IBI GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015

The following Management Discussion and Analysis ("MD&A") of operating results and financial position of IBI Group Inc. and its subsidiaries (the "Company") for the three and twelve months ended December 31, 2015 should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2015, including the notes thereto. Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2015 is or will be available on SEDAR at www.sedar.com.

The financial information and tables presented herein have been prepared on the basis of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for financial statements and are expressed in thousands of Canadian dollars except for per share amounts. Certain information in this MD&A are based on non-IFRS measures, which have been defined on page 37 of this MD&A.

FORWARD-LOOKING STATEMENTS

This report includes certain forward-looking statements that are based on the available information and management's judgments as at the date of this report. The forward-looking statements are subject to risks and uncertainties that may cause the actual results to differ materially from those anticipated in the discussion. See "Forward Looking Statements and Risk Factors" below for more information.

FORWARD LOOKING STATEMENTS AND RISK FACTORS

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary entities, including IBI Group Partnership ("IBI Group") or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties, including those related to: (i) the Company's ability to maintain profitability and manage its growth; (ii) the Company's reliance on its key professionals; (iii) competition in the industry in which the Company operates; (iv) timely completion by the Company of projects and performance by the Company of its obligations; (v) fixed-price contracts; (vi) the general state of the economy; (vii) risk of future legal proceedings against the Company; (viii) the international operations of the Company; (ix) reduction in the Company's backlog; (x) fluctuations in interest rates; (xi) fluctuations in currency exchange rates; (xii) upfront risk of time invested in participating in consortia bidding on large projects and projects being contracted through private finance initiatives; (xiii) limits under the Company's insurance policies; (xiv) the Company's reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in their performance; (xv) unpredictability and volatility in the price of Shares (defined below); (xvi) the degree to which the Company is leveraged and the effect of the restrictive and financial covenants in the Company's credit facilities; (xvii) the possibility that the Company may issue additional Common Shares (defined below) diluting existing Shareholders' interests; (xviii) income tax matters. These risk factors are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2015. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of March 17, 2016.

The factors used to develop revenue forecast in this MD&A include the total amount of work the Company has signed an agreement with its clients to complete, the timeline in which that work will be completed based on the current pace of work the company achieved over the last 12 months and expects to achieve over the next 12 months. The Company updates these assumptions at each reporting period and adjusts its forward looking information as necessary.

COMPANY PROFILE

The business of the Company is conducted through IBI Group, a global architecture, engineering, planning and technology entity, which operates 63 offices in 11 countries across the world.

IBI Group has one operating segment, consulting services, which is concentrated in three practice areas:

- Intelligence
- Buildings
- Infrastructure

IBI Group's professionals have a broad range of professional backgrounds and experience in urban design and planning, architecture, civil engineering, transportation engineering, traffic engineering, systems engineering, urban geography, real estate analysis, landscape architecture, communications engineering, software development, and many other areas of expertise, all contributing to the three areas in which IBI Group practices.

The firm's clients include national, provincial, state, and local government agencies and public institutions, as well as leading companies in the real estate building, land and infrastructure development, transportation and communication industries, and in other business areas.

OUTLOOK

The following represents forward looking information and users are cautioned that actual results may vary.

Management is forecasting approximately $355 million in total revenue for the year ended December 31, 2016. The Company currently has $365 million of work that is committed and under contract for the next three years. This committed workload is a material factor and assumption used to develop revenue forecasts. The Company continues to see an increase in committed work to be delivered in 2016. The Company has approximately eleven months of backlog (calculated on the basis of the current pace of work that the Company has achieved during the 12 months ended December 31, 2015).

The Company bases its view of industry performance on:

1. Annual survey completed by The Environmental Financial Consulting Group, Inc ("EFCG") which focuses on architecture and engineering industries.
2. The reported performance of the Company's direct competitors.
3. The reports published by market analysts covering firms in the Company's business sectors.

The Company has returned to Adjusted EBITDA[1] margins in line with industry averages. Based on the most recent review of this information, EBITDA margins in the industry average 8-12%.

Ongoing efforts are underway to improve the monitoring of financial results, identify synergies and implement cost management initiatives, as well as strengthen the billings and collections process. The Company continues to seek out opportunities to enhance profitability.

[1] *See "Definition of Non-IFRS Measures".*

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except for per share amounts)

		THREE MONTHS ENDED DECEMBER 31, 2015 *(unaudited)*		THREE MONTHS ENDED DECEMBER 31, 2014 *(unaudited)*		YEAR ENDED DECEMBER 31, 2015		YEAR ENDED DECEMBER 31, 2014
Number of working days		**63**		63		**251**		251
Revenue	**$**	**84,913**	$	75,030	**$**	**327,092**	$	298,274
Net income (loss) from continuing operations	**$**	**990**	$	(4,125)	**$**	**11,336**	$	5,919
Net loss from discontinued operations	**$**	**(462)**	$	(2,849)	**$**	**(1,873)**	$	(9,079)
Net income (loss)	**$**	**528**	$	(6,974)	**$**	**9,463**	$	(3,160)
Cash flows provided by operating activities	**$**	**14,248**	$	9,905	**$**	**30,826**	$	24,636
Basic and diluted earnings per share	**$**	**0.02**	$	(0.30)	**$**	**0.41**	$	(0.14)
Basic earnings per share from continuing operations	**$**	**0.04**	$	(0.18)	**$**	**0.49**	$	0.26
Basic and diluted earnings per share from discontinued operations	**$**	**(0.02)**	$	(0.12)	**$**	**(0.08)**	$	(0.40)
Adjusted EBITDA[1]	**$**	**8,279**	$	4,490	**$**	**34,387**	$	23,730
Adjusted EBITDA[1] as a percentage of revenue		**9.7%**		6.0%		**10.5%**		8.0%

1- See "Definition of Non-IFRS Measures".

