Interim Consolidated Financial Statements of

IBI INCOME FUND

Three Months Ended March 31, 2007
(Unaudited)

IBI INCOME FUND

Interim Consolidated Balance Sheets
(In thousands of dollars)

	March 31, 2007	December 31, 2006
	(Unaudited)	
Assets		
Current assets:		
Accounts receivable	$ 46,827	$ 49,593
Work in process	30,768	22,783
Prepaid expenses and other assets	2,739	2,435
Income taxes recoverable	204	374
	80,538	75,185
Future income tax asset	866	870
Deferred charges	191	543
Property and equipment	6,001	5,145
Intangible assets	10,417	11,118
Goodwill	95,206	95,206
	$ 193,219	$ 188,067
Liabilities and Unitholders' Equity		
Current liabilities:		
Bank indebtedness - net (note 5)	$ 12,622	$ 4,641
Accounts payable and accrued liabilities	15,636	17,695
Distributions payable	2,030	1,917
Due to related parties (note 1)	849	850
Notes payable	4,211	4,706
Deferred revenue	7,234	7,887
Class C Unit (notes 7)	–	14,508
	42,582	52,204
Deferred credit - leases	630	703
Long-term debt (note 5)	24,000	10,000
Unrealized interest rate swap losses	556	–
Non-controlling interest (note 6)	47,245	46,818
Unitholders' equity:		
Unit capital (note 6)	89,220	89,220
Deficit	(10,246)	(10,659)
Accumulated other comprehensive loss	(768)	(219)
	78,206	78,342
	$ 193,219	$ 188,067

Contingencies (note 9)
Subsequent event (note 11)

See accompanying notes to interim consolidated financial statements.

IBI INCOME FUND

Interim Consolidated Statements of Earnings and Deficit
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Revenue:		
Fees	$ 41,556	$ 35,398
Expenses:		
Salaries, fees and employee benefits (note 7)	26,361	22,402
Rent (note 7)	2,257	1,904
Other operating	5,324	5,213
Amortization of property and equipment	536	376
Amortization of intangible assets	701	877
Amortization of deferred credit – leases	(73)	(90)
Interest	582	348
	35,688	31,030
Earnings before income taxes	5,868	4,368
Income tax expense		
Current	318	173
Earnings before non-controlling interest	5,550	4,195
Non-controlling interest	(2,052)	(1,875)
Net earnings	3,498	2,320
Earnings per unit	$ 0.4083	$ 0.3730
Weighted average number of units outstanding	8,567,778	6,219,378

See accompanying notes to interim consolidated financial statements.

IBI INCOME FUND

Interim Consolidated Statements of Changes in Unitholders' Equity
(In thousands of dollars)

(Unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Unit Capital:		
Unit capital, beginning of period	$ 89,220	$ 50,258
Units issued from treasury	–	38,962
Unit capital, end of period	89,220	89,220
Deficit:		
Deficit, beginning of period	(10,659)	(9,580)
Cumulative impact of implementing new accounting standards (note 3)	(315)	–
	(10,974)	(9,580)
Net earnings	3,498	2,320
Distributions declared to unitholders	(2,770)	(1,831)
Issue costs	–	(1,650)
Deficit, end of period	(10,246)	(10,741)
Accumulated other comprehensive loss (note 3):		
Cumulative impact of implementing new accounting standards	(867)	(18)
Net change in cumulative translation adjustment	7	16
Change in fair value of derivatives designated as cash flow hedges	92	–
Balance, end of period	(768)	(2)
Total unitholders' equity, end of period	$ (78,206)	$ (78,477)

Interim Consolidated Statements of Comprehensive Income
(In thousands of dollars)

(Unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Net earnings	$ 3,498	$ 2,320
Other comprehensive income (note 3):		
Unrealized gains and losses on translating financial statements of self sustaining foreign operations	7	16
Change in fair value of derivatives designated as cash flow hedges	92	–
Comprehensive Income	3,597	2,336

See accompanying notes to interim consolidated financial statements.

