Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

MORNEAU SHEPELL INC.

Three and six months ended June 30, 2013 and 2012
(Unaudited)

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
June 30, 2013 and December 31, 2012

	June 30, 2013	December 31, 2012 (note 3)
Assets		
Current assets:		
Trade and other receivables	$ 61,334	$ 55,576
Unbilled fees	53,528	44,812
Prepaid expenses and other	6,135	2,532
Income taxes receivable	148	–
Cash and investments held in trust	12,428	14,174
Deferred implementation costs	3,627	2,668
Total current assets	137,200	119,762
Unbilled fees	1,016	1,649
Deferred implementation costs	10,394	10,360
Capital assets	21,656	21,273
Intangible assets	223,840	228,325
Goodwill	305,153	304,988
Total assets	$ 699,259	$ 686,357
Liabilities and Equity		
Current liabilities:		
Bank indebtedness (note 4)	$ 3,147	$ 134
Trade and other payables	39,018	47,181
Income taxes payable	–	3,949
Deferred revenue	3,467	2,786
Insurance premium liabilities	12,428	14,174
Future consideration related to acquisitions (note 10)	2,953	2,858
Dividends payable	3,116	3,116
Total current liabilities	64,129	74,198
Long-term debt (note 4)	173,500	153,073
Convertible debenture payable	71,562	71,104
Interest rate swap (note 4)	2,149	3,101
Future consideration related to acquisitions (note 10)	–	451
Other liabilities	7,973	8,526
Provisions	1,322	1,419
Deferred tax liability	32,620	27,867
Total Liabilities	353,255	339,739
Equity:		
Share capital	473,838	473,838
Contributed surplus	14,526	12,674
Equity component of convertible debenture	757	757
Accumulated other comprehensive loss	(1,884)	(3,329)
Deficit	(141,233)	(137,322)
Total equity	346,004	346,618
Total liabilities and equity	$ 699,259	$ 686,357

Contingencies and subsequent events (note 10 and note 11)

See accompanying notes to unaudited condensed consolidated interim financial statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income
(In thousands of Canadian dollars, except per share amounts)
For the three and six months ended June 30, 2013 and 2012

	Three months ended June 30, 2013	Three months ended June 30, 2012 (note 3)	Six months ended June 30, 2013	Six months ended June 30, 2012 (note 3)
Operating revenue	$ 118,328	$ 106,791	$ 234,058	$ 210,757
Operating expenses:				
Salary, benefits and contractor	78,592	70,972	156,997	143,447
Depreciation and amortization	6,888	6,486	13,495	12,402
Rent and occupancy	5,409	4,576	10,775	9,053
Office and administration	12,915	11,323	24,686	22,164
Total operating expenses	103,804	93,357	205,953	187,066
Finance costs (note 4)	3,455	3,589	6,885	7,100
Profit from operations before income taxes	11,069	9,845	21,220	16,591
Income taxes:				
Current	1,684	1,362	5,177	2,430
Deferred	1,550	2,209	1,257	3,466
Total income taxes	3,234	3,571	6,434	5,896
Profit for the period	7,835	6,274	14,786	10,695
Other comprehensive income:				
Items that may be reclassified subsequently to net income:				
Effective portion of change in interest rate cash flow hedge	672	(274)	952	1,252
Transfer to profit due to termination of interest rate cash flow hedges	–	84	–	667
Foreign currency translation differences for foreign operations	238	(3)	391	(153)
Income taxes on the above items	(175)	(12)	(249)	(567)
	735	(205)	1,094	1,199
Items that will not be reclassified to net income:				
Actuarial gain (loss) on post-employment benefit plans	193	(81)	477	(162)
Income taxes on the above item	(52)	22	(126)	43
	141	(59)	351	(119)
Other comprehensive income (loss), net of tax effect	876	(264)	1,445	1,080
Comprehensive income for the period	$ 8,711	$ 6,010	$ 16,231	$ 11,775
Earnings per share (note 7):				
Basic	$ 0.16	$ 0.13	$ 0.30	$ 0.22
Diluted	$ 0.16	$ 0.13	$ 0.30	$ 0.22

