



CIBT EDUCATION GROUP INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FEBRUARY 29, 2016
UNAUDITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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)

	February 29, 2016	August 31, 2015
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 2,235,700	\$ 2,286,631
Restricted cash	237,073	227,564
Cash held in escrow	1,000,000	-
Cash held in trust	434,766	-
Accounts receivable	13,223,908	7,975,499
Prepaid expenses	595,472	714,763
Inventory	417,925	441,150
TOTAL CURRENT ASSETS	18,144,844	11,645,607
CASH HELD IN TRUST	-	660,010
DUE FROM RELATED PARTIES	735,000	735,000
DEPOSIT RESERVE	500,000	500,000
PROPERTY AND EQUIPMENT	2,292,036	2,518,789
INVESTMENT PROPERTIES	39,330,968	38,100,000
DEFERRED COSTS	22,605	10,306
REFUNDABLE DEPOSITS	12,600,000	10,875,000
INVESTMENT IN ASSOCIATES	2,258,277	240,440
INTANGIBLE ASSETS	9,346,211	8,472,376
GOODWILL	4,403,303	4,793,303
DEFERRED INCOME TAX ASSETS	2,115,926	2,115,926
ASSETS HELD FOR SALE	1,279,702	-
TOTAL ASSETS	\$ 93,028,872	\$ 80,666,757
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,539,022	\$ 4,726,161
Due to GEC LP 1	633,815	2,160,010
Income taxes payable	175,914	176,259
Deferred educational revenue	11,264,127	10,319,570
Refundable deposit on sale of assets	2,031,866	-
Current portion of finance lease obligations	73,871	208,094
Current portion of long-term debt	24,936,365	23,675,080
Due to related parties and investment partners	8,742,525	1,847,159
TOTAL CURRENT LIABILITIES	53,397,505	43,112,333
FINANCE LEASE OBLIGATIONS	461,468	457,416
DEFERRED INCOME TAX LIABILITIES	972,246	972,246
LIABILITIES HELD FOR SALE	1,241,937	-
TOTAL LIABILITIES	56,073,156	44,541,995
EQUITY		
SHARE CAPITAL	49,930,446	49,930,446
RESERVES	5,732,864	5,884,084
DEFICIT	(34,221,488)	(35,589,817)
ACCUMULATED OTHER COMPREHENSIVE INCOME	172,894	381,698
EQUITY ATTRIBUTABLE TO CIBT EDUCATION GROUP INC. SHAREHOLDERS	21,614,716	20,606,411
NON-CONTROLLING INTERESTS	15,341,000	15,518,351
TOTAL EQUITY	36,955,716	36,124,762
TOTAL LIABILITIES AND EQUITY	\$ 93,028,872	\$ 80,666,757

Approved on behalf of the Board:

"Toby Chu"

Toby Chu, Chief Executive Officer & Director

"Troy Rice"

Troy Rice, Director

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

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
REVENUES				
Educational	\$ 6,944,381	\$ 6,772,721	\$ 14,003,508	\$ 13,491,348
Design and advertising	243,043	219,584	467,866	520,045
Commissions and referral fees	90,912	101,323	386,519	206,211
Development fees	2,181,732	1,132,320	3,624,808	1,132,320
Rental	314,698	81,569	656,485	81,569
	9,774,766	8,307,517	19,139,186	15,431,493
DIRECT COSTS				
Educational	3,010,410	2,691,788	6,092,838	5,522,512
Design and advertising	61,235	49,072	118,071	143,924
Commissions and referral fees	65,509	72,550	305,094	139,202
Rental	247,149	76,127	449,687	76,127
	3,384,303	2,889,537	6,965,690	5,881,765
OTHER EXPENSES				
General and administrative	5,178,162	4,959,863	10,110,368	9,544,479
Amortization (excluding agency fees)	235,397	233,969	480,196	463,006
Share-based payment expense	248	4,568	498	7,265
Business development costs	-	22,500	-	90,000
	5,413,807	5,220,900	10,591,062	10,104,750
OPERATING INCOME (LOSS)	976,656	197,080	1,582,434	(555,022)
INTEREST AND OTHER INCOME	81,434	7,984	82,244	22,035
FOREIGN EXCHANGE GAIN (LOSS)	(35,587)	125,772	(20,101)	210,253
FINANCE COSTS	(48,267)	(154,665)	(96,773)	(169,549)
FINANCE FEES – NON-RECURRING	(229,908)	(60,430)	(404,385)	(60,430)
INCOME (LOSS) FROM INVESTMENT IN ASSOCIATES	(143,514)	57,582	(145,842)	57,582
GAIN (LOSS) ON FAIR VALUE CHANGES IN INVESTMENT PROPERTIES	-	3,287,857	-	3,287,857
GAIN (LOSS) ON DISPOSAL OF ASSETS	500	(3,465)	(8,363)	(3,465)
INCOME (LOSS) BEFORE INCOME TAXES	601,314	3,457,715	989,214	2,789,261
INCOME TAXES				
Current income tax expense (recovery)	-	119	-	3,409
	-	119	-	3,409
INCOME (LOSS) FROM CONTINUING OPERATIONS	601,314	3,457,596	989,214	2,785,852
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-	-	-
NET INCOME (LOSS)	\$ 601,314	\$ 3,457,596	\$ 989,214	\$ 2,785,852
ATTRIBUTABLE TO:				
CIBT Education Group Inc. shareholders	\$ 855,939	\$ 1,022,969	\$ 1,368,329	\$ 316,651
Non-controlling interests	(254,625)	2,434,627	(379,115)	2,469,201
NET INCOME (LOSS)	\$ 601,314	\$ 3,457,596	\$ 989,214	\$ 2,785,852
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - CONTINUING OPERATIONS	\$ 0.01	\$ 0.05	\$ 0.02	\$ 0.04
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - DISCONTINUED OPERATIONS	0.00	0.00	0.00	0.00
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE - CONTINUING AND DISCONTINUED OPERATIONS	\$ 0.01	\$ 0.05	\$ 0.02	\$ 0.04
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	68,599,610	64,101,103	68,681,182	64,342,877
Diluted	68,599,610	64,101,103	68,681,182	64,342,877