IBI INCOME FUND

Interim Consolidated Statements of Cash Flows
(In thousands of dollars)
(Unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Cash provided by (used in):		
Operating activities:		
Net earnings	$ 3,498	$ 2,320
Non-controlling interest	2,052	1,875
Items not affecting cash:		
Amortization of property and equipment	536	376
Amortization of intangible assets	701	877
Amortization of deferred credit - leases	(73)	(90)
Change in non-cash operating working capital		
Current assets	(5,353)	(7,823)
Future income tax asset	–	(15)
Deferred charges	37	(130)
Accounts payable	(2,059)	(3,107)
Notes payable	(495)	(30)
Deferred revenue	(653)	731
Income taxes payable	–	(2)
Acquisition of working capital (deficiency)	–	(604)
	(1,809)	(5,622)
Financing activities:		
Long term debt	14,000	–
Repayment of Class C Unit	(14,508)	–
Distributions paid to Unitholders	(2,699)	(1,445)
Distributions paid to non-controlling interest	(1,583)	(1,414)
Issuance of units (note 6)	–	38,962
Issue costs	–	(1,100)
Due to related parties	(1)	(5,280)
	(4,791)	29,723
Investing activities:		
Purchase of property and equipment	(1,394)	(587)
Acquisitions	-	(14,433)
	(1,394)	(15,020)
Effect of foreign currency translation	13	31
Net decrease (increase) in bank indebtedness	$ (7,981)	$ 9,112
Bank indebtedness net, beginning of period	(4,641)	(14,025)
Bank indebtedness net, end of period	$ (12,622)	$ (4,913)
Supplemental cash flow information:		
Income taxes paid	$ 148	$ 2
Interest paid	582	347

See accompanying notes to interim consolidated financial statements.

1. Organization and description of the business:

IBI Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario, which was created on July 23, 2004 to indirectly acquire and hold the outstanding Class A partnership units of IBI Group, a general partnership formed under the laws of the Province of Ontario. IBI Group also issued Class B partnership units to IBI Group Management Partnership (the "Management Partnership"), the entity that carried on the Fund's business prior to its acquisition by the Fund. The Management Partnership holds 5,025,778 Class B partnership units representing 37% of the issued and outstanding units of IBI Group and 1,847,200 units of the Fund, representing a total ownership of approximately 50.6% of IBI Group. The Management Partnership also holds 5,025,778 non-participating voting units of the Fund, which together with the 1,847,200 units of the Fund held by the Management Partnership, represent approximately 50.6% of the voting units of the Fund.

The Fund is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. IBI Group's business is concentrated in four main areas of development, being urban land, building facilities, transportation networks and systems technology. The professional services provided by IBI Group include planning, design, implementation, analysis of operations and other consulting services related to these four main areas of development.

On the closing of the Fund's initial public offering on August 31, 2004, the net working capital of the business of the Management Partnership was not acquired by the Fund. The remaining amount of such net working capital from the balance on hand at August 31, 2004 is being managed by the Fund and is being repaid to the Management Partnership as it is realized. As at March 31, 2007, $849 (December 31, 2006 - $850) had been realized, to be paid to the Management Partnership and is shown as a current liability.

2. Basis of presentation:

The accounting principles used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements. They do not include all the information and disclosure required by GAAP for annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2006.

3. Changes in Accounting Policies

Effective January 1, 2007, the Fund adopted new accounting recommendations from the Canadian Institute of Chartered Accountants (CICA), Handbook Section 1530, Comprehensive Income, Section 1651, Foreign Currency translation, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3865 Hedges.

Section 1530 established standards for reporting and presenting a comprehensive income statement. The statement of comprehensive incomes shows a total of the net income recognized by the Fund, in addition to the other comprehensive income of the Fund. Other comprehensive income items are items which are being shown on the balance sheet at their fair value until the items are realized.