OVERVIEW

KEY EVENTS

- Adjusted EBITDA[1] has increased $3.8 million for the three months ended December 31, 2015 and $10.7 million for the year ended December 31, 2015, as a result of stronger operating performance.
- On October 5, 2015, the Company secured an agreement to refinance its credit facilities under the existing banking arrangement with its senior lenders. The new arrangement consists of a $90 million revolver facility, of which a maximum of $10 million is available under a swing line facility and will mature on June 30, 2018.
- On December 18, 2015, the Company financed the redemption of its 5.75% Debentures for $20.0 million cash from the credit facilities at principal of $1,000 principal per unit, plus accrued and unpaid interest.
- On December 18, 2015, the Company issued common shares under a rights offering, the proceeds of which were used to repay the Company's credit facilities and the indebtedness owing by the Company to IBI Group Management Partnership (the "Management Partnership"). Concurrently

[1] *See "Definition of Non-IFRS Measures".*

with the rights offering, IBI Group issued to the Management Partnership, Class B partnership units on terms substantially similar to those of the rights offering, the proceeds of which were used to repay the indebtedness owing by the Company to the Management Partnership. On December 31, 2015, the Company completed a private placement, issuing shares to the Management Partnership in full satisfaction of the remainder of the indebtedness owing to the Management Partnership.

- In January 2015, the Company renegotiated the terms of the remaining balance of its notes payable due to the former owners of acquired business to extend the maturity to June 30, 2016.

DISCONTINUED OPERATIONS

Net loss from discontinued operations was $0.5 million for the three months ended December 31, 2015 and $1.9 million for the year ended December 31, 2015, as a result of the purchase price adjustment for the sale of Quebec business and the impairment of the receivable related to the sale of the 19% equity interest in IBI China Holdings Limited ("China") (refer to Note 18 – Discontinued Operations of the audited consolidated financial statements).

Net loss from discontinued operations was $2.9 million for the three months ended December 31, 2014 attributable to expenses incurred in discontinued operations in this period with nil revenues. Net loss from discontinued operations for the year ended December 31, 2014 was $9.1 million attributable to revenues of $23.5 million offset by expenses of $32.6 million.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Revenue for the three months ended December 31, 2015 was $84.9 million, compared with $75.0 million in the same period in 2014, an increase of 13.2%. Revenue for the year ended December 31, 2015 was $327.1 million, compared with $298.3 million for the same period in 2014, an increase of 9.7%. The increase in revenue from continuing operations is due to growth in the Canadian business, including the commencement of work on the ECLRT Project, as well as the impact of foreign exchange on U.S and International revenues which are comparable to the prior periods in local currencies.

For the three months ended December 31, 2015, the Company had net income from continuing operations of $1.0 million compared to a loss of $4.1 million for the same period in 2014. Net income from continuing operations for the three months ended December 31, 2015 is attributable to an increase in revenue and the positive impact of foreign exchange gain, offset by an increase in operating expenses. Net loss from continuing operations for the three months ended December 31, 2014 was attributable to the write-off of deferred financing charges of $2.5 million, as well as the accretion of the 7.0% convertible debentures and consent fee notes payable of $1.7 million.

Net income from continuing operations for the year ended December 31, 2015 was $11.3 million compared to $5.9 million for the same period in 2014. Net income from continuing operations for the year ended December 31, 2015 is attributable to an increase in revenue and the positive impact of foreign exchange gain, offset by an increase in operating expenses. Net income from continuing operations for the year ended December 31, 2014 was impacted by certain transactions, including the gain on extinguishment of the 7.0% convertible debentures, the recognition of the onerous lease provision, as well as the impairment on property and equipment related to the Montreal leasehold improvements.

Basic and diluted earnings per share from continuing operations was $0.04 per share for the three months ended December 31, 2015, compared to a loss per share of $0.18 for the same period in 2014. Basic and diluted earnings per share from continuing operations was $0.49 per share for the year ended December 31, 2015, compared to earnings per share from continuing operations of $0.26 for the same period in 2014.

RESULTS OF OPERATIONS

The results of operations presented below should be read in conjunction with the applicable annual audited consolidated financial statements and related notes thereto, prepared in accordance with IFRS.

(thousands of Canadian dollars, except per share amounts)	THREE MONTHS ENDED DECEMBER 31, 2015 (unaudited)	THREE MONTHS ENDED DECEMBER 31, 2014 (unaudited)	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014
Revenue	$ 84,913	$ 75,030	$ 327,092	$ 298,274
Expenses				
Salaries, fees and employee benefits	59,174	53,900	229,900	212,180
Rent	5,856	5,160	23,466	26,848
Other operating expenses	10,321	10,037	37,136	38,837
Foreign exchange (gain)	(1,812)	(783)	(8,699)	(2,089)
Amortization of intangible assets	205	189	784	819
Amortization of property and equipment	1,195	1,027	4,024	2,669
Impairment of property and equipment	-	-	-	3,248
Impairment of financial assets	1,033	834	1,486	2,812
	$ 75,972	$ 70,364	$ 288,097	$ 285,324
OPERATING INCOME	$ 8,941	$ 4,666	$ 38,995	$ 12,950
Interest expense, net	5,651	5,197	21,792	18,693
Other finance costs (income)	389	3,099	908	(14,585)
FINANCE COSTS	$ 6,040	$ 8,296	$ 22,700	$ 4,108
Share of loss of equity-accounted investee, net of tax	149	81	785	81
NET INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	$ 2,752	$ (3,711)	$ 15,510	$ 8,761
Current tax expense (recovery)	(940)	(343)	381	1,540
Deferred tax expense	2,702	757	3,793	1,302
INCOME TAXES	$ 1,762	$ 414	$ 4,174	$ 2,842
Net income (loss) from continuing operations	$ 990	$ (4,125)	$ 11,336	$ 5,919
Net loss from discontinued operations	(462)	(2,849)	(1,873)	(9,079)
NET INCOME (LOSS)	$ 528	$ (6,974)	$ 9,463	$ (3,160)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that are or may be reclassified to profit or loss				
Income (loss) on translating financial statements of foreign operations from continuing operations, net of tax	$ (838)	$ 57	$ (1,054)	$ (366)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(838)	57	(1,054)	(366)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (310)	$ (6,917)	$ 8,409	$ (3,526)
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Common shareholders	$ 413	$ (5,423)	$ 7,381	$ (2,458)
Non-controlling interests	115	(1,551)	2,082	(702)
NET INCOME (LOSS)	$ 528	$ (6,974)	$ 9,463	$ (3,160)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO*:*				
Common shareholders	$ (241)	$ (5,378)	$ 6,559	$ (2,742)
Non-controlling interests	(69)	(1,539)	1,850	(784)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (310)	$ (6,917)	$ 8,409	$ (3,526)
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS				
Basic and diluted earnings per share	$ 0.02	$ (0.30)	$ 0.41	$ (0.14)
Basic and diluted earnings per share from continuing operations	$ 0.04	$ (0.18)	$ 0.49	$ 0.26
Basic and diluted earnings per share from discontinued operations	$ (0.02)	$ (0.12)	$ (0.08)	$ (0.40)

DESCRIPTION OF VARIANCES IN OPERATING RESULTS

i) REVENUE FROM CONTINUING OPERATIONS

The Company reports revenue net of direct recoverable costs as these costs can vary significantly from contract to contract and are not indicative of its professional services business.

