CIBT EDUCATION GROUP INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOVEMBER 30, 2014

UNAUDITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed the accompanying condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements and the related Management's Discussion and Analysis.

CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

		November 30, 2014		August 31, 2014
ASSETS				
CURRENT				
Cash and cash equivalents	$	2,383,311	$	2,706,229
Restricted cash		206,275		197,450
Short-term investments		1,123,798		2,118,333
Accounts receivable		8,848,686		7,323,999
Prepaid expenses		706,030		640,935
Inventory		371,795		389,758
TOTAL CURRENT ASSETS		13,639,895		13,376,704
DEPOSITS		1,575,000		1,575,000
CASH HELD IN TRUST		748,200		748,200
DUE FROM RELATED PARTIES		835,000		835,000
PROPERTY AND EQUIPMENT		2,367,784		2,478,150
DEFERRED COSTS		129,545		53,483
REFUNDABLE DEPOSITS		7,000,000		6,500,000
INVESTMENT IN ASSOCIATES		232,320		232,320
INTANGIBLE ASSETS		8,640,518		8,521,598
GOODWILL		4,793,303		4,793,303
DEFERRED INCOME TAX ASSETS		2,582,442		2,582,442
TOTAL ASSETS	$	42,544,007	$	41,696,200
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	3,809,886	$	3,819,796
Provisions		38,000		38,000
Due to GEC Langara LP		2,323,200		2,323,200
Income taxes payable		161,682		155,491
Deferred educational revenue		11,648,977		9,831,156
Current portion of finance lease obligations		143,812		157,959
Current portion of long-term debt		300,000		450,000
Due to related parties		398,362		381,156
TOTAL CURRENT LIABILITIES		18,823,919		17,156,758
FINANCE LEASE OBLIGATIONS		484,413		508,764
DEFERRED INCOME TAX LIABILITIES		479,918		479,918
TOTAL LIABILITIES		19,788,250		18,145,440
EQUITY				
SHARE CAPITAL		48,836,693		48,836,693
RESERVES		5,678,517		5,214,064
DEFICIT		(37,164,360)		(35,814,881)
ACCUMULATED OTHER COMPREHENSIVE INCOME		224,278		158,247
EQUITY ATTRIBUTABLE TO CIBT EDUCATION GROUP INC. SHAREHOLDERS		17,575,128		18,394,123
NON-CONTROLLING INTERESTS		5,180,629		5,156,637
TOTAL EQUITY		22,755,757		23,550,760
TOTAL LIABILITIES AND EQUITY	$	42,544,007	$	41,696,200

Approved on behalf of the Board:

"Toby Chu"	*"Troy Rice"*
Toby Chu, Chief Executive Officer & Director	Troy Rice, Director

CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)
(Unaudited)

	Three Months Ended November 30, 2014	Three Months Ended November 30, 2013
REVENUES		
Educational	$ 6,718,627	$ 7,261,847
Design and advertising	300,461	315,605
Commissions and referral fees	104,888	412,115
Development fees	-	-
	7,123,976	7,989,567
DIRECT COSTS		
Educational	2,830,724	3,035,180
Design and advertising	94,852	125,875
Commissions and referral fees	66,652	261,419
Development fees	-	-
	2,992,228	3,422,474
OTHER EXPENSES		
General and administrative	4,584,616	5,301,923
Amortization of property, equipment and intangible assets (excluding agency fees)	229,037	232,566
Share-based payment expense	2,697	1,587
Business development costs	67,500	65,125
	4,883,850	5,601,201
OPERATING INCOME (LOSS)	(752,102)	(1,034,108)
INTEREST AND OTHER INCOME	14,051	7,636
FOREIGN EXCHANGE GAIN (LOSS)	84,481	17,836
FINANCE COSTS	(14,884)	(30,299)
INCOME (LOSS) BEFORE INCOME TAXES	(668,454)	(1,038,935)
INCOME TAXES		
Current income tax expense (recovery)	3,290	-
Deferred income tax expense (recovery)	-	-
	3,290	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	(671,744)	(1,038,935)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	6,856,294
NET INCOME (LOSS)	$ (671,744)	$ 5,817,359
ATTRIBUTABLE TO:		
CIBT Education Group Inc. shareholders	$ (706,318)	$ 5,752,893
Non-controlling interests	34,574	64,466
NET INCOME (LOSS)	$ (671,744)	$ 5,817,359
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - CONTINUING OPERATIONS	$ (0.01)	$ (0.02)
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - DISCONTINUED OPERATIONS	0.00	0.10
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - CONTINUING AND DISCONTINUED OPERATIONS	$ (0.01)	$ 0.09
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	64,581,995	65,649,574
Diluted	64,581,995	65,649,574

CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

		Three Months Ended November 30, 2014		Three Months Ended November 30, 2013
NET INCOME (LOSS)	$	(671,744)	$	5,817,359
OTHER COMPREHENSIVE INCOME (LOSS):				
Exchange differences on translating foreign operations		115,449		24,648
	$	(556,295)	$	5,842,007
ATTRIBUTABLE TO:				
CIBT Education Group Inc. shareholders	$	(640,287)	$	5,766,980
Non-controlling interests		83,992		75,027
	$	(556,295)	$	5,842,007

CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
	Number of Common Shares	Dollar Amount	Warrants	Share-Based Payments	Treasury Shares					
Balance, August 31, 2013	65,934,120	$ 48,182,766	$ 2,415,473	$ 3,501,570	$ 0	$ 111,923	$ (40,706,293)	$ 13,505,439	$ 1,209,395	$ 14,714,834
Unrealized translation adjustments	-	-	-	-	-	14,087	-	14,087	10,561	24,648
Net income (loss) for the period	-	-	-	-	-	-	5,752,893	5,752,893	64,466	5,817,359
						14,087	5,752,893	5,766,980	75,027	5,842,007
Share-based payments	-	-	-	1,587	-	-	-	1,587	-	1,587
Payments to non-controlling interests	-	-	-	-	-	-	-	-	(120,000)	(120,000)
Purchase of treasury shares	-	-	-	-	(175,538)	-	-	(175,538)	-	(175,538)
Balance, November 30, 2013	65,934,120	48,182,766	2,415,473	3,503,157	(175,538)	126,010	(34,953,400)	19,098,468	1,164,422	20,262,890
Unrealized translation adjustments	-	-	-	-	-	32,237	-	32,237	24,376	56,613
Net income (loss) for the period	-	-	-	-	-	-	(593,403)	(593,403)	89,005	(504,398)
						32,237	(593,403)	(561,166)	113,381	(447,785)
Share-based payments	-	-	-	14,405	-	-	-	14,405	-	14,405
Payments to non-controlling interests	-	-	-	-	-	-	-	-	(116,654)	(116,654)
Non-controlling interests contributions	-	-	-	-	-	-	-	-	3,995,488	3,995,488
Purchase of treasury shares	-	-	-	-	(643,336)	-	-	(643,336)	-	(643,336)
Treasury share cancellations	(865,600)	-	-	-	268,078	-	(268,078)	-	-	0
Shares issued - stock option exercises	1,500	525	-	(165)	-	-	-	360	-	360
Shares issued - share warrant exercises	1,386,833	653,402	(168,010)	-	-	-	-	485,392	-	485,392
Balance, August 31, 2014	66,456,853	48,836,693	2,247,463	3,517,397	(550,796)	158,247	(35,814,881)	18,394,123	5,156,637	23,550,760
Unrealized translation adjustments	-	-	-	-	-	66,031	-	66,031	49,418	115,449
Net income (loss) for the period	-	-	-	-	-	-	(706,318)	(706,318)	34,574	(671,744)
						66,031	(706,318)	(640,287)	83,992	(556,295)
Share-based payments	-	-	-	2,697	-	-	-	2,697	-	2,697
Payments to non-controlling interests	-	-	-	-	-	-	-	-	(60,000)	(60,000)
Non-controlling interests contributions	-	-	-	-	-	-	-	-	-	0
Purchase of treasury shares	-	-	-	-	(181,405)	-	-	(181,405)	-	(181,405)
Treasury share cancellations	(1,900,000)	-	-	-	643,161	-	(643,161)	-	-	0
Balance, November 30, 2014	64,556,853	$ 48,836,693	$ 2,247,463	$ 3,520,094	$ (89,040)	$ 224,278	$ (37,164,360)	$ 17,575,128	$ 5,180,629	$ 22,755,757

The accompanying notes are an integral part of these condensed consolidated interim financial statements

CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended November 30, 2014	Three Months Ended November 30, 2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss)	$ (671,744)	$ 5,817,359
Adjusted for items not involving cash:		
- amortization of property, equipment and intangible assets (including agency fees)	632,355	961,445
- share-based payment expense	2,697	1,587
- gain on discontinued operations disposal	-	(6,856,294)
	(36,692)	(75,903)
Net changes in non-cash working capital items	1,368,994	125,848
NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,332,302	49,945
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property and equipment	(56,936)	(91,912)
Restricted cash	(8,825)	(2,614)
Deposits on real estate properties	(500,000)	-
Acquisition of intangible assets	(559,607)	(682,637)
Disposal of business assets	-	7,343,895
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(1,125,368)	6,566,732
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Treasury share transactions	(181,405)	(175,538)
Advances from related parties	17,206	(60,344)
Non-controlling interest draws	(60,000)	(120,000)
Finance lease obligation	(38,498)	(28,358)
Long-term debt repayments	(150,000)	(2,031,495)
Deferred costs	(76,062)	(192,224)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(488,759)	(2,607,959)
NET INCREASE (DECREASE) IN CASH	(281,825)	4,008,718
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(41,093)	125,409
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,706,229	3,555,419
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,383,311	$ 7,689,546