See accompanying notes to Unaudited Condensed Consolidated Interim Financial Statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity
(In thousands of Canadian dollars)
For the six months ended June 30, 2013 and 2012

Six months ended June 30, 2013	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive loss	Equity component of convertible debentures	Total equity
Balance, January 1, 2013, as previously reported	$ 473,838	$ 12,674	$ (137,322)	$ (2,623)	$ 757	$ 347,324
IAS 19 opening adjustment (note 3)	–	–	–	(706)	–	(706)
Balance, January 1, 2013, restated	$ 473,838	$ 12,674	$ (137,322)	$ (3,329)	$ 757	$ 346,618
Long-term incentive plan	–	1,852	–	–	–	1,852
Profit for the period	–	–	14,786	–	–	14,786
Dividends	–	–	(18,697)	–	–	(18,697)
Other comprehensive income	–	–	–	1,445	–	1,445
Balance, June 30, 2013	$ 473,838	$ 14,526	$ (141,233)	$ (1,884)	$ 757	$ 346,004

Six months ended June 30, 2012	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive loss	Equity component of convertible debentures	Total equity
Balance, January 1, 2012, as previously reported	$ 473,838	$ 8,721	$ (120,328)	$ (4,648)	$ –	$ 357,583
IAS 19 opening adjustment (note 3)	–	–	–	(468)	–	(468)
Balance, January 1, 2012, restated	$ 473,838	$ 8,721	$ (120,328)	$ (5,116)	$ –	$ 357,115
Long-term incentive plan	–	1,469	–	–	–	1,469
Long-term incentive plan - DRIP	–	273	(273)	–	–	–
Profit for the period	–	–	10,695	–	–	10,695
Dividends	–	–	(18,697)	–	–	(18,697)
Other comprehensive income (note 3)	–	–	–	1,080	–	1,080
Equity component of convertible debenture	–	–	–	–	757	757
Balance, June 30, 2012	$ 473,838	$ 10,463	$ (128,603)	$ (4,036)	$ 757	$ 352,419

See accompanying notes to Unaudited Condensed Consolidated Interim Financial Statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
For the six months ended June 30, 2013 and 2012

	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities:		
Profit for the period	$ 14,786	$ 10,695
Items not involving cash:		
Depreciation and amortization	13,495	12,402
Finance costs (note 4)	6,885	7,100
Long-term incentive plan (note 5)	1,663	1,469
Current income taxes	5,177	2,430
Deferred income taxes	1,257	3,466
Change in provisions	(97)	(360)
Other	(96)	120
	43,070	37,322
Change in non-cash operating working capital (note 9)	(26,583)	(28,692)
Cash generated from operating activities	16,487	8,630
Finance costs paid	(5,008)	(4,659)
Income taxes paid	(6,154)	(218)
Cash provided by operating activities	5,325	3,753
Financing activities:		
Change in revolving loan	20,199	(44,999)
Proceeds from convertible debentures offering	–	75,000
Expenses related to issuance of convertible debentures	–	(3,568)
Dividends paid	(18,697)	(18,697)
Cash provided by financing activities	1,502	7,736
Investing activities:		
Business acquisition – initial and contingent payment, SBC Systems Company Inc.	(500)	(4,678)
Additions to intangible assets	(4,452)	(4,646)
Additions to capital assets	(4,888)	(2,072)
Cash used in investing activities	(9,840)	(11,396)
Increase (decrease) in cash for the period	(3,013)	93
Bank indebtedness, beginning of period	(134)	(807)
Bank indebtedness, end of period	$ (3,147)	$ (714)

See accompanying notes to Unaudited Condensed Consolidated Interim Financial Statements.