Revenue from continuing operations for the three months ended December 31, 2015 was an increase of $9.9 million or 13.2% compared to the same period in 2014. Revenue from continuing operations for the year ended December 31, 2015 was an increase of $28.8 million or 9.7% compared to the same period in 2014. The increase in revenue from continuing operations is due to the growth in the Canadian business, as well as the impact of foreign exchange on U.S and International revenues which are comparable to the prior period in local currencies.

The impact of foreign exchange on revenue from continuing operations for the three months ended December 31, 2015 was an additional $6.9 million of revenue compared to the same period in 2014. The impact of foreign exchange on revenue from continuing operations for the year ended December 31, 2015 was an additional $18.8 million of revenue compared to the same period in 2014.

ii) SALARIES, FEES, AND EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

Salaries, fees, and employee benefits from continuing operations for the three months ended December 31, 2015 was $59.2 million compared with $53.9 million in the same period in 2014. As a percentage of revenues, salaries, fees and employee benefits from continuing operations for the three months ended December 31, 2015 was 69.7% compared to 71.9% for the same period in 2014.

Salaries, fees and employee benefits from continuing operations for the year ended December 31, 2015 was $229.9 million, compared with $212.2 million for the same period in 2014. As a percentage of revenues, salaries, fees and employee benefits from continuing operations for the year ended December 31, 2015 was 70.3% compared to 71.1% for the same period in 2014.

The increase is due to the impact of foreign exchange on U.S and International salaries, fees and employee benefits which are comparable to the prior period in local currencies. The impact of foreign exchange on salaries, fees and employee benefits from continuing operations for the three months ended December 31, 2015 was an additional $5.0 million of expense compared to the same period in 2014. The impact of foreign exchange on salaries, fees and employee benefits for the year ended December 31, 2015 was an additional $14.3 million of expense compared to the same period in 2014.

iii) RENT FROM CONTINUING OPERATIONS

Rent from continuing operations for the three months ended December 31, 2015 was $5.9 million compared to $5.2 million in the same period in 2014. The increase is due to the impact of foreign exchange on U.S and International rent which is comparable the prior period in local currencies.

Rent from continuing operations for the year ended December 31, 2015 was $23.5 million, compared with $26.9 million for the same period in 2014. The decrease is primarily attributable to a $4.7 million charge for the onerous lease in Montreal in 2014 and an increase in sublease income on the Montreal lease of $1.1 million which was entered into during the three months ended December 31, 2014, offset by a $0.2 million penalty incurred on the early termination of one of the Toronto office leases.

The impact of foreign exchange on rent from continuing operations for the three months ended December 31, 2015 was an additional $0.5 million of expense compared to the same period in 2014. The impact of foreign exchange on rent for the year ended December 31, 2015 was an additional $1.5 million of expense compared to the same period in 2014.

iv) OTHER OPERATING EXPENSES FROM CONTINUING OPERATIONS

Other operating expenses from continuing operations for the three months ended December 31, 2015 was $10.3 million compared to $10.0 million in the same period in 2014. The increase is due to the impact of foreign exchange on U.S and International operating expenses which are comparable to the prior period in local currencies. As a percentage of revenues, operating expenses for the three months ended December 31, 2015 were 12.1% compared to 13.3% for the same period in 2014. The impact of foreign exchange on other operating expenses from continuing operations for the three months ended December 31, 2015 was an additional $0.8 million of expense compared to the same period in 2014.

Other operating expenses from continuing operations for the year ended December 31, 2015 was $37.1 million, compared to $38.8 million for the same period in 2014. The decrease is due to the impact of foreign exchange on U.S and International operating expenses which are comparable to the prior period in local currencies. As a percentage of revenues, operating expenses for the year ended December 31, 2015 were 11.3% compared to 13.0% for the same period in 2014. The impact of foreign exchange on other operating expenses from continuing operations for the year ended December 31, 2015 was an additional $2.0 million of expense compared to the same period in 2014.

A reduction in overhead expenses as a percentage of revenues has been a continued area of focus for the Company as we look to improve overall efficiency.

During the year, the Company paid $0.8 million to professional advisors to assist in the restructuring of the balance sheet compared to $3.9 million in 2014.

v) FOREIGN EXCHANGE GAIN FROM CONTINUING OPERATIONS

Foreign exchange gain from continuing operations for the three months ended December 31, 2015 was $1.8 million compared to $0.8 million in the same period in 2014. Foreign exchange gain from continuing operations for the year ended December 31, 2015 was $8.7 million compared to $2.1 million for the same period in 2014. The foreign exchange gain is primarily attributable to foreign exchange rate movements between the Canadian dollar, U.S dollar and British pound as functional currencies of the Company's subsidiaries and other local currencies of international subsidiaries, as well as intercompany loans made by the Canadian parent company in the functional currencies of foreign subsidiaries that is not considered part of the permanent investment in the foreign subsidiaries.

vi) AMORTIZATION OF INTANGIBLE ASSETS FROM CONTINUING OPERATIONS

Amortization of intangible assets from continuing operations was $0.2 million for the three months ended December 31, 2015 and $0.8 million for the year ended December 31, 2015, which is consistent with the respective comparative periods in 2014.

vii) AMORTIZATION OF PROPERTY AND EQUIPMENT FROM CONTINUING OPERATIONS

Amortization of property and equipment from continuing operations for the three months ended December 31, 2015 was $1.2 million compared to $1.0 million for the same period in 2014.

