EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended November 30, 2015 and 2014

Dated: January 27, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial conditions of EA Education Group Inc. ("EA" or the "Company") for the three months ended November 30, 2015. This MD&A is supplemental to and should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements and accompanying notes of the Company for the first quarter ended November 30, 2015. These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. Reference should also be made to the Company's filings with Canadian securities regulatory authorities which are available at www.sedar.com.

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee. The audit committee reviews and prior to its publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

All dollars amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements that are subject to certain risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "continue", "expect", "may", "will", "believe", "should" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made. These forward-looking statements include, but are not limited to, statements relating to:

- The Company's ability to continue as a going concern;
- The Company's ability to raise additional capital through the issuance of equity or debt instruments;
- The Company's strategies and objectives;
- General business and economic conditions;
- The Company's ability to meet its financial obligations as they become due;
- The Company's ability to identify, successful negotiate and/or finance an acquisition of a new business opportunity;
- The negative cash flows from operations and financial viability of new business opportunities;
- The Company's ability to manage growth with respect to a new business opportunity; and
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the lists of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof.

OVERVIEW

EA Education Group Inc. (formerly "Kenieba Goldfields Ltd.") (the "Company" or "EAEG") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) under the name "1156261 Ontario Inc." on November 21, 1995. The Company changed its name to "Croesus Gold Inc." on July 19, 1996, and continued into British Columbia pursuant to the Business Corporations Act (British Columbia) on November 17, 2006 under the name "Croesus Gold Inc.". On June 20, 2008, the Company changed its name to "Kenieba Goldfields Ltd." ("Kenieba") that was listed on the Canadian Securities Exchange ("CSE") under the trading symbol "KEN". Its principal business at the time was to acquire, explore and develop mineral property.

On February 18, 2015, Kenieba acquired 100% ownership of EA Education Group Inc. ("EAEG Private") by issuing 120,000,000 common shares to the shareholders of EAEG Private. The reverse takeover ("RTO") resulted in the previous shareholders of EAEG Private obtaining control of the combined entity. Subsequent to the acquisition, Kenieba changed its name to EA Education Group Inc. and its stock symbol from "KEN" to "EA".

The Company, together with its subsidiaries, provides international educational service and comprehensive student housing services in Canada and China. The address of the Company's corporate office and principal place of business is 1 Scarsdale Road, Toronto, Ontario M3B 2R2.

EAEG is a leading provider serving the unique needs of international junior and senior high school students and an active promoter of international education & cultural exchange between Canada and China. As a local Canadian international education service provider, EAEG provides comprehensive student housing services for international junior and senior high school students in Canada.

EAEG deliveries to international students (all of whom are currently from China and most of them are teenagers) certain advisory and complimentary services that assists them in undertaking and improving their education experiences in both China and Canada. EA services have been focused on:

a) Student-housing services for international students in Canada. The student-housing services range from basic room-rental arrangements to complete accommodation arrangements and ongoing immersion programs. Currently, EA's offerings is mainly located in Toronto for international students staying in the Great Toronto Area;

b) Education program & services that provide off-campus education programs. The offering provides, through its licensed partners in China (known as "EA clubs"), training for junior and senior high school students in China to explore and expand their career interests, English skills and knowledge related to Canadian culture and education system and helps them prepare for their future overseas studies. The first EA Club in China was established in 2012. Currently, EA has developed 14 EA Clubs in China, and the number is expected to reach up to 50 in 2016. The Company delivers services and aids in operating the EA Clubs with non-arms' length partner in China Guangzhou Zhongjiu Education Consulting Co. Ltd. ("Zhongjiu").

c) Educational and cultural exchange conferences/events/camps in Canada that aim to promote international education and culture exchange between Canada and China.

Most importantly EAEG has successfully encapsulated their education and cultural experiences into its proprietary and unique education system referred to as "L-TIP". L-TIP includes integration of ESL programs, health & physical education, academic courses, career exploration, arts, hospitality, etc. The goal of its proprietary training program is to provide sound preparations for the future oversea studies of these teenage students. Currently, the total of the Company's EA clubs has reached to 14 after its first establishment in 2012.

The Company strongly believes that every child has his/her own talents and that the Company tries to inspire students to develop all aspects of their character so that reach their full potential. The Company wants all of its students to be able to experience the ability to realize that they can "Dream….Vision….Success".

The Company aims to be a high quality, one-stop international educational services provider to students from overseas, aiding them in accessing prestigious Canadian educational institutes and to learn under world-class learners.