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

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

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
NET INCOME (LOSS)	\$ 601,314	\$ 3,457,596	\$ 989,214	\$ 2,785,852
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized foreign exchange translation adjustment	(36,874)	222,190	(7,040)	337,639
	\$ 564,440	\$ 3,679,786	\$ 982,174	\$ 3,123,491
ATTRIBUTABLE TO:				
CIBT Education Group Inc. shareholders	\$ 823,031	\$ 1,150,270	\$ 1,159,525	\$ 509,983
Non-controlling interests	(258,591)	2,529,516	(177,351)	2,613,508
	\$ 564,440	\$ 3,679,786	\$ 982,174	\$ 3,123,491

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

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	Ownership Changes	Treasury Shares					
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	-	-	-	-	-	-	193,332	-	193,332	144,307	337,639
Net income (loss) for the period	-	-	-	-	-	-	-	316,651	316,651	2,469,201	2,785,852
							193,332	316,651	509,983	2,613,508	3,123,491
Share-based payments	-	-	-	7,265	-	-	-	-	7,265	-	7,265
Payments to non-controlling interests	-	-	-	-	-	-	-	-	-	(365,633)	(365,633)
Non-controlling interests contributions	-	-	-	-	-	-	-	-	-	4,800,000	4,800,000
Purchase of treasury shares	-	-	-	-	-	(269,123)	-	-	(269,123)	-	(269,123)
Treasury share cancellations	(2,523,100)	-	-	-	-	814,956	-	(814,956)	-	-	-
Balance, February 28, 2015	63,933,753	48,836,693	2,247,463	3,524,662	-	(4,963)	351,579	(36,313,186)	18,642,248	12,204,512	30,846,760
Unrealized translation adjustments	-	-	-	-	-	-	30,119	-	30,119	21,444	51,563
Net income (loss) for the period	-	-	-	-	-	-	-	723,369	723,369	2,491,553	3,214,922
							30,119	723,369	753,488	2,512,997	3,266,485
Share-based payments	-	-	-	8,644	-	-	-	-	8,644	-	8,644
Non-controlling interests contributions	-	-	-	-	-	-	-	-	-	1,137,712	1,137,712
Changes in ownership interests - SSDC	-	-	-	-	(286,134)	-	-	-	(286,134)	-	(286,134)
Changes in ownership interests - GECLP1	-	-	-	-	27,578	-	-	-	27,578	-	27,578
Changes in ownership interests - GECLP2	-	-	-	-	36,870	-	-	-	36,870	(36,870)	-
Changes in ownership interests - GECLP3	-	-	-	-	300,000	-	-	-	300,000	(300,000)	-
Purchase of treasury shares	-	-	-	-	-	(14,235)	-	-	(14,235)	-	(14,235)
Shares issued - private placement	4,897,000	1,224,250	-	-	-	-	-	-	1,224,250	-	1,224,250
Shares issuance costs - cash	-	(86,298)	-	-	-	-	-	-	(86,298)	-	(86,298)
Shares issuance costs - broker warrants	-	(44,199)	44,199	-	-	-	-	-	-	-	-
Balance, August 31, 2015	68,830,753	49,930,446	2,291,662	3,533,306	78,314	(19,198)	381,698	(35,589,817)	20,606,411	15,518,351	36,124,762
Unrealized translation adjustments	-	-	-	-	-	-	(208,804)	-	(208,804)	201,764	(7,040)
Net income (loss) for the period	-	-	-	-	-	-	-	1,368,329	1,368,329	(379,115)	989,214
							(208,804)	1,368,329	1,159,525	(177,351)	982,174
Share-based payments	-	-	-	498	-	-	-	-	498	-	498
Changes in ownership interests - GECLP1	-	-	-	-	(27,578)	-	-	-	(27,578)	-	(27,578)
Purchase of treasury shares	-	-	-	-	-	(124,140)	-	-	(124,140)	-	(124,140)
Balance, February 29, 2016	68,830,753	\$ 49,930,446	\$ 2,291,662	\$ 3,533,804	\$ 50,736	\$ (143,338)	\$ 172,894	\$ (34,221,488)	\$ 21,614,716	\$ 15,341,000	\$ 36,955,716

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 February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net income (loss)	\$ 601,314	\$ 3,457,596	\$ 989,214	\$ 2,785,852
Adjusted for items not involving cash:				
- amortization (including agency fees)	235,397	233,969	995,990	866,324
- share-based payment expense	248	4,568	498	7,265
- (gain) loss on disposal of assets	(500)	3,465	8,363	3,465
- gain from changes in ownership investment interests	143,514	(57,582)	145,842	(57,582)
- gain on fair value changes in investment properties	-	(3,287,857)	-	(3,287,857)
- finance fees	229,908	60,430	404,385	60,430
- development fees	(3,088,016)	(232,320)	(3,088,016)	(232,320)
	(1,878,135)	182,269	(543,724)	145,577
Net changes in non-cash working capital items	1,225,017	(15,282)	(263,727)	1,353,712
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(653,118)	166,987	(807,451)	1,499,289
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Purchases of property and equipment	(251,555)	(154,577)	(364,576)	(211,513)
Investment property	(168,967)	-	(404,806)	-
Restricted cash	(1,007,281)	(17,349)	(1,009,509)	(26,174)
Deposits on real estate properties	(2,725,000)	(250,000)	(3,525,000)	(750,000)
Acquisition of intangible assets	2,136	39,648	(662,821)	(519,959)
Disposal (acquisition) of investment and business assets	-	(29,262,143)	-	(29,262,143)
Refundable deposit on sale of assets	2,031,866	-	2,031,866	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(2,118,801)	(29,644,421)	(3,934,846)	(30,769,789)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Treasury share transactions	(124,140)	(87,718)	(124,140)	(269,123)
Advances from related parties	3,999,386	662,061	4,096,065	679,267
Non-controlling interest draws	-	5,160,000	-	5,100,000
Finance lease obligation	(32,203)	(39,983)	(71,739)	(78,481)
Long-term debt repayments	-	(150,000)	-	(300,000)
Long-term debt advances	542,808	22,756,262	856,900	22,756,262
Deferred costs	(22,605)	119,453	(12,299)	43,391
NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,363,246	28,420,075	4,744,787	27,931,316
NET (DECREASE) INCREASE IN CASH	1,591,327	(1,057,359)	2,490	(1,339,184)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	6,595	(55,486)	1,312	(96,579)
CASH AND CASH EQUIVALENTS IN ASSETS HELD FOR SALE	(55,438)	-	(54,733)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	693,216	2,383,311	2,286,631	2,706,229
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,235,700	\$ 1,270,466	\$ 2,235,700	\$ 1,270,466