Amortization of property and equipment from continuing operations for the year ended December 31, 2015 was $4.0 million compared to $2.7 million for the same period in 2014. The increase is primarily attributable to amortization on capital expenditures related to office moves, as well as computer software acquired during the latter half of 2014.

viii) IMPAIRMENT OF PROPERTY AND EQUIPMENT FROM CONTINUING OPERATIONS

For the three months ended December 31, 2015 and 2014, the Company did not record any impairment charges on property and equipment.

Impairment of property and equipment from continuing operations for the year ended December 31, 2015 was $nil compared to $3.2 million for the same period in 2014. The impairment in 2014 was a result of the write-off of the leasehold improvements in Montreal.

ix) IMPAIRMENT OF FINANCIAL ASSETS FROM CONTINUING OPERATIONS

Impairment of financial assets from continuing operations for the three months ended December 31, 2015 was $1.0 million compared to $0.8 million in the same period in 2014. The increase is primarily attributable to an increase in reserves taken in the U.S in Q4, as well as the impact of foreign exchange on these reserves.

Impairment of financial assets from continuing operations for the year ended December 31, 2015 was $1.5 million compared to $2.8 million for the same period in 2014. The decrease is consistent with the Company's ongoing efforts to focus on collections, resulting in a decrease in write-offs of accounts receivable.

x) INTEREST EXPENSE FROM CONTINUING OPERATIONS

Interest expense from continuing operations for the three months ended December 31, 2015 was $5.7 million compared to $5.2 million for the same period in 2014. The increase is primarily attributable to an increase of $0.7 million in non-cash accretion on the convertible debentures due to the redemption of the 5.75% convertible debentures on December 18, 2015. This increase is offset by a decrease of $0.4 million in interest on the credit facilities as a result of a decrease in the interest rate on the credit facilities upon renegotiation of the facilities on October 5, 2015. See discussion in the liquidity risk section of this MD&A for further details.

Interest expense from continuing operations for the year ended December 31, 2015 was $21.8 million compared with $18.7 million for the same period in 2014. The increase of $3.1 million is primarily attributable to an increase of $2.6 million in non-cash accretion on the convertible debentures due to the amendment of the 7.0% convertible debentures in 2014 and an increase of $0.1 million in interest and $0.2 million in non-cash accretion on the related issuance of consent fee notes payable. In addition, there was an additional $0.5 million of interest on the Management Partnership loan. These increases were offset by a decrease of $0.9 million of interest on the Company's credit facilities.

xi) OTHER FINANCE COSTS (INCOME) FROM CONTINUING OPERATIONS

Other finance costs from continuing operations for the three months ended December 31, 2015 were $0.4 million compared to $3.1 million in the same period in 2014. The decrease is primarily attributable to the $2.5 million write-off of deferred financing charges related to the amendment of the credit facilities during the three months ended December 31, 2014.

Other finance costs from continuing operations for the year ended December 31, 2015 were $0.9 million compared to income of $14.6 million for same period in 2014. The change was primarily due to the net gain on extinguishment of the 7.0% convertible debentures of $18.7 million in the third quarter of 2014, offset by the write off of deferred financing costs of $2.5 million related to the extinguishment of the credit facilities in the fourth quarter of 2014.

xii) INCOME TAXES FROM CONTINUING OPERATIONS

Income taxes from continuing operations for the three months ended December 31, 2015 was an expense of $1.8 million with an effective income tax rate of 64.0% compared to an expense of $0.4 million with an effective income tax rate of (11.2)% for the same period in 2014. The increase in the effective tax rate for the three months ended December 31, 2015 was attributable to the composition of income in the various jurisdictions in which the Company operates, partnership income allocation, and changes in the valuation of deferred tax assets. The tax expense for the three months ended December 31, 2014 was attributable to U.S losses which were not tax effected, as well as income generated in other jurisdictions in which the Company operates.

Income taxes from continuing operations for the year ended December 31, 2015 was an expense of $4.2 million with an effective tax rate of 26.9% compared with an expense of $2.8 million with an effective tax rate of 32.4% for the same period in 2014. The decrease in the effective tax rate for the year ended December 31, 2015 was primarily a result of the U.S operations utilizing previously unrecognized deferred tax assets during 2015.

xiii) NET INCOME (LOSS) FROM CONTINUING OPERATIONS

Net income from continuing operations for the three months ended December 31, 2015 was $1.0 million compared to a loss of $4.1 million for the same period in 2014. The factors impacting this are set out in the description of individual line items above.

Net income from continuing operations for the year ended December 31, 2015 was $11.3 million compared to $5.9 million for the same period in 2014. The factors impacting this are set out in the description of individual line items above.

Adjusted EBITDA[1] for the three months and year ended December 31, 2015 has increased by $3.8 million and $10.7 million, respectively, as a result of stronger operating performance from a decrease in operating expenses and an increase in revenue generated from the Canadian business. Specific pre-tax items that have impacted net income (loss) from continuing operations for the three months and year ended December 31, 2015 and December 31, 2014 are as follows:

(in thousands of Canadian dollars)	**THREE MONTHS ENDED DECEMBER 31, 2015** (unaudited)	**THREE MONTHS ENDED DECEMBER 31, 2014** (unaudited)	**YEAR ENDED DECEMBER 31, 2015**	**YEAR ENDED DECEMBER 31, 2014**
Foreign exchange gain	1,812	783	8,699	2,089
Impairment on leasehold improvements	-	-	-	(3,248)
Provision on onerous lease	-	-	-	(5,129)
Gain on extinguishment of 7.0% convertible debentures, net of deferred financing costs expensed	-	-	-	18,700
TOTAL	**1,812**	**783**	**8,699**	**12,412**

Following is a summary of finance costs (income) for the year ended December 31, 2015 and December 31, 2014:

(in thousands of Canadian dollars)	**YEAR ENDED DECEMBER 31, 2015**	**YEAR ENDED DECEMBER 31, 2014**
Interest on credit facilities	5,458	6,363
Interest on convertible debentures	7,781	7,820
Interest on consent fee notes payable	248	115
Non-cash accretion of convertible debentures	6,283	3,705
Non-cash accretion of consent fee notes payable	436	193
Other	1,586	497
INTEREST EXPENSE, NET	**21,792**	**18,693**
Financing costs	334	-
Amortization of deferred financing costs	245	3,803
Gain on extinguishment of 7% convertible debentures	-	(18,700)
Other	329	312
OTHER FINANCE COSTS (INCOME)	**908**	**(14,585)**
FINANCE COSTS	**22,700**	**4,108**