FIRST QUARTER EVENTS

- On September 18, 2015, the Company announced that it establishes an EA Education Center at its existing premises in Toronto. This education center would provide a variety of after-school academic and recreation programs for primary and secondary school students. The education center held its first open house on September 18, 2015.

- The Company's core strategy regarding business development remains to add more licensed education service providers (known as “EA clubs”) to its growing network of clubs in China, and develop its newly acquired private high school in Canada.

SUBSEQUENT EVENTS

As at January 5, 2016, the promissory notes receivable from the Shareholders in the amount of $790,580 has been paid off by the Shareholders with interest of $33,808.

SELECTED ANNUAL CONSOLIDAED FINANICAL DATA[1]

Annual information for the last three years is outlined below:

		For the year ended August 31, 2015		For the year ended August 31, 2014 (restated)		For the year ended August 31, 2013
Total revenues	$	1,606,346	$	1,033,401	$	10,192
Net income (loss) and comprehensive income (loss) for the year		(2,013,909)		158,940		(155,064)
Total assets		3,197,502		1,482,619		279,192
Total current liabilities		875,576		1,527,398		483,010
Total long-term financial liabilities	$	12,308	$	Nil	$	Nil
Cash dividends declared per share		Nil		Nil		Nil

1 The information presented is derived from the respective annual financial statements which have been prepared by management and are in accordance with IFRS and presented in Canadian dollars.

The Company's revenue has increased significantly over the last three fiscal years. This increase is the result of the Company's continued expansion of its business activities.

During the year ended August 31, 2015, the Company finished the reverse take-over, acquired Duke College and expanded its EA club network in China, while improving its overall operations against the standard of leading public-listed companies in the same education and training industry. These expansion and improvement efforts substantially increased the annual revenue as well as operational spending.

During the year ended August 31, 2015, the Company had a net loss of $(2,013,909) (2014 net income of $158,940), resulting in a loss per share of $(0.02) (2014: $0.01).

SUMMARY OF QUARTERLY RESULTS

	Q1'16	Q4'15	Q3'15 (restated)	Q2'15 (restated)
Revenue	$ 442,000	597,816	$ 515,892	$ 208,882
Net income (loss)	$ (17,154)	(727,330)	$ (95,465)	$ (1,058,561)
	Q1'15 (restated)	**Q4'14 (restated)**	**Q3'14**	**Q2'14**
Revenue	$ 283,756	582,727	$ 382,211	$ 40,122
Net income (loss)	$ (132,553)	64,006	$ 80,512	$ 8,452

The information presented is derived from the respective unaudited interim financial statements which have been prepared by management using accounting policies consistent with IFRS and in accordance with IAS 34-Interim Financial Reporting.

The Company's business is seasonal, and the results of its operations depend significantly upon the nature of its services, the commencing time of student housing services and international education exchange events. These potential seasonality factors should also be considered together with the rapid growth of the business. The Company's student housing offering, in relation to international student services, are rental and sale of any homestay related services. At present, the target geographical area of the service offering is in the Great Toronto Area. The Company's education program and service is primarily focused on China market. As such, management believes that the rapid growth of its business in China will have material affects moving forward. For the Company's international education exchange events, the present target service offering is in Canada. Due to temperature influences on some events in Canada, summer may have peak seasons.

RESULTS OF OPERATIONS

Three months ended November 30, 2015

The following should be read in conjunction with the unaudited financial statements of the Company and notes attached for the three months ended November 30, 2015.

For the three months ended November 30, 2015, revenue increased by $158,244 or 56% quarterly increase over last year mainly due to the Company's continued growths from both student housing fees in Canada and educational program and services in China as well as the acquisition of Duke College.

For the three months ended November 30, 2015, direct costs increased by $22,344 compared to the same period last year due to increase in revenue.

The Company reported a net loss of $(17,154) for the three months ended November 30, 2015, compared to net loss of $(132,553) for the three months ended November 30, 2014.

Mainly due to the improvement efforts benchmarking industry leaders as well as the compliance costs of being a public-listed reporting issuer, the Company incurred increases in following expense categories:

- $29,990 increase in Rent and utility
- $38,842 increase in Commission
- $29,104 increase in Professional fees
- $4,429 increase in Bad debt

As the Company continued to improve its efficiency in this quarter, the Company incurred decreases in following expense categories:

- $18,146 decrease in Marketing and promotion
- $8,381 decrease in Travel, automobile and entertainment
- $17,084 decrease in General and administrative
- $10,743 decrease in Payroll and consulting

Seasonality

Education services offered by the Company are exposed to some seasonality risk due to factors including, but not limited to, the nature of its services, the commencing time of student housing services

and international education exchange events. These potential seasonality factors should also be considered together with the rapid growth of the business.