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

CIBT EDUCATION GROUP INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FEBRUARY 29, 2016
(Unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS AND 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, income producing property 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. During Fiscal 2014 the Company 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.

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.

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 2015 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 April 13, 2016.

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at February 29, 2016. 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FEBRUARY 29, 2016

(Unaudited)

NOTE 2 – BASIS OF PREPARATION (cont'd)

Principles of Consolidation (cont'd)

The consolidated financial statements include the financial statements of CIBT Education Group Inc. and its subsidiaries. The subsidiaries and percentage of ownership are as follows:

Entity	Percentage of Ownership as at	
	February 29, 2016	August 31, 2015
CIBT School of Business & Technology Corp.	100%	100%
Sprott-Shaw Degree College Corp.	100%	100%
IRIX Design Group Inc.	51%	51%
Global Education City Holdings Inc.	100%	100%
CIBT Group Holdings Inc.	100%	100%

With respect to the entities listed above, certain of these subsidiaries have non-controlling interests in their investments in subsidiaries.

Non-controlling interests

Non-controlling interests exist in less than wholly-owned subsidiaries and divisions of the Company and represent the outside interests' share in the carrying values and operations of the subsidiaries and divisions. The interests of the non-controlling shareholders are initially measured at either fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Any subsequent income/loss, dividends and foreign translation adjustments attributable to the non-controlling interests is recognized as part of the non-controlling interests' income or equity. When changes in ownership interests are disproportionate to cumulative contributions, distributions and income (loss) allocations, non-controlling interest are adjusted through direct charges to equity.

As of February 29, 2016 and August 31, 2015 the non-controlling interests were as follows:

Subsidiary / division	Non-controlling interest %	
	February 29, 2016	August 31, 2015
Beihai College	40.00%	40.00%
Irix Design Group Inc.	49.00%	49.00%
Investor 2 in GEC Project 2 ⁽¹⁾	55.98% ⁽²⁾	55.98% ⁽²⁾
Investor 3 in GEC Project 3 ⁽²⁾	80.00% ⁽³⁾	80.00% ⁽³⁾

⁽¹⁾ The GP 2 has complete responsibility for the conduct of all of the business affairs of the GEC LP 2. The GP 2 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. Changes in the ownership of GEC LP 2 during Fiscal 2015 resulted in a direct charge to equity (an increase) during the year of \$36,870.

⁽²⁾ The GP 3 has complete responsibility for the conduct of all of the business affairs of the GEC LP 3. The GP 3 can only be removed by major partnership resolution passed, or consented to in writing, by limited partners holding not less than 60% of the total partnership units. Disproportionate contributions to GEC LP 3 upon formation during Fiscal 2015 resulted in a direct charge to equity (an increase) during the year of \$300,000.

NOTE 3 – REAL ESTATE DEVELOPMENT

Student Housing and Market Rental Development Projects

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. The Company is developing 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 ("GEC Project 1")

In February 2015, CIBT Holdings entered into an agreement with a whereby CIBT Holdings agreed to purchase from certain real property and future planned development thereon ("GEC Property 1"). CIBT Holdings will pay the developer a total of \$15,300,000 in a series of deposits which are refundable prior to closing should the developer not achieve certain developmental milestones including completion of the purchase of the underlying development property. The final balance will be due at the closing following receipt of an occupancy permit which is expected to be approximately April 2017. As at February 29, 2016, total refundable deposits of \$3,000,000 (August 31, 2015 – \$1,500,000) were paid.

Also in February 2015 an amended limited partnership agreement was executed ("GEC LP 1") which modified: the name of LP; references to the new project; and modifications to the planned timing and amount of limited partnership unit contributions and issuances.

In February 2016, the parties to the original limited partnership assigned the assets in the partnership to a newly formed general partner and agreed to distribute all amounts to the then partners in conjunction with the agreement. Furthermore, amounts due at November 30, 2015 to Investor 1 of \$500,000 and an unrelated party of \$480,000 were repaid.

In connection the original agreement, the Company entered into a Fee Agreement with Investor 1 to compensate the Company for services. At August 31, 2015, the Company had recognized \$222,222 of this amount. During the quarter ended February 29, 2016, an additional amount of \$242,418 (2015 - \$232,320) was recognized associated with this fee representing total contributions made by Investor 1 on behalf of GEC Holdings for units in GEC LP 1 as payment for these services.

Management has determined that the Company and certain of its subsidiaries have significant influence over GEC LP 1 (for both the original and amended arrangements), notwithstanding that GEC Holdings only holds 11.11% 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 February 29, 2016, and for the periods since formation, GEC LP 1 had limited operations. The carrying value of GEC Holdings' investment in the GEC LP 1 in the Company's consolidated financial statements consists of the cumulative investment in limited partnership units totaling (refer to Note 5).

