

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)



Experience the Benefits of People

Three and six months ended February 28, 2015 and February 28, 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 six months ended February 28, 2015.

PEOPLE CORPORATION

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

	Note	February 28, 2015	August 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		\$ 3,746,309	\$ 2,750,465
Trade and other receivables		4,508,383	3,423,216
Other current assets		904,541	526,444
Total current assets		9,159,233	6,700,125
Non-current assets:			
Property and equipment	4	1,678,504	1,626,581
Goodwill and intangible assets	5	46,084,071	47,286,690
Deferred tax asset		518,937	496,031
Total non-current assets		48,281,512	49,409,302
Total assets		\$ 57,440,745	\$ 56,109,427
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	6	\$ 3,529,647	\$ 3,700,928
Deferred revenue	7	3,524,064	4,059,744
Income taxes payable		457,050	276,275
Current portion of loans and borrowings	10	2,130,870	3,080,922
Total current liabilities		9,641,631	11,117,869
Accrued and other liabilities	6	1,152,166	1,093,781
Deferred revenue	7	227,640	68,536
Non-controlling interest put options	9	7,274,884	6,661,351
Loans and borrowings	10	7,855,929	6,579,527
Deferred tax liability		4,330,404	4,566,433
Total liabilities		30,482,654	30,087,497
Shareholders' equity:			
Share capital	11	22,726,258	22,465,334
Contributed surplus		618,202	638,090
Retained earnings		3,613,631	2,918,506
Total shareholders' equity		26,958,091	26,021,930
Total liabilities and shareholders' equity		\$ 57,440,745	\$ 56,109,427

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

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

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

	Note	February 28, 2015		February 28, 2014	
		Three months ended	Six months ended	Three months ended	Six months ended
Revenue					
Commissions		\$ 7,636,919	\$ 14,399,519	\$ 6,888,883	\$ 12,148,026
Fees and other revenues		4,324,308	8,616,495	4,201,536	8,829,534
		11,961,227	23,016,014	11,090,419	20,977,560
Expenses					
Personnel and compensation	17	6,933,604	13,367,522	6,809,281	12,699,045
General and administrative	17	2,449,752	4,610,394	1,756,388	3,608,294
Advertising and promotion	17	354,722	887,805	328,323	714,693
		9,738,078	18,865,721	8,893,992	17,022,032
Income before undernoted		2,223,149	4,150,293	2,196,427	3,955,528
Finance and other costs:					
Amortization of intangible assets		(624,029)	(1,242,513)	(568,407)	(1,136,814)
Finance expenses	13	(584,166)	(1,257,379)	(283,264)	(738,582)
Acquisition, integration and restructuring costs	17	(275,346)	(335,346)	-	(35,540)
		(1,483,541)	(2,835,238)	(851,671)	(1,910,936)
Income before income taxes		739,608	1,315,055	1,344,756	2,044,592
Income tax expense (recovery):					
Current		454,097	878,866	554,406	1,088,939
Future		(101,456)	(258,936)	(634,600)	(867,518)
		352,641	619,930	(80,194)	221,421
Net income and comprehensive income		\$ 386,967	\$ 695,125	\$ 1,424,950	\$ 1,823,171
Earnings per share					
	11(c)				
Basic		\$ 0.010	\$ 0.017	\$ 0.043	\$ 0.055
Diluted		\$ 0.009	\$ 0.017	\$ 0.040	\$ 0.052

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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 income for the period		-	-	1,823,171	1,823,171
Exercise of stock options	11(b)	203,584	(71,453)	-	132,131
Share-based payments	12(b)	-	80,496	-	80,496
Total transactions with shareholders		203,584	9,043	1,823,171	2,035,798
Balance, February 28, 2014		\$ 12,228,316	\$ 783,288	\$ 3,200,816	\$ 16,212,420

	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 income for the period		-	-	695,125	695,125
Exercise of stock options	11(b)	260,924	(105,908)	-	155,016
Share-based payments	12(b)	-	86,020	-	86,020
Total transactions with shareholders		260,924	(19,888)	695,125	936,161
Balance, February 28, 2015		\$ 22,726,258	\$ 618,202	\$ 3,613,631	\$ 26,958,091

