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

Experience the Benefits of People

Quarter and Year ended August 31, 2012

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of December 4, 2012 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of the Company, including the notes thereto, as at and for the year ended August 31, 2012, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), unless otherwise specified. All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

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

PEOPLE CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS
QUARTER AND YEAR ENDED AUGUST 31, 2012

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

FINANCIAL HIGHLIGHTS

	Aug 31, 2012		Aug 31, 2011	
	Three months ended	**Year ended**	**Three months ended**	**Year ended**
Revenue	$ 6,710.7	$ 27,157.4	$ 6,859.4	$ 24,414.1
EBITDA	$ 442.3	$ 2,710.4	$ 301.9	$ 2,346.1
Net Income	$ 214.5	$ 726.2	$ (86.2)	$ 471.2
EBITDA per share (Basic)	$ 0.013	$ 0.082	$ 0.009	$ 0.071
Net income per share (Basic)	$ 0.007	$ 0.022	$ (0.003)	$ 0.014

For the year ended August 31, 2012, the Company reported revenue growth of $2,743 or 11.2%. The 2.2% decrease in revenue reported for the three months ended August 31, 2012 as compared to the prior year is due to timing differences resulting from several changes in renewal dates of group benefit clients. Revenue growth rates continue to be strong. EBITDA margins were 10.0% for the year ended August 31, 2012 compared to 9.2% in 2011.

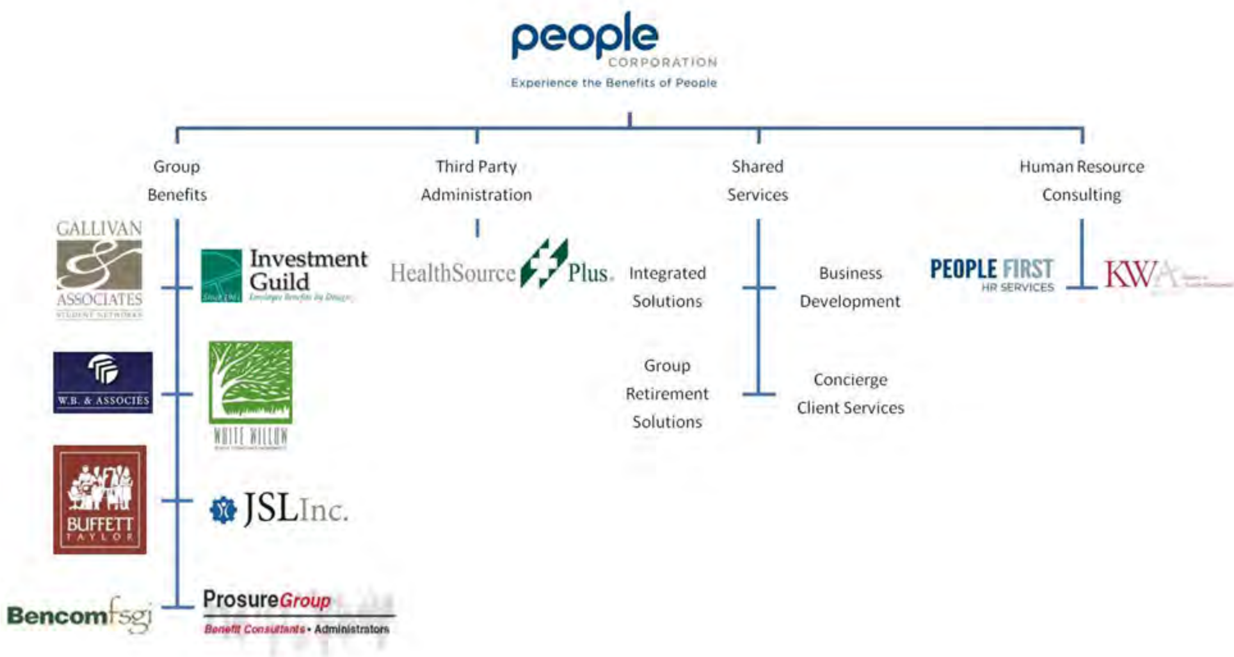
BUSINESS OVERVIEW

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

On October 1, 2011, the Company was rebranded as People Corporation. As the Company continues to grow and expand its team of consultants, service offerings and national footprint, rebranding was considered an essential part of the growth strategy in order to more accurately reflect what the Company does. The Company's new tag line 'Experience the Benefits of People' is intended to reflect a commitment to bring the right people to deliver solutions that help clients to attract and get the best from their people.