On March 16, 2016, a limited partnership was formed known as ("GEC LP1 A") and an agreement was executed between the following partners:

- Three investors who are limited partners
- GEC Holdings as a limited partner; and
- GEC GP1 A as general partner, a newly incorporated wholly-owned subsidiary of CIBT Holdings

GEC GP1A held the assignment of the assets for GEC LP1 prior to the existence of GEC LP1 A. The GEC LP1 A will be funded in accordance with the schedule contained in the limited partnership agreement. Upon completion of the funding of the GEC LP1A, the limited partnership units will be owned 20.6% by GEC Holdings and the remainder by the other limited partners. GEC Holdings has committed to contribute a total of \$2,500,000 for its partnership units. Management is in the process of determining whether the Company has control over GEC LP1 A for the period after formation.

NOTE 3 – REAL ESTATE DEVELOPMENT (cont'd)

The First Project (“GEC Project 1”) (cont'd)

In connection with the new GEC Project 1, the limited partners other than GEC Holdings agreed to compensate the Company for services provided related to locating a third site, negotiating for and organizing the new limited partnership in the amount of \$1,500,000. For the three and six months ended February 29, 2016, \$1,500,000 of the fee has been recognized as revenue, net of GST. As of February 29, 2016, \$1,350,000 of the structuring fee had been paid with the remainder of \$150,000 paid subsequent to period end.

Effective March 16, 2016, GEC Mgmt. entered into a 20 year Management Agreement with GEC LP1A whereby GEC Mgmt was retained to manage substantially all the activities of GEC LP1A commencing on the when the developer completes the Project.

The Second Project (“GEC Project 2”)

In May 2014, CIBT Holdings entered into an agreement with a developer whereby CIBT Holdings agreed to purchase certain real property and future planned development thereon (“GEC Property 2”). CIBT Holdings will pay a total of \$42,500,000 in a series of deposits which are refundable prior to closing should the developer not achieve certain developmental milestones including completion of the purchase of the underlying development property. The final balance is due at the closing to following receipt of an occupancy permit which is expected to be approximately February 2017. As at February 29, 2016, refundable deposits of \$8,300,000 (August 31, 2015 – \$7,500,000) were paid. Concurrent with the first agreement, CIBT Holdings entered into an agreement to sell its interest in GEC Property 2 on completion of the project to a limited partnership (“GEC LP 2”).

GEC Holdings has committed to contribute total of \$4,455,000 for its partnership units. As at February 29, 2016, GEC Holdings had paid \$2,550,000 (August 31, 2015 – \$2,250,000) into GEC LP 2 and holds 42.81% (August 31, 2015 – 44.02%) of the voting units in GEC LP 2. The balance of \$1,905,000 capital contribution is due in various stages ending on or before January 2017. As of February 29, 2016, and for the periods since formation, GEC LP 2 had limited operations.

The Third Project (“GEC Project 3”)

In January 2015, CIBT Holdings entered into an agreement whereby CIBT Holdings agreed to purchase certain real property and land (“GEC Property 3”) from a vendor which was then sold to a limited partnership (“GEC LP 3”) for total cash consideration of \$29,319,000. This purchase was considered an asset acquisition and was classified as an investment property (see Note 4).

Beginning January 1, 2016 and continuing until December 31, 2021, one limited partner will receive a preferred return during each year (not compounded) in an amount equal to 8.5% of its capital contribution when cash distributions are made, which is guaranteed by the general partner of GEC LP 3, a subsidiary of the Company. At February 29, 2016, there were no cash distributions made to date.

The Fourth Project (“GEC Project 4”)

In November 2015, an arm’s length limited partnership purchased an operating hotel in downtown Vancouver including a franchised restaurant. This arm’s length limited partnership also entered into a mortgage agreement to finance the purchase of the hotel. The Company become a limited partner in this limited partnership (“GEC LP 4”) during the quarter ended February 29, 2016.

Management has determined that the Company and certain of its subsidiaries have significant influence over GEC LP 4, notwithstanding that GEC Holdings only holds 20% of the voting units in GEC LP 4. Management believes that they have the power to participate in the financial and operating policy decisions. The carrying value of GEC Holdings’ investment in GEC LP 4 in the Company’s consolidated financial statements consists of the cumulative investment in limited partnership units totaling (see Note 5).

NOTE 3 – REAL ESTATE DEVELOPMENT (cont'd)

The Fourth Project (“GEC Project 4”) (cont'd)

In conjunction with the purchase of the hotel, a GEC (Granville) Mgmt Corp (“GEC Tenant”) 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. During the six months ended February 29, 2016, GEC Tenant paid \$774,431 to the limited partnership under the head lease agreement, and received \$730,812 of rental revenues from the operations of the hotel.

The Fifth Project (“GEC Project 5”)

In December 2015, the Company and its affiliates executed a Purchase and Sale Agreement (“PSA”) with a Vancouver developer through a recently formed limited partnership (“GEC LP 5”). The PSA provides for the GEC LP 5 to acquire a four-storey condominium project that is under construction in North Burnaby. The acquisition price is approximately \$21,000,000 inclusive of leasehold improvements, fixtures and apartment furnishings. GEC LP 5 will pay a total of \$17,500,000 in a series of deposits which are refundable prior to closing should the developer not achieve certain developmental milestones including completion of the purchase of the underlying development property. The final balance is due at the closing to following receipt of an occupancy permit. At February 29, 2016, refundable deposits of \$1,000,000 (August 31, 2015 – \$Nil) were paid.

GEC LP 5 was executed between the following partners:

- “Class A” partners who will contribute a maximum of \$6,000,000;
- “Class B” partners who will contribute a maximum of \$1,500,000;
- “Class C” partners whose contributions are to be defined; and
- “GEC GP 5 Inc.” as the general partner, a newly incorporated wholly-owned subsidiary of CIBT Holdings.