Section 3855 requires all financial assets and financial liabilities to be classified as one of five categories. Financial assets are to be classified as either held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at fair value in the consolidated balance sheet, except held to maturity financial assets, loans and receivables and other financial liabilities which are measured at cost or amortized cost. The Fund has implemented the following classifications:

- Accounts receivable and work in process are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Fund, the measured amount generally corresponds to cost due to their short-term maturity.
- Bank indebtedness and cash balances are classified as “Financial Assets Held for Trading”. They are presented at their fair value and the gains/losses arising on the revaluation at each period end are included in consolidated income. The carrying value of bank indebtedness and cash is a reasonable estimate of their fair value due to their short-term maturity.
- Derivative financial instruments that are designated as cash flow hedges are classified as “Assets and Liabilities Available for Sale”. They are presented at their fair value, representing the approximate amount the Fund would receive or pay on settlement of these contracts at spot rates, and the gains/losses arising from the revaluation at the end of each period are included in other comprehensive income. The impact of remeasuring hedging derivatives on the interim consolidated financial statements on January 1, 2007 was to recognize unrealized interest rate swap losses and opening accumulated other comprehensive loss of $648. The impact of remeasuring hedging derivatives on the interim consolidated financial statements for the three months ended March 31, 2007 was other comprehensive income of $92.
- Accounts payable and accrued liabilities, notes payable and long-term debt are classified as “Other Financial Liabilities”. They are initially presented at their cost or amortized cost. Subsequent measurements are at cost, net of amortization, using the effective interest rate method. For the Fund, that value corresponds to cost either as a result of their short term maturity, or the floating rate nature of some loans or because management estimates that the loans payable with fixed interest rates have no significant difference between their fair

value and their carrying value, based on rates currently available to the Fund on loans with similar terms and remaining maturities.

Effective January 1, 2007, the Fund records all transaction costs for financial assets and financial liabilities in income as incurred. The Fund had previously deferred these costs and amortized them over the term of the related debt. The carrying value of transaction costs at December 31, 2006 of $315 was charged to opening deficit on transition on January 1, 2007.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied and the accounting for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposures of net investments in self sustaining foreign operations.

In accordance with these new standards there has been a retroactive adjustment to reclassify the $18 of cumulative translation adjustment as of January 1, 2006 and $219 as of January 1, 2007 as accumulated other comprehensive loss and therefore is reflected in cumulative impact of implementing new accounting standards. The movement in cumulative transition adjustment of $7 is recorded in accumulated other comprehensive loss.

4. Acquisitions:

Acquisitions are accounted for under the purchase method of accounting, and the results of operations since the respective dates of acquisition are included in the consolidated statements of income. From time to time, as a result of the timing of acquisitions in relation to the Fund's reporting schedule, certain of the purchase allocations may not be finalized at the time of reporting. Purchase price allocations are completed after the vendors' final financial statements and income tax returns have been prepared and accepted by the Fund. Such preliminary purchase price allocations are based on management's best estimates of the fair value of the acquired assets and liabilities. Upon finalization, adjustments to the initial estimates may be required. The purchase prices of acquisitions are generally subject to price adjustment clauses included in the purchase agreements. Such purchase price adjustments generally result in an increase or reduction to the promissory note consideration recorded at acquisition to reflect either more or less non-working capital realized than was originally expected.

IBI Group made the following acquisitions in 2006:

- Effective January 1, 2006, the business of Daniel Arbour & Associates ("DAA") was merged with the business of IBI Group. The merger with DAA included acquisition of Sodem Inc.
- Effective May 1, 2006, IBI Group acquired the urban environmental practice in which DAA held an indirect 50% interest at the time of the merger of the business of DAA with the business of IBI Group.
- Effective June 1, 2006, IBI Group acquired the practice of Tomasino & Associates, Inc.

