CIBT EDUCATION GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS
(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

FOR THE YEAR ENDED AUGUST 31, 2015

The following Management's Discussion & Analysis ("**MD&A**") is prepared in accordance with Form 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the year ended August 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Additional information about the Company, including its annual information form, is available under the Company's profile on SEDAR (www.sedar.com).

This MD&A contains certain forward-looking statements, which relate to future events or the Company's future performance that include terms such as "will", "intend", "anticipate", "could", "should", "may", "might", "expect", "estimate", "forecast", "plan", "potential", "project", "assume", "contemplate", "believe", "shall" and similar terms. These statements involve known and unknown risks, uncertainties and other factors that are beyond the Company's control, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Specific reference is made to the risks described herein under the heading "Risks Related to the Company's Business" for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading "Risk Factors" in the Company's annual information form for the financial year ended August 31, 2015. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A, and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities law.

All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of November 29, 2015. In this MD&A, the following terms have the meanings shown:

"**Fiscal 2016**" means the fiscal year ending August 31, 2016
"**Fiscal 2015**" means the fiscal year ending August 31, 2015
"**Fiscal 2014**" means the fiscal year ending August 31, 2014

"**First Quarter of Fiscal 2015**" means the three months ended November 30, 2014
"**Second Quarter of Fiscal 2015**" means the three months ended February 28, 2015
"**Third Quarter of Fiscal 2015**" means the three months ended May 31, 2015
"**Fourth Quarter of Fiscal 2015**" means the three months ended August 31, 2015

"**First Quarter of Fiscal 2014**" means the three months ended November 30, 2013
"**Second Quarter of Fiscal 2014**" means the three months ended February 28, 2014
"**Third Quarter of Fiscal 2014**" means the three months ended May 31, 2014
"**Fourth Quarter of Fiscal 2014**" means the three months ended August 31, 2014

NON-IFRS FINANCIAL MEASUREMENTS

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") are non-IFRS financial metric used in this Management's Discussion & Analysis. These non-IFRS financial measurements do not have any standardized meaning as prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Certain investors, analysts and others utilize these non-IFRS financial metrics in assessing the Company's financial performance. These non-IFRS financial measurements have not been presented as an alternative to net loss or any other financial measure of performance prescribed by IFRS. Reconciliation of the non-IFRS measure has been provided throughout this MD&A.

Date of Report – November 29, 2015

NATURE OF BUSINESS

The Company is an education management company headquartered in Vancouver, British Columbia, Canada that delivers advanced education via traditional face to face teaching and interactive technology to the global education market. With its partners and investors, both international and domestic, the Company is diversifying into affordable rental apartments and hotels targeted specifically at students and young professionals. The Company is listed on the Toronto Stock Exchange (TSX) in Canada under the trading symbol "MBA" and quoted on the OTCQX-International under the trading symbol "MBAIF".

The Company's operating entities are as follows:

Legal / Operating Entity	**Business Description**
CIBT School of Business & Technology Corp. ("**CIBT**" or "**CIBT China**")	Chinese Associate Degree provider offering automotive technical training, English teacher preparation, ESL, and accounting.
Sprott-Shaw College ("**SSDC**")	Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, and international studies.
Acsenda School of Management (a division of SSDC)	Degree-granting business management school with University level programs.
Global Education Alliance Inc. ("**GEA**")	International students' referral and on-ground concierge services for elite kindergarten, primary, secondary schools and universities in North America.
Global Education City Holdings Inc. ("**GEC**")	Investment holding and management company with focus on real estate projects in Canada with education and technology sector focus such as student housing and long stay apartments for visiting technology workers.
IRIX Design Group Inc. ("**IRIX**")	Design and advertising company.

The Company's primary business units consist of CIBT (including GEA), SSDC, IRIX, GEC and Corporate (head office) functions.

Industry Growth Prospect

International education is a $10 billion industry in Canada that is growing at an 8% compounded annual growth rate. The industry created 86,570 jobs and generated $455 million in government tax revenues in 2011 according to statistics published by Citizenship and Immigration Canada. The Canadian government is ramping up to become one of the top 5 largest destination countries in the world for foreign students behind the US and the UK. According to a Federal government news release, the quota of international students allowed admission into Canada is expected to climb 80% in 8 years, from 250,000 in 2014 to 450,000 by 2022. Out of this large market, Metro Vancouver is expected to continue to have one of the largest market shares in Canada.

With the mandate of educating domestic students via Sprott Shaw College and Acsenda School of Management, while recruiting foreign students to study at its North American campuses and partner schools and providing them with an enhanced learning experience and employment opportunities, the Company is greatly advantaged by the industry's high growth rate and favourable government policies. The Company has the infrastructure and experience to capitalize on emerging market growth with minimal emerging market risk.

The Company's long term presence in the global education markets allows it to tap into this market to recruit international students to North America. According to the latest statistics from China's Ministry of Education, there were 1.27 million Chinese students studying abroad as at the end of 2010, with 285,000 beginning their studies abroad each year. Although China is the single largest student exporting country in the world, other student exporting countries are India, South Korea, Japan, Spain, Saudi Arabia, Mexico and many other countries from Asia, Latin America and Middle East regions. The high growth in demand from students in the emerging markets to study in countries like Canada, and the Canadian government's support in attracting more foreign students, present the Company with perfect opportunities to use its infrastructure to bridge this gap.

In addition to the fast growing education demand from international students, student housing for international students is an estimated $1.12 billion market in British Columbia. The Company is developing and providing serviced apartments and hotels throughout Metro Vancouver to domestic and international students, and expects this education real estate business to significantly enhance our operations and profitability.

Outlook for Fiscal 2016

The Company is expecting to see strong performance from SSDC as it has finished curriculum updates, streamlined operations, and has extensive experience in the international students market. SSDC has also grown its School of Trades in Burnaby, BC in the recent fiscal quarter to offer full construction electrician and plumbing training. As well, the Province of British Columbia is expected to complete changes to its requirements and provide more certainty. Acsenda School of Management has completed its accreditation review and received Ministry approval for license renewal for another five years, and received Ministry approval to launch its Bachelor degree in hospitality management.