NOTE 1 – NATURE OF OPERATIONS

Nature of operations

CIBT Education Group Inc. (the "Company") is an educational management organization headquartered in Vancouver, British Columbia, Canada. The Company's current business operations include education, media communications, and real estate development. The Company currently has four principal business units/segments, being CIBT School of Business & Technology Corp. ("CIBT"), Sprott-Shaw Degree College Corp. ("SSDC"), IRIX Design Group Inc. ("IRIX"), and Global Education City Holdings Inc. ("GEC"). The Company's education business is conducted through CIBT and its subsidiaries in Asia, and through SSDC in Canada. The Company operates its media communications business through IRIX and its subsidiaries. IRIX is based in Canada with representatives in Hong Kong and the United States. The Company recently established a new business operation called GEC, which is an investment holding and management company with a focus on education related real estate projects in Canada such as student housing.

The head office, principal address, and registered and records office of the Company are located at Suite 1200, 777 West Broadway, Vancouver, British Columbia, Canada.

On August 31, 2013, the Company entered into an agreement to sell KGIC, and accordingly the operations of KGIC has been classified as a discontinued operation in these financial statements. The sale of KGIC closed on September 17, 2013 (refer to Note 5).

NOTE 2 – BASIS OF PREPARATION

Basis of preparation and statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Company's 2014 annual audited consolidated financial statements which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These financial statements were prepared on a going-concern basis, under the historical cost convention, as modified by financial assets and financial liabilities recorded at fair value through profit or loss.

The financial statements were approved by the Company's Board of Directors and authorized for issue on January 13, 2015.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at November 30, 2014. Control exists over an investee when the Company is exposed, or has rights, to variable returns from its investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

All intercompany transactions, balances, revenues and expenses have been eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

NOTE 3 – REAL ESTATE DEVELOPMENT

Student Housing and Market Rental Development Projects

During the 2014 fiscal year, the Company and certain of its subsidiaries entered into several agreements and organizational transactions in connection with the development of the Company's planned student housing arm. In particular, the Company is planning to develop student centric serviced apartments for rental to domestic and foreign students studying in the Lower Mainland region of British Columbia and to provide various services to the students and their families.

In anticipation of these projects, during the 2014 fiscal year the following companies were incorporated:

- Global Education City Holdings Inc. ("GEC Holdings") as a wholly-owned subsidiary of the Company,
- CIBT Group Holdings Inc. ("CIBT Holdings") as a wholly-owned subsidiary of GEC Holdings, and
- Global Education City Management Corp. ("GEC Mgmt.") as a wholly-owned subsidiary of GEC Holdings.

The First Project (the "GEC Project 1")

Pursuant to a Purchase and Sale Agreement dated April 1, 2014 (the "Developer 1 PSA"), CIBT Holdings entered into an agreement with a developer ("Developer 1") and its subsidiary (the "Bare Trustee 1") whereby CIBT Holdings agreed to purchase from Developer 1 100% of its interest in the Bare Trustee 1 and certain real property and future planned development thereon (the "GEC Property 1"). Under the terms of the Developer 1 PSA, CIBT Holdings will pay Developer 1 a total of $31,500,000 in a series of deposits (amount refundable prior to closing upon non-completion by Developer 1) upon Developer 1, in their capacity as property developer, achieving certain developmental milestones, with the final balance due at the closing to be held following receipt of an occupancy permit. As at August 31, 2014 and November 30, 2014, total refundable deposits of $1,575,000 were paid by GEC Langara LP accumulated in a trust account held by the Company's legal counsel. The deposit will be released to Developer 1 when security in the form of a mortgage is granted in favour of CIBT Holdings. The amount is refundable to the extent that Developer 2 does not achieve certain developmental milestones.

In accordance with the Developer 1 PSA, the Developer has an option to purchase the GEC Property 1 on or before October 24, 2014. Developer 1 of GEC Project 1 did not exercise the option to purchase the GEC Property 1 on or before October 24, 2014. In November 2014, Developer 1 and CIBT Holdings signed a mutual release to terminate the Developer PSA. The Company is currently working on executing agreements with another developer to replace Developer 1, and has identified another real property to replace GEC Property 1. The replacement property will be secured by releasing to the new developer the refundable deposit of $1,575,000 held by the Company's legal counsel when security in the form of a mortgage is granted in favour of CIBT Holdings. The GEC Project 1 will proceed as planned under the terms and intent of the original PSA with Developer 1, however, a new developer and different real property will be named.