The GEC LP 5 will be funded in accordance with the schedule contained in the limited partnership agreement. The Company currently holds no voting rights in GEC LP 5.

As the Company controls GEC GP 5 the cash balances received from the Class A shareholders are consolidated with an offsetting liability to the Class A shareholders. As of February 29, 2016, and for the periods then ended, GEC LP 5 did not have significant operations or cash flows from operations.

GEC Mgmt. entered into a 20 year Management Agreement with GEC LP 5 whereby GEC Mgmt. was retained to manage substantially all the activities of the GEC LP 5 commencing upon completion of the project.

For the six months ended February 29, 2016, the Company recorded development fee revenues of \$1,500,000 for structuring and managing the property development.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**FEBRUARY 29, 2016****(Unaudited)****NOTE 4 – INVESTMENT PROPERTIES**

GEC Property 3 is a multi-purpose rental building including retail, office and residential rental space. On initial recognition the investment property was recorded at cash consideration paid plus transaction costs. The Company selected the fair value model to apply to its investment property. The Company determined the fair value of the property as at August 31, 2015 to be \$38,100,000 based on a variety of factors including management's knowledge of the property, recent market transactions in the area, and an independent appraisal report of GEC Property 3. At February 29, 2016, the Company assessed the carrying value of the investment property to approximately fair value based on a variety of factors including management's knowledge of the property and recent market transactions in the area.

The following table is a reconciliation of the investment property balances.

	February 29, 2016	August 31, 2015
Balance, beginning of period	\$ 38,100,000	\$ -
Acquisition of GEC Property 3	-	29,319,000
Reclassification to property and equipment	-	(111,423)
Transaction costs	-	104,566
Additions during the period	810,972	241,146
Interest on long-term debt capitalized during the period	419,996	931,536
Gain on fair value changes	-	7,615,175
Balance, end of period	\$ 39,330,968	\$ 38,100,000

In June 2015, GEC LP 3 commenced renovations to convert the majority of the office and residential rental units in GEC Property 3 into student housing. The majority of these renovations were completed during the quarter ended February 29, 2016 with the remaining renovations expected to be completed by August 2016. During the six months ended February 29, 2016, there was \$656,485 of rental revenues which were offset by \$449,687 of direct operating expenses associated with the investment property.

NOTE 5 – INVESTMENT IN ASSOCIATES

At February 29, 2016, the Company had the following investments in associates. These investments are accounted for using the equity method. The following table shows the continuity of the Company's carrying value of for the period from August 31, 2015 to February 29, 2016.

	GEC LP 1	GEC LP 4	Total
Carrying value – August 31, 2015	\$ 240,440	\$ -	\$ 240,440
Contributions to LP	-	1,800,000	1,800,000
Recognition of structuring fee	242,418	-	242,418
Share of net income (loss) in investee	165,817	(162,820)	2,997
Other adjustments	(27,578)	-	(27,578)
Carrying value – February 29, 2016	\$ 621,097	\$ 1,637,180	\$ 2,258,277

During the quarter ending May 31, 2016, it is GEC LP 1's intent to distribute the capital contributions and other net earnings to the capital partners. After this time, GEC LP 1 will be inactive.

NOTE 6 – ASSETS HELD FOR SALE

On December 2, 2015, a subsidiary of the Company entered into a formal Purchase and Sale agreement with a global education services provider to sell one part of one of its education subsidiaries. The transaction is subject to certain regulatory approvals which may take up to nine months after the date of the agreements, at which time the transaction will close.

At February 29, 2016, the sale of a portion of one of its education subsidiaries was considered highly probable, and therefore, met the asset held for sale criteria. As a result, its assets and liabilities have been presented as assets held for sale and liabilities held for sale, and measured at the lower of its carrying amount and fair value less costs to sell, being carrying amount. At February 29, 2016, the anticipated sale does not represent a discontinued operation and therefore the results of operations have been presented as part of net earnings (loss) from continuing operations.

The Company received refundable deposits in connection with the anticipated sale of assets. A total of \$2,031,866 in refundable deposits has been received to date as follows: \$1,031,866 received by the Company and \$1,000,000 in an escrow account, which has been recorded as Cash Held in Escrow as at February 29, 2016. Upon receiving regulatory approval, a remaining balance of \$2,000,000 will be paid by the purchaser to the Company upon closing of the transaction.

The components of assets and liabilities held for sale relating to one part of its education subsidiaries are as follows. These balances are presented in the SSDC operating segment.

	<u>February 29, 2016</u>
Assets	
Current	
Cash and cash equivalents	\$ 54,733
Accounts receivable	6,243
Prepaid expenses and other	102,817
Inventory	<u>24,608</u>
Total current assets	188,401
Property and equipment	215,406
Intangible assets	485,895
Goodwill	<u>390,000</u>
Total assets	<u><u>\$ 1,279,702</u></u>
Liabilities	
Current	
Bank overdraft	\$ -
Accounts payable and accrued liabilities	330,338
Deferred educational revenue	847,469
Current portion of finance lease obligations	<u>15,901</u>
Total current liabilities	1,193,708
Finance lease obligations	<u>48,229</u>
Total liabilities	<u><u>\$ 1,241,937</u></u>
Net assets held for sale	<u><u>\$ 37,765</u></u>

NOTE 6 – ASSETS HELD FOR SALE (cont'd)

The related revenues, costs and expenses are as follows. These amounts are presented in the SSDC operating segment.