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

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



People Corporation is a national provider of group benefits, group retirement, and human resource services. The Company has offices across Canada; each led by a team of experts and backed by the resources of a Public Company. Our diverse team of experienced consultants have industry-specific expertise and can provide businesses with uniquely valuable insight to customize an innovative suite of services specific for their business requirements. Our Company is committed to helping businesses attract, retain and reward their people who will ensure they continue to succeed.

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

The Company employs approximately 200 professionals and support staff with twenty-six offices and satellite offices in seven provinces across Canada and earns its revenues from a diverse base of clients in various industries.

Together with its partner firms, People Corporation helps businesses:

Attract	Our employee benefit, group retirement and HR divisions are led by experts who understand our clients' businesses and can help our clients attract the best people for their industry, helping position them as top employers.
Reward	Our benefit consulting, third-party administration and proprietary solutions ensure our clients' staff has access to health, wellness, dental, and retirement plans that make financial sense for their families as well as our clients' business.
Prosper	People Corporation can help make our clients' organization a place where the best people will want to build their careers while also ensuring cost containment for our clients benefit, HR and group retirement plans.

Group Benefits

Whether a client needs a simple benefits package or a comprehensive solution, our experts can customize a program for our client's unique needs. We have:

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

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

Gallivan & Associates

Gallivan & Associates ("**Gallivan**"), established in 1993, provides professional advice and service infrastructure to post-secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country and provides Student Health and Dental Plans to post secondary student organizations representing over 225,000 students.

The Investment Guild

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

Buffett Taylor & Associates

Buffett Taylor & Associates ("**Buffett Taylor**"), established in 1981, is uniquely positioned in the marketplace as a forward thinking consulting firm specializing in servicing a predominately public sector and not-for-profit clientele. Buffett Taylor is well versed in all areas of group benefits insurance and benefit plans. Buffett Taylor's experience enables clients to benefit from the sharing of information and experiences. Using an integrated approach to the design and cost management planning of group benefit programs with a proven track record in servicing clients across Ontario has enabled Buffett Taylor to maximize the investment that their clients have made in their employee benefit plan.

White Willow Benefits Consultants

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

Les Assurance W.B.

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

JSL Inc.

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

Prosure Group Administrators Inc. & Prosure Insurance Agencies Inc.

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

Bencom Financial Group Services Inc.

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

Third-Party Administration

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

HealthSource Plus

HealthSource Plus Inc ("**HSP**"), established in 1992, provides TPA of group benefit programs including billing services, client services, employee data management and claims management through a proprietary platform. As a TPA, HSP is able to provide customized benefits solutions based on the needs of the client including complex plan design, customized reporting, alternative funding models and hybrid plans. HSP has offices in Toronto, Montreal, Niagara and Winnipeg and typically serves businesses with 25 to 5,000 employees.

Prosure

In addition to providing group benefit advisory services, as discussed, above, Prosure operates a specialized TPA platform for the administration of Health Spending Accounts and Cost-plus Accounts.

Corporate Shared Services

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

Integrated Solutions

Integrated Solutions provides services to help the Company's benefits consultants grow and enhance their client service offering by going to market on an integrated basis and offering existing clients the Company's full suite of products. In addition, Integrated Solutions has responsibility for product development and the launching of a suite of group benefit, optional benefit and individual insurance products.

Concierge Client Services

The Company has been rolling out its Concierge Client Service offering and recently expanded this service model by restructuring its client service team and adding several client managers. The mandate behind this division is to provide clients of every division with a consistent client experience.