1. Organization and nature of the business:

Morneau Shepell Inc. (the "Company") provides health and productivity, administrative and retirement solutions to assist employers in managing the financial security, health and productivity of their employees. The principal head office is located at One Morneau Shepell Centre, 895 Don Mills Road, Suite 700, Toronto, Ontario, M3C 1W3. The Company offers its services to organizations that are situated in Canada, in the United States and internationally.

The Company was incorporated pursuant to the laws of the Province of Ontario on October 19, 2010.

References herein to Morneau Shepell Inc. represent the financial position, results of operations, cash flows and disclosures of the Company and its subsidiaries on a consolidated basis.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on August 13, 2013.

2. Basis of preparation:

These unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 and 2012 have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS as issued by the IASB.

3. Significant accounting policies:

Except as described below, the accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2012.

Changes in accounting policies:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

(a) IAS 1 Amendment, Presentation of Items of Other Comprehensive Income (“IAS 1”):

The Company has adopted the amendments to IAS 1 effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The Company has reclassified comprehensive items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

(b) IFRS 10, Consolidated Financial Statements (“IFRS 10”):

IFRS 10 replaces International Accounting Standard ("IAS") 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities. This new standard contains a single consolidation model that identifies control as the basis for consolidation for all types of entities, sets forth factors to consider in assessing control, and requires control to be assessed on a continuous basis. The Company has assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(c) IAS 19, Employee Benefits (“IAS 19”)

IAS 19, Employee Benefits (amended in 2011), amends certain accounting requirements for defined benefit plans.

IAS 19 (revised 2011) requires the net defined benefit liability (asset) to be recognized on the balance sheet without any deferral of actuarial gains and losses and past service costs as previously allowed. Past service costs are recognized in net income when incurred. Expected returns on plan assets are no longer included in post- employment benefits’ expense. Instead, post-employment benefits’ expense includes market yields on high quality bonds on the net defined benefit liability. Actuarial gains and losses and any change in the asset ceiling are recognized in other comprehensive income.

The Company adopted these amendments retrospectively and accordingly adjusted its accumulated other comprehensive income as at January 1, 2012 to recognize previously unrecognized actuarial losses for post-employment plans. The adjustments for each financial statement line item affected are presented in the tables below.

(In thousands of Canadian dollars)

Adjustments to the unaudited condensed consolidated interim statements of financial position

	Deferred tax liability	Other liabilities	Trade and other payables	Accumulated other comprehensive income
Balance at January 1, 2012 as previously reported	$ 20,560	$ 7,670	$ 47,092	$ (4,648)
Actuarial gain (loss) on post-employment benefit plans	(169)	637	–	(468)
Balance at January 1, 2012 after accounting change	$ 20,391	$ 8,307	$ 47,092	$ (5,116)

	Deferred tax liability	Other liabilities	Trade and other payables	Accumulated other comprehensive income
Balance at December 31, 2012 as previously reported	$ 28,122	$ 7,656	$ 47,090	$ (2,623)
Actuarial gain (loss) on post-employment benefit plans	(255)	870	91	(706)
Balance at December 31, 2012 after accounting change	$ 27,867	$ 8,526	$ 47,181	$ (3,329)

Adjustments to the unaudited condensed consolidated interim statements of income and comprehensive income

	Three months ended June 30, 2012	Six months ended June 30, 2012
Other comprehensive income (loss), net of tax effect as previously reported	$ (205)	$ 1,199
Actuarial gain (loss) on post-employment benefit plans	(81)	(162)
Income tax on the above item	22	43
Other comprehensive income (loss), net of tax effect after accounting change	$ (264)	$ 1,080

There was no impact on earnings per share or the Unaudited Condensed Consolidated Interim Statements of Cash Flows as a result of the Company's adoption of these new and revised accounting standards. The total impact on other comprehensive income for the year ended December 31, 2012 as a result of the adoption of these new and revised accounting standards is $(238).