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
Educational revenues	\$ 601,803	\$ 605,773	\$ 1,284,163	\$ 1,336,602
Direct costs – educational	(208,861)	(193,126)	(445,063)	(398,858)
	392,942	412,647	839,100	937,744
General and administrative expenses	(428,845)	(425,933)	(851,064)	(848,268)
Amortization	(21,578)	(14,407)	(34,543)	(28,541)
Net income (loss)	\$ (57,481)	\$ (27,693)	\$ (46,507)	\$ 60,935

NOTE 7 – LONG-TERM DEBT

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

	February 29, 2016	August 31, 2015
Mortgage payable - refer to GEC Project 3 debt below	\$ 24,456,365	\$ 23,675,080
Loan payable - refer to Demand Loan below	480,000	-
	24,936,365	23,675,080
Less: current portion	(24,936,365)	(23,675,080)
	\$ -	\$ -

GEC Project 3 Debt

In January 2015, GEC LP 3 and related companies obtained a first mortgage loan (the “Mortgage”) to finance the acquisition and renovation of GEC Project 3. The Mortgage was for a total of \$30,560,000 due 13 months from the interest adjustment date (February 1, 2015) and bears interest at a rate for the first year being the greater of: (a) 6.95% per annum, and (b) HSBC prime plus 3.95%, increasing to 15% thereafter effective June 1, 2016. The assets of GEC Project 3 and other guarantees collateralize the borrowings. The Mortgage was to mature on March 1, 2016 but was renewed on January 26, 2016 for another four months to mature on July 1, 2016. A fee of \$150,000 was incurred in connection with the renewal. The Company is in the process of renegotiating this debt.

Interest is calculated daily on the balance of loan principal and interest outstanding and is compounded monthly. Interest is payable monthly.

In connection with the Mortgage, the Company incurred a total of \$914,788 in costs which have been included in the carrying value of the Mortgage and will be accreted as finance costs over the term of the Mortgage on an effective interest basis. During the six months ended February 29, 2016, a total of \$560,022 (Fiscal 2015 – \$418,818) of these costs was expensed. In addition, during the six months ended February 29, 2016, a total of \$884,542 (Fiscal 2015 – \$997,361) of interest was accrued of which \$1,768,182 was included in accounts payable and accrued liabilities as of February 29, 2016. Of the total interest incurred of \$1,881,903 to date, \$1,351,532 was capitalized to the GEC Project 3 Investment Property. During the six months ended February 29, 2016, \$371,263 was advanced as a progress draw in connection with the renovation of GEC Project 3.

NOTE 7 – LONG-TERM DEBT (cont'd)

GEC Project 3 Debt (cont'd)

The following table shows the components of the GEC Project 3 debt.

	February 29, 2016	August 31, 2015
Balance, beginning of period	\$ 23,675,080	\$ -
Mortgage advance	371,263	24,021,050
Finance fees	(150,000)	(764,788)
Accretion of finance fees	560,022	418,818
Balance, end of period	<u>\$ 24,456,365</u>	<u>\$ 23,675,080</u>

Demand Loan

In connection with the reorganization of GEC Project 1 (refer to Note 3), the Company assumed the \$480,000 loan from an unrelated party. The debt is payable on demand, unsecured and bears interest at a rate of 12% per annum. During the six months ended February 29, 2016, a total of \$27,459 interest cost was incurred on the debt with \$9,311 of the interest amount remaining unpaid and included in accounts payable and accrued liabilities as of February 29, 2016.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FEBRUARY 29, 2016

(Unaudited)

NOTE 8 – SHARE CAPITAL

Share purchase warrants

The Company has 339,990 share purchase warrants outstanding exercisable at a price of \$0.25 per share exercisable to July 20, 2017, and 2,448,500 share purchase warrants outstanding exercisable at a price of \$0.30 per share exercisable to July 20, 2017.

Details of share purchase warrants outstanding and exercisable as at February 29, 2016 and August 31, 2015 are as follows:

Number of Warrants	Exercise Price	Expiry Date	Remaining Contractual Life
339,990	\$0.25	July 20, 2017	1.39 years
2,448,500	\$0.30	July 20, 2017	1.39 years
<u>2,788,490</u>			

Stock options

The Company has stock options outstanding to certain employees, officers and directors providing the right to purchase up to 3,508,500 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 February 29, 2016 are as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Contractual Life
1,265,000	\$0.42	March 1, 2016	0.03 years
150,000	\$0.25	June 30, 2016	0.33 years
2,063,500	\$0.24	January 6, 2017	0.86 years
30,000	\$0.37	July 10, 2019	3.36 years
<u>3,508,500</u>			

As at February 29, 2016, a total of 3,493,500 stock options were exercisable with a weighted average exercise price of \$0.31 per share

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FEBRUARY 29, 2016

(Unaudited)

NOTE 9 – 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 27, 2015, 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 expired on February 26, 2016. Effective February 29, 2016, the Company received approval from the TSX to a renewed 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 current normal course issuer bid expires on February 28, 2017.

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

	Number	Value
Balance, August 31, 2015	68,000	\$ 19,198
Purchases of treasury shares	488,500	124,140
Cancellation of treasury shares	-	-
Balance, February 29, 2016	488,500	\$ 143,338

NOTE 10 – GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
Advertising	\$ 907,794	\$ 804,721	\$ 1,906,243	\$ 1,726,483
Bank charges and interest	64,399	49,973	108,557	102,626
Consulting and management fees	308,033	298,883	489,508	457,735
Directors insurance	15,828	15,766	15,828	15,766
Investor relations	33,503	37,758	65,502	59,506
Office and general	589,537	495,132	1,064,115	1,013,117
Professional fees	296,435	402,504	569,030	518,929
Rent	803,854	778,857	1,694,156	1,511,330
Salaries and benefits	2,077,216	1,994,179	4,042,498	3,980,620
Travel and promotion	81,563	82,090	154,931	158,367
	\$ 5,178,162	\$ 4,959,863	\$ 10,110,368	\$ 9,544,479

