

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)



Experience the Benefits of People

Three and nine months ended May 31, 2017
(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, 2017.

PEOPLE CORPORATION

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

	Note	May 31, 2017	August 31, 2016
Assets			
Current assets:			
Cash		\$ 14,440,434	\$ 14,369,959
Trade and other receivables		12,603,265	9,421,731
Income taxes receivable		1,099,855	782,602
Prepaid and other current assets		1,371,610	1,175,832
Total current assets		29,515,164	25,750,124
Non-current assets:			
Property and equipment	5	1,871,391	1,953,986
Goodwill and intangible assets	6	136,570,703	120,273,962
Deferred tax asset		2,209,619	1,228,840
Other non-current assets		1,013,580	-
Total non-current assets		141,665,293	123,456,788
Total assets		\$ 171,180,457	\$ 149,206,912
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	7	\$ 13,334,007	\$ 10,905,251
Deferred revenue		4,402,593	5,369,433
Current portion of loans and borrowings	10	3,327,283	2,642,625
Total current liabilities		21,063,883	18,917,309
Accrued and other liabilities	7	927,217	2,302,519
Non-controlling interest put options	9	32,982,621	32,571,809
Loans and borrowings	10	34,049,572	37,834,542
Deferred tax liability		14,515,427	12,895,873
Total liabilities		103,538,720	104,522,052
Shareholders' equity:			
Share capital	11	58,548,623	39,333,725
Contributed surplus		1,718,350	1,213,006
Retained earnings		7,374,764	4,138,129
Total shareholders' equity		67,641,737	44,684,860
Total liabilities and shareholders' equity		\$ 171,180,457	\$ 149,206,912

Commitments and contingencies (Note 15)

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, 2017		May 31, 2016	
	Note	Three months ended	Nine months ended	Three months ended	Nine months ended
Revenue		\$ 27,965,806	\$ 76,912,999	\$ 20,834,994	\$ 55,486,519
Operating expenses	17	21,947,186	60,956,522	16,813,126	43,998,513
Depreciation and amortization	5,6	1,943,740	5,825,478	1,686,324	4,966,585
Finance expenses	13	730,711	3,186,509	1,334,264	3,697,462
Acquisition, integration and reorganization costs		1,024,787	1,787,275	1,072,641	2,010,674
	17	25,646,424	71,755,784	20,906,355	54,673,234
Income before income taxes		2,319,382	5,157,215	(71,361)	813,285
Income tax expense:					
Current		1,517,139	3,837,664	93,102	1,661,008
Deferred		(1,071,145)	(1,917,084)	(396,115)	(950,094)
		445,994	1,920,580	(303,013)	710,914
Net Income (loss)		\$ 1,873,388	\$ 3,236,635	\$ 231,652	\$ 102,371
Earnings per share	11(c)				
Basic		\$ 0.037	\$ 0.065	\$ 0.005	\$ 0.002
Diluted		\$ 0.036	\$ 0.064	\$ 0.005	\$ 0.002

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, 2015		\$ 39,029,883	\$ 736,584	\$ 4,312,923	\$ 44,079,390
Net income and comprehensive income for the period		-	-	102,371	102,371
Exercise of stock options	11(b)	190,815	(79,048)	-	111,767
Share-based payments	12(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
Net income and comprehensive income for the period		-	-	(277,165)	(277,165)
Exercise of stock options		113,027	(38,427)	-	74,600
Share-based payments		-	63,207	-	63,207
		113,027	24,780	(277,165)	(139,358)
Balance, August 31, 2016		\$ 39,333,725	\$ 1,213,006	\$ 4,138,129	\$ 44,684,860
Net income and comprehensive income for the period		-	-	3,236,635	3,236,635
Issuance of common shares	11(b)	18,946,403	-	-	18,946,403
Exercise of stock options	11(b)	268,495	(108,569)	-	159,926
Share-based payments	12(b)(c)(d)	-	613,913	-	613,913
		19,214,898	505,344	3,236,635	22,956,877
Balance, May 31, 2017		\$ 58,548,623	\$ 1,718,350	\$ 7,374,764	\$ 67,641,737