(In thousands of Canadian dollars)

(d) IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

4. Long- term debt:

The Company's long-term debt obligations can be broken down as follows:

	June 30, 2013	December 31, 2012
Non-revolving loan	$ 130,000	$ 130,000
Revolving loan	44,185	23,985
	174,185	153,985
Less: debt issuance costs, net of accumulated amortization	685	912
	$ 173,500	$ 153,073

The Company has a credit facility agreement with a term of four years, maturing on January 5, 2015. The credit facility provides for a term loan of $130,000 and a revolving facility of $100,000 (which includes a swing line of $7,000).

The interest rates for the credit facilities are floating, based on a margin over certain referenced rates of interest. The applicable margin may vary up or down depending on the ratio of the Company's consolidated Debt to Adjusted EBITDA as calculated in the credit facility agreement.

The credit facilities are secured by a general assignment of all the assets of the Company and require the Company to maintain, on a consolidated basis, Debt to Adjusted EBITDA financial covenant of not more than 3.00:1.00 and an EBITDA to interest expense ratio of not less than 3.00:1.00.

EBITDA in the amended and restated credit agreement is defined as profit before finance costs, income taxes, depreciation, amortization, non-controlling interest, and non-recurring expenditures. Adjusted EBITDA is defined as EBITDA plus the pro-forma EBITDA from permitted acquisitions' entities.

At June 30, 2013, the Company had utilized the following credit facilities:

- $130,000 of term loan. The term loan is repayable in full on January 5, 2015 and bears interest at the one-month BA rate plus an applicable margin of 2.375%.

- $39,500 of BA loan under the revolving loan. The BA loan is renewed on a monthly basis, bearing interest at the one-month BA rate plus an applicable margin of 2.375%.

- $1,000 of prime loan under the revolving loan. The prime loan bears interest at the prime rate plus an applicable margin of 1.375%.

- $3,500 USD of Libor loan under the revolving loan. The Libor loan is renewed on a monthly basis, bearing interest at the one- month Libor rate plus an applicable margin of 2.375%.

- $3,005 of the swing line available. The swing line carries interest at prime plus an applicable margin of 1.375%. This amount borrowed under the swing line is included in bank indebtedness.

As at June 30, 2013, the Company complied with all the required financial covenants. At June 30, 2013, the Debt to Adjusted EBITDA ratio was 2.1:1.0 and the EBITDA to interest expense ratio was 6.1:1.0.

(a) Interest rate swaps:

The Company entered into an interest-rate swap agreement to hedge against the variable interest rate component of the term loan outstanding. The notional amount of the swap is $130,000, for the period from February 1, 2011 up to and ending January 5, 2015. This swap is used to fix the variable component of the interest rate at 2.48%, before the applicable margin, for the duration of the term and has been designated as a cash flow hedge. The fair value of the interest rate swap at June 30, 2013 was a liability of $2,149 (December 31, 2012 - $3,101).

(In thousands of Canadian dollars)

(b) Finance costs:

The Company's finance costs comprise the following:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Interest on term loan	$ 1,501	$ 1,657	$ 3,063	$ 3,393
Interest on revolving loan, bank indebtedness and other charges	440	313	826	1,175
Interest on convertible debenture	1,129	1,129	2,246	1,191
Amortization of debt issuance costs	290	292	579	418
Immediate recognition and amortization of terminated interest rate swap	–	84	–	667
Other	95	114	171	256
	$ 3,455	$ 3,589	$ 6,885	$ 7,100

5. Long- Term Incentive Plan ("LTIP")

During the three and six months ended June 30, 2013 the Company granted 412,032 Retirement DSUs and 30,442 RSUs (2012 – 244,168 Retirement DSUs) to senior management of the Company. The expense related to this grant will be recognized as salary, benefits and contractor expense over the three-year vesting period. Holders of these LTIP units will receive additional DSUs determined by dividing the amount of the dividends payable in respect of the DSUs by the Fair Market Value per Unit on the date credited. Units credited under this Dividend Reinvestment Policy ("DRIP") shall vest at the same rate as the LTIP Units on which they are determined.