[1] *See "Definition of Non-IFRS Measures".*

SUMMARY OF FOREIGN EXCHANGE IMPACT

The following is a summary of the foreign exchange impact on revenue and total expenses for the three months and year ended December 31, 2015:

(unaudited) *(in thousands of Canadian dollars)*	**THREE MONTHS ENDED DECEMBER 31, 2015**	**THREE MONTHS ENDED DECEMBER 31, 2014**	**CHANGE**	**FOREIGN EXCHANGE IMPACT**	**OPERATING CHANGE**
Revenue	84,913	75,030	9,883	6,919	2,964
Total expenses, net of foreign exchange gain	77,785	71,147	6,638	6,482	156

(in thousands of Canadian dollars)	**YEAR ENDED DECEMBER 31, 2015**	**YEAR ENDED DECEMBER 31, 2014**	**CHANGE**	**FOREIGN EXCHANGE IMPACT**	**OPERATING CHANGE**
Revenue	327,092	298,274	28,818	18,752	10,066
Total expenses, net of foreign exchange gain	296,796	287,413	9,383	18,209	(8,826)

SELECTED ANNUAL INFORMATION

The selected information presented below should be read in conjunction with the applicable annual audited consolidated financial statements and related notes thereto, prepared in accordance with IFRS.

	YEAR ENDED		
(in thousands of Canadian dollars, except per share amounts)	**DECEMBER 31, 2015**	**DECEMBER 31, 2014**	**DECEMBER 31, 2013**
Revenue	$ 327,092	$ 298,274	$ 257,386
Net income (loss) from continuing operations	$ 11,336	$ 5,919	$ (209,898)
Net loss from discontinued operations	$ (1,873)	$ (9,079)	$ (13,570)
NET INCOME (LOSS)	$ 9,463	$ (3,160)	$ (223,468)
Basic and diluted earnings per share	$ 0.41	$ (0.14)	$ (10.05)
Basic and diluted earnings per share from continuing operations	$ 0.49	$ 0.26	$ (9.44)
Basic and diluted earnings per share from discontinued operations	$ (0.08)	$ (0.40)	$ (0.61)

(in thousands of Canadian dollars)	**DECEMBER 31, 2015**	**DECEMBER 31, 2014**	**DECEMBER 31, 2013**
TOTAL ASSETS	$ 255,240	$ 252,063	$ 242,261
Onerous lease provisions	$ 3,244	$ 4,051	$ -
Due to related parties	-	-	10,000
Consent fee notes payable	-	2,631	-
Finance lease obligation	104	235	-
Credit facilities	72,277	63,423	85,479
Convertible debentures	84,720	98,437	71,929
Deferred tax liabilities	6,660	8,690	2,016
TOTAL LONG-TERM LIABILITIES	$ 167,005	$ 177,467	$ 169,424

NET INCOME FROM CONTINUING OPERATIONS

In 2013, the Company's net income from continuing operations was significantly impacted by the write-off of accounts receivable and WIP, as well as impairment of goodwill and intangibles.

xiv) ADJUSTED EBITDA[1] FROM CONTINUING OPERATIONS

All of the factors outlined above have been adjusted for the discussion in the non-IFRS measure, Adjusted EBITDA[1]. The following summary of quarterly results outlines all the items which comprise the difference between net income (loss) from continuing operations in each of the following quarters.

[1] *See "Definition of Non-IFRS Measures".*

ADJUSTED EBITDA[1] FROM CONTINUING OPERATIONS FOR THE PREVIOUS EIGHT QUARTERS

The following table provides quarterly historical financial data for the Company for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited consolidated financial statements and related notes thereto, prepared in accordance with IFRS.

(unaudited) (in thousands of Canadian dollars except for per share amounts)	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
Revenue	84,913	83,819	80,879	77,481	75,030	73,605	76,182	73,456
Net Income (Loss)	528	4,815	1,594	2,526	(6,974)	1,688	930	1,196
Net Income (Loss) from continuing operations	990	6,226	1,594	2,526	(4,125)	6,996	1,829	1,219
Add:								
Interest expense, net	5,651	5,286	5,741	5,114	5,197	4,971	4,264	4,262
Current and deferred tax expense (recovery)	1,762	695	966	751	414	2,348	183	(103)
Amortization	1,399	1,247	1,168	994	1,216	792	812	668
	8,812	7,228	7,875	6,859	6,827	8,111	5,259	4,827
EBITDA	**9,802**	**13,454**	**9,469**	**9,385**	**2,702**	**15,107**	**7,088**	**6,046**
EBITDA as a percentage of revenue	**11.5%**	**16.1%**	**11.7%**	**12.1%**	**3.6%**	**20.5%**	**9.3%**	**8.2%**
Items excluded in calculation of Adjusted EBITDA[1]								
Foreign exchange (gain)/loss	(1,812)	(3,908)	303	(3,282)	(783)	(606)	721	(1,421)
Change in fair value of DSP	63	(82)	231	(100)	(111)	212	355	231
Deferred financing charges	298	2	87	192	3,073	259	471	-
Restructuring costs	-	-	-	-	-	1,101	-	-
Gain on extinguishment of 7.0% convertible debentures	-	-	-	-	-	(22,028)	-	-
Loss on consent fee notes	-	-	-	-	-	2,437	-	-
Deferred costs expense on extinguishment of 7.0% convertible debentures	-	-	-	-	-	890	-	-
Impairment of PP&E	-	-	-	-	-	3,248	-	-
Onerous lease provision	(222)	(236)	(196)	154	(391)	5,129	-	-
Share of loss of equity-accounted investee, net of tax	150	226	212	197	-	-	-	-
	(1,523)	(3,998)	637	(2,839)	1,788	(9,358)	1,547	(1,190)
Adjusted EBITDA[1]	**8,279**	**9,456**	**10,106**	**6,546**	**4,490**	**5,749**	**8,635**	**4,856**
Adjusted EBITDA[1] as a percentage of revenue	**9.7%**	**11.3%**	**12.5%**	**8.4%**	**6.0%**	**7.8%**	**11.3%**	**6.6%**
Earnings per share attributed to common shareholders	0.02	0.21	0.07	0.11	(0.30)	0.07	0.04	0.05
Earnings per share attributed to common shareholders from continuing operations	**0.04**	**0.27**	**0.07**	**0.11**	**(0.18)**	**0.39**	**0.08**	**0.05**
Weighted average share outstanding	18,515,396	17,808,484	17,808,484	17,808,484	17,808,484	17,756,535	17,614,730	17,551,668

[1] *See "Definition of Non-IFRS Measures".*

IMPACT OF TRENDS ON QUARTERLY RESULTS

i) REVENUE

Consolidated quarterly revenue is impacted by the available chargeable hours which are typically lowest in the third quarter following the summer as a result of staff taking vacations during the summer. Revenue was positively impacted in the third and fourth quarters of 2015 as a result of the commencement of work on the ECLRT Project.