Group Retirement Solutions

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

Human Resource Services

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

- Executive search and Recruiting services
- Career management services
- HR consulting services

Below is a summary of the Company's various operating brands within human resource services:

People First HR Services

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

KWA Partners

Well known for the excellence of its career transition services, the Company provides career management services in Manitoba, Saskatchewan and Northwestern Ontario under the KWA Partners brand. KWA Partners is a national partnership of locally owned offices that provide career transition and career development solutions customized to their customer's human resources objectives.

INDUSTRY

Resulting from recent economic downturns including ongoing financial crises around the world, projected shortage of skilled employees, rapid technological change in many industries, and increasing regulatory scrutiny, companies have to rethink their approach to human resources. According to research conducted by the Conference Board of Canada, companies will be faced with a shortfall of 1 million skilled workers by 2020. For every two workers leaving the workforce, only one worker is entering and while this issue has been dampened by the recent recession, it will become exacerbated as the economy recovers. The pending "war for talent" will require companies and HR professionals to offer potential employees with value propositions and to deliver on those value propositions to attract and retain them. Innovative compensation programs with reward and recognition programs – monetary and other, combined with work life balance, fulfilling roles and flexible work arrangements will become increasingly important.

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

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

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

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

OUTLOOK

Management believes that the employee benefits and human resources industry and the business of the Company are positioned for growth. The industry is poised for growth as a result of rising health care costs and the long term trend of tightening labour markets. The industry is also ripe for consolidation as a result of the aging demographics of regional consulting practices and the significant demand from mid-market employers to manage the costs and requirements of providing employee benefits to staff and while ancillary human resource services like recruiting, career transition and human resource consulting services have suffered decreased demand through the recent economic downturn, these service areas are expected to grow significantly due to long term employment trends.

In order to take advantage of these industry trends and the opportunity for growth, the Company has developed and implemented a strategic plan that focuses on growth through acquisition combined with specific business plans for each of its operating brands to enhance organic growth opportunities. The Company's design and recent roll out of its Shared Services structure is expected to provide both significant revenue growth opportunities to the existing operating brands as well as a value added recruiting tool for new consultants and acquisition targets. Management expects that their plan, the rebranding and focus on organic growth, acquisitions and its Shared Services strategy has resulted in organic growth during fiscal 2012 and will continue to do so in 2013 and in subsequent years.

OVERVIEW OF OPERATIONAL PERFORMANCE

As the Company continues to execute its strategic plan, it has been successful in building upon and growing operational capabilities by investing in employees and the tools they need to provide responsive solutions which address their client's business challenges. Renaming the Company to People Corporation, and the addition of the tag line - 'Experience the Benefits of People' – sets the culture in which our foundational principals can thrive. The Company wants its clients to experience the benefits which People Corporation professionals bring to the table, to experience the benefits their people can deliver to them, and wants the client relationship to be an experience, not a transaction.

During fiscal 2011, the Company expanded practice areas with the addition of Group Retirement Solutions, Business Development and Integrated Solutions; the Company also attracted new talent, redeveloped its service model, strengthened its balance sheet, negotiated expanded acquisition credit facilities with CIBC and launched an Employee Share Ownership Program ("ESOP") amongst many other initiatives.

With the centralization of the group benefit accounting functions, technology operations and servers at the Company's corporate offices in Winnipeg, the Company launched the Shared Support Group. The Shared Support Group provides accounting, human resource, technology and logistical services to the Company's various practice and functional areas therefore enabling practice leaders to focus on client service and revenue generating activities.

The combination of all these activities positions the Company well to continue to grow both organically and through acquisitions.

2012 Milestones:

The Company continued its positive momentum and strong performance during the fourth quarter. Corporately, our objectives continued to focus on: i) shifting expenses from non-revenue generating activities to revenue generating activities with a view of boosting organic growth; ii) promoting and recruiting leadership to execute our organic growth plans; and iii) focusing on building a funnel of possible acquisitions.

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

Milestones in the current fiscal year include:

- Continued growth of the benefits consultant team across Canada to drive organic revenue growth. Specifically, new benefits consultants were hired in Ontario, Québec and Manitoba. Looking forward, the Company is focused on increasing its recruiting efforts in order to increase its team of revenue generating consultants.
- Further expansion of senior leadership presence in Ontario through the addition of the Regional Vice President, Ontario. This key role has overall responsibility for sales and client service for the Ontario Region.
- Augmentation of client service capabilities, The Company now has a compliment of six Client Managers through which the Company is continuing to rollout and enhance its Concierge Service offering.