6. Dividends:

The monthly dividend rate, approved by the Board of Directors, was $0.065 for the three and six months ended June 30, 2013 (2012 - $0.065). The Company continued to declare the same monthly dividend amount in July 2013.

7. Earnings per share:

Basic earnings per share was calculated by dividing profit attributable to common shares by the sum of the weighted average number of common shares outstanding during the period, plus vested LTIP awards.

Diluted earnings per share was calculated using the basic calculation described above, and adjusting for the potentially dilutive effect of total number of additional common shares that would have been issued by the Company on unvested LTIP awards and the redemption of the convertible debenture.

The following details the earnings per share, basic and diluted, calculations for the three and six months ended June 30, 2013 and 2012. All numbers are in thousands of Canadian dollars, except per share and the number of common shares:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Profit attributable to common shares (basic and diluted)	$ 7,835	$ 6,274	$ 14,786	$ 10,695
Weighted average number of common shares:				
January 1	47,940,409	47,940,409	47,940,409	47,940,409
Vested LTIP awards	899,161	519,920	735,948	519,920
Basic	48,839,570	48,460,329	48,676,357	48,460,329
Dilutive effect of unvested LTIP awards	373,381	374,643	489,239	365,302
Diluted	49,212,951	48,834,972	49,165,596	48,825,631
Earnings per share:				
Basic	$ 0.16	$ 0.13	$ 0.30	$ 0.22
Diluted	$ 0.16	$ 0.13	$ 0.30	$ 0.22

Due to its anti-dilutive effect, the potential issuance related to the convertible debenture has been excluded from the earnings per share calculation.

8. Segmented information:

The Company provides health and productivity, administrative and retirement solutions to assist employers in managing the financial security, health and productivity of their employees. As at June 30, 2013, on the basis of the type of services provided and in accordance with IFRS 8, Operating Segments, the Company was represented by and had one reportable segment.

The Company operates primarily within two geographical areas: Canada and the United States. The following details the revenues and total assets by geographical area, reconciled to the Company's Unaudited Condensed Consolidated Interim Financial Statements:

(In thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue:				
Canada	$ 109,540	$ 100,755	$ 218,530	$ 199,810
United States	8,788	6,036	15,528	10,947
Consolidated total	$ 118,328	$ 106,791	$ 234,058	$ 210,757

	June 30, 2013	December 31, 2012
Total assets:		
Canada	$ 683,245	$ 674,038
United States	16,014	12,319
Consolidated total	$ 699,259	$ 686,357

9. Supplementary cash flow information:

Change in non-cash operating working capital for the six months ended June 30, 2013 and 2012 was as follows:

	2013	2012
Trade and other receivables	$ (5,758)	$ (7,994)
Unbilled fees, current and non-current	(8,084)	(6,830)
Prepaid expenses and other	(3,602)	(2,681)
Deferred implementation costs, current and non-current	(993)	(311)
Trade and other payables	(8,827)	(11,149)
Deferred revenue	681	273
	$ (26,583)	$ (28,692)

10. Financial instruments:

Financial instrument carried at fair value:

Fair value represents management's estimates of the market value at a given point in time. The following table summarizes information regarding the carrying value, fair value and level used to determine the fair value measurement of the Company's financial assets and liabilities carried at fair value:

(In thousands of Canadian dollars)