The Company's student housing offering, in relation to international students services, are rental and sale of any student housing related services. At present, the target geographical area of the service offering is in the Greater Toronto Area.

The Company's education program and services are primarily focused on China market. As such, management believes that the rapid growth of its business in China will have material affects moving forward.

LIQUIDITY AND CAPITAL MANAGEMENT

The Company had a positive net working capital of $1,539,540 as of November 30, 2015. However, the Company generated funds mainly from private placements. The management plans to focus on profitability through generating revenue growth and improving operational efficiency.

The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary debt and equity financing to achieve its operating and developing objectives, and the Company's continuance of profitable operations. Management will continue, as appropriate, to seek other sources of financing on favourable terms as required; however, there are no assurances that any such financing can be obtained on favourable terms, if at all. The outcome of these matters cannot be predicted at this time.

Management of the Company has always been looking for ways and opportunities to increase gross revenue and eventual net earnings for the Company through opening up of new EA clubs in China and hope that they will generate more gross revenue and thus eventual net earnings. The Company is also looking for acquisitions through the issuance of shares of the Company for other operations in the same line of business that has strong cash flow, existing gross revenues and maybe net earnings. At the same time, the Company is looking for ways to reduce its operational expenses while generating more revenue through directly marketing to potential students or using lower-cost vendors in China to provide certain software development and program design services.

There was no stock option granted or cancelled during the period ended November 30, 2015.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Operating leases:

The Company has entered into various operating lease agreements for leased premises and rental properties for student housing in the normal course of operations, with the rents being charged to operations incurred during the year. The minimum operating lease payments in successive years are as follows:

	November 30, 2015
Less than one year	$ 235,343
After one year but not more than three years	92,498
After three years but not more than five years	-
After five years	-
Total Commitments	$ 327,841

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not enter into off-balance sheet arrangements with special purpose entities in the normal course of its business, nor does it have any unconsolidated affiliates.

SHARE CAPITAL

As at the date of this report, the Company has 171,132,868 common shares outstanding, 6,875,000 warrants outstanding at an exercisable price of $0.10 per share. The Company has no stock options outstanding.

Issuances of share capital:

a) In 2013, EAEG private issued 1,000,000 common shares for gross proceeds of $99.

b) On February 18, 2015, in a reverse takeover acquisition, the outstanding shares of EAEG private were exchanged for 120,000,000 common shares of the Company.

c) Concurrent with the reverse takeover transaction, the Company completed a non-brokered private placement for 15,000,000 common shares at $0.05 per share for aggregate proceeds of $750,000. The Company paid finders' fees of $60,000 in cash.

d) On April 27, 2015, the Company completed the first tranche for 8,452,000 common shares for an aggregate amount of $1,690,400. The Company continues its offering to raise up to $4,000,000. The Company paid finders' fees of $106,032 in cash.

e) On June 15, 2015, 1,500,000 common shares were issued at $0.20 for the acquisition of Duke.

f) On August 24, 2015, the Company closed on a second tranche of a private placement, as previously announced on April 14, 2015.The second tranche raised aggregate gross proceeds of $423,000 by the issuance of 2,115,000 common shares at $0.20 per common share.

Securities held in escrow

Pursuant to the escrow agreement, 120,000,000 common shares issued to the shareholders of EAEG private were escrowed subject to release only with regulatory approval to the release provisions of the escrow agreement. As of November 30, 2015, 80,000,000 common shares are still held in escrow.

Stock options

Concurrent with the reverse takeover transaction, the Company adopted its existing stock option rolling plan to reserve 10% of issued shares for issuance to executive officers, directors, employees and consultants of the Company. Under the plan, the exercise price of each option is set on the date of grant at no less than the discount market price of the Company's stock as determined per the CSE policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors. There were no stock options granted during the years ended November 30, 2015 and 2014. There were no stock options outstanding as at November 30, 2015 and 2014. No stock-based compensation expense was recognized for the periods ended November 30, 2015 and 2014.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Life Remaining
Warrants outstanding and exercisable, August 31, 2013	-		-	
Warrants issued	6,875,000	$	0.10	
Warrants outstanding and exercisable, August 31, 2014	6,875,000	$	0.10	1.80
Warrants outstanding and exercisable, August 31, 2015	6,875,000	$	0.10	0.80
Warrants outstanding and exercisable, November 30, 2015	6,875,000	$	0.10	0.80

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair Value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - one or more significant inputs used in a valuation technique to determine fair value are unobserved.