Pursuant to a Purchase and Sale Agreement dated May 30, 2014 (the "GEC LP 1 PSA"), CIBT Holdings entered into an agreement to sell its interest in the Bare Trustee 1 and the GEC Property 1, assuming completion occurs under the Developer 1 PSA, to a limited partnership. The terms of payment of the deposits and final purchase price of the GEC LP 1 PSA track those of the Developer 1 PSA.

On May 30, 2014, a limited partnership was formed known as GEC Langara LP ("GEC LP 1") and an agreement was executed between the following partners:

- "Investor 1" as an 80% limited partner;
- GEC Holdings as a 10% limited partner;
- An unrelated third party as the remaining 10% limited partner; and
- "GEC GP 1 Inc." as the general partner, a newly incorporated wholly-owned subsidiary of CIBT Holdings.

The GEC LP 1 will be funded in accordance with the schedule contained in the limited partnership agreement.

The general partner has complete responsibility for the conduct of all of the business affairs of the GEC LP 1. The general partner can only be removed by major partnership resolution passed, or consented to in writing, by limited partners holding not less than 66% of the total partnership units.

NOTE 3 – REAL ESTATE DEVELOPMENT (cont'd)

The First Project (the "GEC Project 1") (cont'd)

Effective May 30, 2014, GEC Mgmt. entered into a 20 year Management Agreement with the GEC LP 1 whereby GEC Mgmt. was retained to manage substantially all activities of the GEC LP 1 commencing upon closing of the Developer 1 PSA, which is expected to be approximately April 2017.

In connection with the GEC Project 1, the Company entered into a Fee Agreement with Investor 1 to compensate the Company for services provided related to locating the site, negotiating the Developer 1 PSA and organizing the formation of GEC LP 1 in the amount of $1,161,600. Investor 1 agreed to make capital contributions to GEC LP 1 on behalf of GEC Holdings for units in GEC LP 1 as payment for these services. As of August 31, 2014, $232,320 of the amount owing by Investor 1 under the Fee Agreement had been paid and was recognized as revenue of the Company. The remaining fee will be recognized to coincide with the issuance of units.

Management has determined that the Company and certain of its subsidiaries have significant influence over the GEC LP 1, notwithstanding that GEC Holdings holds less than 20% of the voting units in GEC LP 1. Management believes that they have the power to participate in the financial and operating policy decisions of the associate as they are the general partner and have delegated responsibility to GEC Mgmt. to carry out the business of the limited partnership. As of November 30, 2014 and for the period then ended, the GEC LP 1 had no operations. Accordingly, the carrying value of GEC Holdings' investment in the GEC LP 1 in the Company's consolidated financial statements consists only of the initial investment in limited partnership units totaling $232,320 (refer to Note 4).

The Second Project (the "GEC Project 2")

Pursuant to a Purchase and Sale Agreement dated May 9, 2014 (the "Developer 2 PSA"), CIBT Holdings entered into an agreement with a developer ("Developer 2") and its subsidiary (the "Bare Trustee 2") whereby CIBT Holdings agreed to purchase from Developer 2 100% of its interest in the Bare Trustee 2 and certain real property and future planned development thereon (the "GEC Property 2"). Under the terms of the Developer 2 PSA, CIBT Holdings will pay a total of $42,500,000 in a series of deposits (amount refundable prior to closing upon non-completion by Developer 2) upon Developer 2, in their capacity as property developer, achieving certain developmental milestones, with the final balance due at the closing to be held following receipt of an occupancy permit. As at August 31, 2014 and November 30, 2014, refundable deposits of $6,500,000 were paid to Developer 2 upon receipt of security in the form of a mortgage granted in favour of CIBT Holdings. The amount is refundable to the extent that Developer 2 does not achieve certain developmental milestones.

At November 30, 2014, Developer 2 and the Bare Trustee 2 owned all the parcels of land required for the GEC Project 2 development. GEC Project 2 is now waiting for re-zoning approvals and development permits to be issued to Developer 2.

Pursuant to a Purchase and Sale Agreement dated May 12, 2014 (the "GEC LP 2 PSA"), CIBT Holdings entered into an agreement to sell its interest in the Bare Trustee 2 and the GEC Property 2, assuming completion occurs under the Developer 2 PSA, to a limited partnership. The terms of payment of the deposits and final purchase price of the GEC LP 2 PSA track those of the Developer 2 PSA.