In addition, revenue is impacted by WIP reserves and foreign exchange rates, which can either positively or negatively impact revenue.

ii) NET INCOME (LOSS) FROM CONTINUING OPERATIONS

Net income (loss) from continuing operations was positively impacted in the third quarter of 2014 as a result of the net gain on extinguishment of the 7.0% convertible debentures of $18.7 million.

Net income (loss) from continuing operations was negatively impacted in the fourth quarter of 2014 as a result of the write off of the deferred financing costs related to the extinguishment of the credit facilities of $2.5 million.

Net income (loss) from continuing operations was positively impacted in the first, third and fourth quarters of 2015 as a result of foreign exchange gains of $3.2 million, $3.9 million and $1.8 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

The following table represents the working capital information:

(in thousands of Canadian dollars)	**DECEMBER 31, 2015**	DECEMBER 31, 2014	CHANGE
Current assets	**$ 217,220**	$ 212,430	$ 4,790
Current liabilities	**(103,116)**	(113,241)	10,125
WORKING CAPITAL	**114,104**	99,189	14,915

Current assets increased by $4.8 million as at December 31, 2015 when compared with December 31, 2014. This was due to $3.2 million of restricted cash recorded in 2015, a $5.3 million increase in accounts receivable, a $2.4 million increase in prepaid expenses and other current assets and a $1.0 million increase in income taxes recoverable, offset by a $2.4 million decrease in cash and a $4.7 million decrease in WIP. The current portion of restricted cash recorded in 2015 was related to the amount the Company has pledged as security for letters of credit issued by a foreign financial institution on behalf of a foreign subsidiary of the Company. The increase in accounts receivable and the decrease in WIP is due to the Company's ongoing efforts to improve the billings process. Although revenue has increased by 9.7%, on a combined basis accounts receivable and WIP has increased $0.6 million or 0.3% as at December 31, 2015 when compared with December 31, 2014. The increase in prepaid expenses and other current assets is primarily due to prepayments for computer software licenses, as well as prepayments to the Management Partnership bank account for directors' compensation.

There was an increase in current assets due to foreign exchange as at December 31, 2015 of $18.5 million compared to $6.5 million as at December 31, 2014. As a result, $12.0 million of the increase in current assets is comprised of foreign exchange.

Current liabilities decreased by $10.1 million as at December 31, 2015 when compared with December 31, 2014. This was primarily due to a $3.0 million decrease in accounts payable and accrued liabilities, a $0.8 million decrease in vendor notes payable, a decrease in the current portion of finance lease obligation of $0.5 million, a decrease in the current portion of credit facilities of $10.0 million, a decrease in due to related parties of $10.0 million, offset by an increase in deferred revenue of $10.7 million, an increase in income taxes payable of $0.2 million and an increase in the current portion of consent fee notes payable of $3.1 million. The decrease in accounts payable and accrued liabilities of 5.5% is consistent with the decrease in other operating expenses of 4.4% compared to the year ended December 31, 2015. The decrease in vendor notes payable is due to repayments net of foreign exchange revaluations since December 31, 2014. As a result of the refinancing of the credit facilities during the fourth quarter of 2015 (refer to the liquidity risk section of this MD&A), the entire balance has been classified as long term. The amount due to related parties was repaid as a result of the rights offering and private placement during the fourth quarter of 2015 (refer to the overview section of this MD&A). Deferred revenue increased as a result of improved billings procedures across the Company. As the consent fee note payable becomes due on December 31, 2016, the entire balance has been classified as current as at December 31, 2015.

There was an increase in current liabilities due to foreign exchange as at December 31, 2015 of $6.6 million compared to $3.6 million as at December 31, 2014. As a result, $3.0 million of the increase in current liabilities is comprised of foreign exchange.

WORKING CAPITAL MEASURED IN NUMBER OF DAYS OF GROSS BILLINGS[1]

Included in working capital of the Company are amounts reflecting project costs and sub-consultant expenses. The Company only reports its net fee volume as revenue, which would not include the billings for the recovery of these incurred costs. Therefore, to measure number of days outstanding of working capital, the gross billings, which include the billings for recovery of project expenses, would result in a more consistent calculation.

The table below calculates working days on a trailing twelve month basis, measured as days outstanding on gross billings, which is estimated to be approximately 34% greater than net fee volume.

WORKING DAYS OF GROSS BILLINGS OUTSTANDING[1]	***December 31, 2015***	***September 30, 2015*** **(unaudited)**	***June 30, 2015*** **(unaudited)**	***March 31, 2015*** **(unaudited)**	***December 31, 2014****
Accounts receivable	*62*	*65*	*62*	*68*	*62*
WIP	*45*	*52*	*54*	*55*	*57*
Deferred revenue	*(22)*	*(23)*	*(20)*	*(21)*	*(19)*
	85	*94*	*96*	*102*	*100*

**These figures have been adjusted to exclude results from discontinued operations.*

The days sales outstanding as at December 31, 2015 has decreased by 15 days compared to December 31, 2014. The Company continues to carry out regular comprehensive reviews of its WIP and accounts receivable and has achieved significant improvements in the results of the billings and collections process. Improving the days outstanding in WIP and accounts receivable is a significant area of focus for the Company. There are ongoing programs and initiatives to accelerate billings and to reduce days outstanding even further.