	Carrying Value		Fair Value		
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	Level
Assets carried at fair value:					
Cash and investments held in trust	$ 12,428	$ 14,174	$ 12,428	$ 14,174	2
	$ 12,428	$ 14,174	$ 12,428	$ 14,174	
Liabilities carried at fair value:					
Cash flow hedges - interest rate swaps	$ 2,149	$ 3,101	$ 2,149	$ 3,101	2
Bank indebtedness	3,147	134	3,147	134	2
Future consideration related to acquisitions	2,953	3,309	2,953	3,309	3
	$ 8,249	$ 6,544	$ 8,249	$ 6,544	

Fair value hierarchy:

Below is a discussion of the Company's determination of fair value for financial instruments carried at fair value. The three levels of fair value hierarchy are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: unobservable inputs for the asset or liability

The interest rate swap is a financial instrument carried at fair value. The liability is measured at fair value through other comprehensive income. For the period ending June 30, 2013, the liability was $2,149 (December 31, 2012 - $3,101).

The future consideration related to acquisitions is a financial instrument carried at fair value. The liability is measured at fair value through the statement of income. For the period ending June 30, 2013, the liability was $2,953 (December 31, 2012 - $3,309). Contingent consideration arose on the acquisitions of Jacques Lamarre & Associates and SBC Systems Company Inc. ("SBC Systems Company").

In the acquisitions of Jacques Lamarre & Associates and SBC Systems Company, there is a clause that entitles the seller to an amount based on exceeding revenue targets. The fair value is determined considering the estimated payment, discounted to present value.

(In thousands of Canadian dollars)

The estimated payment is calculated considering different scenarios of projected revenue and the amount to be paid under each scenario, weighted by the probability of each scenario. The key unobservable inputs included anticipated revenue and the discount rate. The estimated fair value increases the higher the annual revenue and the lower the discount rate.

Management considers that changing the above mentioned unobservable inputs to reflect other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

The following table indicates the changes in the future consideration related to acquisitions during the period ended June 30, 2013:

	Future consideration related to acquisitions
Balance at January 1, 2013	$ 3,309
First instalment contingent payment to SBC Systems Company	(500)
Accretion on future consideration related to acquisitions	115
Foreign exchange on future consideration related to acquisitions	29
	$ 2,953

During the period ended June 30, 2013, there were no transfers between any levels.

Financial instruments carried at amortized cost:

The carrying value of trade and other receivables, trade and other payables, insurance premium liabilities, income taxes receivable and payable and dividends payable are financial instruments carried at amortized cost whose values approximate their fair values because of their short-term nature.

The convertible debenture payable and long-term debt are financial instruments carried at amortized cost whose carrying values do not equal their fair market values. The convertible debenture payable has a carrying value of $71,562 (December 31, 2012 - $71,104) and a fair value of $78,750 (December 31, 2012 - $79,875). The fair value is determined using the quoted market values for the convertible debentures at the end of the period. The long-term debt has a carrying value of $173,500 (December 31, 2012 - $153,073) and a fair value of $174,185 (December 31, 2012 - $153,985). The fair value is determined based on the cost of borrowing for a company with a similar risk profile.

11. Subsequent events:

On July 5, 2013, the Company completed the acquisition of Dion, Durrell + Associates Inc. workers' compensation practice ("Dion Durrell Workers' Compensation"). This acquisition complements the Company's existing Organization Health Solutions line of business which consists of three core services including attendance and disability management, occupational health services and workers' compensation services and expands the Company's market presence.

The consideration for this acquisition comprises an initial payment of $3,748 that was paid on closing and future payments due on June 30 over the next three years. The future payments approximate $1,800 in total, subject to adjustments, dependent on achieving certain revenue targets. This acquisition will be accounted for using the purchase method of accounting. A preliminary valuation of the assets acquired and liabilities assumed has not been completed as a result of the proximity of the acquisition date to the release date of these unaudited condensed consolidated interim financial statements.

This acquisition represents an estimated $3,500 in additional annual revenue to the Company. These unaudited condensed consolidated interim financial statements do not include the results of Dion Durrell Workers' Compensation given the acquisition date of July 5, 2013.