On May 12, 2014, a limited partnership was formed known as GEC Pearson LP ("GEC LP 2") and an agreement was executed between the following partners:

- "Investor 2" as a limited partner;
- GEC Holdings as a limited partner, and;
- "GEC GP 2 Inc." as the general partner, a newly incorporated wholly-owned subsidiary of CIBT Holdings.

The GEC LP 2 will be funded in accordance with the schedule contained in the limited partnership agreement. Upon completion of the funding of the GEC LP 2, the limited partnership units will be owned 38.5% by GEC Holdings and 61.5% by Investor 2. GEC Holdings has committed to contribute total of $4,455,000 for its partnership units.

NOTE 3 – REAL ESTATE DEVELOPMENT (cont'd)

The Second Project (the "GEC Project 2") (cont'd)

Pursuant to the GEC LP 2 funding requirements, GEC is required to provide capital contributions totalling $4,455,000. As at August 31, 2014 and November 30, 2014, GEC has paid $1,950,000 into GEC LP 2. The balance of $2,505,000 is due in various stages ending on or before May 16, 2016.

Management has determined that the Company and certain of its subsidiaries have control over the GEC LP 2, notwithstanding that GEC Holdings holds only 45.5% of the voting units in GEC LP 2. Management believes that the Company and its subsidiaries have the power to determine the financial and operating policy decisions of GEC LP 2 and that the Company and its subsidiaries have exposure or rights to variable returns from its involvement with GEC LP 2. Additionally, the general partner can only be removed by major partnership resolution passed, or consented to in writing, by limited partners holding not less than 66% of the total partnership units. Accordingly, the Company has consolidated the results of GEC LP 2.

Effective May 12, 2014, GEC Mgmt. entered into a 20 year Management Agreement with the GEC LP 2 whereby GEC Mgmt. was retained to manage substantially all the activities of the GEC LP 2 commencing upon closing of the Developer 2 PSA, which is expected to be approximately February 2017.

In connection with the GEC Project 2, the Company entered into a Fee Agreement with the general partner to compensate the Company for services provided related to locating the site, negotiating the Developer 1 PSA and organizing the formation of GEC LP 1 in the amount of $1,485,000. The parties further agreed to settle the amount owing through the issuance of 100 fully paid limited partnership units of the GEC LP 2 to the Company's wholly-owned subsidiary, GEC Holdings. As of August 31, 2014, $1,389,512 of the fee has been recognized as revenue, representing the value of GEC Holdings' interest in the limited partnership.

Management has determined that the Company and certain of its subsidiaries have control over the GEC LP 2 and, accordingly, have consolidated the results of the GEC LP 2 for the period subsequent to its formation. Notwithstanding the fact that GEC Holdings owns less than the majority of voting units at August 31, 2014 and November 30, 2014, the GEC LP 2 Agreement does not allow for the removal of the general partner unless 66% of the units could be voted to effect this change, which will not be the case. Furthermore, as the general partner and GEC Mgmt. will direct the business of the partnership they are considered to have control. The GEC LP 2 is governed by the limited partnership agreement which specifies restrictions on the use of assets and distributions. As of November 30, 2014 and for the period then ended, the GEC LP 2 had no operations or cash flows from operations.

NOTE 4 – INVESTMENT IN ASSOCIATES

The following table summarizes the financial information of the Company's investment in GEC LP 1 at August 31, 2014 and November 30, 2014. The nature of the investment is disclosed in Note 3 – The First Project (the "GEC Project 1").

Assets		
Cash in trust	$	748,200
Refundable property deposit in trust		1,575,000
Total Assets / Equity	$	2,323,200
Company's ownership %		10%
Carrying amount of investment	$	232,320

NOTE 5 – DISCONTINUED OPERATIONS

Effective August 31, 2013, the Company and its subsidiary, CIBT School of Business & Technology Corp., entered into an agreement to sell to Loyalist Group Limited ("Loyalist"), 100% of the issued and outstanding common shares of the Company's respective subsidiaries, KGIC Business College (2010) Corp. and KGIC Language College (2010) Corp., who collectively make up the KGIC operations.

The total purchase price for this transaction was $13,500,000 of which $9,500,000, subject to certain adjustments, was due upon closing and a further $4,000,000 was secured by way of a non-interest bearing promissory note issued by Loyalist in favour of the Company due six months after closing. The amount of the promissory note could be reduced to the extent of certain adjustments contemplated within the agreement and could be extended to 270 days from the original closing as may be required to finalize these adjustments. Further, in connection with the transaction, upon closing Loyalist assumed and paid all amounts owing by KGIC to the Company and its other subsidiaries.

On March 17, 2014, the Company received $3,612,639 from the $4,000,000 promissory note in connection with the sale of KGIC to Loyalist. The balance of $387,361 was mutually agreed upon by the Company and by Loyalist as an adjustment to working capital, and accordingly the gain on sale of KGIC was reduced by this amount.