The Company did not have any financial instruments measured at fair value as of November 30, 2015 and 2014.

The carrying amount of the Company's cash, trade receivable, due to and due from related parties, loan receivable, accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the loss associated with a counter party's inability to fulfill its payment obligations. The Company's exposure to credit risk includes cash and cash equivalents, trade and other receivables, short-term investments. The Company's maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company reduces its credit risk by: maintaining its bank accounts and short-term investments at large financial institutions, and monitoring trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that sufficient cash and credit facilities are available to meet liabilities when due. As at November 30, 2015, the Company had working capital (deficiency) of $1,539,540 (August 31, 2015: $1,539,110). The Company remains dependent on the continued financial support of its shareholders and is subject to significant liquidity risk.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change during in the currency exchange rates between the Canadian Dollar relative to Chinese Yuan would not have had a significant effect on the Company's results of operations during the three months ended November 30, 2015 and 2014.

Market Risk

The significant market risks exposure to which the Company is exposed to is foreign currency risk. The Company has managed its foreign currency risk by selling to most of its customers in China at Canadian currency. Management will continue with this strategy in marketing its services to customers in all foreign countries. As such, the Company's exposure to foreign currency risk is minimal. Management will continue to take all possible measures to mitigate different foreign currency risks to a minimum.

Capital Management

The Company's capital management objectives are to ensure sufficient liquidity to support its financial obligations and raise the necessary equity financing to execute its operating and strategic growth plans. In the management of capital, the Company includes items in shareholders' equity (excluding accumulated other comprehensive income) in the definition of capital. 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. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Board of Directors oversees the Company's capital structure and financial management, approves matters related to acquisitions, investments and financing and continuously monitors the Company's exposure to financial risks.

The Company is still currently in its development stage, and has not paid dividends on any occasion, but has instead reinvested the generated profits mainly to finance ongoing development activities and thereby create growth for the Company. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned business expansion and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

TRANSACTIONS WITH RELATED PARTIES

The Company defines related parties to include significant shareholders, key management and officers and directors, as well as companies controlled by them.

		November 30, 2015		August 31, 2015
Due from Zhongjiu (a)	$	269,898	$	226,598
Due from shareholders (b)		787,583		790,580
Due from EA Homestay Inc. (c)		35,628		41,998
Due from related parties	**$**	**1,093,109**	**$**	**1,059,176**
Due to shareholders ()	$	-	$	-
Due to directors (d)		(42,000)		(33,000)
Due to ISMAC (e)		-		-
Due to related parties	**$**	**(42,000)**	**$**	**(33,000)**

(a) On March 28, 2012, the Company entered into a Strategic Partnership Cooperation Agreement (the "Agreement") with Guangzhou Zhongjiu Education Consulting Co., Ltd ("Zhongjiu"), a company controlled by significant shareholders who are also officers and directors of the Company. The Agreement is for ten years until March 27, 2022. At the expiry date, the Agreement will be automatically renewed for the same period unless one or both of the parties terminates the Agreement. As a strategic partner of the Company, Zhongjiu is to represent the Company to collectively market and execute the Company's growth strategy in China. The day-to-day management of the Company's EA clubs is entrusted with Zhongjiu, but the overall management of these Company's EA clubs in China still rests with the Company. Zhongjiu itself also owns an EA club ("Zhongjiu Club").
In return, the Company waived Zhongjiu Club's education service fee until December 31, 2013. The Company has continued to charge Zhongjiu for its ongoing management fees and student registration fees since January 1, 2014. In addition, when the number of the Company's EA clubs in China reaches more than 50, 20% of the service fee from these clubs will be shared by Zhongjiu. For the three months ended November 30, 2015, the revenue from Zhongjiu was $43,300(2014: $48,221). As of November 30, 2015, the balance of due from Zhongjiu is $269,898 (2014: $226,598). The Company also has a loan receivable from Zhongjiu.

(b) Due from shareholders as at November 30, 2015 comprised promissory notes from the two significant shareholders of the Company (the "Shareholders") who are also the officers and directors of the Company. The promissory notes were signed in June 2015 and bore interest of 8% per annum. The promissory notes were due on demand of the Company and paid off by the Shareholders subsequent to the year end.

As of August 31, 2014, due to shareholders of $1,148,218 comprises mainly of various expenditures paid by the Shareholders on behalf of the Company to sustain the Toronto office's daily operations and unpaid salaries. Due to shareholders bore no interest and was due on demand.