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, 2017		May 31, 2016	
	Note	Three months ended	Nine months ended	Three months ended	Nine months ended
Operating activities					
Net Income and comprehensive income for the period		\$ 1,873,388	\$ 3,236,635	\$ 231,652	\$ 102,371
Adjustments for:					
Depreciation	5	224,145	641,386	289,037	714,602
Amortization of intangible assets	6	1,719,596	5,184,092	1,397,286	4,251,982
Share-based compensation	12(b)(c)(d)	183,784	613,913	152,560	530,690
Change in non-controlling interest put liability	9, 13	330,842	2,223,824	899,383	2,479,279
Accretive interest expense	13	24,226	54,249	74,665	253,585
Deferred income tax recovery		(1,071,145)	(1,917,084)	(396,122)	(950,101)
Net cash from operations		3,284,836	10,037,015	2,648,461	7,382,408
Change in the following:					
Trade and other receivables		(3,471,758)	(3,124,291)	1,172,824	1,985,970
Other current assets		(389,538)	(115,502)	9,554	(91,708)
Trade payables, accrued and other liabilities		6,150,546	222,838	1,730,388	804,810
Deferred revenue		(26,999)	(1,040,552)	(247,832)	(1,049,355)
Income taxes payable		(210,886)	(524,283)	(1,197,390)	(761,415)
Net cash from (used by) working capital items		2,051,365	(4,581,790)	1,467,544	888,302
Net cash from operating activities		5,336,201	5,455,225	4,116,005	8,270,710
Investing activities					
Acquisition of property and equipment	5	(161,892)	(395,510)	(81,374)	(413,235)
Acquisition of intangible assets	6	(466,177)	(2,220,264)	(410,335)	(1,546,475)
Acquisition of subsidiaries, net of cash acquired		(15,876,473)	(15,876,473)	(17,305,049)	(17,305,049)
Net cash used by investing activities		(16,504,542)	(18,492,247)	(17,796,758)	(19,264,759)
Financing activities					
Proceeds from exercise of stock options	12(b)	68,358	159,926	36,268	111,768
Outflows relating to loan advances	14	-	(1,044,110)	-	-
Proceeds from private placement of shares, net		-	18,946,403	-	-
Proceeds from/(Repayment of) loans and borrowings		15,435,590	(3,141,710)	17,591,019	16,452,556
Payment of dividends on non-controlling interest	9	(333,445)	(1,362,108)	(225,000)	(675,000)
Payment of put options on non-controlling interest	9	-	(450,904)	-	-
Net cash from financing activities		15,170,503	13,107,497	17,402,287	15,889,324
Change in cash and cash equivalents		4,002,162	70,475	3,721,534	4,895,275
Cash and cash equivalents at beginning of the period		10,438,272	14,369,959	7,688,475	6,514,734
Cash and cash equivalents at the end of the period		\$ 14,440,434	\$ 14,440,434	\$ 11,410,009	\$ 11,410,009

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

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

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, third-party benefits administration services, pension consulting and human resources consulting to help companies recruit, retain and reward employees.

2. Basis of presentation:

These condensed consolidated interim financial statements for the three and nine months ended May 31, 2017 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2016 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on July 20, 2017.

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, 2016.

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 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.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

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 consolidated financial statements and the extent of the impact of adoption of the standard has not yet been determined.

4. Business acquisitions:

During the period the company acquired the following businesses:

Effective April 12, 2017, the Company acquired all of the issued and outstanding shares of Sirius Benefit Plans Inc. ("Sirius"), an industry-leading, nationally-focused Third Party Administrator (TPA) and Third Party Payor (TPP) administering employee benefit programs for small- to medium-sized companies across Canada.

Effective May 1, 2017, the Company acquired all of the issued and outstanding shares of Skipwith & Associates Insurance Agency Inc. ("Skipwith"), an established TPA and TPP providing group benefit consulting, administrative solutions and claims management services to corporations, unions and public service organizations in the Ontario region.

These acquisitions enable the Company to continue execution of its growth strategy and expansion of its national presence.