NOTE 11 – NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS

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

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
Short-term investments	\$ -	\$ 589,330	\$ -	\$ 1,583,865
Accounts receivable	1,178,241	(377,513)	(2,279,845)	(1,754,979)
Prepaid expenses	31,950	(84,536)	46,294	(146,005)
Inventory	(626)	30,125	(1,383)	48,088
Accounts payable and accrued liabilities	(328,816)	(557,680)	163,612	(579,240)
Provisions	-	8,480	-	8,480
Income taxes payable	21	(170)	-	(266)
Deferred educational revenues	344,247	376,682	1,807,595	2,193,769
	\$ 1,225,017	\$ (15,282)	\$ (263,727)	\$ 1,353,712

The working capital items have been adjusted for the effects of non-cash changes and unrealized foreign exchange changes.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FEBRUARY 29, 2016

(Unaudited)

NOTE 12 – TRANSACTIONS WITH RELATED PARTIES AND INVESTMENT PARTNERS

Significant transactions between the Company and the following related parties and investment partners:

	February 29, 2016	August 31, 2015
Accounts receivable - Weifang University (1)	\$ 4,140,810	\$ 3,257,106
Accounts payable - Weifang University (1)	\$ -	\$ 81,659
Due to officers, employees, directors and non-arm's length investors (2)	\$ 8,742,525	\$ 1,847,159
Due from officers, employees, directors and non-arm's length investors (3)	\$ 735,000	\$ 735,000

- 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 February 29, 2016, the amount due to officers, employees, directors and non-arm's length investors is comprised of the following:

	February 29, 2016	August 31, 2015
Due to officers and directors of the Company	\$ 31,530	\$ 34,151
Due to the President of IRIX	175,504	183,389
Due to Investor 2 of GEC Project 2	840,000	840,000
Due to Investor 3 and third-party investor of GEC Project 3	808,817	789,619
Due to New Investors of GEC Project 1	3,652,500	-
Due to Investors of GEC Project 5	1,934,766	-
Due to GEC LP 1	1,518,200	-
Due from GEC LP 4	(218,792)	-
	<u>\$ 8,742,525</u>	<u>\$ 1,847,159</u>

The amount due to Investor 3 and the third-party investor of GEC Project 3 bears interest at 5% per annum and has no fixed terms of repayment. All other amounts due are non-interest bearing and have 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 February 29, 2016, \$735,000 (August 31, 2015 – \$735,000) 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.

During the six month period ended February 29, 2016, the Company and its subsidiaries incurred a total of \$335,520 (six month period ended February 28, 2015 – \$355,177) for management fees and salaries paid to certain directors and officers employed by the Company and its subsidiaries.

NOTE 13 – SUBSEQUENT EVENTS**Stock Options**

On March 1, 2016, a total of 1,265,000 stock options with an exercise price of \$0.42 per share expired. None of the 1,265,000 stock options were exercised as the stock options were out-of-the money.

NOTE 13 – SUBSEQUENT EVENTS (cont'd)

Real Estate Development

GEC Project 1

As disclosed in Note 3, on March 16, 2016, a limited partnership was formed known as ("GEC LP1 A") and an agreement was executed between the following partners:

- Three investors who are limited partners
- GEC Holdings as a limited partner; and
- GEC GP1 A as general partner, a newly incorporated wholly-owned subsidiary of CIBT Holdings.

GEC GP1A held the assignment of the assets for GEC LP1 prior to the existence of GEC LP1 A. The GEC LP1 A will be funded in accordance with the schedule contained in the limited partnership agreement. Upon completion of the funding of the GEC LP1A, the limited partnership units will be owned 20.6% by GEC Holdings and the remainder by the other limited partners. GEC Holdings has committed to contribute a total of \$2,500,000 for its partnership units. Management is in the process of determining whether the Company has control over GEC LP1 A for the period after formation.

Effective March 16, 2016, GEC Mgmt. entered into a 20 year Management Agreement with GEC LP1A whereby GEC Mgmt was retained to manage substantially all the activities of GEC LP1A commencing on the when the developer completes the Project.

Subsequent to February 29, 2016, a total of \$3,240,000 have been received in connection with the funding of GEC LP1 A.

GEC Project 5

Subsequent to February 29, 2016, a total of \$2,250,000 have been received in connection with the funding of GEC LP 5.

NOTE 14 – 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

	Six Months Ended February 29, 2016					
	CIBT (China)	SSDC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Revenues						
Educational	\$ 1,402,724	\$ 12,600,784	\$ -	\$ -	\$ -	\$ 14,003,508
Design and advertising	-	-	467,866	-	-	467,866
Commissions and referral fees	386,519	-	-	-	-	386,519
Development fees	-	-	-	36,792	3,588,016	3,624,808
Rental	-	-	-	656,485	-	656,485
	<u>\$ 1,789,243</u>	<u>\$ 12,600,784</u>	<u>\$ 467,866</u>	<u>\$ 693,277</u>	<u>\$ 3,588,016</u>	<u>\$ 19,139,186</u>
Revenues, net of direct costs	\$ 717,636	\$ 7,274,459	\$ 349,795	\$ 243,590	\$ 3,588,016	\$ 12,173,496
Other expenses and items:						
General and administrative	(722,688)	(7,058,774)	(392,131)	(289,520)	(1,647,255)	(10,110,368)
Amortization	(93,603)	(348,852)	(10,414)	(24,389)	(2,938)	(480,196)
Share-based payment expense	-	-	-	-	(498)	(498)
Business development costs	-	-	-	-	-	-
Interest and other income	2,044	-	798	79,402	-	82,244
Foreign exchange gain (loss)	(38,078)	-	18,265	-	(288)	(20,101)
Finance costs	-	(19,196)	-	(77,577)	-	(96,773)
Finance fees – non-recurring	-	-	-	(404,385)	-	(404,385)
Income (loss) from investment in associates	-	-	-	(145,842)	-	(145,842)
Gain (loss) on fair value changes in investment properties	-	-	-	-	-	-
Gain (loss) on disposal of assets	(8,363)	-	-	-	-	(8,363)
Income tax recovery (provision), net	-	-	-	-	-	-
Inter-segment transactions	-	(222,142)	16,577	-	205,565	-
Income (loss) from continuing operations	(143,052)	(374,505)	(17,110)	(618,721)	2,142,602	989,214
Discontinued operations	-	-	-	-	-	-
Inter-segment transactions - discontinued operations	-	-	-	-	-	-
Net income (loss)	<u>\$ (143,052)</u>	<u>\$ (374,505)</u>	<u>\$ (17,110)</u>	<u>\$ (618,721)</u>	<u>\$ 2,142,602</u>	<u>\$ 989,214</u>

