Condensed Interim Consolidated Financial Statements (unaudited)
For the nine months ended December 31, 2012

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

ANTHONY CLARK INTERNATIONAL INSURANCE BROKERS LTD.
Condensed Interim Consolidated Balance Sheets
Unaudited (Expressed in Canadian dollars)

As at	Note	December 31, 2012	March 31, 2012
Assets			
Current assets			
Cash		$ 1,139,246	$ 1,387,251
Trade receivables		2,145,726	2,576,116
Trust cash		62,870	193,025
Prepaid expenses		128,891	265,655
		3,476,733	4,422,047
Property and equipment		537,730	590,744
Customer accounts		1,529,013	2,272,957
Goodwill		12,287,874	12,308,857
		$ 17,831,350	$ 19,594,605
Liabilities			
Current liabilities			
Trade payables and accrued liabilities		$ 1,635,539	$ 2,318,637
Income taxes payable		362,057	320,987
Current portion of leasehold inducement		72,850	72,850
Current portion of long-term debt	6	2,410,631	2,604,006
		4,481,077	5,316,480
Long-term debt	6	15,578,589	16,466,238
Long term portion of leasehold inducement		230,692	273,188
Deferred income tax		76,677	79,808
		20,367,035	22,135,714
Equity			
Share capital	7	9,694,374	9,777,222
Accumulated other comprehensive income (loss)		(139,186)	(94,756)
Contributed surplus		2,590,839	2,524,100
Deficit		(15,681,410)	(15,827,691)
Equity attributable to owners of the Company		(3,535,383)	(3,621,125)
Non-controlling interest in consolidated subsidiary	8	999,698	1,080,016
		(2,535,685)	(2,541,109)
		$ 17,831,350	$ 19,594,605
Going Concern	1		
Commitments	11		

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

ANTHONY CLARK INTERNATIONAL INSURANCE BROKERS LTD.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income
Unaudited (Expressed in Canadian dollars)

	Note	For the three months ended December 31, 2012	For the three months ended December 31, 2011	For the nine months ended December 31, 2012	For the nine months ended December 31, 2011
Revenue		$ 3,112,051	$ 3,173,137	$ 9,670,680	$ 9,839,964
Expenses					
Salaries and wages		1,482,628	1,440,515	4,429,701	4,339,108
General and administrative		691,594	665,549	2,128,809	2,090,446
Rent		115,359	152,106	356,827	481,177
Share-based compensation	9	-	223	-	8,854
		2,289,581	2,258,393	6,915,337	6,919,585
Earnings before interest, income taxes, depreciation and amortization		822,470	914,744	2,755,343	2,920,379
Interest and financing costs	12	(298,017)	(398,799)	(845,910)	(1,225,349)
Depreciation and amortization		(183,811)	(198,453)	(579,545)	(719,615)
Earnings before income taxes		340,642	317,492	1,329,888	975,415
Income taxes					
Current		(181,586)	(193,543)	(642,983)	(703,164)
Deferred recovery		3,568	5,899	3,131	47,994
		(178,018)	(187,644)	(639,852)	(655,170)
Net earnings from continuing operations		162,624	129,848	690,036	320,245
Gain (loss) from discontinued operations	5	(29,271)	(116,494)	270,249	324,515
Net earnings for the period		133,353	13,354	960,285	644,760
Other Comprehensive Income (loss)					
Reclassification adjustment relating to discontinued operations		19,316	(81,789)	(37,009)	34,428
Exchange differences on translating foreign operations		23,749	(53,328)	(7,421)	120,435
Comprehensive Income (loss) for the period		$ 176,418	$ (121,763)	$ 915,855	$ 799,623
Earnings (loss) attributable to:					
Common shareholders		$ (107,466)	$ (222,485)	$ 109,272	$ (187,990)
Non-controlling interest in consolidated subsidiary		240,819	235,839	851,013	832,750
		$ 133,353	$ 13,354	$ 960,285	$ 644,760
Comprehensive income (loss) attributable to:					
Common shareholders		$ (64,401)	$ (357,602)	$ 64,842	$ (33,127)
Non-controlling interest in consolidated subsidiary		240,819	235,839	851,013	832,750
		$ 176,418	$ (121,763)	$ 915,855	$ 799,623
Earnings (loss) per share					
From continuing and discontinued operations					
Basic		$ (0.01)	$ (0.02)	$ 0.01	$ (0.02)
Diluted		$ (0.01)	$ (0.02)	$ 0.01	$ (0.02)
From continuing operations					
Basic		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.05)
Diluted		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.05)