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

	Sirius	Skipwith	Total
Assets acquired and liabilities assumed			
Net working capital	\$ (1,920,022)	\$ 94,983	\$ (1,825,039)
Property and equipment	155,809	7,477	163,286
Customer relationships and other intangible assets	8,371,160	1,590,954	9,962,114
Goodwill (including assembled workforce)	8,689,329	436,626	9,125,955
Deferred tax liabilities	(2,331,495)	(414,705)	(2,746,200)
	12,964,781	1,715,335	14,680,116
Consideration paid or payable			
Cash payment on closing	13,500,000	1,000,000	14,500,000
Working capital adjustment due from vendors	(2,070,022)	(911)	(2,070,933)
Vendor take-back notes payable	1,448,628	716,246	2,164,874
Above-market lease agreement	86,175	-	86,175
	\$ 12,964,781	\$ 1,715,335	\$ 14,680,116

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

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

The Company's condensed consolidated interim statements of comprehensive income include the result of operations for Sirius and Skipwith from its date of acquisition to May 31, 2017.

	May 31, 2017	
	As reported	Pro forma of the Company
Operating revenues		
Sirius	1,059,709	6,059,709
Skipwith	60,417	543,753
Net income and comprehensive income		
Sirius	(135,580)	889,420
Skipwith	25,003	225,023

Pro forma balances represent management's estimates of consolidated revenue and consolidated net income as if the acquisitions had been completed on September 1, 2016. For the purposes of these pro forma balances, comprehensive income is equal to net income. Acquisition-related costs amounting to \$846,118 (2016 - \$1,807,691) 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.

5. Property and equipment:

The Company had the following property and equipment:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Automobiles	Total
Cost					
Balance, August 31, 2015	\$ 1,424,698	\$ 2,201,137	\$ 2,432,973	\$ 35,000	\$ 6,093,808
Additions	283,892	50,680	147,396	-	481,968
Acquisition through business combination	250,830	198,493	131,718	84,181	665,222
Balance, August 31, 2016	1,959,420	2,450,310	2,712,087	119,181	7,240,998
Additions	39,327	76,241	279,942	-	395,510
Write down and disposal of assets	-	(2,668)	-	-	(2,668)
Acquisition through business combination	-	69,138	94,148	-	163,286
Balance, May 31, 2017	\$ 1,998,747	\$ 2,593,021	\$ 3,086,177	\$ 119,181	\$ 7,797,126

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

Depreciation

Balance, August 31, 2015	\$ (842,169)	\$ (1,680,660)	\$ (1,969,819)	\$ (18,340)	\$ (4,510,988)
Depreciation for the period	(298,647)	(166,045)	(296,005)	(15,327)	(776,024)
Balance, August 31, 2016	(1,140,816)	(1,846,705)	(2,265,824)	(33,667)	(5,287,012)
Depreciation for the period	(263,436)	(125,469)	(233,241)	(19,240)	(641,386)
Write down and disposal of assets	-	2,663	-	-	2,663
Balance, May 31, 2017	\$ (1,404,252)	\$ (1,969,511)	\$ (2,499,065)	\$ (52,907)	\$ (5,925,735)

Carrying amounts

Balance, August 31, 2016	\$ 818,604	\$ 603,605	\$ 446,263	\$ 85,514	\$ 1,953,986
Balance, May 31, 2017	\$ 594,495	\$ 623,510	\$ 587,112	\$ 66,274	\$ 1,871,391

6. Goodwill and intangible assets:

The Company had the following goodwill and intangible assets:

	Goodwill	Customer relationships	Customer contracts	Computer software	Total
Cost					
Balance, August 31, 2015	\$ 56,068,618	\$ 47,771,813	\$ 3,506,110	\$ 2,499,127	\$109,845,668
Additions	-	790,562	331,884	962,145	2,084,591
Acquisition through business combination	14,665,972	12,431,347	-	3,294,280	30,391,599
Balance, August 31, 2016	70,734,590	60,993,722	3,837,994	6,755,552	142,321,858
Additions	-	1,011,061	23,804	1,357,899	2,392,764
Acquisition through business combination	9,125,955	9,891,116	-	70,998	19,088,069
Balance, May 31, 2017	\$ 79,860,545	\$ 71,895,899	\$ 3,861,798	\$ 8,184,449	\$163,802,691
Amortization					
Balance, August 31, 2015	\$ -	\$ (8,399,740)	\$ (2,491,369)	\$ (1,866,867)	\$ (12,757,976)
Amortization for the period	-	(5,317,905)	(329,905)	(551,774)	(6,199,584)
Acquisition through business combination	-	-	-	(3,090,336)	(3,090,336)
Balance, August 31, 2016	-	(13,717,645)	(2,821,274)	(5,508,977)	(22,047,896)
Amortization for the period	-	(4,426,565)	(219,586)	(537,941)	(5,184,092)
Balance, May 31, 2017	\$ -	\$ (18,144,210)	\$ (3,040,860)	\$ (6,046,918)	\$ (27,231,988)
Carrying amounts					
Balance, August 31, 2016	\$ 70,734,590	\$ 47,276,077	\$ 1,016,720	\$ 1,246,575	\$120,273,962
Balance, May 31, 2017	\$ 79,860,545	\$ 53,751,689	\$ 820,938	\$ 2,137,531	\$136,570,703