GEA, a subsidiary of the Company, has signed over 100 agreements to recruit foreign students for public and private schools in the kindergarten, primary, secondary, career colleges and university sectors. GEA provides a variety of student services for international students including visa immigration consulting services via its licensed immigration consulting officers, landing service for newly arrived international students, placement service for accommodations, weekend excursions activities, tutoring, and school referral services. GEA has grown substantially from a start-up to an established business with a high profit margin. GEA is expecting to add more partner schools to widen its coverage while demand for its services and expertise is increasing rapidly from foreign students wishing to study in North America.

The flow of foreign students enrolled in the Company's schools, as well as 100+ partner schools serviced by GEA, will be directed to the Company's subsidiary, GEC, to satisfy students' accommodation needs. GEC was established as a student housing investment and management arm. Student housing for foreign students will be built under the oversight of, and will be managed by, GEC, adding a further downstream service for international students.

Memorandum of Understandings have been signed with Vancouver developers to build an education super centre attached with a student hotel, and student housing apartments in Metro Vancouver nearby Skytrain (subway) stations. For the education super center project alone, the plan is to offer 100,000 square feet of commercial office space available for lease to educational institutions and education service companies from around the world wishing to establish a physical presence at North America's first education super centre in addition to the hotel towers for student's accommodations.

In addition to the Company's flagship project, the education super center, the Company has received many proposals from other real estate developers offering their lands, and proposals from schools wishing to establish arrangements with GEC so that the schools can better service their students' accommodation needs. The Company is assessing the viability of these potential sites and working closely with various public and private schools, colleges and universities to fulfill their needs by constructing rental apartments and hotels to accommodate their needs. GEC properties are not exclusive to CIBT schools but are available to all schools within Metro Vancouver on a first come, first served basis. As a secondary market, selected properties will also cater to visiting technology workers as many technology firms from around the world have expanded their development centres to Metro Vancouver, including Microsoft, Sony ImageWorks, Facebook, Yahoo, HootSuite, Alibaba from China, IGG from Singapore, and software development companies from India.

The aggregated construction budget for various GEC projects is approximately $1 billion over several years. The Company is in negotiation with accredited and institutional investors to co-invest in each project in partnership with GEC, thereby reducing the amount of capital required from the Company. Commercial financing will be sought in lieu of diluting GEC's ownership in each project, and vendor financing is also expected in some cases. These projects will create approximately 10,000 beds.

Based upon data from 2013, approximately 112,800 foreign students are living in British Columbia contributing over $2.3 billion to the British Columbia economy. Total housing revenue generated by these foreign students is estimated to be over $1.1 billion per year in BC, an average of $10,000 per student per year and this amount is increasing due to rising property prices. The Company has access to 20,000 international students studying in Metro Vancouver through GEA's 100+ collaborative arrangements with various public and private schools and its wholly owned schools in Canada and Asia. These foreign students are each paying approximately $10,000 to $12,000 per year for their housing needs, totaling over $200 million in potential housing revenue per year for the Company to capture over time. The Company plans to build student centric facilities over a 5-year period to accommodate up to 10,000 foreign students, which accounts for only a small fraction of the anticipated total foreign student population of approximately 200,000 by 2019 in Metro Vancouver. The majority of the schools in Metro Vancouver do not provide student housing for their students, and those that offer student housing do not provide their housing service to students of competing schools. The Company expects to utilize its 22 years of experience in the global education sector and its international network to use this opportunity to operate a profitable student housing business thus complementing the Company's core education business, by bringing vertically integrated services to international students and enhanced value to shareholders. The education real estate business is expected to become a catalyst for top and bottom line growth for the Company.

In fiscal year 2016, the Company will continue to leverage its existing student resources to channel them into GEC's student housing projects. Tenants in the student housing projects will come from a variety of educational institutions and countries to minimize any institution and country related risks. In future, the GEC's scalable real estate division will benefit the Company in four ways: one time structuring fee, steady stream of rental income, ongoing management fees as well as significant capital gain upon exit.

STUDENT HOUSING AND MARKET RENTAL DEVELOPMENT PROJECTS

During Fiscal 2014 and 2015, the Company and a number 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 convert existing hotels and develop student centric serviced apartments for rental to domestic and foreign students studying in the Metro Vancouver region of British Columbia and to provide various services to the students and their families.

During Fiscal 2015, the Company, through a limited partnership structure, purchased and acquired control of a high-rise multi-purpose rental building including retail, office and residential rental space. The property was purchased to support the development of the Company's planned student housing arm including student centric serviced apartments for rental. The building is currently being renovated with almost all the rooms in the building undergoing conversion into student housing rooms along with facilities designed for students being built to support their needs.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected Company financial information for the last eight completed fiscal quarters:

Selected Financial Information	Quarter Ended August 31, 2015 (Fourth Quarter)	Quarter Ended May 31, 2015 (Third Quarter)	Quarter Ended February 28, 2015 (Second Quarter)	Quarter Ended November 30, 2014 (First Quarter)
Total revenues	$8,779,190	$7,968,268	$8,307,517	$7,123,976
Net income (loss)	$3,977,341	($762,419)	$3,457,596	($671,744)
Income (loss) per share	$0.06	($0.01)	$0.05	($0.01)
Net income (loss) - CIBT Education Group Inc. shareholders	$1,013,083	($289,714)	$1,022,969	($706,318)
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.02	($0.00)	$0.02	($0.01)

Selected Financial Information	Quarter Ended August 31, 2014 (Fourth Quarter)	Quarter Ended May 31, 2014 (Third Quarter)	Quarter Ended February 28, 2014 (Second Quarter)	Quarter Ended November 30, 2013 (First Quarter)
Total revenues	$5,517,622	$10,146,824	$7,262,141	$7,989,567
Net income (loss)	($552,462)	$924,490	($876,426)	$5,817,359
Income (loss) per share	($0.01)	$0.01	($0.01)	$0.09
Net income (loss) - CIBT Education Group Inc. shareholders	($568,123)	$891,186	($916,466)	$5,752,893
Income (loss) per share - CIBT Education Group Inc. shareholders	($0.01)	$0.01	($0.01)	$0.09

Total revenues in the Fourth Quarter of Fiscal 2015 increased when compared to the Fourth Quarter of Fiscal 2014. The majority of the increase came from development fees earned and recognized by the Company in connection with its various real estate development projects. Total revenues in the Fourth Quarter of Fiscal 2014 included a write-down in development fees of $1,024,168 which was due to the Company delaying the recognition of the $1,024,168 development fees to later periods when fully earned. This write-down widened the difference when comparing between the two quarters. Rental revenues of $269,182 were generated from GEC Project 3 in the Fourth Quarter of Fiscal 2015 (total of $647,046 in rental revenues since acquisition of GEC Property 3 on January 29, 2015). Total revenues in the Fourth Quarter of Fiscal 2015 increased when compared to the Third Quarter of Fiscal 2015.