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

ANTHONY CLARK INTERNATIONAL INSURANCE BROKERS LTD.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited (Expressed in Canadian dollars)

	Note	For the nine months ended December 31, 2012	2011
Cash flow from (used in) operating activities			
Net earnings for the period		$ 960,285	$ 644,760
(Gain) loss from discontinued operations		(270,249)	(324,515)
Net earnings from continuing operations		690,036	320,245
Adjustments to reconcile net cash provided by operating activities			
Depreciation and amortization		579,545	719,615
Deferred income taxes (recovery)		(3,131)	(47,994)
Amortization of deferred financing costs and loan discounts		9,648	18,152
Interest on U.S. note payable settled with common shares		-	96,557
Share- based compensation		-	8,854
		1,276,098	1,115,429
Changes in non-cash working capital accounts			
Trade receivables		(120,441)	161,696
Prepaid expenses		77,211	93,002
Trade payables and accrued liabilities		(27,843)	247,553
Deferred revenue		-	(338,800)
Income taxes payable		41,070	(84,659)
Leasehold inducement liability		(42,495)	-
Changes in non-cash working capital accounts from discontinued operations		(74,940)	132,363
		1,128,660	1,326,584
Cash flow from (used in) financing activities			
Repayments on long-term debt		(1,113,603)	(763,693)
Repurchase of shares under issuer bid		(16,109)	(1,450)
Distribution to non-controlling interest	8	(931,331)	(651,048)
		(2,061,043)	(1,416,191)
Cash flow from (used in) investing activities			
Additions to property and equipment		(14,146)	(44,684)
Proceeds on sale of discontinued operations	5	711,518	29,340
		697,372	(15,344)
Effect of foreign exchange		(12,994)	6,523
Increase (decrease) in cash during the period		(248,005)	(98,428)
Cash, beginning of the period		1,387,251	1,646,909
Cash, end of the period		$ 1,139,246	$ 1,548,481

Supplemental cash flow information - See Note 14.

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

Anthony Clark International Insurance Brokers Ltd.
Condensed Interim Consolidated Statements of Shareholders' Equity
Unaudited (Expressed in Canadian dollars)

	Attributable to equity holders of the company							
	Share capital							
	Number of shares	Amount	Accumulated other comprehensive income (loss)	Contributed surplus	Deficit	Equity attributable to owners of the Company	Non-controlling interest in consolidated subsidiary	Total equity
Balance as at April 1, 2012	9,913,184	$ 9,777,222	$ (94,756)	$ 2,524,100	$ (15,827,691)	$ (3,621,125)	$ 1,080,016	$ (2,541,109)
Distributions to non-controlling interest	-	-	-	-	-	-	(931,331)	(931,331)
Charge to capital on repurchase of shares through issuer bid	(84,000)	(82,848)	-	-	-	(82,848)	-	(82,848)
Excess of share stated amount over share redemption amount	-	-	-	66,739	-	66,739	-	66,739
Reclassification adjustment relating to discontinued operations	-	-	(37,009)	-	37,009	-	-	-
Exchange difference on translating foreign operations	-	-	(7,421)	-	-	(7,421)	-	(7,421)
Net earnings for the period	-	-	-	-	109,272	109,272	851,013	960,285
Balance as at December 31, 2012	9,829,184	$ 9,694,374	$ (139,186)	$ 2,590,839	$ (15,681,410)	$ (3,535,383)	$ 999,698	$ (2,535,685)
Balance as at April 1, 2011	9,540,638	$ 9,820,700	$ (137,419)	$ 2,498,163	$ (15,486,847)	$ (3,305,403)	$ 748,010	$ (2,557,393)
Distributions to non-controlling interest	-	-	-	-	-	-	(651,048)	(651,048)
Share-based compensation	-	-	-	8,854	-	8,854	-	8,854
Charge to capital on repurchase of shares through issuer bid	(7,500)	(7,720)	-	-	-	(7,720)	-	(7,720)
Management shares for bonus	707,833	106,175	-	-	-	106,175	-	106,175
Excess of share stated amount over share redemption amount	-	-	-	6,263	-	6,263	-	6,263
Reclassification adjustment relating to discontinued operations	-	-	34,428	-	(34,428)	-	-	-
Exchange difference on translating foreign operations	-	-	120,435	-	-	120,435	-	120,435
Net earnings for the period	-	-	-	-	(187,990)	(187,990)	832,750	644,760
Balance as at December 31, 2011	10,240,971	$ 9,919,155	$ 17,444	$ 2,513,280	$ (15,709,265)	$ (3,259,386)	$ 929,712	$ (2,329,674)

