Pro forma balances represent management's estimates of consolidated revenue and consolidated net income as if the acquisitions had been completed on September 1, 2015. For the purposes of these pro forma balances, comprehensive income is equal to net income. Acquisition-related costs amounting to $2,010,674 (2015 - $905,876) are not included as part of the consideration transferred and have been recognized as acquisition, integration and reorganization costs in the condensed consolidated interim statements of comprehensive income.

(Expressed in Canadian dollars) (unaudited)

5. Property and equipment:

The Company has the following property and equipment:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Automobiles	Total
Cost					
Balance, August 31, 2014	$ 1,046,227	$ 897,852	$ 1,430,891	$ -	**$ 3,374,970**
Additions	331,454	235,533	167,286	-	**734,273**
Acquisition through business combination	47,017	1,067,752	834,796	35,000	**1,984,565**
Balance, August 31, 2015	1,424,698	2,201,137	2,432,973	35,000	**6,093,808**
Additions	268,437	43,886	100,912	-	**413,235**
Acquisition through business combination	1,776,521	988,136	1,075,247	120,857	**3,960,761**
Balance, May 31, 2016	$ 3,469,656	$ 3,233,159	$ 3,609,132	$ 155,857	**$ 10,467,804**
Depreciation					
Balance, August 31, 2014	$ (602,301)	$ (604,424)	$ (994,997)	$ -	**$ (2,201,722)**
Depreciation for the period	(201,331)	(285,343)	(248,304)	(1,041)	**(736,019)**
Acquisition through business combination	(38,537)	(790,893)	(726,518)	(17,299)	**(1,573,247)**
Balance, August 31, 2015	(842,169)	(1,680,660)	(1,969,819)	(18,340)	**(4,510,988)**
Depreciation for the period	(212,252)	(230,676)	(264,520)	(7,154)	**(714,602)**
Acquisition through business combination	(1,525,691)	(789,643)	(943,529)	(36,676)	**(3,295,539)**
Balance, May 31, 2016	$ (2,580,112)	$ (2,700,979)	$ (3,177,868)	$ (62,170)	**$ (8,521,129)**
Carrying amounts					
Balance, August 31, 2015	$ 582,529	$ 520,477	$ 463,154	$ 16,660	**$ 1,582,820**
Balance, May 31, 2016	$ 889,544	$ 532,180	$ 431,264	$ 93,687	**$ 1,946,675**

6. Goodwill and intangible assets:

The Company has the following goodwill and intangible assets:

(Expressed in Canadian dollars) (unaudited)

	Goodwill	Customer relationships	Customer contracts	Computer software	Total
Cost					
Balance, August 31, 2014	$ 30,137,981	$ 21,608,352	$ 3,412,165	$ 964,675	**$ 56,123,173**
Additions	-	308,461	93,945	324,871	**727,277**
Acquisition through business combination	25,930,637	25,855,000	-	1,209,581	**52,995,218**
Balance, August 31, 2015	56,068,618	47,771,813	3,506,110	2,499,127	**109,845,668**
Additions	-	777,492	247,876	521,107	**1,546,475**
Acquisition through business combination	14,665,972	12,431,347	-	3,294,280	**30,391,599**
Balance, May 31, 2016	$ 70,734,590	$ 60,980,652	$ 3,753,986	$ 6,314,514	**$141,783,742**
Amortization					
Balance, August 31, 2014	$ -	$ (5,710,344)	$ (2,161,464)	$ (511,341)	**$ (8,383,149)**
Amortization for the period	-	(2,689,396)	(329,905)	(180,032)	**(3,199,333)**
Acquisition through business combination	-	-	-	(1,175,494)	**(1,175,494)**
Balance, August 31, 2015	-	(8,399,740)	(2,491,369)	(1,866,867)	**(12,757,976)**
Amortization for the period	-	(3,765,960)	(247,429)	(238,593)	**(4,251,982)**
Acquisition through business combination	-	-	-	(3,090,336)	**(3,090,336)**
Balance, May 31, 2016	$ -	$ (12,165,700)	$ (2,738,798)	$ (5,195,796)	**$ (20,100,294)**
Carrying amounts					
Balance, August 31, 2015	$ 56,068,618	$ 39,372,073	$ 1,014,741	$ 632,260	**$ 97,087,692**
Balance, May 31, 2016	$ 70,734,590	$ 48,814,952	$ 1,015,188	$ 1,118,718	**$121,683,448**

7. Trade payables, accrued and other liabilities:

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

	May 31, 2016	**August 31, 2015**
Trade payables and other liabilities	$ 8,616,136	$ 4,954,935
Contingent acquisition consideration	1,280,892	1,183,319
Post-retirement benefits and other liabilities	476,857	491,326
	10,373,885	6,629,580
Less current portion of trade payables, accrued and other liabilities	7,945,380	4,962,924
Total non-current accrued and other liabilities	**$ 2,428,505**	**$ 1,666,656**