- Roll out of a proprietary *Preferred Pharmacy Program* with leading Canadian pharmacy chains. The program is designed to improve an employers ability to offer their employees robust drug coverage while maintaining sustainable costs.
- The Company launch of newly developed Online Enrolment Platform which will provide our administered clients with a significantly improved transition process when moving their benefits plan to the Company's TPA system.

ACQUISITIONS

The Company's business plan, in addition to organically growing the Company through client growth and product expansion, is to acquire additional businesses which are complementary to the existing businesses. To date the Company has completed eight acquisitions which includes ten operating entities. During the past several years the Company has focused on strengthening its balance sheet, has put in place acquisition financing and has developed and built several value propositions to attract acquisitions. The Company recently went to market with its renewed acquisition model and value propositions and has seen significant traction from its efforts.

Effective December 3, 2012, the Company acquired Bencom. Established in 1982, Bencom provides group benefit, group retirement and individual benefit advisory services to approximately 200 mid-market corporate clients located primarily in Ontario.

Effective November 1, 2012, The Company acquired Prosure Group Administrators Ltd. and Prosure Insurance Agencies Ltd. (collectively "Prosure"). Prosure was established in 1987, and provides employee benefits solutions, consulting services and TPA to over 300 mid-market corporate clients, the majority of which are located in Ontario. Prosure's unique product mix which includes cost plus arrangements and health spending accounts, combined with its TPA platform and its client service model, has allowed it to grow since its inception.

Effective September 1, 2012, the Company acquired JSL. JSL was established in 1976, and provides employee benefits solutions, consulting services and practical health management programs to its clients. JSL specializes in mid-market corporate clients and has taken a unique partnership approach with clients to develop customized employee benefits programs that meet the changing needs of their businesses and employees.

Supported by strong cash flows for servicing requirements, these acquisitions are funded through vendor-take-back debt and by drawing on the Company's acquisition credit facility with CIBC and are therefore accretive to shareholders over time with no shareholder dilution. As a full service benefits and pension advisory practices, each of Bencom, Prosure and JSL business models are aligned with People's strategic, operating and growth objectives. In addition to growth in the Company's revenues and EBITDA, these acquisitions bring additional carrier relationships. The Company' capabilities, resources, systems, tools, business development team are expected to support the vendors to increase the rates at which the acquired businesses grow.

In addition to the recently closed acquisitions, the Company continues to have a number of opportunities at various stages of the acquisition process.

OVERVIEW OF FINANCIAL PERFORMANCE

Selected Quarterly Financial Information

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

	Q4 - 2012	Q3 - 2012	Q2 - 2012	Q1 - 2012	Q4 - 2011	Q3 - 2011	Q2 - 2011	Q1 - 2011
Revenue	6,710.7	6,545.0	7,274.8	6,626.9	6,859.4	6,123.5	6,180.1	5,251.1
Operating expenses	6,268.4	5,984.9	6,350.9	5,842.9	6,557.5	5,646.1	5,296.9	4,567.5
EBITDA	442.3	560.1	923.9	784.0	301.9	477.5	883.1	683.6
Interest expense, net	(76.7)	(94.4)	(87.3)	(78.3)	(204.5)	(120.4)	(105.9)	(99.2)
Amortization and depreciation	(312.7)	(305.4)	(297.9)	(294.4)	(315.6)	(297.3)	(295.7)	(290.8)
Income tax expense, net	(156.3)	92.6	158.7	238.9	(144.1)	9.4	123.7	63.3
Net income	214.5	30.5	366.2	156.0	(86.2)	27.8	328.4	201.1
Total Assets	25,342.4	24,460.3	24,378.0	24,317.0	24,994.1	23,671.4	24,051.9	23,948.1
Total loans and borrowings	2,219.7	2,380.3	2,705.5	2,775.2	2,964.3	2,776.4	2,957.0	2,999.1
Total other liabilities	9,363.4	8,529.8	8,192.7	8,442.1	9,102.5	7,890.9	8,141.2	8,353.2
Shareholders' equity	13,759.4	13,550.2	13,479.7	13,099.7	12,927.3	13,004.1	12,953.7	12,595.8
EBITDA per share	0.013	0.017	0.028	0.024	0.009	0.014	0.027	0.021
Basic earnings per share	0.007	0.001	0.011	0.005	(0.003)	0.001	0.010	0.006
Diluted earnings per share	0.006	0.001	0.011	0.005	(0.003)	0.001	0.010	0.006