NOTE 14 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments	February 29, 2016					
	CIBT (China)	SSDC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Total assets	\$ 6,003,043	\$ 20,576,944	\$ 244,342	\$ 59,257,592	\$ 6,946,951	\$ 93,028,872
Property and equipment	\$ 217,437	\$ 1,719,765	\$ 68,920	\$ 259,474	\$ 26,440	\$ 2,292,036
Investment properties	\$ -	\$ -	\$ -	\$ 39,330,968	\$ -	\$ 39,330,968
Intangible assets	\$ 750,858	\$ 7,245,842	\$ -	\$ 1,349,511	\$ -	\$ 9,346,211
Goodwill	\$ -	\$ 4,403,303	\$ -	\$ -	\$ -	\$ 4,403,303
Total liabilities	\$ 1,525,902	\$ 14,826,086	\$ 393,645	\$ 35,773,502	\$ 3,554,021	\$ 56,073,156
Non-controlling interests	\$ 1,380,055	\$ -	\$ (211,953)	\$ 14,172,898	\$ -	\$ 15,341,000
Capital expenditures	\$ 186	\$ 265,317	\$ 1,635	\$ 97,438	\$ -	\$ 364,576

NOTE 14 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments

	Six Months Ended February 28, 2015					
	CIBT (China)	SSDC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Revenues						
Educational	\$ 1,246,582	\$ 12,244,766	\$ -	\$ -	\$ -	\$ 13,491,348
Design and advertising	-	-	520,045	-	-	520,045
Commissions and referral fees	206,211	-	-	-	-	206,211
Development fees	-	-	-	-	1,132,320	1,132,320
Rental	-	-	-	81,569	-	81,569
	<u>\$ 1,452,793</u>	<u>\$ 12,244,766</u>	<u>\$ 520,045</u>	<u>\$ 81,569</u>	<u>\$ 1,132,320</u>	<u>\$ 15,431,493</u>
Revenues, net of direct costs	588,939	7,446,906	376,121	5,442	1,132,320	9,549,728
Other expenses and items:						
General and administrative	(643,871)	(6,850,527)	(394,337)	(155,353)	(1,500,391)	(9,544,479)
Amortization	(91,782)	(353,019)	(12,245)	(1,857)	(4,103)	(463,006)
Share-based payment expense	-	-	-	-	(7,265)	(7,265)
Business development costs	-	-	-	-	(90,000)	(90,000)
Interest and other income	3,135	-	7,788	-	11,112	22,035
Foreign exchange gain (loss)	194,048	-	8,170	-	8,035	210,253
Finance costs	-	(27,759)	-	(141,790)	-	(169,549)
Finance fees – non-recurring	-	-	-	(60,430)	-	(60,430)
Income (loss) from investment in associates	-	-	-	57,582	-	57,582
Gain (loss) on fair value changes in investment properties	-	-	-	3,287,857	-	3,287,857
Gain (loss) on disposal of assets	-	(3,465)	-	-	-	(3,465)
Income tax recovery (provision), net	(3,409)	-	-	-	-	(3,409)
Inter-segment transactions	19,967	(1,007,593)	9,890	6,525	971,211	-
Income (loss) from continuing operations	67,027	(795,457)	(4,613)	2,997,976	520,919	2,785,852
Discontinued operations	-	-	-	-	-	-
Inter-segment transactions - discontinued operations	-	-	-	-	-	-
Net income (loss)	<u>\$ 67,027</u>	<u>\$ (795,457)</u>	<u>\$ (4,613)</u>	<u>\$ 2,997,976</u>	<u>\$ 520,919</u>	<u>\$ 2,785,852</u>

NOTE 14 – SEGMENTED INFORMATION (cont'd)

Industry and Geographic Segments	February 28, 2015					
	CIBT (China)	SSDC (Canada)	IRIX (Canada)	GEC (Canada)	Corporate (Canada)	Consolidated
Total assets	\$ 6,560,940	\$ 20,716,961	\$ 302,113	\$ 43,197,994	\$ 4,308,064	\$ 75,086,072
Property and equipment	\$ 356,866	\$ 1,792,132	\$ 84,246	\$ 124,238	\$ 33,051	\$ 2,390,533
Investment properties	\$ -	\$ -	\$ -	\$ 32,600,000	\$ -	\$ 32,600,000
Intangible assets	\$ 791,155	\$ 7,784,157	\$ -	\$ -	\$ -	\$ 8,575,312
Goodwill	\$ -	\$ 5,079,437	\$ -	\$ -	\$ -	\$ 5,079,437
Total liabilities	\$ 1,459,052	\$ 14,634,841	\$ 444,454	\$ 25,249,556	\$ 2,451,409	\$ 44,239,312
Non-controlling interests	\$ 1,162,780	\$ -	\$ (210,836)	\$ 11,252,568	\$ -	\$ 12,204,512
Capital expenditures	\$ 31,884	\$ 50,619	\$ 2,915	\$ 126,095	\$ -	\$ 211,513

--- END OF FINANCIAL STATEMENTS ---