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

	February 28, 2015		February 28, 2014	
Note	Three months ended	Six months ended	Three months ended	Six months ended
Operating activities				
Net income (loss) for the period	\$ 386,967	\$ 695,125	\$ 1,424,950	\$ 1,823,171
Adjustments for:				
Depreciation	197,572	424,189	95,714	146,552
Amortization of intangible assets	624,029	1,242,513	568,407	1,136,814
Share-based compensation	40,335	86,020	40,202	80,496
Change in non-controlling interest put liability	382,300	613,533	(57,537)	124,630
Accretive interest expense	31,849	117,493	93,926	193,318
Deferred income tax expense (recovery)	(101,456)	(258,936)	(634,600)	(867,518)
Net cash from operations	1,561,596	2,919,937	1,531,062	2,637,463
Change in the following:				
Trade and other receivables	(1,014,634)	(1,085,167)	(524,775)	(64,173)
Other current assets	(250,664)	(378,097)	(8,563)	26,677
Trade payable, accrued and other liabilities	(246,584)	(175,581)	(958,582)	(1,939,692)
Deferred revenue	(371,448)	(376,576)	(83,924)	82,652
Income tax payable	112,624	180,776	228,498	605,625
Net cash used by working capital items	(1,770,706)	(1,834,645)	(1,347,346)	(1,288,911)
Net cash from (used by) operating activities	(209,110)	1,085,292	183,716	1,348,552
Investing activities				
Acquisition of intangible assets	(3,234)	(39,894)	(67,120)	(134,306)
Acquisition of property and equipment	(425,236)	(476,111)	(109,340)	(187,363)
Net cash used by investing activities	(428,470)	(516,005)	(176,460)	(321,669)
Financing activities				
Proceeds from exercise of stock options	18,333	155,015	96,900	132,131
Proceeds from loans and borrowings	-	7,000,000	-	-
Repayment of loans and borrowings	(650,713)	(6,728,458)	(1,117,918)	(1,698,592)
Net cash from (used by) financing activities	(632,380)	426,557	(1,021,018)	(1,566,461)
Change in cash and cash equivalents	(1,269,960)	995,844	(1,013,762)	(539,578)
Cash and cash equivalents at beginning of the period	5,016,269	2,750,465	2,923,353	2,449,169
Cash and cash equivalents at the end of the period	\$ 3,746,309	\$ 3,746,309	\$ 1,909,591	\$ 1,909,591

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

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Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars) (unaudited)

For the three and six months ended February 28, 2015 and February 28, 2014

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 six months ended February 28, 2015 and February 28, 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 April 22, 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.

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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
Disposals	-	-	-	(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	131,643	7,580	154,258	182,630	476,111
Balance, February 28, 2015	\$ 1,177,870	\$ 905,432	\$ 1,585,149	\$ 1,147,305	\$ 4,815,756
Depreciation and impairment losses					
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	(110,291)	(92,468)	(154,958)	(66,473)	(424,190)
Balance, February 28, 2015	\$ (712,592)	\$ (696,892)	\$ (1,149,955)	\$ (577,814)	\$ (3,137,253)
Carrying amounts					
Balance, August 31, 2014	\$ 443,926	\$ 293,428	\$ 435,894	\$ 453,333	\$ 1,626,581
Balance, February 28, 2015	\$ 465,278	\$ 208,541	\$ 435,194	\$ 569,491	\$ 1,678,504

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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	-	-	39,895	39,895
Balance, February 28, 2015	\$ 30,137,981	\$ 21,608,352	\$ 3,452,059	\$ 55,198,392
Amortization and impairment losses				
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	-	(1,082,713)	(159,800)	(1,242,513)
Balance, February 28, 2015	\$ -	\$ (6,793,057)	\$ (2,321,264)	\$ (9,114,321)
Carrying amounts				
Balance, August 31, 2014	\$ 30,137,981	\$ 15,898,008	\$ 1,250,701	\$ 47,286,690
Balance, February 28, 2015	\$ 30,137,981	\$ 14,815,295	\$ 1,130,795	\$ 46,084,071

6. Trade payables, accrued and other liabilities:

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

	February 28, 2015	August 31, 2014
Trade payables and other liabilities	\$ 3,517,218	\$ 3,687,611
Contingent consideration	1,126,831	1,064,229
Deferred lease inducements	37,764	42,869
	4,681,813	4,794,709
Less current portion of trade payables, accrued and other liabilities	3,529,647	3,700,928
Total long-term accrued and other liabilities	\$ 1,152,166	\$ 1,093,781

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Amounts recognized as contingent consideration represent the estimated undiscounted fair value of \$1,308,793 (2014 - \$1,308,793) for potential additional future consideration based on achieving financial targets for the Hamilton + Partners group of companies ("H+P") and may be payable at 36, 48 and 60 months subsequent to initial recognition. 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 six-month period, the Company recognized an adjustment to the fair value of the contingent consideration of \$62,602 (2014 - \$27,947).

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:

	February 28, 2015	August 31, 2014
Fees received in advance	\$ 3,751,704	\$ 4,128,280
Less current portion of deferred revenue	3,524,064	4,059,744
Long-term portion of deferred revenue	\$ 227,640	\$ 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.

	February 28, 2015	August 31, 2014
Payable to carriers and insured individuals or groups	\$ 16,055,743	\$ 16,640,790
Less related cash and cash equivalents balances	16,055,743	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.