COMPONENTS OF WORKING CAPITAL

(in millions of Canadian dollars)	***December 31, 2015***	***September 30, 2015*** **(unaudited)**	***June 30, 2015*** **(unaudited)**	***March 31, 2015*** **(unaudited)**	***December 31, 2014***
Accounts receivable	*111.8*	*109.7*	*101.8*	*110.7*	*106.5*
WIP	*80.6*	*88.7*	*88.4*	*89.1*	*85.4*
Deferred revenue	*(38.7)*	*(38.5)*	*(33.3)*	*(33.4)*	*(28.0)*
	153.7	*159.9*	*156.9*	*166.4*	*163.9*

[1] *See "Definition of Non-IFRS Measures".*

i) *Accounts Receivable*

The table below demonstrates the aging of receivables:

Accounts receivable aging (net of allowance) ***(in thousands of Canadian dollars)***	***December 31, 2015***	***%***	***September 30, 2015*** **(unaudited)**	***%***	***June 30, 2015*** **(unaudited)**	***%***	***March 31, 2015*** **(unaudited)**	***%***	***December 31, 2014***	***%***
Current	44,283	40	36,313	33	38,474	38	42,026	38	40,284	38
30 to 90 days	30,614	27	39,962	36	33,642	33	36,506	33	32,241	30
Over 90 days	36,874	33	33,418	31	29,711	29	32,198	29	33,926	32
TOTAL	111,771	100	109,693	100	101,827	100	110,730	100	106,451	100

Accounts receivable has increased by $5.3 million since December 31 2014. This increase is consistent with the increase in revenue for the year ended December 31, 2015 compared to the prior year, offset by the decrease as a result of the Company's continued efforts to improve collections. It is a major initiative of management to improve the billings process and collect outstanding invoices sooner.

There was an increase in accounts receivable due to foreign exchange as at December 31, 2015 of $10.3 million compared to $4.0 million as at December 31, 2014.

ii) *Work In Process*

WIP has decreased by $4.8 million since December 31, 2014. This decrease is a result of the Company's initiative to accelerate the process of completing billings, offset by the increase in revenue for the year ended December 31, 2015 compared to the prior year. The Company monitors WIP to ensure that any accounts where billing may be an issue are being dealt with in a timely manner.

There was an increase in WIP due to foreign exchange as at December 31, 2015 of $5.7 million compared to $2.5 million as at December 31, 2014.

iii) *Deferred Revenue*

Deferred revenue has increased by $10.7 million since December 31, 2014. This increase is a result of the Company's continued efforts to improve the billings process as described above. The balance is monitored on a regular basis to ensure that amounts are recognized in fee revenue appropriately.

There was an increase in deferred revenue due to foreign exchange as at December 31, 2015 of $1.8 million compared to a decrease in deferred revenue due to foreign exchange of $0.5 million as at December 31, 2014.

CASH FLOWS

Cash flows from operating, financing, and investing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized in the following tables:

(in thousands of Canadian dollars) (unaudited)	***THREE MONTHS ENDED DECEMBER 31, 2015***	*THREE MONTHS ENDED DECEMBER 31, 2014*	*CHANGE*
Cash flows provided by operating activities	***$ 14,248***	*$ 9,905*	*$ 4,343*
Cash flows used in financing activities	***(4,086)***	*(13,894)*	*9,808*
Cash flows (used in) provided by investing activities	***(4,516)***	*4,984*	*(9,500)*

(in thousands of Canadian dollars)	***YEAR ENDED DECEMBER 31, 2015***	*YEAR ENDED DECEMBER 31, 2014*	*CHANGE*
Cash flows provided by operating activities	***$ 30,826***	*24,636*	*$ 6,190*
Cash flows used in financing activities	***(22,118)***	*(18,309)*	*(3,809)*
Cash flows used in investing activities	***(12,120)***	*(4,484)*	*(7,636)*

OPERATING ACTIVITIES

Cash flows from operating activities for the three months ended December 31, 2015 were $14.2 million compared to $9.9 million for the same period last year. The increase in operating cash flows is primarily due to an increase in Adjusted EBITDA[1] of $3.8 million, an increase in non-cash operating working capital of $1.0 million and a decrease in income taxes paid of $0.8 million, offset by an increase in interest paid of $2.4 million.

Cash flows from operating activities for the year ended December 31, 2015 were $30.8 million compared to $24.6 million for the same period last year. The increase in operating cash flows is primarily due to an increase in Adjusted EBITDA[1] of $10.6 million, offset by a decrease in non-cash operating working capital of $6.6 million. Adjusted EBITDA[1] for the year ended December 31, 2014 is inclusive of restructuring costs of $1.1 million.

Cash flows used in operating activities for discontinued operations were $0.4 million for the three months ended December 31, 2014 and were nominal for the year ended December 31, 2014.

FINANCING ACTIVITIES

Cash flows used in financing activities for the three months ended December 31, 2015 were $4.1 million compared with cash flows used in financing activities of $13.9 million for the same period last year. The Company took advances of $15.0 million from its credit facilities during the three months ended December 31, 2015 compared to repayments of $13.1 million for the same period in 2014, which reflects an increase

[1] *See "Definition of Non-IFRS Measures".*

in an additional $28.1 million of advances. In addition, deferred financing costs of $2.8 million incurred on the refinancing of the credit facilities have been classified as a financing activity on the audited consolidated statement of cash flows. In comparison to the three months ended December 31, 2014, the Company repaid $0.4 million less on the notes payable and $1.3 million was used to fund bank indebtedness. During the three months ended December 31, 2015, the Company also redeemed in cash its 5.75% convertible debentures for $20.0 million (see liquidity risk section of this MD&A) and received cash proceeds from the issuance of shares under the rights offering of $5.6 million (see key events section of this MD&A).

Cash flows used in financing activities for the year ended December 31, 2015 were $22.1 million compared to $18.3 million for the same period last year. The Company repaid $2.6 million towards its credit facilities during the year ended December 31, 2015 compared to repayments of $17.5 million during the same period in 2014, which reflects a decrease in repayments of $14.9 million. In addition, deferred financing costs of $2.8 million incurred on the refinancing of the credit facilities have been classified as a financing activity on the audited consolidated statement of cash flows. In comparison to 2014, the Company repaid an additional $0.8 million on the notes payable and $0.7 million on the finance lease obligation. During 2015, the Company also redeemed in cash its 5.75% convertible debentures for $20.0 million (see liquidity risk section of this MD&A) and received net cash proceeds from the issuance of shares under the rights offering of $5.6 million (see key events section of this MD&A).