During the 2012 fiscal year, the Company adopted IFRS with a transition date of September 1, 2010. The quarterly data for the 2010 fiscal year is presented in conformity with Canadian GAAP and has not been restated under IFRS. Accordingly, it may not be comparable with the information for fiscal 2011 and 2012. See "Adoption of International Financial Reporting Standards (IFRS)" on page 25 for a description of the significant differences between Canadian GAAP and IFRS for the Company.

Revenue

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

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

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

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Commissions	$ 12,829.8	$ 11,085.0	$ 1,744.8	15.7 %
Fees and other revenues	14,327.6	13,329.2	998.4	7.5 %
	$ 27,157.4	**$ 24,414.2**	**$ 2,743.2**	**11.2 %**

During fiscal 2012, the Company increased its revenues by $2,743.2, or 11.2%, over the prior year. Growth in revenue was due to organic revenue growth resulting from the addition of new clients from leads generated through the Company's Business Development Services, Integrated Solutions and Group Retirement Solutions, as well as from expanding the benefit consulting team.

Personnel and Compensation

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

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Compensation and benefits	$ 14,190.3	$ 12,781.1	$ 1,409.2	11.0 %
Bonuses	1,965.6	1,328.1	637.5	48.0 %
Short-term benefits & insurance premiums	1,481.7	1,221.2	260.5	21.3 %
Share-based payments	103.1	93.3	9.8	10.5 %
	$ 17,740.7	**$ 15,423.7**	**$ 2,317.0**	**15.0 %**

For the year ended August 31, 2012, personnel and compensation costs represent 65.3% of revenues (2011 - 63.2%) The Company believes that investment in its employees and associate consultant networks are key to ensuring successful execution of its strategic plans.

The increase in salary expense for the year ended August 31, 2012 from $15,423.7 to $17,740.7 is due to; $1,385.6 in incremental commission directly resulting from growth in sales and performance based bonuses awarded for meeting or surpassing established revenue targets coupled with bonuses for retaining existing clients; $706.1 resulting from hiring of Regional Vice Presidents in Quebec and Ontario, hiring client managers in Manitoba, Ontario and Quebec, expanding the client service teams and the expansion of the business development team offset by reductions in non-revenue generating roles; and $270.4 in related benefits costs including the implementation of the Company's *Employee Share Purchase Plan*.

General and Administrative Expenses

While management of costs is an ongoing focus for the Company, increases amongst the various subcategories of general and administrative expenses are a direct result of growth in operations that drive revenue growth. General and administrative expenses are composed of expenditures identified in the following tables:

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Administration fees	$ 1,568.7	$ 1,447.5	$ 121.2	8.4 %
Depreciation of property & equipment	309.3	308.3	1.0	0.3 %
Occupancy	1,315.7	1,298.8	16.9	1.3 %
Office Supplies & communication	1,123.7	1,090.8	32.9	3.0 %
Other	308.3	482.2	(173.9)	(36.1)%
Professional fees	793.0	889.5	(96.5)	(10.8)%
Public company costs	285.9	257.8	28.1	10.9 %
Corporate Travel	252.4	255.6	(3.2)	(1.3)%
	$ 5,957.0	**$ 6,030.5**	**$ (73.5)**	**(1.2)%**

This decrease of $73.5 in general and administrative expenses for the year ended August 31, 2012 is comprised of an increase in administration fees which are directly related to the organic revenue growth experienced in the fiscal year, offset by increased efficiency and capacity for projected growth as a result of restructuring costs incurred in the prior year.