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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 February 28, 2015 was \$977,923 (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 February 28, 2015 was \$6,296,961 (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 six months ended February 28, 2015 the Company recorded an adjustment to the non-controlling interest put options amounting to \$382,300 (2014 - \$124,630) to the change in estimated fair value of the liability.

10. Loans and borrowings:

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

	February 28, 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 principle of \$335,714 plus accrued interest. The loan was repaid in October 2014.	\$ -	\$ 6,057,143
(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.	6,860,000	-
Total term loans	6,860,000	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

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(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.	180,311	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.	223,839	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.	2,283,798	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.	280,106	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.	144,315	170,564
Total vendor-take-back loans		3,112,369	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%.	4,862	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%.	9,568	14,893
Total finance lease liabilities		14,430	24,413
		9,986,799	9,660,449

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Less current portion of:		
Term loans	595,000	1,342,857
Vendor take-back loans	1,521,440	1,717,587
Finance lease liabilities	14,430	20,478
	2,130,870	3,080,922
	\$ 7,855,929	\$ 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 February 28, 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 February 28, 2015, the Company had not utilized this facility (August 31, 2014 - \$6,057,143).
3. \$7 million term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement. As at February 28, 2015, the balance owing on this facility was equal to \$6,860,000 (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.

Finance lease liabilities are payable as follows:

	February 28, 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	\$ 15,055	\$ 625	\$ 14,430	\$ 22,055	\$ 1,577	\$ 20,478		
13-60 months	-	-	-	4,028	93	3,935		
	\$ 15,055	\$ 625	\$ 14,430	\$ 26,083	\$ 1,670	\$ 24,413		

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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
Exercise of stock options	12(b)	373,331	260,924
Balance, February 28, 2015		39,924,817	\$ 22,726,258

(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 February 28, 2015 that would have been issued by the Company under its Stock option plan.

The following details the earnings per share, basic and diluted, calculations for the three and six months ended February 28, 2015 and February 28, 2014:

	February 28, 2015		February 28, 2014	
	Three months ended	Six months ended	Three months ended	Six months ended
Net income attributable to common shares (basic and diluted)	\$ 386,967	\$ 695,125	\$ 1,424,950	\$ 1,823,171
Weighted average number of common shares (basic)	39,912,224	39,817,497	33,252,914	33,175,847
Add: Dilutive effect of stock options	989,610	1,050,977	2,205,999	2,206,179
Weighted average number of common shares (diluted)	40,901,834	40,868,474	35,458,913	35,382,026
Earnings per share (basic)	\$ 0.010	\$ 0.017	\$ 0.043	\$ 0.055
Earnings per share (diluted)	\$ 0.009	\$ 0.017	\$ 0.040	\$ 0.052

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.

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12. Share-based payments

On February 23, 2011, at the Annual General Meeting of the Shareholders, the Shareholders re-approved and amended the Stock Option Plan and approved the Company's Employee Share Ownership Plan. Under the terms of the plans, the number of shares issued under the Stock Option Plan and the Employee Share Ownership Plan, as well as all other security based compensation agreements combined cannot exceed 15% of the Company's issued and outstanding shares at the time the plan was approved, or 4,954,579.

(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. Contributions under the ESOP began on November 1, 2011.

At February 28, 2015, there were 140 participants (February 28, 2014 – 151) in the plan. The total number of shares purchased during the three and six months ended February 28, 2015 on behalf of participants, including the Company contribution, was 61,965 and 124,885 shares (February 28, 2014 – 96,495 and 201,235 shares). During the three and six months ended February 28, 2015, the Company's matching contributions totalled 12,405 and 25,002 shares (February 28, 2014 – 19,299 and 40,240 shares).

For the three and six months ended February 28, 2015 the Company recorded an expense to recognize the matching contribution equal to \$31,243 and \$62,022 (February 28, 2014 – \$27,962 and \$54,777).

(b) Stock option plan

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 Plan (note 18) or by security regulators. Options shall not be granted for a term exceeding five years.

Changes in the number of options outstanding during the six months ended February 28, 2015 and February 28, 2014, are as follows:

	February 28, 2015		February 28, 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	95,000	2.94	75,000	1.75
Exercised	(373,331)	0.42	(389,943)	0.34
Forfeited and expired	(50,002)	0.37	(3,929)	0.28
Balance, end of period	1,238,334	\$ 0.81	2,810,937	\$ 0.42
Options exercisable, end of period	793,331		2,052,598	

For the six months ended February 28, 2015, the Company received proceeds from exercise of stock options equal to \$155,016 (2014 - \$132,131) from the exercise of 373,331 (2014 - 389,943) options. Related to these transactions, the Company transferred \$105,908 (2014 - \$71,453) from contributed surplus to share capital.