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

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION AND GOING CONCERN

Anthony Clark International Insurance Brokers Ltd. (the "Company") is an Alberta, Canada corporation with common shares listed on the TSX Venture Exchange under the trading symbol "ACL" and the OTCQX International under the trading symbol "ACKBF". The Company's principal office is located at 102, 7909 Flint Road SE, Calgary, Alberta, Canada.

The Company's principal business activities involve the operation of general insurance brokerages through its various subsidiaries in Canada and the United States. The Company's significant subsidiaries are Anthony Clark Insurance Brokers Ltd. and Addison York Insurance Brokers Ltd.

These condensed interim Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard 34- Interim Financial Reporting. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly these condensed interim Consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2012.

The consolidated financial statements of the Company include the accounts of all of its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company transactions and balances are eliminated upon consolidation. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Gains or losses on disposals to non-controlling interests are computed and recorded in equity.

These condensed interim Consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards which contemplates the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2012, the Company has a working capital deficiency of $1,004,344 resulting primarily from the current portion of the U.S. Note payable (U.S. $1,200,000) due January 21, 2013. As part of the formal settlement agreement finalized with the lender of the U.S. Note payable on August 21, 2012, the U.S. $1,200,000 amount bears interest at 0.5625% for the month ending September 21, 2012 and then will be subject to interest at 1% per month for each 30 day extension beginning September 21, 2012. The Company's ability to successfully complete refinancing of this amount indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

During the quarter ended June 30, 2012 the Company received a commitment letter for a U.S. $1,100,000 loan subject to meeting certain terms and conditions and obtaining approval from the lender of the U.S. note payable regarding the security terms in order for the loan to be financed. During the quarter ended September 30, 2012, the refinancing was not approved under the terms and conditions of the commitment letter.

If the Company is unable to refinance the U.S. Note payable, it is possible that the Company will be unable to continue as a going concern. These condensed interim Consolidated financial statements do not reflect any adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

See Notes 3 and 6.

These condensed interim Consolidated financial statements and the accompanying notes were authorized for issuance in accordance with a resolution of the Board of Directors on February 22, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied during the nine month period ended December 31, 2012 are the same as those described and disclosed in Note 2 of the March 31, 2012 audited Consolidated financial statements.

3. FINANCIAL INSTRUMENTS

a) **Overview**

The Company's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes this exposure.

b) **Fair value of financial instruments**

The Company's financial instruments as at December 31, 2012 included cash, trust cash, trade receivables, trade payables and accrued liabilities and long-term debt. The carrying amounts for short term financial assets and liabilities, which includes trade receivables and trade payables and accrued liabilities approximate fair values due to the immediate or short-term maturities of these financial instruments. Cash and trust cash are classified as fair value through profit and loss and therefore are recorded at fair value.

Management estimated the fair value of its long-term debt taking into account market rates of interest, the condition of any related collateral and the current conditions in credit markets applicable to the Corporation based on recent transactions. The estimated fair value of long-term debt approximates its carrying value.

For financial instruments measured at fair value, disclosure about the inputs to fair value measurements are required, including their classification within a fair value hierarchy that prioritizes the significance of inputs used in making fair value measurements.

Level 1 Fair Value Measurements – quoted prices in active markets for identical assets or liabilities;

Level 2 Fair Value Measurements – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 Fair Value Measurements– inputs for the asset or liability that are not based upon observable market data.

Cash and trust cash is based on Level 1 inputs of the fair value hierarchy.

c) **Financial risk management**

The Company's financial instruments are exposed to certain financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk.