The majority of the increase came from development fees earned and recognized by the Company during the Fourth Quarter of Fiscal 2015 whereas the Company did not receive any development fees in connection with real estate development projects in the Third Quarter of Fiscal 2015.

Total revenues in the Third Quarter of Fiscal 2015 decreased when compared to the Third Quarter of Fiscal 2014. The reduction in revenues was primarily a result of the Company not receiving development fees in connection with new real estate development projects in the Third Quarter of Fiscal 2015. The timing of receipt of development fees is dependent upon the timing of completion of negotiations of each real estate development project. A total of $2,646,000 in development fees were recognized as revenues during the Third Quarter of Fiscal 2014. Total revenues in the Third Quarter of Fiscal 2015 decreased when compared to the Second Quarter of Fiscal 2015 for the same reason as described above. Total revenues in the Third Quarter of F2015 is comparable to total revenues in the First Quarter of Fiscal 2015 since both these quarters had no development fee revenues.

Total revenues in the Second Quarter of Fiscal 2015 improved when compared to the Second Quarter of Fiscal 2014. The improvement in revenues was primarily a result of the Company earning development fees in connection with the real estate development projects. A total of $1,132,320 in development fees were recognized as revenues during the Second Quarter of Fiscal 2015. Total revenues in the Second Quarter of Fiscal 2015 have improved when compared to the First Quarter of Fiscal 2015 for the same reason as described above.

Total revenues in the First Quarter of Fiscal 2015 improved when compared to the Fourth Quarter of Fiscal 2014. Total revenues in the Fourth Quarter of Fiscal 2014 included a write-down in development fees of $1,024,168 which was due to the Company delaying the recognition of the $1,024,168 development fees over the future quarters in Fiscal 2015. If this $1,024,168 was excluded from the total revenues of Fiscal 2014, then total revenues would have been $6,541,790 (compared to $7,123,976 for the First Quarter of Fiscal 2015), a more comparable number and showing a slight improvement in the First Quarter of Fiscal 2015.

Net income of $3,977,341 in the Fourth Quarter of Fiscal 2015 was comprised primarily of $4,327,318 in fair market value appreciation in the value of the Company's investment property as at August 31, 2015. The Company acquired GEC Project 3 based on a purchase and sale agreement that was negotiated by a former buyer in 2013 and subsequently entered into legal dispute. After settlement with former buyer and the seller, the appraised value of GEC Project 3 has appreciated in value. The Company chose to account for the investment property using a fair value model.

In addition to the fair market value appreciation recorded in the Second Quarter of Fiscal 2015, the Company recognized further appreciation in the investment property as a gain in the Fourth Quarter of Fiscal 2015. Also contributing to net income were development fees earned by the Company in the Fourth Quarter of Fiscal 2015. The write-down of the development fees in the Fourth Quarter of Fiscal 2014 was a major factor that caused the loss of $552,462 in that quarter.

A net loss of $762,419 was incurred in the Third Quarter of Fiscal 2015 compared to a net income of $924,490 in the Third Quarter of Fiscal 2014. The development fee revenues of $2,646,000 recognized in the Third Quarter of Fiscal 2014 contributed to the net income figure in that quarterly period whereas no development fee revenues were recognized in the Third Quarter of Fiscal 2015. The net income of $3,457,596 in the Second Quarter of Fiscal 2015 was comprised primarily of $3,287,857 in fair market value appreciation in the value of the Company's investment property as at February 28, 2015.

Net income attributable to CIBT Education Group Inc. shareholders of $1,013,083 in comparison to net income of $3,977,341 in the Fourth Quarter of Fiscal 2015 was a result of attributing a percentage of the fair market value appreciation in the value of the Company's investment property due to the Company's percentage ownership in the property.

SELECTED ANNUAL INFORMATION

The following table details selected annual information for the three most recent fiscal years ended August 31st.

Selected Financial Information	12 Months Ended August 31, 2015	12 Months Ended August 31, 2014	12 Months Ended August 31, 2013
Total revenues	$32,178,951	$30,916,154	$30,747,561
Educational revenues – CIBT	$2,260,260	$2,371,950	$2,773,191
Educational revenues net of direct costs – CIBT (%)	43.70%	44.60%	49.39%
Commission revenues – GEA	$619,077	$843,022	$667,669
Commission revenues net of direct costs – GEA (%)	59.55%	51.64%	71.09%
Educational revenues – SSDC	$24,988,426	$25,218,361	$26,312,774
Educational revenues net of direct costs – SSDC (%)	61.05%	61.07%	58.80%
Design and advertising revenues – IRIX	$1,082,119	$860,989	$993,927
Design and advertising revenues net of direct costs – IRIX (%)	71.38%	79.70%	74.52%
Rental revenues – GEC	$647,046	$0	$0
Rental revenues net of direct costs – GEC (%)	25.93%	0.00%	0.00%
Development fees – Corporate	$2,582,023	$1,621,832	$0
General and administrative expenses	$19,335,528	$19,729,134	$19,963,023
Share-based payment expense	$15,909	$15,992	$81,527
Foreign exchange gain (loss)	$227,728	$98,720	$97,914
Gain (loss) on fair value changes in investment properties	$7,615,175	$0	$0
Income tax recovery (provision) – net	($962,396)	$503,978	$1,216,267
Income (loss) – Continuing operations	$6,000,774	($1,717,434)	($1,904,630)
Income (loss) – Discontinued operations	$0	$7,030,395	$319,540
Net income (loss)	$6,000,774	$5,312,961	($1,585,090)
Income (loss) per share	$0.02	$0.08	($0.02)
Net income (loss) - CIBT Education Group Inc. shareholders	$1,040,020	$5,159,490	($1,830,047)
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.02	$0.08	($0.03)
Total assets	$80,666,757	$41,696,200	$42,538,621
Long-term liabilities	$24,340,590	$1,116,723	$480,483

OVERALL PERFORMANCE

The table below describes the financial performance of each main business unit (continuing operations) of the Company for the quarter ended August 31, 2015 compared to the quarter ended August 31, 2014.