During the prior year, the Company incurred increased legal fees related to contract negotiations, corporate restructuring and employment matters. Similar costs were not incurred for the year ended August 31, 2012 which resulted in a decrease of $96.5 in professional fees. The decrease of $173.9 in other expenses is due to non-recurring restructuring costs incurred in the prior year.

Advertising and Promotion Expenses

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

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Business Development	$ 349.2	$ 364.1	$ (14.9)	(4.1)%
Travel	603.1	481.3	121.8	25.3 %
Advertising	209.4	170.1	39.3	23.1 %
	$ 1,161.7	**$ 1,015.5**	**$ 146.2**	**14.4 %**

The increase in travel and advertising for the year ended August 31, 2012 is associated with the continued roll-out of the shared services divisions, the expansion of the Company’s sales force, restructuring efforts, branding costs associated with the Company's change in name and travel costs associated with acquisitions and securing new clients.

Finance and other income (costs)

Finance and other income and costs are as follows:

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Amortization of intangible assets	$ (901.1)	$ (891.1)	$ (10.0)	1.1 %
Finance income	47.4	64.9	(17.5)	(27.0)%
Finance expenses	(384.2)	(594.7)	210.5	(35.4)%
	$ (1,237.9)	**$ (1,420.9)**	**$ 183.0**	**(12.9)%**

The decrease in finance expenses for the year ended August 31, 2012 is due to the repayment of long-term debt and the associated reduced debt levels in general.

NON-IFRS FINANCIAL MEASURES

The Company reports certain financial information using non-IFRS financial measures, as it believes provision of such information is useful to investors and other users of the MD&A in understanding the Company's performance and facilitate a comparison of quarterly and annual results of ongoing operations. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures there are no directly comparable amounts under IFRS. They should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS.

For the year ended	Aug 31, 2012	Aug 31, 2011
Revenue	$ 27,157.4	$ 24,414.1
Operating costs (i)	21,016.6	$ 18,782.1
Income before corporate costs	6,140.8	$ 5,632.0
Corporate costs (ii)	3,430.4	$ 3,286.0
EBITDA (iii)	2,710.4	$ 2,346.0
less:		
Stock-based compensation	103.1	$ 93.3
Income before undernoted	2,607.3	$ 2,252.7
Interest expense, net (iv)	336.8	$ 529.9
Depreciation of capital assets	309.3	$ 308.3
Amortization of intangible assets	901.1	$ 891.1
Restructuring costs	-	$ -
Income taxes, net	333.9	$ 52.3
Net income	**$ 726.2**	**$ 471.1**

(i) Represent operating expenses of acquired businesses.

(ii) Represent expenses incurred at the corporate head office.

(iii) The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, and stock-based compensation. The Company believes that in addition to net income (loss), EBITDA is a useful supplemental measure for investors of earnings before debt service, capital asset charges and taxes. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flow from operating, investing and financing activities or the Company's liquidity. EBITDA does not have a standardized meaning prescribed by IFRS and therefore the Company's method of calculating EBITDA may not be comparable to similar measures presented by other companies or issuers.

(iv) Includes interest on long-term debt, vendor-take-back loans and an amount paid for settlement amount in excess of carrying value.

Operating Income before Corporate Costs

Operating Income before Corporate Costs for the year ended August 31, 2012 increased from $5,632.0 in the prior period to $6,140.8 in the current period, an increase of 9.0%. The increase in Operating Income before Corporate Costs is comprised of a combination of the increases in revenues from organic growth and additions to the existing client base offset with the smaller proportionate increase in related operating costs. The Company allocates various services and supplies, which include Error and Omission insurance, Property and Casualty insurance, consolidation of professional services including recruiting, legal and accounting services to the subsidiaries. These costs were previously absorbed within the Corporate Cost Centre.

Corporate Costs

Corporate Costs for the year ended August 31, 2012 were $3,430.4 versus $3,286.0 incurred in the prior period. The increase of $144.4 is due to; $214.6 in additional salaries and wages incurred for the hiring of project managers which will drive several strategic projects including the development of new products as well as a TPA platform; $28.3 in incremental costs for public company compliance; offset reductions of $18.7 in travel, $67.2 in professional and legal costs and $12.6 in other costs, as compared to the prior year.