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Options outstanding at February 28, 2015 consist of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
\$ 0.25 - \$ 0.50	700,000	1.41 years	\$0.36	675,000
\$ 0.51 - \$ 1.00	293,334	3.17 years	\$0.63	76,666
\$ 1.51 - \$ 2.00	125,000	3.96 years	\$1.71	41,665
\$ 2.51 - \$ 2.96	120,000	4.75 years	\$2.92	-
\$ 0.25 - \$ 2.96	1,238,334	2.41 years	\$0.81	793,331

13. Finance expenses

The Company's finance expenses for the three and six months ended February 28, 2015 and February 28, 2014 were comprised of the following:

	February 28, 2015		February 28, 2014	
	Three months ended	Six months ended	Three months ended	Six months ended
Interest on loans and borrowings	\$ 153,037	\$ 492,709	\$ 206,836	\$ 376,344
Interest income	-	(365)	(642)	(1,399)
Other finance costs	16,980	34,009	40,681	45,689
Non-cash finance costs				
Accretion expense on vendor-take-back loans	548	54,891	65,979	137,424
Accretion on contingent consideration	31,301	62,602	27,947	55,894
Non-controlling interest put option adjustment	382,300	613,533	(57,537)	124,630
	414,149	731,026	36,389	317,948
Total finance expenses	\$ 584,166	\$ 1,257,379	\$ 283,264	\$ 738,582

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 consideration is a charge to the Company's net income in the period to recognize the change in discounted fair value of the contingent 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:

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	Note	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level2	(Significant other unobservable inputs) Level 3
February 28, 2015				
Cash and cash equivalents		\$ 3,746,309	-	-
Contingent consideration	6	-	-	1,126,831
Non-controlling interest put options	9	-	-	7,274,884
August 31, 2014:				
Cash and cash equivalents		\$ 2,750,465	-	-
Contingent 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 or 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 option.

15. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to February 2018. Future minimum lease payments as at February 28, 2015 are as follows:

Next 12 months	\$ 786,286
13 - 24 months	620,323
25 - 36 months	530,847
37 - 48 months	112,554
	\$ 2,050,010

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(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 six months ended February 28, 2015 and 2014:

	February 28, 2015		February 28, 2014	
	Three months ended	Six months ended	Three months ended	Six months ended
Salaries, fees and short-term employee benefits	\$ 277,588	\$ 750,011	\$ 573,201	\$ 910,151
Share-based payments	39,001	73,388	31,929	67,051
	\$ 316,589	\$ 823,399	\$ 605,130	\$ 977,202

(b) Key management personnel and director transactions

As at February 28, 2015, directors and key management personnel owned 24.45% (August 31, 2014 - 24.50%) percent of the voting shares of the Company.

As at February 28, 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 six months ended February 28, 2015 and February 28, 2014 were comprised of the following:

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	February 28, 2015		February 28, 2014	
	Three months ended	Six months ended	Three months ended	Six months ended
Personnel and compensation				
Salaries, bonuses and commissions	\$ 6,311,302	\$ 12,245,081	\$ 6,166,416	\$ 11,607,151
Short-term benefits	581,968	1,036,420	602,662	1,011,397
Share-based payments	40,335	86,020	40,202	80,496
	6,933,605	13,367,521	6,809,280	12,699,044
Advertising and sponsorships	129,593	358,050	161,003	302,716
Automobile	76,334	155,765	51,733	129,844
Administration fees	490,531	1,012,921	429,121	881,212
Depreciation of property and equipment	197,572	424,189	95,714	146,552
Occupancy	571,602	1,122,415	529,617	1,050,253
Office supplies and communication	424,737	808,320	389,835	744,217
Other	139,128	266,581	95,751	229,791
Professional fees	427,478	659,823	69,337	275,717
Public company costs	113,291	182,128	75,619	126,729
Travel	234,207	508,008	186,982	435,957
	\$ 9,738,078	\$ 18,865,721	\$ 8,893,992	\$ 17,022,032

For the three months ended February 28, 2015 the Company incurred \$275,346 (2014 - nil) of acquisition, integration and restructuring costs and \$335,346 for the six months ended February 28, 2015 (2014 - \$35,540). Acquisition, integration and restructuring 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 restructuring operations.

18. Subsequent events:

Effective March 6, 2015, the Company received approval from the TSX Venture Exchange to establish a Security Based Compensation Plan to replace the Company's existing Stock Option Plan and provide more flexibility in granting 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. The Company's Employee Share Ownership Plan is unaffected by the new Plan.

Under the Security Based Compensation Plan, approved conditionally by shareholders on February 19, 2015, awards may be granted to any director, officer, employee or consultant of the Company or an affiliate. 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 shall not exceed 5,986,222, which number incorporates the common shares that were available for issuance under the Employee Share Ownership Plan and under the former Stock Option Plan before approval of the new Plan.

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.