Credit risk

The Company is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations, or if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash, trust cash and trade receivables from clients and insurance carriers. Cash is in place with major financial institutions. Concentrations of credit risk with respect to client and insurance carrier trade receivables are limited due to the large number of customers and insurance carriers. The Company has evaluation and monitoring processes in place and writes off accounts when they are determined to be uncollectible.

As at December 31, 2012, the Company's maximum exposure to credit risk is through the following assets:

Trade receivables	$ 2,145,726
Net credit risk	$ 2,145,726

Foreign currency risk
The Company is exposed to the financial risk related to fluctuations of foreign exchange rates. The Company conducts business operations in the United States and has U.S. dollar denominated indebtedness and is therefore exposed to cash flow risks associated with fluctuations in the relative value of the Canadian and U.S. dollar. A significant change in the currency exchange rate of the Canadian dollar relative to the U.S. dollar could have a material effect on the Company's results of operations, financial position and cash flows. The Company does not engage in hedging activities or use financial instruments to reduce its risk exposure.

At December 31, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars:

Cash	$	408,294
Trade receivables		435,099
Trade payables and accrued liabilities		(329,298)
Long-term debt		(3,695,685)
Net exposure	$	(3,181,590)

Based on the above net exposure at December 31, 2012 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in a decrease or increase of $ 318,159 in the Company's other comprehensive income (loss).

Interest rate risk
All of the Company's indebtedness bears interest at fixed rates and as a result the Company is not exposed to significant interest rate risk arising from long-term debt.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its short and long-term obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

The Company manages its liquidity risk through cash and debt management. The Company's objective in managing liquidity risk is to increase revenues, minimize operational costs and to maintain sufficient liquidity in order to meet these operational requirements at any point in time. The Company's ability to obtain funding from external sources may be restricted if the Company's financial performance and condition deteriorate. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its short-term and long-term debt requirements. The Company mitigates these risks by actively monitoring market conditions and diversifying its sources of funding and debt maturity.

The Company's trade payables are generally due within 60 days. The current portion of long term debt is due within 12 months.

As at December 31, 2012, the Company has a working capital deficiency of $1,004,344 resulting primarily from the current portion of the U.S. Note payable (U.S. $1,200,000) due January 21, 2013.

The Company's ability to meets its financial obligations and continue to operate as a going concern require refinancing the U.S. $1,200,000 note payable and there can be no certainty of the Company's ability to refinance the amount.

See Note 1.

4. CAPITAL RISK MANAGEMENT

The Company considers the capital it manages to be the amounts it has in cash, debt (long-term and short-term borrowings) and equity attributable to owners of the Company.

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern
- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans
- optimize the cost of its capital at an acceptable level in light of current and future industry, market and economic risks and conditions

- utilize the long-term funding sources to manage its working capital and restructure debt to minimize the cost of its capital
- acquire assets and dispose of non-performing assets

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets. The Company requires capital to repay existing obligations. There can be no certainty of the Company's ability to refinance its existing obligations. In order to facilitate the management of the Company's capital, the Company prepares annual cash flow forecasts that are updated as necessary depending on various factors and general industry conditions. There were no changes in the Company's approach to capital management.

The declaration and payment of dividends and the amount thereof are at the discretion of the Board. In order to maintain and maximize growth, maintain sufficient liquidity to support its financial obligations and optimize the cost of capital, the Company currently does not pay out dividends.

The Company is also subject to certain working capital covenants on an ongoing basis, which compliance with these covenants has the effect of restricting the availability of cash from the Canadian operations to the other operations of the Company.

See Notes 1, 6, 7 and 8 for description of changes in capital for the periods ending December 31, 2012 and 2011.

5. DISCONTINUED OPERATIONS

On May 8, 2012, the Company sold the property and equipment and customer accounts of its Northern California Agency for net sales proceeds of $ 585,763 including transaction costs of $ 364,378. The Company realized a gain from discontinued operations of $ 270,249, which includes the gain on disposal of $ 331,283 from the sale.

On June 8, 2011, the Company sold the property and equipment and customer accounts of its Southern California Agency locations. In conjunction with the sale, the lenders agreed to settle the remaining balance of the U.S. Senior note totaling $5,379,000 (U.S.$5,500,000) for the net sales proceeds of $1,095,360 (U.S.$1,120,000) and terminated and released the Company from all obligations under the loan agreements. The Company realized a gain from discontinued operations of $493,028, which includes the gain on disposal of $524,272 from the sale. The gain on sale of discontinued operations of $524,272 is comprised of a discount on the U.S. loan of $4,283,640 (U.S. $4,380,000) and the net loss on the sale of the assets of $3,759,368.