Selected Financial Information - Three Months Ended	Quarter Ended August 31, 2015	Quarter Ended August 31, 2014	Absolute Change	Percentage Change
Total revenues	$8,779,190	$5,517,622	$3,261,568	59.11%
Total revenues net of direct costs – Overall (%)	65.61%	62.59%	3.03%	4.83%
Educational revenues – CIBT	$441,056	$300,237	$140,819	46.90%
Educational revenues net of direct costs – CIBT (%)	56.42%	52.46%	3.96%	7.55%
Educational revenues – SSDC	$6,156,016	$6,073,395	$82,621	1.36%
Educational revenues net of direct costs – SSDC (%)	59.81%	59.28%	0.53%	0.89%
Design and advertising revenues – IRIX	$231,930	$25,068	$206,862	825.20%
Design and advertising revenues net of direct costs – IRIX (%)	71.34%	858.46%	-787.12%	-91.69%
Commissions and referral fees – GEA	$231,303	$143,090	$88,213	61.65%
Commissions and referral fees net of direct costs – GEA (%)	90.93%	137.11%	-46.17%	-33.68%
Rental revenues – GEC	$269,182	$0	$269,182	100.00%
Rental revenues net of direct costs – GEC (%)	1.49%	0.00%	1.49%	100.00%
Development fees – Corporate	$1,449,703	($1,024,168)	$2,473,871	241.55%
General and administrative expenses	$5,128,786	$4,684,076	$444,710	9.49%
Gain (loss) on fair value changes in investment properties	$4,327,318	$0	$4,327,318	-
Income (loss) – Continuing operations	$3,977,341	($1,113,924)	$5,091,265	457.06%
Income (loss) – Discontinued operations	$0	$561,462	($561,462)	-100.00%
Net income (loss)	$3,977,341	($552,462)	$4,529,803	819.93%
EBITDA [non-IFRS] – Continuing operations	$4,731,237	($1,260,960)	$5,992,197	475.21%

The following reconciles the net income (loss) to EBITDA (non-IFRS) for the Fourth Quarter of Fiscal 2015:

	Quarter Ended August 31, 2015	Quarter Ended August 31, 2014
Income (loss) – Continuing operations	$3,977,341	($1,113,924)
Add: interest on long-term debt	($469,993)	$50,534
Add: income tax (recovery) provision	$958,904	($510,926)
Add: depreciation and amortization	$264,985	$313,356
Deduct: gain on fair value changes in investment properties	($4,327,318)	$0
Adjusted EBITDA [non-IFRS] – Continuing operations	$403,919	($1,260,960)

The Company generated an EBITDA of $403,919 in the Fourth Quarter of Fiscal 2015 from continuing operations compared to an EBITDA of ($1,260,960) loss in the Fourth Quarter of Fiscal 2014, primarily due to development fees of $1,449,703 earned by the Company in the Fourth Quarter of Fiscal 2015.

The table below describes the financial performance of each main business unit (continuing operations) of the Company for the fiscal year ended August 31, 2015 compared to the year ended August 31, 2014.

Selected Financial Information - Twelve Months Ended	Year Ended August 31, 2015	Year Ended August 31, 2014	Absolute Change	Percentage Change
Total revenues	$32,178,951	$30,916,154	$1,262,797	4.08%
Total revenues net of direct costs – Overall (%)	62.57%	60.62%	1.95%	3.21%
Educational revenues – CIBT	$2,260,260	$2,371,950	($111,690)	-4.71%
Educational revenues net of direct costs – CIBT (%)	43.70%	44.60%	-0.91%	-2.03%
Educational revenues – SSDC	$24,988,426	$25,218,361	($229,935)	-0.91%
Educational revenues net of direct costs – SSDC (%)	61.05%	61.07%	-0.02%	-0.03%
Design and advertising revenues – IRIX	$1,082,119	$860,989	$221,130	25.68%
Design and advertising revenues net of direct costs – IRIX (%)	71.38%	79.70%	-8.32%	-10.44%
Commissions and referral fees – GEA	$619,077	$843,022	($223,945)	-26.56%
Commissions and referral fees net of direct costs – GEA (%)	59.55%	51.64%	7.91%	15.31%
Rental revenues – GEC	$647,046	$0	$647,046	100.00%
Rental revenues net of direct costs – GEC (%)	25.93%	0.00%	25.93%	100.00%
Development fees – Corporate	$2,582,023	$1,621,832	$960,191	59.20%
General and administrative expenses	$19,335,528	$19,729,134	($393,606)	-2.00%
Gain (loss) on fair value changes in investment properties	$7,615,175	$0	$7,615,175	100.00%
Income (loss) – Continuing operations	$6,000,774	($1,717,434)	$7,718,208	449.40%
Income (loss) – Discontinued operations	$0	$7,030,395	($7,030,395)	-100.00%
Net income (loss)	$6,000,774	$5,312,961	$687,813	12.95%
EBITDA [non-IFRS] – Continuing operations	$8,079,992	($1,001,443)	$9,081,435	906.83%

The following reconciles the net income (loss) to EBITDA (non-IFRS) for Fiscal 2015:

	Year Ended August 31, 2015	Year Ended August 31, 2014
Income (loss) – Continuing operations	$6,000,774	($1,717,434)
Add: interest on long-term debt	$137,288	$118,438
Add: income tax (recovery) provision	$962,396	($503,978)
Add: depreciation and amortization	$979,534	$1,101,531
Deduct: gain on fair value changes in investment properties	($7,615,175)	$0
Adjusted EBITDA [non-IFRS] – Continuing operations	$464,817	($1,001,443)

The Company generated an EBITDA of $464,817 in Fiscal 2015 from continuing operations compared to an EBITDA of ($1,001,443) loss in Fiscal 2014. The increased EBITDA in Fiscal 2015 was primarily due to development fees totaling $2,582,023 for the fiscal year ended August 31, 2015.

RESULTS OF OPERATIONS

Total revenues increased by $3,261,568 (a 59.11% increase) in the Fourth Quarter of Fiscal 2015 compared to the Fourth Quarter of Fiscal 2014. Development fees earned and recognized in the Fourth Quarter of Fiscal 2015 accounted for $2,473,871 of the increase in total revenues. Total revenues increased by $1,262,797 for Fiscal 2015 when compared to Fiscal 2014. The increase in total revenues between the fiscal years was a result of the development fees earned during Fiscal 2015.