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

7. Trade payables, accrued and other liabilities:

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

	May 31, 2017	August 31, 2016
Trade payables and other liabilities	\$ 13,281,425	\$ 10,852,669
Contingent acquisition consideration	-	1,308,793
Post-retirement benefits and other liabilities	979,799	1,046,308
	14,261,224	13,207,770
Less current portion of trade payables, accrued and other liabilities	13,334,007	10,905,251
Total non-current accrued and other liabilities	\$ 927,217	\$ 2,302,519

Amounts previously recorded as contingent acquisition consideration related to the acquisition of Hamilton + Partners group of companies ("H+P") on July 9, 2013, were paid on November 29, 2016 for the fair value consideration of \$1,308,793. For the three and nine months ended May 31, 2017 the Company recognized an adjustment to the fair value of the contingent consideration of nil and nil (2016 - \$36,024 and \$97,573).

8. Insurance premium liabilities and related cash:

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

	May 31, 2017	August 31, 2016
Payable to carriers and insured individuals or groups	\$ 56,826,793	\$ 46,034,450
Less related cash balances	56,826,793	46,034,450
	\$ -	\$ -

9. Non-controlling interest put options:

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

	Note	May 31, 2017	August 31, 2016
Balance, beginning of period		\$ 32,571,809	\$ 22,649,069
Acquisition through business combination		-	7,277,442
Change in estimated fair value	13	2,223,824	3,586,413
Less payment of dividends on non-controlling interest		(1,362,108)	(941,115)
Less non-controlling interest put options exercised		(450,904)	-
Balance, end of period		\$ 32,982,621	\$ 32,571,809

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

Changes in estimated fair value represents accretion of interest and changes in assumptions used to estimate the liability related to future dividend payments and put features.

(i) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals, through a class of non-voting, non-cumulative, dividend-bearing shares of BPA ("BPA Principal Shares") and options to acquire BPA Principal Shares at a nominal price over a period of approximately four and one-half years from April 13, 2016 ("BPA Share Options"), can collectively hold an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). 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.

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

In addition, the Company has a future right to purchase the BPA Principal Shares ("BPA Call Options") and individual BPA Principals have a future right to require the Company to purchase the BPA Principal Shares (collectively, the "BPA Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPA Call Options or the BPA Put Options, the BPA Principal's pro-rata right to earn dividends will be terminated.

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

(ii) Coughlin

In connection with the Coughlin acquisition, the Company entered into various agreements whereby the former Coughlin shareholders (the "Coughlin Vendors") retained an initial 34% minority economic interest ("Coughlin Retained Economic Interest") through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Vendor Shares"). In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest can increase to 40% 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 (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.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

The liability recognized in connection with the Coughlin Retained Economic Interest, which includes the fair value of future dividend entitlements of the Coughlin Vendor Shares and Coughlin Spring Shares and the Coughlin Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Coughlin, the estimated future exercise dates of Coughlin Put Options and other factors. Individual Coughlin Vendors are restricted from exercising their respective Coughlin Put Options until dates on or after August 31, 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On September 1, 2016, 1,000 Class Y Shares were exercised under the terms of the Coughlin Put Options with a total value of \$450,904. As at November 30, 2016, the Company's economic interest in Coughlin was 67.0%

(iii) H+P

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

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

(iv) Bencom

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

The liability recognized in connection with the Bencom Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Bencom, the estimated future exercise dates and other factors. The Bencom Put Option was restricted until December 2015, which was three years from the effective date of the agreement, 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.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