The balance sheet related to the discontinued operations is presented below:

Balance Sheet as at

Non-current assets		**March 31, 2012**
Property and equipment	$	21,917
Customer accounts		248,264
Total non-current assets	$	270,181

The gain (loss) from discontinued operations for the three and nine month periods ended December 31, 2012 and 2011 is summarized below:

	Three months ending December 31, 2012			Three months ending December 31, 2011		
	Southern California Agency	Northern California Agency	Total	Southern California Agency	Northern California Agency	Total
Revenue from discontinued operations	$ -	$ -	$ -	$ -	$ 330,327	$ 330,327
Expenses of discontinued operations	-	(5,278)	(5,278)	(17,171)	(383,490)	(400,661)
Earnings (loss) from discontinued operations	-	(5,278)	(5,278)	(17,171)	(53,163)	$ (70,334)
Gain (loss) on sale of discontinued operations	-	(23,993)	(23,993)	(46,160)	-	(46,160)
Gain (loss) from discontinued operations	$ -	$ (29,271)	$ (29,271)	$ (63,331)	$ (53,163)	$ (116,494)

	Nine months ending December 31, 2012			Nine months ending December 31, 2011		
	Southern California Agency	Northern California Agency	Total	Southern California Agency	Northern California Agency	Total
Revenue from discontinued operations	$ -	$ 131,825	$ 131,825	$ 512,170	$ 822,646	$ 1,334,816
Expenses of discontinued operations	-	(192,859)	(192,859)	(504,496)	(1,085,143)	(1,589,639)
Earnings (loss) from discontinued operations	-	(61,034)	(61,034)	7,674	(262,497)	$ (254,823)
Gain (loss) on sale of discontinued operations	-	331,283	331,283	579,338	-	579,338
Gain (loss) from discontinued operations	$ -	$ 270,249	$ 270,249	$ 587,012	$ (262,497)	$ 324,515

6. LONG-TERM DEBT

	December 31, 2012	March 31, 2012
Senior notes – 4.5% – 6.75%, due between June 2018 and January 2019 (a)	$ 14,336,003	$ 15,187,876
U.S. Note payable – 6.75% interest only, due February 2017 (b(ii))	2,487,250	2,497,750
U.S. Note payable – 1% per month interest only, due January 2013 (b(ii))	1,193,880	1,448,695
Obligations under capital leases, collateralized by the assets under lease	42,496	15,981
	18,059,629	19,150,302
Deferred financing costs- Senior notes	(128,649)	(128,649)
Accumulated amortization	58,240	48,591
	(70,409)	(80,058)
	17,989,220	19,070,244
Less: Current Portion	(2,410,631)	(2,604,006)
	$ 15,578,589	$ 16,466,238

a) Per amendments to the loan agreement, the Company had principal repayment holidays on one Senior note ($6,921,582) totaling $805,505 from March 1, 2011 to March 1, 2012. Effective March 31, 2012, the terms of the Senior notes were amended to increase the amortization period from the remaining approximate six to seven years, to ten years, with maturity dates remaining between 2018 and 2019.

The Senior notes are secured by the Canadian assets only with a guarantee provided by the Company.

The Company is also subject to certain covenants on an ongoing basis, with failure to maintain compliance resulting in the loans becoming due on demand. The Company is in compliance with the covenants.

b) (i) On June 8, 2011, the Company sold the property and equipment and customer accounts of its Southern California Agency locations. In conjunction with the sale, the lenders agreed to settle the remaining balance of the U.S. Senior note totaling U.S. $ 5,500,000 for the net sales proceeds and terminated and released the Company from all obligations under the loan agreements. See Note 5.

(ii) From January 2011 until February 2012, the Company withheld interest payments on the U.S. note payable resulting in a default of the U.S. note payable and the U.S. note payable becoming due on demand. As a result of the default, the interest rate was increased from 14% to 19% resulting in $ 169,816 in additional interest payments and a penalty charge of $ 59,126.