EBITDA

EBITDA, as defined under *Forward-looking Statements*, for the year ended August 31, 2012 was $2,710.4, an increase of $364.4 from the $2,346.0 of EBITDA that was reported for the same period in the prior year. Continued improvement in EBITDA illustrates the effective measures the Company has developed to generate additional revenue while minimizing controllable costs.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table summarizes the Company's cash flows for the year ended August 31, 2012: (amounts derived from the unaudited interim financial statements).

For the year ended	Aug 31, 2012	Aug 31, 2011	$ Variance	% Variance
Net income for the period	$ 726.2	$ 471.2	$ 255.0	54.1 %
Add non-cash items, net	1,192.5	949.2	243.3	25.6 %
Changes in non-cash working capital	902.8	(303.4)	1,206.2	(397.6)%
Operating activities	2,821.5	1,117.0	1,704.5	152.6 %
Investing activities	(165.1)	(340.3)	175.2	(51.5)%
Financing activities	(744.6)	(1,152.5)	407.9	(35.4)%
Net increase (decrease)	**$ 1,911.8**	**$ (375.8)**	**$ 2,287.6**	**(608.7)%**

Cash generated from operating activities for the year ended August 31, 2012 was $2,821.5, an increase of $1,704.5 or 152.6% from the $1,117.0 of cash generated in the same period in the prior year. Increases in non-cash items were offset by a decrease in accounts receivable balances and an increase in cash utilized in payment of accounts payable and accrued liabilities.

Cash used by investing activities for the year ended August 31, 2012 of $165.1 was largely comprised of capital asset additions required for the Shared Services Group, upgrading existing technology, office furnishings for new office space for the Integrated Solutions Group, the development of new office space for its Toronto operations and also includes the payout of existing lines of credit relating to the acquisition of LAWB.

Cash used by financing activities for the year ended August 31, 2012, was $744.6, as compared to $1,152.5 used in the prior year. Cash outflows related to repayment of long-term debt of $838.7 (2011 - $916.3) as well as the payment of finance lease liabilities of $15.2 (2011 - $15.0) were partially offset by proceeds of short-term financing of $109.3 (2011 - $164.6).

Capital Management

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

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

Working Capital

The Company's working capital (defined as current assets less current liabilities) at August 31, 2012 is set forth in the table below. The Company defined "Available Working Capital" as current assets less current liabilities, with an exclusion of certain current liabilities (the "Excluded Items") from such calculation. The Excluded Items include:

Deferred Revenue

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

Deferred revenue is a non-cash liability and therefore management believes that adding back the deferred revenue provides a more accurate reflection of the liquidity and working capital position of the Company. Deferred revenue has a substantial impact on the traditional working capital position of the Company and therefore it is worth fully understanding the nature of the deferred revenue when assessing the liquidity and working capital position of the Company.

Vendor-take-back Debt

Certain vendor-take-back ("**VTB**") debt is held by senior employees of the Company who are also substantial shareholders of the Company. Given the nature of this relationship it is management's belief that a portion of this debt could be renegotiated if required to ensure the ongoing operating of the Company. The Company is of the opinion that it makes sense to add back the vendor-take-back debt when assessing the true operating working capital of the Company.

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

	Aug 31, 2012	Aug 31, 2011
Current assets	$ 6,203.6	$ 4,809.9
Current liabilities	8,475.2	8,209.5
Working capital	(2,271.6)	(3,399.6)
Add back:		
Deferred revenue	4,098.5	3,345.0
VTB debt held by senior management	11.9	250.7
	4,116.2	3,595.7
Available working capital	$ 1,844.6	$ 196.1

Available operating working capital has increased by $1,648.5 to an available working capital surplus of $1,844.6 from the available working capital surplus experienced a year ago.