10. Loans and borrowings:

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

	May 31, 2017	August 31, 2016
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.	\$ 19,438,125	\$ 21,104,250
(b) A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures October 31, 2019 unless extended pursuant to the agreement.	14,500,000	17,984,955
Total term loans	33,938,125	39,089,205
Vendor take-back loans		
(c) A vendor take-back loan bearing no interest per annum, unsecured, payable in three installments of \$100,000. The amortized cost of the loan has been discounted using a rate equal to 5.80%. The loan matures on October 29, 2017.	97,618	198,094
(d) 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.	15,431	60,494
(e) 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.	1,125,679	1,090,098
(f) A vendor take-back loan bearing no interest per annum, unsecured, payable in two annual installments of \$750,000. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on April 12, 2019.	1,451,440	-

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

(g) A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments: \$325,000 in the first year and \$425,180 in the second year. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on July 31, 2019.	717,771	-
Total vendor take-back loans	3,407,939	1,348,686
Finance lease liabilities		
(h) 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%.	30,791	39,276
Total finance lease liabilities	30,791	39,276
	37,376,855	40,477,167
Less current portion of:		
Term loans	2,221,500	2,221,500
Vendor take-back loans	1,093,993	410,834
Finance lease liabilities	11,790	10,291
	3,327,283	2,642,625
	\$ 34,049,572	\$ 37,834,542

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

1. \$5,000,000 revolving credit facility to fund operating cash flow needs. As at May 31, 2017, the Company had not utilized this facility (August 31, 2016 - nil).
2. \$22,215,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions. As at May 31, 2017, the balance owing on this facility was equal to \$19,438,125 (August 31, 2016 - \$21,104,250).
3. \$34,000,000 term acquisition credit facility to fund future acquisitions. As at May 31, 2017, \$14,500,000 (August 31, 2016 - \$17,984,955) was drawn down on the credit facility in connection with the acquisitions of Sirius and Skipwith.

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

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

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

11. Share capital:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common voting shares	Amount
Balance, August 31, 2015	44,958,383	\$ 39,029,883
Exercise of stock options	266,667	303,842
Balance, August 31, 2016	45,225,050	39,333,725
Private placement of shares	5,439,500	18,946,403
Exercise of stock options	336,590	268,495
Balance, May 31, 2017	51,001,140	\$ 58,548,623

On October 6, 2016, the Company closed a private placement offering of 5,439,500 shares at a price of \$3.70 per share, which included the exercise in full of the Underwriters' over-allotment option of 709,500 shares. The offering resulted in net proceeds of \$18,946,403 after share issuance and commission costs. In addition, the Company recorded a deferred tax asset of \$312,633 relating to share issuance and commission costs.

(c) Earnings per share

Basic earnings per share is calculated by dividing net income and comprehensive income attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income and comprehensive income attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at May 31, 2017 that would have been issued by the Company under its stock option plans.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

The following details the earnings per share, basic and diluted, calculations for the three and nine months ended May 31, 2017 and May 31, 2016:

	May 31, 2017		May 31, 2016	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Net Income and comprehensive income attributable to common shares (basic and diluted)	\$ 1,873,388	\$ 3,236,635	\$ 231,652	\$ 102,371
Weighted average number of common shares (basic)	50,917,100	50,092,936	45,180,340	45,049,368
Add: Dilutive effect of stock options	690,827	695,915	493,668	637,232
Weighted average number of common shares (diluted)	51,607,927	50,788,851	45,674,008	45,686,600
Earnings per share (basic)	\$ 0.037	\$ 0.065	\$ 0.005	\$ 0.002
Earnings per share (diluted)	\$ 0.036	\$ 0.064	\$ 0.005	\$ 0.002

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

12. Share-based payments:

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

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates by the Company's Board of Directors. Subject to the adjustment provisions provided for in the Security Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSX Venture Exchange), the aggregate number of common shares reserved for issuance pursuant to the Security Based Compensation Plan cannot exceed 5,986,222, which number takes into account the common shares that are available for issuance under the Company's Employee Share Purchase Plan ("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, 2017, there were 268 participants (May 31, 2016 – 216) in the plan. The total number of shares purchased during the three and nine months ended May 31, 2017 on behalf of participants, including the Company contribution, was 59,810 and 185,900 shares (May 31, 2016 – 82,677 and 245,955 shares). During the three and nine months ended May 31, 2017, the Company's matching contributions totaled 11,962 and 37,180 shares (May 31, 2016 – 16,535 and 49,191 shares).

For the three and nine months ended May 31, 2017 the Company recorded an expense to recognize the matching contribution equal to \$60,912 and \$168,633 (May 31, 2016 – \$44,652 and \$127,931).