On February 21, 2012, the Company and the U.S. lender reached a memorandum of understanding of the terms for the settlement and restructuring of the U.S. $3,250,000 note and outstanding interest and penalties whereby the existing note would be cancelled and restructured for cash and a new note. Under the terms of the memorandum of understanding, the Company paid U.S. $50,000 on acceptance of the amended terms and U.S. $250,000 on April 15, 2012. As part of the formal settlement agreement finalized with the lender of the U.S. Note payable on August 21, 2012, new notes were issued for U.S. $2,500,000 maturing in five years with interest only payments at 6.75% per annum and U.S. $1,200,000 bearing interest at 0.5625% for the month ending September 21, 2012 and then subject to interest at 1% per month for each 30 day extension beginning September 21, 2012.

See note 7c.

The U.S. denominated debt is secured by the U.S. assets only with a guarantee provided by the Company.

c) The Company is obligated to make the following principal payments in each of the next five fiscal years:

2013	$	2,410,631
2014		1,288,088
2015		1,358,628
2016		1,431,508
2017		4,005,949
Thereafter		7,564,825
	$	18,059,629

7. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value
Unlimited class B voting preferred shares without par value
Unlimited class C non-voting preferred shares without par value

Issued

All common shares issued are fully paid, carry one vote per share and carry a right to dividends

b) Normal Course Issuer Bid

The Company receives regulatory approval from the TSX Venture Exchange (the “Exchange”) to make a normal course issuer bid. Pursuant to the bid, the Company could purchase up to 10% of its common shares issued and outstanding at the time of the bid.

- 2013 - The bid commenced May 19, 2012 and will terminate on May 18, 2013 and pursuant to the bid, the Company has approval to purchase up to 1,022,447 of its common shares. The Company has repurchased 81,000 common shares under the bid.

- 2012 - The bid commenced May 19, 2011 and terminated on May 18, 2012 and pursuant to the bid, the Company had approval to purchase up to 954,063 of its common shares. The Company repurchased 24,000 common shares under the bid. As at March 31, 2012, 7,500 of the repurchased shares were cancelled subsequent to the year end on April 13, 2012.

- 2011 - The bid commenced May 14, 2010 and terminated on May 13, 2011 and pursuant to the bid, the Company had approval to purchase up to 967,235 of its common shares. The Company repurchased 446,000 common shares under the bid.

c) Common Shares Issued for Settlement of Interest on U.S. Note Payable

Beginning January 1, 2010, 4% of the annual interest payments due on the U.S. Note payable were to be paid in common shares of the Company until maturity of the loan on April 30, 2012. The pricing of the common shares issued was determined based on the current trading price of the common shares of the Company as at the close of business on the first trading day after January 1st each year. With the required regulatory approvals received, the Company issued common shares for 4% of interest payable as follows: 2011- 314,287 common shares at $0.41 per share and 2010- 272,061 common shares at $0.50 per share.

As part of the formal agreement terms for the settlement and restructuring of the U.S. Note payable finalized with the U.S. lender on August 21, 2012, the 2011 outstanding and future interest payments of 4% on the U.S. Note payable will be payable in cash not common shares. In accordance with the agreement, the 314,287 common shares issued in 2011 were cancelled. See note 6 b)(ii).

8. NON-CONTROLLING INTEREST IN CONSOLIDATED SUBSIDIARY

On June 10, 2008, April 23, 2009 and July 14, 2010, the Company closed equity financings under which non-controlling interests in a consolidated subsidiary of the Company, which operates the Canadian operations, were sold. Under IFRS, transactions with non-controlling interests are treated as transactions with equity owners of the Company. Gains or losses on disposals to non-controlling interests are computed and recorded in equity.

Within the unanimous shareholder agreement, there is a contingent put option with the non-controlling shareholder. See Note 15.

Distributions from the Canadian operations to the parent and non-controlling interest are paid as and when approved by the Board of Directors of the Canadian subsidiary. The distributions are based on a formula in the unanimous shareholder agreement.

9. SHARE-BASED COMPENSATION

The Company has an incentive share option plan, which provides for the award of share options to directors, officers, employees and consultants. A maximum 1,601,395 common shares remain reserved under the plan. The terms and exercise prices of all share option awards are determined by the directors at the time of issue.