(Expressed in Canadian dollars) (unaudited)

Amounts recognized as contingent acquisition consideration at May 31, 2016 represent the estimated undiscounted fair value of $1,308,793 (August 31, 2015 - $1,308,793) for potential additional future consideration related to the acquisition of Hamilton + Partners group of companies ("H+P") on July 9, 2013. The estimate of additional future consideration is based on achieving financial targets for H+P and may be payable at 36, 48 and 60 months subsequent to the acquisition. The liability recognized in connection with the contingent consideration has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P and other factors. The fair value of the liability in connection with the contingent consideration is determined by discounting the estimated future payment obligation at each reporting date. Changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income. For the three and nine months ended May 31, 2016 the Company recognized an adjustment to the fair value of the contingent consideration of $97,573 (2015 - $93,903).

8. 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, 2016	**August 31, 2015**
Fees received in advance	$ 4,205,417	$ 5,040,984
Less current portion of deferred revenue	4,047,373	4,951,681
Long-term portion of deferred revenue	**$ 158,044**	**$ 89,303**

9. 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.

	May 31, 2016	**August 31, 2015**
Payable to carriers and insured individuals or groups	$ 44,636,319	$ 41,852,258
Less related cash and cash equivalents balances	44,636,319	41,852,258
	$ -	**$ -**

(Expressed in Canadian dollars) (unaudited)

10. Non-controlling interest put options:

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

	Note	**May 31, 2016**	**August 31, 2015**
Balance, beginning of year		$ 22,649,069	$ 6,661,451
Acquisition through business combination	4	7,277,442	15,519,000
Change in estimated fair value		2,479,279	468,618
Less payment of dividends on non-controlling interest		(675,000)	-
Balance, end of period		**$ 31,730,790**	**$ 22,649,069**

(i) BPA

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

(ii) Coughlin

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

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

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

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

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

(iii) H+P

(Expressed in Canadian dollars) (unaudited)

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

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The H+P Put Option is restricted until July 2016, which is three years from the effective date of the agreement, but then may be exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

(iii) Bencom

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

The liability recognized in connection with the Bencom Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Bencom, the estimated future exercise dates and other factors. The Bencom Put Option was restricted until December 2015, which was three years from the effective date of the agreement, but may subsequently be exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income.

11. Loans and borrowings:

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

	May 31, 2016	August 31, 2015
Term loans		
(a) A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan matures October 31, 2019 unless extended pursuant to the agreement.	$ 21,659,625	$ 6,580,000

(Expressed in Canadian dollars) (unaudited)

(b) A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures October 31, 2019 unless extended pursuant to the agreement.	17,984,955	15,775,000
Total term loans	39,644,580	22,355,000
Vendor take-back loans		
(c) A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $188,031. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matured on December 3, 2015.	-	186,137
(d) A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of $105,000 and $135,000, respectively. The amortized cost of the loan has been discounted using a rate of 5.76%. The loan matures June 14, 2016.	135,000	230,197
(e) A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $1,201,667. $502,167 of the final installment was paid in February 2016. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on July 9, 2016.	693,450	1,141,168
(f) A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $100,000. The amortized cost of the loan has been discounted using a rate equal to 5.80%. The loan matures on August 29, 2017.	195,226	186,928
(g) A vendor take-back loan bearing no interest per annum, unsecured, payable in monthly installments of $5,224. The amortized cost of the loan has been discounted using a rate of 6.43%. The loan matures on August 31, 2017.	75,029	117,284
(h) A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: $150,000 in the first year and $300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures on June 12, 2020.	1,228,237	1,189,000
Total vendor take-back loans	2,326,942	3,050,714
Finance lease liabilities		
(i) A finance lease repayable in monthly installments of $1,074 and secured by the assets to which the obligation relates. The lease expired December 1, 2015 and includes an implicit interest rate equal to 11.28%.	-	3,935

(Expressed in Canadian dollars) (unaudited)

(j) A finance lease repayable in monthly installments of $1,082 and secured by the assets to which the obligation relates. The lease expires December 13, 2019 and includes an implicit interest rate equal to 4.71%.	44,203	-
Total finance lease liabilities	44,203	3,935
	42,015,725	25,409,649
Less current portion of:		
Term loans	2,221,500	665,000
Vendor take-back loans	1,185,832	1,803,498
Finance lease liabilities	10,291	3,935
	3,417,623	2,472,433
	$ 38,598,102	**$ 22,937,216**

The Company is a party to an agreement with its senior lender, Canadian Imperial Bank of Commerce ("CIBC"), as lead lender of a syndicated loan facility, which included the following components:

1. $5,000,000 revolving credit facility. As at May 31, 2016, the Company had not utilized this facility (August 31, 2015 - nil).
2. $34,000,000 term acquisition credit facility to fund future acquisitions. As at May 31, 2016, $17,984,955 (August 31, 2015 - $15,775,000) was drawn down on the credit facility in connection with the acquisition of Coughlin.
3. $22,215,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions. As at May 31, 2016, the balance owing on this facility was equal to $21,659,625 (August 31, 2015 - $6,580,000).