Share capital

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

	Aug 31, 2012	Aug 31, 2011
Common shares issued and outstanding:	32,970,527	32,970,527
Stock options outstanding:	2,763,142	2,891,142

COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following table summarizes, as at August 31, 2012, our contractual obligation for the periods specified

Obligation	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	Thereafter
Accounts Payable and accrued liabilities	$ 3,645.1	$ 3,645.1	$ -	$ -	$ -
Operating lease obligations	3,747.1	802.3	1,562.1	1,083.3	299.4
Capital lease obligations	59.7	16.8	39.0	3.9	-
Long-term debt	2,148.1	435.4	722.7	720.0	270.0
Vendor-take-back debt	11.9	11.9	-	-	-
	$ 9,611.9	$ 4,911.5	$ 2,323.8	$ 1,807.2	$ 569.4

With enhanced controls around cash management, Management believes that operations will generate sufficient cash flows to fund ongoing operations and finance its seasonal working capital needs.

On June 10, 2011, the Company entered into a Credit Facility Agreement with the Canadian Imperial Bank of Commerce which includes the following components:

1. A $2 million operating line of credit. As at August 31, 2012, the Company had not utilized this facility.
2. A $10 million term revolving acquisition credit facility to fund future acquisitions. The acquisition credit facility is available via loans bearing interest at prime plus 1.5% or via bankers' acceptances with a stamping fee of 2.5% annually. Each draw on the facility will be treated as a separate loan repayable over a period of up to seven years. Subsequent to August 31, 2012, the company drew $3.8 million against the acquisition credit facility.

3. A $2.5 million instalment loan which was utilized to repay and discharge a substantial amount of long-term debt facilities and vendor-take-back debt of the Company. The instalment loan will be repaid in quarterly instalments over a seven year period and bears interest at prime plus 1.5%. As at August 31, 2012, the balance owing on this facility was equal to $2.1 million.

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

Contingencies

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

RELATED PARTY TRANSACTIONS

During the year ended August 31, 2011 outlined below, the Company had certain transactions with directors and officers or shareholders 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. Related party transactions for the year ended and balances as at August 31, 2012 are as follows:

	August 31, 2012	August 31, 2011
Interest expense (i)	$ -	$ 268.1

(i) Interest on vendor-take-back debt related to prior acquisitions was paid or accrued.

(ii) Accrued interest on the vendor-take-back loan

(iii) Represents vendor-take-back debt on acquisitions and promissory notes payable (Financial Statement note 14 (a), (d), (e),(g) and (h)) owed to officers and directors of the Company.

RISKS AND UNCERTAINTIES

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

Key Personnel

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

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

Regulation and Certification

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

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

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

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

Controls

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

Termination of Contracts

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

Competitive Conditions

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

Future Growth via Acquisitions

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

Integration of Acquisitions

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

Availability of Financing

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

Dividends

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

Legal Risk

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

Reputation Risk

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

Canadian Economy

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Revenue recognition

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

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

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

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

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

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

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

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

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

Business combinations

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

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

Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

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

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Deferred Income Tax

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In February 2008 the Canadian Accounting Standards Board (“AcSB”) confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The Company implemented these standards on September 1, 2011.

The unaudited interim condensed financial statements for the year August 31, 2012 and 2011 comply with IFRS. These financial statements have been prepared as described in Note 2 of the interim condensed consolidated financial statements.

In preparing the interim condensed consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Note 22 of the unaudited interim condensed financial statements for the year August 31, 2012 and 2011 contains a detailed description of the Company’s conversion to IFRS, including required reconciliations of the Company’s financial statements previously prepared under Canadian GAAP to those under IFRS as at September 1, 2010 and for the three months ended August 31, 2011 and for the year ended August 31, 2011.

OFF-BALANCE-SHEET ARRANGEMENTS

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

SEASONALITY

During the year-ended August 31, 2012, the Company continued to experience the impacts of the Shared Services division resulting in a leveling of seasonal fluctuations. Notwithstanding, the Company expects higher revenues in the fourth quarter due to the renewal of a large association client, as well as, the seasonal impacts associated with student benefit advisory services. During the past fiscal year the Company had greater cash flows during the third and fourth quarter. The fourth quarter is primarily strong due to cash receipts associated with its student benefit advisory business which renews in August. It is Management's belief that as growth from strategic activities continues to develop and mature the seasonal impacts in revenue and cash flow will be minimized.

FINANCIAL INSTRUMENTS

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

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