NOTE 6 – LONG-TERM DEBT

Long-term debt

The carrying value of debt in the Company is as follows:

	November 30, 2014	August 31, 2014
SSDC		
Demand term instalment loan, payable in monthly instalments of $50,000 plus interest at the prime rate plus 2%, due June 2018	$ 300,000	$ 450,000
	300,000	450,000
Less: current portion	(300,000)	(450,000)
	$ -	$ -

In addition, SSDC has a demand operating credit facility available in the amount of $1,500,000 with interest calculated at the prime rate plus 2%. As at November 30, 2014, the demand operating facility was not utilized.

The demand operating credit facility and the demand term instalment loan is secured as follows:

- first priority security interest in the assets of SSDC
- assignment of fire and perils insurance on the property of SSDC
- postponement of claims from the Company on advances to SSDC

The debt covenants, calculated using SSDC's financial statements, of the demand term instalment loan are as follows:

- the senior debt to earnings before interest, taxes, depreciation and amortization ratio not to exceed 1.75 to 1.0 at any time
- the adjusted current ratio is not less than 1.75 to 1.0 at any time
- the adjusted fixed charge coverage ratio is not less than 1.0 to 1.0 at any time

The debt covenants are defined in accordance with the agreement between SSDC and the banking facility.

NOTE 7 – SHARE CAPITAL

Authorized shares

Authorized share capital consists of 150,000,000 common shares without par value.

Share purchase warrants

At November 30, 2014, the Company had no share purchase warrants outstanding.

Stock options

The Company has stock options outstanding to certain employees, officers and directors providing the right to purchase up to 3,421,000 shares at prices ranging from $0.24 per share to $0.42 per share exercisable for periods ending from March 1, 2016 to July 10, 2019.

The Company has in place a rolling stock option plan (the "Plan") whereby a maximum of 10% of the issued and outstanding shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The material terms of the Plan are as follows:

- The term of any options granted under the Plan is fixed by the board of directors at the time the options are granted, to a maximum term of five years.
- The exercise price of any options granted under the Plan is determined by the board of directors, but shall not be less than the last closing price on the TSX Exchange of the Company's common shares preceding the grant of such options, less any permitted discount.
- Unless otherwise imposed by the board of directors, no vesting requirement applies to options granted under the Plan but a four month hold period, commencing from the date of grant of an option, applies to all shares issued upon exercise of an option.
- All options granted under the Plan are non-assignable and non-transferable.
- If an option holder ceases to hold a position with the Company in which the option holder would be eligible to be granted an option (other than by reason of death), then the option granted shall expire on the 30th day following the date that the option holder ceases to hold any such position.

Details of options outstanding as at November 30, 2014 are as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Contractual Life
1,265,000	$0.42	March 1, 2016	1.25 years
2,126,000	$0.24	January 6, 2017	2.10 years
30,000	$0.37	July 10, 2019	4.61 years
3,421,000			

As at November 30, 2014, a total of 2,613,625 stock options were exercisable with a weighted average exercise price of $0.31 per share

NOTE 8 – TREASURY SHARES

In accordance with TSX Exchange approval and the provisions of a normal course issuer bid, the Company from time to time acquires its own common shares into treasury. Effective February 24, 2014, the Company received approval from the TSX to a normal course issuer bid to purchase for re-sale up to 3,000,000 of the Company's common shares to a maximum aggregate acquisition cost of $1,000,000. The normal course issuer bid expires on February 23, 2015.

On October 30, 2014, the Company cancelled a total of 1,900,000 treasury shares with an accumulated cost of $643,161.

NOTE 8 – TREASURY SHARES (cont'd)

Details of changes in the Company's treasury shares balance are as follows:

	Number	Value
Balance, August 31, 2014	1,570,100	$ 550,796
Purchases of treasury shares	637,000	181,405
Cancellation of treasury shares	(1,900,000)	(643,161)
Balance, November 30, 2014	307,100	$ 89,040

NOTE 9 – GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

	Three Months Ended November 30, 2014	Three Months Ended November 30, 2013
Advertising	$ 921,762	$ 1,252,643
Bank charges and interest	52,653	47,877
Consulting and management fees	158,852	291,239
Investor relations	21,748	29,740
Office and general	517,985	581,969
Professional fees	116,425	160,556
Rent	732,473	790,451
Salaries and benefits	1,986,441	2,026,428
Travel and promotion	76,277	121,020
	$ 4,584,616	$ 5,301,923

NOTE 10 – NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS

Net changes in non-cash working capital items are comprised of the following:

	Three Months Ended November 30, 2014	Three Months Ended November 30, 2013
Short-term investments	$ 994,535	$ -
Accounts receivable	(1,377,466)	(1,427,120)
Prepaid expenses	(61,469)	(255,434)
Inventory	17,963	24,784
Accounts payable and accrued liabilities	(21,560)	155,440
Provisions	-	85,343
Income taxes payable	(96)	-
Deferred educational revenues	1,817,087	1,542,835
	$ 1,368,994	$ 125,848

NOTE 11 – RELATED PARTY TRANSACTIONS

Significant transactions between the Company and the following related parties:

	November 30, 2014	August 31, 2014
Accounts receivable - Weifang University (1)	$ 4,107,708	$ 3,600,878
Accounts payable - Weifang University (1)	$ 1,117,931	$ 782,854
Due to officers, employees, directors and non-arm's length investors (2)	$ 398,362	$ 381,156
Due from officers, employees, directors and non-arm's length investors (3)	$ 835,000	$ 835,000

1) CIBT has a business venture with Weifang University with a 60% interest in Beihai College. Beihai College is a Chinese Government approved college which has been in operation since 2002. Effective July 1, 2007, the Chinese Government implemented a new cash management policy affecting Beihai College. The tuition fees of Beihai College are required to be directly remitted to the local Chinese Government when tuition fees are received, and the funds are held by the Chinese Government under the account of Weifang. Beihai College can receive funds for its operations from Weifang on an as needed basis up to the amount of the tuition fees collected.

2) As of November 30, 2014, the amount due to officers, employees, directors and non-arm's length investors is comprised of $53,200 (August 31, 2014 – $41,377) due to officers and directors of the Company, $170,162 (August 31, 2014 – $164,779) due to the President of IRIX, and $175,000 (August 31, 2014 – $175,000) due to Investor 2 of the GEC Project 2 development. The $53,200 due to officers and directors of the Company is non-interest bearing and has no fixed terms of repayment. The $170,162 due to the President of IRIX is non-interest bearing and has no fixed terms of repayment. The $175,000 due to Investor 2 is non-interest bearing and has no fixed terms of repayment. Transactions with related party are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Such amounts are included as part of the cash flows from operating activities in the Consolidated Statements of Cash Flow.

3) As at November 30, 2014, $835,000 (August 31, 2014 – $835,000) was due from Investor 2 in the GEC Project 2 development. Amounts due are non-interest bearing with no set terms of payment and will be repaid through additional funding of GEC Project 2 LP by Investor 2.

During the three month period ended November 30, 2014, the Company and its subsidiaries incurred $176,088 (2013 - $184,088) for management fees and salaries paid to certain directors and officers employed by the Company and its subsidiaries.

NOTE 12 – SUBSEQUENT EVENTS

In December 2014, GEC and its affiliates entered into agreements for the development of a third project (“GEC Project 3”). The Company will earn a development fee to compensate the Company for services provided related to locating the site, negotiating the legal agreements, and organizing the formation of the entities for GEC Project 3.

NOTE 13 – SEGMENTED INFORMATION

The Company's primary industry and geographic segments are in China where CIBT operates technical and career training schools, and in Canada where SSDC operates technical and career training schools, IRIX conducts web design and advertising services, and GEC conducts education related real estate projects. The Company's corporate operations are also in Canada. Transactions between CIBT, SSDC, IRIX, GEC and the Company (Corporate) are reported as inter-segment transactions, and are eliminated on consolidation. Inter-segment transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. Information reported to the Company's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance focuses on the Company's business segments by geographic segments.

Industry and Geographic Segments	**Three Months Ended November 30, 2014**						
	CIBT (China)	SSDC (Canada)	KGIC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Revenues							
Educational	$ 607,057	$ 6,111,570	$ -	$ -	$ -	$ -	$ 6,718,627
Design and advertising	-	-	-	300,461	-	-	300,461
Commissions and referral fees	104,888	-	-	-	-	-	104,888
Development fees	-	-	-	-	-	-	-
	$ 711,945	$ 6,111,570	$ -	$ 300,461	$ -	$ -	$ 7,123,976
Revenues, net of direct costs	$ 281,422	$ 3,644,717	$ -	$ 205,609	$ -	$ -	$ 4,131,748
Other expenses and items:							
General and administrative	(326,272)	(3,432,950)	-	(203,066)	-	(622,328)	(4,584,616)
Amortization	(44,496)	(176,232)	-	(6,042)	-	(2,267)	(229,037)
Share-based payment expense	-	-	-	-	-	(2,697)	(2,697)
Business development costs	-	-	-	-	-	(67,500)	(67,500)
Interest and other income	2,927	-	-	2,348	-	8,776	14,051
Foreign exchange gain (loss)	77,399	-	-	2,641	-	4,441	84,481
Finance costs	-	(14,884)	-	-	-	-	(14,884)
Gain (loss) on disposal of assets	-	-	-	-	-	-	-
Income tax recovery (provision), net	(3,290)	-	-	-	-	-	(3,290)
Inter-segment transactions	19,967	(517,314)	-	4,885	-	492,462	-
Income (loss) from continuing operations	7,657	(496,663)	-	6,375	-	(189,113)	(671,744)
Discontinued operations	-	-	-	-	-	-	-
Inter-segment transactions - discontinued operations	-	-	-	-	-	-	-
Net income (loss)	$ 7,657	$ (496,663)	$ 0	$ 6,375	$ -	$ (189,113)	$ (671,744)