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

(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, 2017 and May 31, 2016, were as follows:

	May 31, 2017		May 31, 2016	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	1,504,897	\$ 2.08	1,107,679	\$ 1.13
Granted	130,173	4.37	657,211	3.09
Exercised	(336,590)	0.48	(241,667)	0.46
Balance, end of period	1,298,480	\$ 2.72	1,523,223	\$ 2.08
Options exercisable, end of period	577,360		685,099	

For the three and nine months ended May 31, 2017, the Company received proceeds equal to \$68,358 and \$159,926 (2016 - \$36,267 and \$111,767) from the exercise of 143,333 and 336,590 (2016 - 56,667 and 241,667) options. Related to these transactions, the Company transferred \$47,997 and \$108,569 (2016 - \$24,883 and \$79,048) from contributed surplus to share capital.

Options outstanding at May 31, 2017 consisted of the following:

Range of exercise prices	Number outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
\$ 0.25 - \$ 0.50	-	- years	\$ -	-
\$ 0.51 - \$ 1.00	193,334	0.90 years	0.63	193,334
\$ 1.01 - \$ 2.00	125,000	1.71 years	1.71	125,000
\$ 2.01 - \$ 3.00	572,184	5.97 years	2.88	184,165
\$ 3.01 - \$ 4.00	293,930	6.61 years	3.58	70,185
\$ 4.01 - \$ 4.48	114,032	7.59 years	4.43	4,676
\$ 0.25 - \$ 4.48	1,298,480	5.09 years	\$ 2.73	577,360

For the three and nine months ended May 31, 2017, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to \$76,868 and \$273,770 (2016 - \$99,620 and \$252,052).

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

(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.

For the three and nine months ended May 31, 2017, the Company conditionally granted nil and 189,057 RSUs related to the current fiscal year; the RSUs, if earned, are scheduled to vest on or after October 11, 2019, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the nine months ended May 31, 2017 and May 31, 2016, were as follows:

	May 31, 2017		May 31, 2016	
	Number of RSUs	Grant price \$	Number of RSUs	Grant price \$
Balance, beginning of period	128,680	\$ 3.73	38,568	\$ 4.11
Granted	189,057	3.93	110,724	3.59
Forfeited and expired	(3,466)	4.11	-	-
Balance, end of period	314,271	\$ 3.85	149,292	\$ 3.72

For the three and nine months ended May 31, 2017, the Company recorded an expense to recognize amortization of RSUs granted to employees and directors of the Company equal to \$106,916 and \$280,143 (2016 - \$52,940 and \$178,637).

(d) Deferred Stock Units ("DSUs")

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

Changes in the number of DSUs outstanding during the nine months ended May 31, 2017 and May 31, 2016, were as follows:

	May 31, 2017		May 31, 2016	
	Number of DSUs	Grant price \$	Number of DSUs	Grant price \$
Balance, beginning of period	26,442	\$ 3.78	9,730	\$ 4.11
Granted	15,036	3.99	16,712	3.59
Balance, end of period	41,478	\$ 3.86	26,442	\$ 3.78

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

For the three and nine months ended May 31, 2017, the Company recorded an expense to recognize amortization of DSUs granted to directors of the Company equal to nil and \$60,000 (2016 - nil and \$100,000) for annual awards covering the 2017 fiscal year.

13. Finance expenses:

The Company's finance expenses for the three and nine months ended May 31, 2017 and May 31, 2016 were comprised of the following:

	Note	May 31, 2017		May 31, 2016	
		Three months ended	Nine months ended	Three months ended	Nine months ended
Interest and finance costs on long-term debt	10	\$ 355,977	\$ 881,838	\$ 345,971	\$ 905,124
Other finance costs, net		19,666	26,598	14,245	59,474
		375,643	908,436	360,216	964,598
Non-cash finance costs					
Accretion expense on vendor take-back loans	10	24,226	54,249	38,641	156,012
Accretion on contingent acquisition consideration		-	-	36,024	97,573
		24,226	54,249	74,665	253,585
Change in estimated fair value of non-controlling interest put option	9	330,842	2,223,824	899,383	2,479,279
		355,068	2,278,073	974,048	2,732,864
		\$ 730,711	\$ 3,186,509	\$ 1,334,264	\$ 3,697,462

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 prior period to recognize the change in discounted fair value of the contingent acquisition consideration liability (Note 7).