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

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

(Expressed in Canadian dollars) (unaudited)

12. Share capital:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common voting shares	Amount
Balance, August 31, 2014	39,551,486	$ 22,465,334
Private placement of shares	4,232,000	13,744,339
Acquisition-related issuance of shares	626,566	2,500,000
Exercise of stock options	548,331	320,210
Balance, August 31, 2015	44,958,383	39,029,883
Exercise of stock options	241,667	190,815
Balance, May 31, 2016	**45,200,050**	**$ 39,220,698**

(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, 2016 that would have been issued by the Company under its stock option plans.

The following details the earnings per share, basic and diluted, calculations for the three and nine months ended May 31, 2016 and May 31, 2015:

		May 31, 2016		**May 31, 2015**
	Three months ended	Nine months ended	Three months ended	Nine months ended
Net Income attributable to common shares (basic and diluted)	$ 231,652	$ 102,371	$ (351,228)	$ 343,895
Weighted average number of common shares (basic)	45,180,340	45,049,368	41,219,306	40,294,964
Add: Dilutive effect of stock options	493,668	637,232	806,059	947,001
Weighted average number of common shares (diluted)	45,674,008	45,686,600	42,025,365	41,241,965
Earnings per share (basic)	$ 0.005	$ 0.002	$ (0.009)	$ 0.009
Earnings per share (diluted)	$ 0.005	$ 0.002	$ (0.008)	$ 0.008

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

13. Share-based payments:

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

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

(a) Employee share purchase plan

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

At May 31, 2016, there were 216 participants (May 31, 2015 – 176) in the plan. The total number of shares purchased during the three and nine months ended May 31, 2016 on behalf of participants, including the Company contribution, was 82,677 and 245,955 shares (May 31, 2015 – 50,360 and 175,245 shares). During the three and nine months ended May 31, 2016, the Company's matching contributions totalled 16,535 and 49,191 shares (May 31, 2015 – 10,070 and 35,049 shares).

For the three and nine months ended May 31, 2016 the Company recorded an expense to recognize the matching contribution equal to $44,652 and $127,931 (May 31, 2015 – $33,408 and $97,495).

(b) Stock option plans

Options may be granted to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine within the limitations set forth in the Security Based Compensation Plan or former Stock Option Plan or by security regulators. Options shall not be granted for a term exceeding eight years under the terms of the Security Based Compensation Plan or five years under the terms of the former Stock Option Plan.

Changes in the number of options outstanding during the nine months ended May 31, 2016 and May 31, 2015, are as follows:

(Expressed in Canadian dollars) (unaudited)

	May 31, 2016		May 31, 2015	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, August 31, 2015	1,107,679	$ 1.13	1,566,667	$ 0.57
Granted	657,211	3.09	175,314	2.98
Exercised	(241,667)	0.46	(523,331)	0.37
Forfeited and expired	-	-	(100,003)	0.31
Balance, end of period	**1,523,223**	**$ 2.08**	**1,118,647**	**$ 1.06**
Options exercisable, end of period	**685,099**		**726,664**	

Options outstanding at May 31, 2016 consist of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.25 - $ 0.50	290,000	0.78 years	$ 0.42	290,000
$ 0.51 - $ 1.00	236,667	1.91 years	0.63	236,667
$ 1.01 - $ 2.00	125,000	2.71 years	1.71	83,330
$ 2.01 - $ 3.00	647,184	6.57 years	2.89	71,769
$ 3.01 - $ 4.00	210,340	7.37 years	3.60	3,333
$ 4.01 - $ 4.12	14,032	7.12 years	4.11	-
$ 0.25 - $ 4.12	1,523,223	3.45 years	$ 1.71	685,099

For the three and nine months ended May 31, 2016, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $99,620 and $252,052 (2015 - $70,249 and $156,269).

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

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

(Expressed in Canadian dollars) (unaudited)

	May 31, 2016	
	Number of RSUs	Grant price $
Balance, August 31, 2015	38,568	$ 4.11
Granted	110,724	3.59
Balance, end of period	**149,292**	**$ 3.72**

For the three and nine months ended May 31, 2016, the Company recorded an expense to recognize amortization of RSUs granted to employees and directors of the Company equal to $52,940 and $178,637 (2015 - nil and nil).