CIBT saw a 46.90% increase in revenues for the Fourth Quarter of Fiscal 2015 compared to the same period in the previous year, and annual revenues saw a marginal 4.71% decline year over year. GEA has seen a 61.65% increase quarter over quarter growth as a result of focusing its efforts in developing new academic partnerships as well as expanding the overseas agents' network. GEA had a 26.56% decline in revenues during Fiscal 2015 when compared to Fiscal 2014 due to non-renewal of agreements with certain schools, but this decline is considered temporary as new agreements are being developed with other eligible schools.

SSDC's revenues for the Fourth Quarter of Fiscal 2015 increased by $82,621 compared to the Fourth Quarter of Fiscal 2014. SSDC's revenues for Fiscal 2015 decreased by 0.91% compared to the same period in the prior year. Certain industry events during Fiscal 2015 negatively impacted the Education sector. These events include the following: 1) the Canadian Education Industry is going through regulatory changes by merging and creating new regulatory bodies, which has resulted in much uncertainty for education institutions; and (2) Federal government's suspension while pending re-launching of Post Graduate Work Permits for private schools caused many overseas agents to send students to other countries. The finalization of regulatory changes in calendar 2016 should result in stabilization of the Education sector. This is evidenced by the improvement in revenues of $82,621 during the Fourth Quarter of Fiscal 2015.

IRIX's revenues increased by $206,862 in the Fourth Quarter of Fiscal 2015 when compared to the Fourth Quarter of Fiscal 2014, and IRIX's annual revenues increased by 25.68% year over year. IRIX produces marketing materials for the real estate sector, and the robust real estate market in the Metro Vancouver area has contributed to IRIX's improved performance in Fiscal 2015.

GEA's revenues for the Fourth Quarter of Fiscal 2015 increased by $88,213 compared to the Fourth Quarter of Fiscal 2014. GEA's revenues for Fiscal 2015 decreased by $223,945 compared to that in the same period last year. There were non-recurring revenue streams ($156,154) in Fiscal 2014 which accounted for the majority of the decrease. In addition, the industry changes that affected SSDC's revenues have affected GEA's revenues since overseas agents are choosing other countries over Canada. However, as in the case with SSDC, GEA's revenues are expected to improve once regulatory environment becomes more favorable and stabilizes over time.

Corporate operations generated development fee revenues in the Fourth Quarter of Fiscal 2015 totaling $1,449,703. In the Fourth Quarter of Fiscal 2014 there was write-down of development fees totaling $1,024,168 as a result of deferring the recognition of development fee revenues until the fees were earned. Corporate operations managed to generate $2,582,023 of development fee revenues for Fiscal 2015 compared to $1,621,832 for Fiscal 2014, a 59.20% increase. This revenue stream for the Company is a result of efforts by the Company to plan and organize the building of student centric service apartments and hotels 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. The Company has several new projects that are actively under review and negotiation.

General and administrative expenses for the Fourth Quarter of Fiscal 2015 increased by $444,710 (9.49% increase) compared to the Fourth Quarter of Fiscal 2014. The increase was primarily a result of increased professional fees, consulting fees and investor relations fees in connection with the equity financing that closed in the Fourth Quarter of Fiscal 2015. In addition, professional fees such as legal, engineers, architects and due diligence costs were incurred in the Fourth Quarter of Fiscal 2015 for new projects for GEC. Also contributing to the increase were consulting fees that were expensed for SSDC's curriculum development. General and administrative expenses for Fiscal 2015 decreased by $393,606 (2% decrease) when compared to the same period last year. Cost control measures were implemented with great success, particularly in SSDC, during Fiscal 2014, and the improved cost reductions are continuing into Fiscal 2015. Operating expenses as a percentage of total revenues (excluding the development fee revenues since the large dollar amount of development fee revenue skews the analysis) have decreased by 2% compared to the same period in the prior year (65% for Fiscal 2015 compared to 67% for Fiscal 2014).

Gain on fair value changes in investment properties of $3,287,857 that was recognized in the Second Quarter of Fiscal 2015 and $4,327,318 that was recognized in the Fourth Quarter of Fiscal 2015 relates to the real estate ("GEC Property 3") for GEC Project 3. The property was acquired on January 29, 2015 at a cost that was lower than the current fair market value, and valuation standards under IFRS allowed the Company to record the increase in value to fair value as at February 28, 2015 and as at August 31, 2015 for a total of $7,615,175 in Fiscal 2015. The Company determined the fair value of the property at August 31, 2015 to be $38,100,000 based on a variety of factors including an appraisal report and recent market comparables in the area.

Total assets and long-term liabilities have increased compared to the same period last year due to the real estate development projects that the Company recorded in Fiscal 2015. Associated with GEC Project 3, the investment property was valued at $38,100,000 and a related mortgage was recorded at $23,675,080 as part of long-term debt. The long-term debt is secured against the real property.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations have been financed primarily through internal cash flow, debt financing and equity financing in the form of private placements.

The following table compares selected financial condition information as at August 31, 2015 to August 31, 2014:

Selected Financial Condition Information	August 31, 2015	August 31, 2014	Dollar Change	Percentage Change
Cash and cash equivalents	$2,286,631	$2,706,229	($419,598)	-15.50%
Short-term investments	$0	$2,118,333	($2,118,333)	100.00%
Accounts receivable	$7,975,499	$7,323,999	$651,500	8.90%
Deferred educational revenue	$10,319,570	$9,831,156	$488,414	4.97%
Finance lease	$665,510	$666,723	($1,213)	-0.18%
Long-term debt	$23,675,080	$450,000	$23,225,080	5161.13%
Working capital surplus (deficit)	($31,466,726)	($3,780,054)	($27,686,672)	-732.44%
Shareholders' equity	$36,124,762	$23,550,760	$12,574,002	53.39%

Cash and cash equivalents have decreased by 15.50% and short-term investments have decreased by 100%. The Company has been using its cash and short-term investment resources to invest in the real estate development projects and for expenditures to support the various projects.

Accounts receivable and deferred educational revenue have both increased by 8.90% and 4.97% respectively, reflecting strong enrolment for the Company's educational business that will be seen in the coming quarters when tuition fees are collected, and classes are delivered and revenues recognized.