NOTE 13 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments	**November 30, 2014**						
	CIBT (China)	SSDC (Canada)	KGIC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Total assets	$ 5,763,887	$ 21,582,369	$ -	$ 371,055	$ 9,667,147	$ 5,159,549	$ 42,544,007
Property and equipment	$ 377,219	$ 1,867,547	$ -	$ 88,131	$ -	$ 34,887	$ 2,367,784
Intangible assets	$ 774,128	$ 7,866,390	$ -	$ -	$ -	$ -	$ 8,640,518
Goodwill	$ -	$ 4,793,303	$ -	$ -	$ -	$ -	$ 4,793,303
Total liabilities	$ 579,007	$ 15,212,378	$ -	$ 504,653	$ 175,000	$ 3,317,212	$ 19,788,250
Non-controlling interests	$ 1,061,107	$ 329,486	$ -	$ (205,452)	$ 3,995,488	$ -	$ 5,180,629
Capital expenditures	$ 30,724	$ 25,615	$ -	$ 597	$ -	$ -	$ 56,936

NOTE 13 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments	Three Months Ended November 30, 2013						
	CIBT (China)	SSDC (Canada)	KGIC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Revenues							
Educational	$ 757,457	$ 6,504,390	$ -	$ -	$ -	$ -	$ 7,261,847
Design and advertising	-	-	-	315,605	-	-	315,605
Commissions and referral fees	412,115	-	-	-	-	-	412,115
Development fees	-	-	-	-	-	-	-
	$ 1,169,572	$ 6,504,390	$ -	$ 315,605	$ -	$ -	$ 7,989,567
Revenues, net of direct costs	528,675	3,848,688	-	189,730	-	-	4,567,093
Other expenses and items:							
General and administrative	(503,574)	(3,813,350)	-	(189,475)	-	(795,524)	(5,301,923)
Amortization	(45,243)	(179,455)	-	(6,425)	-	(1,443)	(232,566)
Share-based payment expense	-	-	-	-	-	(1,587)	(1,587)
Business development costs	-	-	-	-	-	(65,125)	(65,125)
Interest and other income	3,463	-	-	81	-	4,092	7,636
Foreign exchange gain (loss)	15,110	-	-	724	-	2,002	17,836
Finance costs	-	(29,081)	-	-	-	(1,218)	(30,299)
Income tax recovery (provision), net	-	-	-	-	-	-	-
Inter-segment transactions	-	(498,283)	-	3,622	-	494,661	-
Income (loss) from continuing operations	(1,569)	(671,481)	0	(1,743)	-	(364,142)	(1,038,935)
Discontinued operations	-	-	6,856,294	-	-	-	6,856,294
Inter-segment transactions - discontinued operations	-	-	-	-	-	-	-
Net income (loss)	$ (1,569)	$ (671,481)	$ 6,856,294	$ (1,743)	$ -	$ (364,142)	$ 5,817,359

NOTE 13 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments	November 30, 2013						
	CIBT (China)	SSDC (Canada)	KGIC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Total assets	$ 5,704,458	$ 21,419,216	$ -	$ 338,601	$ -	$ 10,900,534	$ 38,362,809
Property and equipment	$ 413,075	$ 1,988,547	$ -	$ 112,852	$ -	$ 17,528	$ 2,532,002
Intangible assets	$ 855,309	$ 8,148,630	$ -	$ -	$ -	$ -	$ 9,003,939
Goodwill	$ -	$ 4,793,303	$ -	$ -	$ -	$ -	$ 4,793,303
Total liabilities	$ 896,535	$ 15,355,818	$ -	$ 436,573	$ -	$ 433,192	$ 17,122,118
Non-controlling interests	$ 948,473	$ 402,052	$ -	$ (176,125)	$ -	$ -	$ 1,174,400
Capital expenditures	$ 16,147	$ 71,950	$ -	$ 3,815	$ -	$ -	$ 91,912

--- END OF FINANCIAL STATEMENTS ---