(d) Deferred Stock Units ("DSUs")

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

	May 31, 2016
	Number of DSUs
Balance, August 31, 2015	9,730
Granted	16,712
Balance, end of period	**26,442**

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

(Expressed in Canadian dollars) (unaudited)

14. Finance expenses:

The Company's finance expenses for the three and nine months ended May 31, 2016 and May 31, 2015 were comprised of the following:

		May 31, 2016		May 31, 2015	
	Note	Three months ended	Nine months ended	Three months ended	Nine months ended
Interest and finance costs on long-term debt	11	$ 275,839	$ 705,533	$ 106,423	$ 597,916
Other finance costs, net		84,377	259,065	8,199	43,059
Non-cash finance costs					
Accretion expense on vendor take-back loans	11	38,641	150,878	85,450	540,342
Accretion on contingent acquisition consideration	7	36,024	97,573	31,301	93,903
Accretion on post-retirement benefit liability		-	5,134	-	-
		74,665	253,585	116,751	634,245
Change in estimated fair value of non-controlling interest put option	10	899,383	2,479,279	400,000	613,533
		$ 1,334,264	$ 3,697,462	$ 631,373	$ 1,888,753

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 11). 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 7).

15. 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.

(Expressed in Canadian dollars) (unaudited)

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

	Note	(Quoted prices in an active market for identical assets) **Level 1**	(Significant other observable inputs) **Level 2**	(Significant other unobservable inputs) **Level 3**
August 31, 2015:				
Cash and cash equivalents		$ 6,514,734	$ -	$ -
Contingent acquisition consideration	7	-	-	1,183,319
Non-controlling interest put options	10	-	-	22,649,069
May 31, 2016				
Cash and cash equivalents		$ 11,410,009	$ -	$ -
Contingent acquisition consideration	7	-	-	1,280,892
Non-controlling interest put options	10	-	-	31,730,790

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.

16. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to November 2021. Future minimum lease payments as at May 31, 2016 are as follows:

Next 12 months	$ 3,891,790
13 - 24 months	3,468,367
25 - 36 months	2,789,072
37 - 48 months	2,338,768
49 - 60 months	1,523,658
	$ 14,011,655

(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.

17. Related parties:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non-cash and cash equivalents benefits and participation in the Employee Share Purchase Plan (Note 13(a)) and Security Based Compensation Plan (Note 12(b),(c)).

The following table details the compensation paid to key management personnel during the three and nine months ended May 31, 2016 and 2015:

	May 31, 2016		May 31, 2015	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Salaries, fees and short-term employee benefits	$ 301,880	$ 1,244,868	$ 295,270	$ 1,045,282
Share-based payments	54,579	158,632	63,598	136,985
	$ 356,459	**$ 1,403,500**	**$ 358,868**	**$ 1,182,267**

(b) Key management personnel and director transactions

As at May 31, 2016, directors and key management personnel owned 19.22% (May 31, 2015 - 22.08%) of the voting shares of the Company.

As at May 31, 2016, 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.

18. Expenses by nature:

The Company's expenses for the three and nine months ended May 31, 2016 and May 31, 2015 were comprised of the following:

(Expressed in Canadian dollars) (unaudited)

	May 31, 2016		May 31, 2015	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Personnel and compensation	$ 11,998,211	$ 32,538,760	$ 6,083,617	$ 19,451,139
General and administrative	3,152,338	7,261,594	1,756,350	4,841,676
Administration fees	841,748	2,278,648	562,403	1,597,758
Occupancy	1,235,618	3,040,191	500,416	1,629,397
Public company costs	70,987	303,129	83,084	265,212
	17,298,902	45,422,322	8,985,870	27,785,182
Depreciation and amortization	1,686,324	4,966,585	903,927	2,570,630
Finance expenses	1,334,264	3,697,462	631,373	1,888,753
	$ 20,319,490	**$ 54,086,369**	**$ 10,521,170**	**$ 32,244,565**

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statement of comprehensive income, for the three and nine months ended May 31, 2016 and May 31, 2015 were comprised of the following:

	May 31, 2016		May 31, 2015	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Operating expenses	$ 16,226,261	$ 43,411,648	$ 8,415,340	$ 26,879,306
Acquisition, integration and reorganization costs	1,072,641	2,010,674	570,530	905,876
	$ 17,298,902	**$ 45,422,322**	**$ 8,985,870**	**$ 27,785,182**

For the three and nine months ended May 31, 2016 the Company incurred $1,072,641 and $2,010,674 (2015 - $570,530 and $905,876) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of professional fees and other non-recurring incremental costs incurred to secure and complete specific acquisitions, non-operating outlays associated with integrating acquired operations into the Company`s business model subsequent to completion of an acquisition, and non-recurring outlays including consulting and recruiting fees and severance costs associated with reorganization of operations.

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.