Long-term debt increased by $23,225,080 which is a result of the mortgage debt on the investment property. The acquisition of GEC Property 3 was financed by mortgage debt from a third-party financier. This mortgage is due for renewal in March 2016 and bears interest for the first year at the greater of: 6.95% per annum and the HSBC prime plus 3.95%, with interest at 15% after the first year. The Company is reviewing a number of re-financing options prior to the maturity date of the initial acquisition and construction loan. Interest rate for the re-financing is expected to be substantially lower based on the occupancy rate since acquisition and stages of renovation completed.

The Company's working capital has declined by $27,686,672 primarily as a result of the mortgage debt on GEC Property 3 being classified as a current liability since the amount is technically due in March 2016. It is anticipated that the mortgage debt will be re-financed at conventional bank rates in February 2016 although there can be no assurance that this will be achieved.

The following tables summarize the obligations of the Company's financial liabilities and operating commitments as at August 31, 2015:

	Not later than 1 year		Later than 1 year and not later than 5 years		Later than 5 years		Total
Accounts payable and accrued liabilities	$	4,726,161	$	-	$	-	$	4,726,161
Income taxes payable		176,259		-		-		176,259
Finance leases (including interest charges)		247,320		506,492		-		753,812
Due to GEC LP 1 and related parties		4,007,169		-		-		4,007,169
Long-term debt (including interest charges)		25,775,432		-		-		25,775,432
	$	34,932,341	$	506,492	$	-	$	35,438,833

Liquidity risk

The Company is exposed to liquidity risk which is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Company manages its liquidity risk by monitoring its operating requirements. As at August 31, 2015, the Company had $2,286,631 (August 31, 2014 - $2,706,229) of cash and cash equivalents and a demand operating credit facility of $1,500,000 un-used as of Aug 31st 2015. The Company could look to capital financing which has it successfully raised in Fiscal 2015 and in the past. However, there is no assurance that such financing will be available on favourable terms or at all. Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations. Although the Company is currently in a working capital deficit position, the Company has positive cash balances as discussed above.

CAPITAL OUTFLOW RESTRICTIONS IN CHINA

Capital control exists in the People's Republic of China. China still has many restrictions on the movement of money in and out of the country for anything except payments associated with exports and imports. At present, a company can repatriate up to 90 percent of profits from their China-based operations. A portion (at least 10 percent for Wholly Owned Foreign Entities), must be placed in a reserve account. As of August 31, 2015, there was no restricted amount in reserve. This reserve is capped at 50 percent of a company's registered capital. To distribute the remainder, a company must obtain a board resolution authorizing distribution and file an application with China's State Administration of Taxation ("**SAT**") that includes an annual audit, tax receipts and other documents as required. SAT will then issue a Foreign Enterprise Income Tax Payment Certificate which will enable the bank to exchange Chinese RMB into the desired currency for remission of funds.

TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Company and the following related parties:		August 31, 2015		August 31, 2014
Accounts receivable - Weifang University (1)	$	3,257,106	$	3,600,878
Accounts payable - Weifang University (1)	$	81,659	$	782,854
Due to officers, employees, directors and non-arm's length investors (2)	$	1,847,159	$	381,156
Due from officers, employees, directors and non-arm's length investors (3)	$	735,000	$	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 August 31, 2015, the amount due to officers, employees, directors and non-arm's length investors is comprised of $34,151 (August 31, 2014 – $41,377) due to officers and directors of the Company, $183,389 (August 31, 2014 – $164,779) due to the President of IRIX, $840,000 (August 31, 2014 – $175,000) due to Investor 2 of GEC Project 2 development, and $789,619 (August 31, 2014 – $NIL) due to Investor 3 and the third-party investor of GEC Project 3 development. The $34,151 due to officers and directors of the Company is non-interest bearing and has no fixed terms of repayment. The $183,389 due to the President of IRIX is non-interest bearing and has no fixed terms of repayment. The $840,000 due to Investor 2 is non-interest bearing and has no fixed terms of repayment. The $789,619 due to Investor 3 and the third-party investor bears interest at 5% per annum 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.

3) As at August 31, 2015, $735,000 (August 31, 2014 – $835,000) was due from Investor 2 in 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.

The remuneration of directors and other members of key management personnel:	Year Ended August 31, 2015	Year Ended August 31, 2014
Management fees and salaries	$ 677,515	$ 830,842
Share-based payments	3,250	10,465
	$ 680,765	$ 841,307

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Company's significant accounting policies are disclosed in Note 2 of the consolidated financial statements for the year ended August 31, 2015. The following accounting policies are of particular importance in the presentation of the Company's financial position, financial performance and cash flows, and which require the application of significant judgment and estimates by management.

Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. The primary sources of the Company's revenues are as follows:

(a) Educational programs and services
The educational programs and services consist of tuition fee (net of discounts) on course offerings by CIBT and SSDC. Tuition is paid in advance and is initially recorded as deferred revenue. Tuition revenue for educational programs and services is recognized proportionately as the instructions are delivered, and is reported net of scholarships, business taxes and related surcharges, and tuition refunds. Students are entitled to a short term course trial period which commences on the date the course begins. Partial tuition refunds are provided to students if they decide within the trial period that they no longer want to take the course. After the trial period, if a student withdraws from a class, no refunds will be provided and any collected but unearned portion of the fee is recognized at that time.

(b) Revenue sharing arrangement with education service providers
One of the Company's subsidiaries, CIBT, has entered into numerous educational delivery agreements with various educational service providers whereby a portion of the tuition fees, net of discounts, are paid to these educational service providers for the provision of facilities and/or teaching staff. For the majority of these revenue sharing arrangements, CIBT is considered the primary obligor and accordingly records the tuition fee revenues on a gross basis and the portion paid to the educational service providers is included in direct educational costs.

(c) Design and advertising
IRIX recognizes revenue for services provided using the percentage-of-completion method when the contract revenues, contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably and when the contract costs can be identified and measured reliably so that actual contract costs incurred can be compared with prior estimates, and the economic benefits associated with the transaction will flow to IRIX.

(d) Commissions and referral fees
CIBT has agreements with various private schools in North America to recruit students from overseas (primarily in China) for the primary and secondary private school sector in North America. CIBT is paid commissions and referral fees by the private schools for recruiting students that are accepted into and start the school's programs in North America. Commissions and referral fees are paid to CIBT only when the student can no longer obtain a refund on tuition fees paid to the private school. Commissions and referral fees are recognized as revenue by CIBT when the services to recruit students have been provided and when there is substantial certainty that the recruited students will attend the private school.