14. Financial instruments:

Fair value measurement

The Company's financial instruments measured at fair value through profit or loss include cash, 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.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

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, 2016:				
Cash		\$ 14,369,959	\$ -	\$ -
Contingent acquisition consideration	7	-	-	1,308,793
Non-controlling interest put options	9	-	-	32,571,809
May 31, 2017				
Cash		\$ 14,440,434	\$ -	\$ -
Non-controlling interest put options	9	-	-	32,982,621
Other current assets		-	30,530	-
Other non-current assets		-	1,013,580	-

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. The carrying value of the other non-current assets approximates its fair value as the interest rates are consistent with the current rates offered by the Company for loans 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 Level 3 inputs for non-controlling interest put options and contingent acquisition consideration.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

15. Commitments and contingencies:

(a) Contractual obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to December 2027. Future minimum lease payments as at May 31, 2017 are as follows:

Next 12 months	\$ 4,898,985
13 - 24 months	4,041,802
25 - 36 months	3,563,393
37 - 48 months	3,205,315
49 - 60 months	2,763,976
Thereafter	7,484,045
	\$ 25,957,516

In addition to commitments assumed in connection with acquired operations (Note 4), the Company entered into a new ten year lease agreement for its head office in Winnipeg, Manitoba during the period.

(b) Contingencies

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Management's view 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 benefits and participation in the Employee Share Purchase Plan (Note 12(a)) and Security Based Compensation Plan (Note 12(b)(c),(d)).

The following table details the compensation paid to key management personnel during the three and nine months ended May 31, 2017 and 2016:

	May 31, 2017		May 31, 2016	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Salaries, fees and short-term employee benefits	\$ 538,511	\$ 1,576,130	\$ 547,394	\$ 1,447,568
Share-based payments	115,528	388,754	88,738	374,645
	\$ 654,039	\$ 1,964,884	\$ 636,132	\$ 1,822,213

(b) Key management personnel and director transactions

As at May 31, 2017, directors and key management personnel owned 17.61% (May 31, 2016 - 19.22%) of the voting shares of the Company.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

During the three and nine months ended May 31, 2016 May 31, 2017 and May 31, 2016 the Company engaged in transactions with Directors and key management personnel of the Company. All the transactions were 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 expenses for the three and nine months ended May 31, 2017 and May 31, 2016 were comprised of the following:

	May 31, 2017		May 31, 2016	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Personnel and compensation	\$ 16,733,535	\$ 45,846,787	\$ 12,574,625	\$ 33,097,996
General and administrative	3,745,989	9,652,543	3,171,555	7,280,814
Administration fees	967,209	2,644,458	849,670	2,303,747
Occupancy	1,446,213	4,329,834	1,224,994	3,064,851
Public company costs	79,027	270,175	64,923	261,779
	22,971,973	62,743,797	17,885,767	46,009,187
Depreciation and amortization	1,943,740	5,825,478	1,686,324	4,966,585
Finance expenses	730,711	3,186,509	1,334,264	3,697,462
	\$ 25,646,424	\$ 71,755,784	\$ 20,906,355	\$ 54,673,234

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, 2017 and May 31, 2016 were comprised of the following:

	May 31, 2017		May 31, 2016	
	Three months ended	Nine months ended	Three months ended	Nine months ended
Operating expenses	\$ 21,947,186	\$ 60,956,522	\$ 16,813,126	\$ 43,998,513
Acquisition, integration and reorganization costs	1,024,787	1,787,275	1,072,641	2,010,674
	\$ 22,971,973	\$ 62,743,797	\$ 17,885,767	\$ 46,009,187

For the three and nine months ended May 31, 2017 the Company incurred \$1,024,787 and \$1,787,275 (2016 - \$1,072,641 and \$2,010,674) of acquisition, integration and reorganization costs. Acquisition costs are comprised of professional fees and other non-recurring incremental costs incurred to secure and complete specific acquisitions; integration costs are comprised of non-operating compensation and operating expenses associated with integrating acquired operations into the Company's business model subsequent to completion of an acquisition; and reorganization costs are comprised of non-recurring outlays including consulting, recruiting fees and severance costs associated with reorganization of operations.

PEOPLE CORPORATION

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

For the three and nine months ended May 31, 2017

18. 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.