(In thousands of dollars)

- Effective September 1, 2006, IBI Group acquired the practice of Thomas Blurock Architects Inc.
- Effective September 1, 2006, IBI Group acquired the practice of Scharf & Associates Incorporated.

The aggregate consideration for the acquisitions made in the three months ended March 31, 2006 was allocated as follows:

Cash consideration	$	13,938
Class C Unit, repaid in 2007		14,407
Purchase price	$	28,345
Net working capital	$	(54)
Property and equipment		1,758
Intangible assets		10,650
Goodwill		15,991
Net assets acquired	$	28,345

5. Bank indebtedness and long-term debt:

IBI Group has credit facilities totalling $50,000, consisting of a $15,000 operating facility (the "Operating Facility") and $35,000 term facility (the "Term Facility"). The availability of each of the credit facilities is subject to compliance with certain financial and other covenants.

The Operating Facility is a revolving facility to be used by IBI Group for working capital purposes, to normalize distributions to holders of Class A partnership units and Class B subordinated partnership units of IBI Group and to finance certain payments by IBI Group in respect of certain acquisitions previously made by it. As at March 31, 2007, IBI Group had borrowings of $15,650 (2006 - $6,800) under the Operating Facility, net of cash of $3,028 (2006 – $1,887).

The Term Facility is a revolving facility to be used by IBI Group to finance new acquisitions and certain payments by IBI Group in respect of certain acquisitions previously made by it. As at March 31, 2007, IBI Group had borrowings of $24,000 under the Term Facility.

In addition, a bid bond guarantee facility (the "Bid Bond Facility") of up to USD$1,000 continues to be made available to IBI Group to be used by IBI Group to meet certain project requirements calling for the issuance of bid bonds to international customers.

(In thousands of dollars)

The Operating Facility and the Bid Bond Facility will mature on June 30, 2009 and the Term Facility will mature on June 30, 2011.

The indebtedness and obligations of IBI Group under the Operating Facility, the Term Facility and the Bid Bond Facility are secured by guarantees from certain subsidiaries of IBI Group as well as IBI Group Architects (Ontario), and a first ranking security interest in all of the assets of IBI Group and the guarantors, subject to certain permitted encumbrances. The indebtedness secured by these security interests will rank senior to all other security over the assets of IBI Group and the guarantors, subject to certain permitted encumbrances.

Advances under both the Operating Facility and the Term Facility bear interest at a rate based on the Canadian dollar or United States dollar prime rate, LIBOR or banker's acceptance rates, plus, in each case, an applicable margin. Letters of credit and letters of guarantee on customary terms for credit facilities of this nature are also available under the Operating Facility. The Bid Bond Facility is only available by way of such instruments.

At March 31, 2007, the Fund had $24,000 (December 31, 2006 - $10,000) of interest-rate swap agreements outstanding. The terms of these swaps correspond to the terms of the underlying hedged debt.

Cash balances, which the Fund has the ability and intent to offset, are used to reduce reported bank indebtedness.

6. Unitholders' equity and non-controlling interest:

Summary of unit capital transactions:

	2007		2006	
	Units	Amount	Units	Amount
Balance, beginning of period	8,567,778	$ 89,220	5,025,778	$ 50,258
Units issued from treasury			3,542,000	38,962
Balance, end of period	8,567,778	$ 89,220	8,567,778	$ 89,220

Each unit represents an equal undivided beneficial interest in the Fund and any distributions from the Fund. Each unit is transferable, entitles the holder thereof to participate equally in distributions of the Fund, is not subject to future calls or assessments and entitles the holder to rights to redemption.

Each unit entitles the holder to one vote at all meetings of Unitholders and Non-Participating Unitholders.

(In thousands of dollars)

The Class B partnership units of IBI Group are indirectly exchangeable for units on the basis of one unit of the Fund for each Class B subordinated partnership unit. If all such Class B partnership units of IBI Group had been exchanged for units on March 31, 2007, the units issued on such exchange would have represented a 37% interest in the Fund.