(e) Development fees

The Company earns fees in connection with certain real estate development activities. The services provided by the Company include, but are not limited to, land identification and acquisition, preparation of financial models, market analysis, development of investment structure and engagement of construction consultants.

(f) Rental revenues

Rental revenues include rents from commercial tenants and variable term residential accommodations. Rents from commercial tenants include rents from operating leases and certain operating cost recoveries and are recognized on a straight-line basis over the term of the leases. Rents from commercial and residential tenants are recognized when it is probably that the economic benefits will flow to the Company, the services can be measured reliably and if collectability reasonably assured.

Investment properties

A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation, rather than for the use in the production of supply for services or for administrative purposes for sale in the ordinary course of business. Investment properties are measured initially at cost, including transaction costs except where the investment property is purchased as part of a business combination. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are including in profit or loss in the period in which they arise. Fair value is determined based on available market evidence at the balance sheet date. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

Management uses judgement in determining if asset acquired meet the definition of investment property or owner occupied property. In cases where optional ancillary services may be available in additional to and separate from the rental of units, Management must assess if those ancillary services are insignificant to the business as a whole to determine classification.

The Company determines the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions less future cash flows relating to such current and future leases. Judgement is applied in determining the extent and frequency of independent appraisals and valuations.

Intangible assets

The Company's finite life and indefinite life intangible assets are recorded at their cost which, for intangible assets acquired in business combinations, represents the acquisition date fair value.

Indefinite life intangible assets include accreditations and registrations, brand and trade names, and Chinese university partnership contracts. The Company considers such assets to represent an ongoing benefit to the Company through an indefinite period of control of such assets and expected usage. Such intangible assets are not subject to amortization and are tested for impairment annually or where an indication of impairment exists as described under "Impairment of intangible assets and property and equipment" below.

Finite life intangible assets, which include agreements and contracts, curriculum, foreign cooperative agreements, and agency fees are carried at cost less accumulated amortization and impairment losses. The Company capitalizes direct costs incurred in developing programs and curriculums for new courses as intangible assets with finite life. These costs are amortized to direct educational cost on a straight-line basis over the expected life of the course (ranging from three months to 48 months) upon commencement of the new courses. Costs relating to the ongoing development and maintenance of existing courses are expensed as incurred. For language programs in SSDC, the Company engages a network of agents in foreign countries, who recruit and/or provide ongoing services to international students to attend the Company's programs in Canada. Agency fees attributable to each student, are deferred as intangible assets and recognized proportionately over the instruction period for the student to match with the tuition fee revenues which are within a year.

Amortization is calculated over periods ranging from less than one year to fifteen years on a straight-line basis, being their estimated useful lives. The expected useful lives of assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate the carry value may not be recoverable as described under "Impairment of intangible assets and property and equipment" below.

Impairment of intangible assets and property and equipment

The carrying amount of property and equipment and intangible assets with a finite life are reviewed each reporting period to determine whether events or changes in circumstances indicate that their carrying amounts may not be recoverable. Intangible assets with an infinite life are reviewed and tested on an annual basis or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Foreign currency

Functional currency is the currency of the primary economic environment in which an entity operates. These consolidated financial statements are presented in Canadian dollars.

In preparing the financial statements of each individual subsidiary, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates those fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Share-based payments

The Company grants stock options to certain directors and employees to acquire shares in the common stock of the Company in accordance with the terms of the Company's stock option plan. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured for each tranche at grant date and is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted and management's estimate of forfeitures and expected volatility based on historical volatility. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred income taxes are accounted for using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws in effect when the differences are expected to reverse. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the statement of financial position, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

ACCOUNTING STANDARDS DEVELOPMENT

New standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued that the Company reasonably expects to be applicable to the Company at a future date. The Company intends to adopt these standards when they become effective.

Revenue recognition
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). This standard establishes a five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces the previous revenue standards: IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition: IFRIC 13, Customer Loyalty Programs, IFRIC 25, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. This standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

Financial Instruments
In the annual period beginning September 1, 2018, the Company will be required to adopt IFRS 9, *Financial Instruments*, which is the result of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Management is evaluating any potential impact of the standard.

Intangible assets
In May 2014, the IASB issued amendments to IAS 38, *Intangible Assets* ("IAS 38"). The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. The Company intends to adopt the amendments to IAS 38 in its consolidated financial statements for the annual period beginning on September 1, 2016. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

Annual improvements
In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014. In September 2014, the IASB issued Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after January 1, 2016. These Annual Improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Measurement - initial recognition

On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Classification and measurement - subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities as follows:

Financial assets classified as at FVTPL are measured at fair value with changes in fair values recognized in net earnings. They are classified as such when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative; or (ii) they meet the criteria for being designated as FVTPL and have been designated as such on initial recognition.

A financial asset is classified as available-for-sale when: (i) it is not classified as a loan and receivable or as at FVTPL; or (ii) it is designated as available-for-sale on initial recognition. The Company does not have any financial assets classified as available for sale. Changes in fair value that remain unrealized for available-for-sale financial instruments are recorded in other comprehensive income until realized or determined to be impaired at which time the gain, loss or impairment is recognized in net income (loss) for the period.

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or financial liability and allocates the effective interest income or interest expense over the term of the financial asset or liability, respectively. The interest rate is the rate that exactly discounts estimated future cash receipts or payments throughout the term of the financial instrument to the net carrying amount.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows of the financial asset that can be reliably measured.

Fair value information

The fair value hierarchy establishes three levels to classify the significance of inputs to valuation techniques used in making fair value measurements. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 inputs are not based on unobservable market data. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract.

The following is a summary of the categories of financial instruments included in the Company's consolidated statement of financial position as well as their designation by the Company:

Balance sheet item	Classification	Measurement basis
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Refundable deposits	Loans and receivables	Amortized cost
Cash held in trust	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Deposit reserve	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Due to GEC LP 1 and related parties	Other liabilities	Amortized cost

OFF-BALANCE SHEET ARRANGEMENTS

Various forms of security, in addition to a mortgage over the lands, were granted by the Company and certain of its subsidiaries in favour of the lender. The security granted gives the lender a comprehensive level of protection against a default by the borrower in the performance of its obligations including the repayment of the indebtedness and interest thereon.