Changes in share options during the nine month period ended December 31, 2012 and the year ended March 31, 2012 are as follows:

	December 31, 2012		March 31, 2012	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of period	450,000	$ 0.36	450,000	$ 0.36
Awarded	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	450,000	$ 0.36	450,000	$ 0.36

The following table sets forth information relating to share options outstanding as at December 31, 2012:

Expiry		Exercise price	Number outstanding at December 31, 2012	Weighted average remaining contractual life		Weighted average exercise price	Number exercisable at December 31, 2012		Weighted average exercise price
April 1, 2013	$	0.36	450,000	0.25	$	0.36	450,000	$	0.36

10. RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties from time to time in the normal course of business.

During the period ended December 31, 2012, the Company incurred $ 2,365 (2011- $ nil) of consulting fees charged by a director.

11. COMMITMENTS

The Company leases office premises under operating leases that expire at various dates during the 2013 through 2018 fiscal years. In addition, the Company has current obligations under certain advertising contracts. The Company's minimum lease and other payments under the agreements are as follows:

2013	$	780,124
2014		312,823
2015		252,669
2016		208,945
2017		186,114
And thereafter		186,114
	$	1,926,789

12. INTEREST AND FINANCING COSTS

		Three months ending December 31, 2012		Three months ending December 31, 2011		Nine months ending December 31, 2012		Nine months ending December 31, 2011
Canadian operations								
Interest on long-term debt	$	213,527	$	233,696	$	658,868	$	705,631
Amortization of deferred financing costs and loan discount		3,217		3,217		9,649		9,649
Interest on obligations under capital lease		2,036		373		2,076		1,604
		218,780		237,286		670,593		716,884
U.S. operations								
Interest on long-term debt	$	78,289	$	157,942	$	173,124	$	497,961
Amortization of deferred financing costs and loan discount		-		2,928		-		8,503
Interest on obligations under capital lease		948		643		2,193		2,001
		79,237		161,513		175,317		508,465
	$	298,017	$	398,799	$	845,910	$	1,225,349

13. SEGMENT INFORMATION

The Company operates in two different geographic regions, Canada and the United States. Each geographic region is subject to different regulatory environments.

Three month period ended December 31, 2012

Operating Segments	Canada	U.S.	Corporate and other (1)	Consolidated
Revenue	$ 2,390,384	$ 721,667	$ -	$ 3,112,051
Operating expenses	1,442,697	662,263	184,621	2,289,581
Earnings before interest, income taxes, depreciation and amortization	947,687	59,404	(184,621)	822,470
Depreciation and amortization	179,998	3,813	-	183,811
Interest and financing costs	218,780	79,237	-	298,017
Income tax expense	177,271	-	747	178,018
Net earnings (loss) from continuing operations	371,638	(23,646)	(185,368)	162,624
Gain (loss) from discontinued operations	-	(29,271)	-	(29,271)
Total assets (2)	11,724,536	5,984,042	122,772	17,831,350
Total liabilities	16,004,640	3,888,028	474,367	20,367,035
Non-current assets	9,331,370	5,023,247	-	14,354,617

Three month period ended December 31, 2011

Operating Segments	Canada	U.S.	Corporate and other (1)	Consolidated
Revenue	$ 2,400,264	$ 772,873	$ -	$ 3,173,137
Operating expenses	1,420,191	699,941	138,261	2,258,393
Earnings before interest, income taxes, depreciation and amortization	980,073	72,932	(138,261)	914,744
Depreciation and amortization	193,989	4,464	-	198,453
Interest and financing costs	237,286	161,513	-	398,799
Income tax expense (recovery)	185,707	-	1,937	187,644
Net earnings (loss) from continuing operations	363,091	(93,045)	(140,198)	129,848
Gain (loss) from discontinued operations	-	(116,494)	-	(116,494)
Total assets (2)	12,604,505	6,746,585	87,682	19,438,772
Total liabilities	17,389,424	4,232,639	146,383	21,768,446
Non-current assets	10,057,138	5,453,595	-	15,510,733