Class B partnership units do not entitle the holder to voting rights at the meetings of Unitholders and Non-Participating Unitholders. At the time of issuance of the Class B partnership units, one Non-Participating Voting unit of the Fund was issued to the holder of the Class B partnership units for each Class B partnership unit held. The Class B partnership units have been recorded as a non-controlling interest in the consolidated financial statements.

The movements in non-controlling interest are set out below:

	Three months ended March 31, 2007	Year ended December 31, 2006
Balance, beginning of period	$ 46,818	$ 46,258
Earnings for the period	2,052	6,660
Distributions	(1,625)	(6,100)
Balance, end of period	$ 47,245	$ 46,818

7. Related party transactions:

(a) IBI Group leases its Toronto office space from corporations which are indirectly owned by the partners of the Management Partnership which owns all of the 5,025,778 Class B subordinated partnership units and 1,847,200 units of the Fund, representing a total ownership of 50.6% of IBI Group. The leases were entered into in 2002 at then current market rates of approximately $1,800 per annum, and expire on December 31, 2012. Effective January 1, 2006, IBI Group leased approximately 14,000 square feet of additional space under these leases at the then current market rates, bringing the total annual lease payments under these leases to approximately $2,200.

(b) Pursuant to the Administration Agreement entered into in connection with the closing of the Offering, IBI Group and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the principals of the partners of the Management Partnership. This amount was $2,800 for the three months ended March 31, 2007 (2006 - $2,300). In addition, IBI Group pays a separate management fee to the Management Partnership representing compensation paid to the partners of DAA through the Management Partnership as compensation for such partners providing their services to IBI Group through Management Partnership. The amount of this management fee paid for the three months ended March 31, 2007 was $200 compared with $300 for the three months ended March 31, 2006.

(In thousands of dollars)

(c) The balance of consideration owing in respect of the merger of the business of DAA with the business of IBI Group of $14,508 was funded by the issuance to the Management Partnership of a Class C Unit of IBI Group, classified as a current liability, which entitles the Management Partnership to be paid $14,508 on January 31, 2007 together with an additional amount calculated by multiplying such amount by the prime interest rate quoted by IBI Group's bank lender. The Class C Unit was repaid on January 31, 2007.

8. Segment information:

The Fund is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. The Fund considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Fund are defined as components of the Fund for which separate financial information is available that is evaluated regularly in allocating resources and assessing performance by the chief operating decision maker, who is the Chief Executive Officer of IBI Group.

All operations of the Fund are included in one reportable segment - consulting services, that provides services throughout North America and internationally.

	2007		2006	
	Fees for the three months ended March 31	Property and equipment, goodwill, intangible assets at March 31	Fees for the three months ended March 31	Property and equipment, goodwill, intangible assets at December 31
Canada	$ 31,837	$ 97,325	$ 27,375	$ 97,353
United States	8,120	12,188	6,277	12,063
International	1,599	2,111	1,746	2,053
	$ 41,556	$111,624	$ 35,398	$111,469

Gross revenue is attributed to countries based on the location of the work performed.

Customers

The Fund has a large number of clients in various industries and sectors of the economy. Gross revenue is not concentrated in any particular client.

9. Contingencies:

In the normal course of business, the Fund is a defendant in a number of lawsuits. The potential liability, if any, is not determinable and in management's opinion, it would not have a material effect on these consolidated financial statements.

10. Comparative Figures:

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period.

11. Subsequent Event:

On May 2, 2007, IBI Group completed the acquisition of substantially all of the assets of The RMPK Group, Inc ("RMPK"), for consideration of approximately $1,000. RMPK is a multidisciplinary consulting firm devoted to the practice of urban planning and design, and landscape architecture. The Firm has been serving government agencies across the State of Florida, as well as private clients, from its offices in Sarasota, Wellington and Cocoa Beach for over twenty-five years. The RMPK practice, which comprises eighteen people, will be integrated into the Florida practice of IBI Group, Inc.