SUBSEQUENT EVENT

As disclosed as a subsequent event to the May 31, 2015 financial statements, the Company intended to purchase an operating hotel in downtown Vancouver with the intent of converting the hotel to long-stay student-centric accommodations. In November 2015, an arm's length limited partnership purchased the hotel building including the restaurant. This limited partnership also entered into a mortgage agreement to finance the purchase of the hotel. The Company plans to become a limited partner in this limited partnership subject to the execution of a mutually acceptable limited partnership agreement. In conjunction with the purchase of the hotel, a subsidiary of the Company entered into a head lease agreement with the limited partnership which requires the Company to pay minimum rents and other operational expenses and taxes for the residential units located in the hotel. The term of the agreement is for ten years with an option to renew for an additional ten years. Rental expense is expected to be approximately $2.7 - $2.8 million per annum for the initial term of the head lease. In addition to the above, a company ("NewCo") incorporated for this transaction entered into franchise, management and a head lease agreement with respect to the restaurant. This company also granted certain security associated with the mortgage agreement relating to the hotel purchase. A subsidiary of the Company holds a 30% interest in NewCo. The total financial effect of this ownership or the potential future ownership in the limited partnership cannot be estimated at this time. During the year ended August 31, 2015, the Company earned development fee revenues of $1.8 million associated with structuring the transaction related to the purchase of the hotel.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

(a) Evaluation of Disclosure Controls and Procedures

The Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their evaluation, the Company's Chief Executive Officer and its Chief Financial Officer concluded that, as of August 31, 2015, and the date of this Management's Discussion & Analysis, the disclosure controls and procedures were effective. Management has concluded that the consolidated financial statements for the year ended August 31, 2015 fairly present, in all material respects, the financial position, financial performance and cash flows for the Company in conformity with IFRS.

(b) Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. With the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of August 31, 2015, based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. Controls can potentially be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based on part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In its assessment of the effectiveness in internal control over financial reporting as of August 31, 2015, the Company determined that there were control deficiencies that constituted material weaknesses, as described below:

- Management has identified the following material weaknesses that existed in the design or operation of the Company's internal control over financial reporting including ineffective control over the financing reporting of subsidiaries and ineffective controls related to the period-end financial reporting process that impacts management's ability to oversee the preparation of the consolidated financial statements:
    - Access and change control on SSDC's financial and student tracking system; and
    - Accounting cut-off procedures for a couple of SSDC campuses.

Due to these material weaknesses, management concluded that our internal control over financial reporting was not effective as of August 31, 2015.

(c) Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting

The Company is in the process of developing and implementing a remediation plan to address the material weaknesses as described above. The Company has taken the following actions to improve internal controls over financial reporting:

- Beginning in Fiscal 2016, whenever there is a change in SSDC's financial and student tracking system, the Chief Financial Officer of the Company or the Controller of SSDC will review the change and test the outcomes before the change is made live; and
- Beginning in Fiscal 2016, the accounting managers of SSDC campuses, the Controller of SSDC and the Chief Financial Officer of the Company will review and approve the accounting cut-offs of SSDC campuses at the end of each quarter.

In light of the aforementioned material weaknesses, management conducted a thorough review of all significant or non-routine adjustments for the year ended August 31, 2015. As a result of this review, management believes that there are no material inaccuracies or omissions of material fact and, to the best its knowledge, believes that the consolidated financial statements for the year ended August 31, 2015 fairly present in all material respects and financial position and results of operations for the Company in conformity with IFRS. The Company has allocated additional resources, consultants, and management effort which are expected to improve its internal controls over financial reporting. The Company plans to continue to invest in improving its internal controls over financial reporting over the next fiscal year.

CIBT EDUCATION GROUP INC.
SCHEDULE OF SHARE CAPITAL
AS AT NOVEMBER 29, 2015

Authorized shares

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

	Number	Value
Issued and outstanding		
Balance at August 31, 2013	65,934,120	$ 48,182,766
- treasury share cancellations	(865,600)	-
- for stock option exercise at $0.24 per share	1,500	525
- for share purchase warrant exercise at $0.35 per share	1,386,833	653,402
Balance at August 31, 2014	66,456,853	48,836,693
- treasury share cancellations	(2,523,100)	-
- for private placement at $0.25 per share	4,897,000	1,224,250
- fees and commissions for private placement	-	(86,298)
- fair value of warrants for private placement	-	-
- fair value of agent's warrants for private placement	-	(44,199)
Balance at August 31, 2015 and November 29, 2015	68,830,753	$ 49,930,446

Escrow shares

No escrow shares were issued and outstanding as at November 29, 2015.

Stock options

Details of options outstanding as at November 29, 2015 are as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Contractual Life
1,265,000	$0.42	March 1, 2016	0.26 years
150,000	$0.25	June 30, 2016	0.59 years
2,088,500	$0.24	January 6, 2017	1.11 years
30,000	$0.37	July 10, 2019	3.61 years
3,533,500			

As at November 29, 2015, a total of 3,518,500 stock options were exercisable with a weighted average exercise price of $0.31 per share

Share purchase warrants

Details of share purchase warrants outstanding and exercisable as at November 29, 2015 are as follows:

Number of Warrants	Exercise Price	Expiry Date	Remaining Contractual Life
339,990	$0.25	July 20, 2017	1.64 years
2,448,500	$0.30	July 20, 2017	1.64 years
2,788,490			

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results and prospects are subject to a number of risks and uncertainties which include but are not limited to the following:

- history of losses from operations
- fluctuation of real estate prices
- interest rate increases
- slow-down of international students entering into Canada
- construction delay
- rising construction cost
- need for additional capital to expand operations
- dependence on key personnel, the Company's facility providers and educational service providers in China
- risks involving the Chinese legal system, tax system, and foreign currency limitation
- ability to compete effectively with competitors that have greater financial, marketing and other resources
- the Company's reliance upon third parties
- ability to manage planned growth and integrate new business opportunities into existing operations
- risks related to government regulations and obtaining required approvals
- the possibility that personal information that the Company collects may be vulnerable to breach, theft or loss, which could subject the Company to liability or adversely affect its reputation and operations

A more detailed description of the above risks and uncertainties, and others, can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2015 filed on SEDAR at www.sedar.com.