(c) EA Homestay Inc. is a company controlled by one of the Shareholders. EA Homestay Inc. paid certain expenditures related to the Company's student housing services on behalf of the Company.

(d) Due to directors represents the director fees payable to the Company's directors.

(e) On April 3, 2014, the Company signed a one-year Sponsorship Agreement with International Student Management and Association of Canada ("ISMAC") for education marketing and supporting services. The agreement was effective from June 1, 2014 to May 31, 2015. The annual sponsorship fee was $36,000. After May 31, 2015, the Company did not renew this sponsorship agreement. ISMAC is a non-profit organization controlled by the Shareholders. The sponsorship fee was related to marketing and supporting services provided by ISMAC. For the year ended August 31, 2015, marketing and promotion expenses of $27,000 were related to this agreement and recorded in profit or loss. As at August 31, 2015, the Company owed $nil (August 31, 2014:$3,000) payable to ISMAC.

(f) For the year ended August 31, 2015, the Company incurred compensation to the Company's officers and directors in the amount of $nil (2014: $15,000).

(g) The Company rented two properties from one of the Shareholders for the Company's student housing services and paid rent in the amount of $30,600 for the year ended August 31, 2015 (2014: 30,600)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A detailed summary of the Company's significant accounting policies is included in Note 3 and 4 to the Condensed Consolidated Interim Financial Statements for the three months ended November 30, 2015.

Management considers the following areas to be those where the significant estimates, which may involve assumptions requiring the application of judgments, are used in the preparation of the Company's consolidated financial statements.

Useful life of intangible assets

Management has applied judgments in determining the useful life of intangible assets with finite life. The useful lives are reviewed at each financial year end and adjusted prospectively.

Valuation of accounts receivable

Management has made an assessment of whether trade receivables are collectable from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment on an individual basis for major clients, and, if required, using a set percentage applied to the aging of trade receivables based on historical pattern. Trade receivables are written off once determined not to be collectable. If future collections differ from estimates, future profit would be affected.

Business combinations and valuation of goodwill and intangible assets

The allocation of the purchase price for acquisitions involves determining the fair values assigned to intangible assets acquired. The Company estimated the fair value based on value in use. The calculations of value in use related to the acquisition of Duke College Inc. are most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Growth rate

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended August 31, 2015. Management prepares the financial statements on a going concern basis less management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company. The key assumptions used to determine the recoverable amount for the CGUs are disclosed and further explained in Note 17 of the financial statements.

ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at August 31, 2015.

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after September 1, 2014. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time, they did not have a material impact on the annual consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2010-2012

Cycle With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these consolidated financial statements. They include:

- IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. IFRS 3 Business Combinations The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39.

- IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

o An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’

o The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to

market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Company because it doesn't use revaluation model.

- IAS 24 Related Party Disclosures The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these consolidated financial statements. They include:

- IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

o Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

o This scope exception applies only to the accounting in the financial statements of the joint arrangement itself the Company is not a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

- IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

- IAS 40 Investment Property The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Company because the Company doesn't have any investment property.

Future accounting standards:

- IAS 1 Presentation of Financial Statements was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IFRS 1 immediately, but are not required to do so.

- IFRS 9 Financial Instruments: Classification and Measurement was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is available for application, with the mandatory effective date expected to be on or after January 1, 2018.

- IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 15 immediately, but are not required to do so.

OUTLOOK

The demand and requirement for EA's services are growing as more and more international students turn to Canada as a viable learning country. In fact, industry researchers estimated that in 2010, international students in Canada spent in excess of $7.7 billion on tuition, accommodation and discretionary spending; created over 81,000 jobs; and generated more than $445 million revenue to the government.

EA's operation will benefit significantly from favourable trends in the industry. More international students, especially students in China continue to demand high-quality private education and English training in Canada and China. The current GDP per capital in China will continue to support increased spending on high-quality private education provided by EA through its EA club network in China.

EA's future results of operation will depend upon our ability to increase student enrolments in current EA clubs in China and Duke College in Canada as well as EA's continuous expansion of EA club network in China. EA will continue to adjust its overall strategy to the targeted market for our courses, the local economy level and the local competition.

Overall, we will continue to attract investments from strategic business partners and seek opportunities to work with local partners to expand EA club's network. We will also scrutinize existing schools or teaching facilities for acquisition opportunities. We will look for opportunities to reduce our various operational expenses, especially promotion and marketing expenses.