Nine month period ended December 31, 2012

Operating Segments	Canada	U.S.	Corporate and other (1)	Consolidated
Revenue	$ 7,439,494	$ 2,231,186	$ -	$ 9,670,680
Operating expenses	4,191,982	2,067,180	656,175	6,915,337
Earnings before interest, income taxes, depreciation and amortization	3,247,512	164,006	(656,175)	2,755,343
Depreciation and amortization	568,731	10,814	-	579,545
Interest and financing costs	670,593	175,317	-	845,910
Income tax expense	637,211	-	2,641	639,852
Net earnings (loss) from continuing operations	1,370,977	(22,125)	(658,816)	690,036
Gain (loss) from discontinued operations	-	270,249	-	270,249
Total assets (2)	11,724,536	5,984,042	122,772	17,831,350
Total liabilities	16,004,640	3,888,028	474,367	20,367,035
Non-current assets	9,331,370	5,023,247	-	14,354,617

Nine month period ended December 31, 2011

Operating Segments	Canada	U.S.	Corporate and other (1)	Consolidated
Revenue	$ 7,708,458	$ 2,131,506	$ -	$ 9,839,964
Operating expenses	4,292,455	2,015,230	611,900	6,919,585
Earnings before interest, income taxes, depreciation and amortization	3,416,003	116,276	(611,900)	2,920,379
Depreciation and amortization	706,651	12,964	-	719,615
Interest and financing costs	716,884	508,465	-	1,225,349
Income tax expense (recovery)	647,318	-	7,852	655,170
Net earnings (loss) from continuing operations	1,345,150	(405,153)	(619,752)	320,245
Gain (loss) from discontinued operations	-	324,515	-	324,515
Total assets (2)	12,604,505	6,746,585	87,682	19,438,772
Total liabilities	17,389,424	4,232,639	146,383	21,768,446
Non-current assets	10,057,138	5,453,595	-	15,510,733

(1) Corporate and other operating profit includes corporate expenses, certain share-based compensation costs, and other operating expenditures that are not allocated.
(2) All assets are allocated to the operating segments that utilize and manage the assets.

Included in revenue for the nine month period ended December 31, 2012 are revenues of $ 6,218,075 or 64% of revenues which arose from brokerage activities with the Company's two largest insurance carriers which are reflected in the Canadian operating segment.

Included in revenue for the nine month period ended December 31, 2011 are revenues of $ 6,615,825 or 67% of revenues which arose from brokerage activities with the Company's two largest insurance carriers which are reflected in the Canadian operating segment.

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the periods ended December 31, 2012 and 2011, the Company had non-cash transactions as follows:

	Nine months ending December 31, 2012	Nine months ending December 31, 2011
Operating activities		
Interest on U.S. note payable settled with common shares	$ -	$ (96,557)
Management bonus settled with common shares	-	(106,175)
	-	(202,732)
Financing activities		
Repayment on long-term debt with proceeds on sale of discontinued operations	-	1,095,360
Capital lease for financing property and equipment purchase	38,764	-
Leasehold liability for financing leasehold improvements	-	364,250
Common shares issued to settle management bonus	-	106,175
Common shares issued to settle interest on U.S.note payable	-	96,557
	38,764	1,662,342
Investing activities		
Proceeds on sale of discontinued operations used to repay long-term debt	-	(1,095,360)
Property and equipment additions financed by capital lease	(38,764)	-
Leasehold improvements financed by leasehold liability	-	(364,250)
	(38,764)	(1,459,610)
	$ -	$ -
Additional Information:		
Interest paid	$ 837,987	$ 744,437
Income taxes paid	$ 604,884	$ 794,461

15. CONTINGENCIES

The Company may, from time to time, be involved in various claims, lawsuits, disputes with third parties, actions involving allegations of discrimination, or breach of contract incidental to the operations of its business. The Company is not currently involved in any such incidental litigation which it believes could have a materially adverse effect on its financial condition or results of operations.

As part of the unanimous shareholder agreement with the non-controlling interest, there is a contingent put option which if exercised will require the Company to purchase the non-controlling interest. The contingent put option can only be exercised, within 60 days written notice, if:

- There is an arm's length third party offer to purchase the consolidated subsidiary and the non-controlling shareholder wishes to accept, but the Company does not, then the non-controlling shareholder can exercise the put option for the price set out in the offer, or
- There is a change of control in the consolidated subsidiary or the Company, the non-controlling shareholder can exercise the put option for the higher of fair value formula in the unanimous shareholder agreement or the price set out in the change of control transaction.

There is uncertainty as to the occurrence, timing and amount of the cash outflow since the put option is contingent on a third party offer or purchase.

See Note 8.