Cash flows used in financing activities for discontinued operations were $nil for the three months ended December 31, 2014. Cash flows used in financing activities for discontinued operations were $0.1 million for the year ended December 31, 2014.

INVESTING ACTIVITIES

Cash flows used in investing activities for the three months ended December 31, 2015 were $4.5 million compared to $5.0 million provided by investing activities for the same period last year. During the three months ended December 31, 2015, $1.8 million was used for capital expenditures related to property and equipment, $0.8 million was used for capitalized expenditures related to intangible assets (related to capitalized costs incurred in the phased implementation of the Company's new Enterprise Resource Planning system) and $2.0 million was used to fund restricted cash. During the three months ended December 31, 2014, $9.1 million of proceeds were received from the disposal of discontinued operations, offset by $4.2 million in capital expenditures, primarily related to equipping the Company's new office in Toronto.

Cash flows used in investing activities for the year ended December 31, 2015 were $12.1 million compared to $4.5 million for the same period last year. The increase is attributable to a decrease of $8.0 million in capital expenditures related to property and equipment, $1.7 million used for capitalized expenditures related to intangible assets (related to capitalized costs incurred in the phased implementation of the Company's new ERP system) and $4.9 million used to fund restricted cash, offset by proceeds from the disposal of discontinued operations of $9.1 million in 2014.

Cash flows used in investing activities for discontinued operations were nominal for the three months ended December 31, 2014. Cash flows used in investing activities for discontinued operations were nominal for the year ended December 31, 2014.

CREDIT FACILITY AND BID BOND GUARANTEE FACILITY

On October 5, 2015, IBI Group secured an agreement to refinance its credit facilities under the existing banking agreement with its senior lenders. The new arrangement consists of a $90.0 million revolver facility, of which a maximum of $10.0 million is available under a swing line facility and will mature on June 30, 2018. The commitment under the swing line facility will reduce availability under the revolver facility on a dollar-for-dollar basis. The existing credit facilities were paid off in full upon closing under the terms of the new agreement and $20.0 million was placed in a segregated cash collateral account (“Sinking Fund”) upon closing. This amount was used to redeem the 5.75% convertible debentures on December 18, 2015. The agreement requires additional deposits each quarter for pre-defined amounts to the Sinking Fund as noted below:

(in thousands of Canadian dollars)		
October 5, 2015	$	20,000
December 31, 2015		2,000
March 31, 2016		3,250
June 30, 2016		3,250
September 30, 2016		3,250
December 31, 2016		3,250
March 31, 2017		3,250
June 30, 2017		3,250
September 30, 2017		3,250
December 31, 2017		3,250
March 31, 2018		3,750
June 30, 2018		3,750

The additional deposits in the Sinking Fund are pledged to repay the credit facilities or convertible debentures, and as security in the event of default. IBI Group made the December 31, 2015 deposit to the Sinking Fund, which has been recognized in restricted cash in the audited consolidated statement of financial position. IBI Group will earn interest on the deposits in the Sinking Fund based on the Canadian dollar prime rate less an applicable margin.

As at December 31, 2015, IBI Group has borrowings of $74.9 million under the credit facilities, which has been recognized in the audited consolidated statement of financial position net of deferred financing costs of $2.6 million. IBI Group has issued letters of credit of $5.3 million as at December 31, 2015, of which $1.8 million is issued under a $5.0 million facility which matures on July 31, 2016 and supports letters of credit backstopped by EDC. Advances under the revolver facility bear interest at a rate based on the Canadian dollar prime rate or U.S dollar base rate, LIBOR or Banker’s Acceptance rates plus, in each case, an applicable margin. At December 31, 2015, $30.0 million was outstanding under Bankers’ Acceptance with the remainder borrowed as Prime Rate debt.

As at December 31, 2014, IBI Group had a credit facility of $82.0 million comprised of a swing line facility of $3.5 million, a revolver facility of $14.5 million, an office capital expenditure facility of $7.0 million, a letter of credit facility of $5.0 million and a term facility of $52.0 million. As at December 31, 2014, IBI Group had borrowings of $73.4 million under the credit facilities and had issued letters of credit of $4.9 million.

According to the terms of the agreement, this credit facility was set to mature on March 31, 2016. The revolver facility was subject to a borrowing base calculation. In addition, advances under these credit facilities bore interest at a rate based on the Canadian dollar or U.S. dollar prime rate, LIBOR or banker's acceptance rates, pus, in each case, an applicable margin.

The refinancing of the credit facilities was considered an extinguishment of debt for accounting purposes. Consequently, the original credit facilities were derecognized and the new credit facilities were recognized at fair value. Transaction costs associated with the new credit facilities were capitalized against the credit facilities and are being amortized on a straight line basis to the end of the term of the new credit facilities using the effective interest method. As at December 31, 2015, deferred financing costs of $2.6 million are included in the audited consolidated statement of financial position, net of related amortization of $0.2 million that has been recognized in other finance costs in the audited consolidated statement of comprehensive income (loss). There were no deferred financing costs related to the original credit facilities as all capitalized costs have previously been recognized in other finance costs in the audited consolidated statement of comprehensive income (loss).

The new facility is subject to compliance with certain financial, reporting and other covenants. The financial covenants under the new agreement include a leverage ratio, interest coverage ratio, minimum Adjusted EBITDA[1] threshold, and restrictions on distributions, if certain conditions are not met. IBI Group was in compliance with its credit facility covenants as at December 31, 2015.

Continued compliance with the covenants under the amended credit facilities is dependent on IBI Group achieving revenue forecasts, profitability, reducing costs and the continued improvement of working capital. Market conditions are difficult to predict and there is no assurance that IBI Group will achieve its forecasts. In the event of non-compliance, IBI Group's lenders have the right to demand repayment of the amounts outstanding under the lending agreements or pursue other remedies if IBI Group cannot reach an agreement with its lenders to amend or waive the financial covenants. As in the past, IBI Group will carefully monitor its compliance with the covenants and will seek waivers, subject to lender approval, as may become necessary from time to time.

SECURITY INTEREST OF SENIOR LENDERS

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, have been pledged as security for the indebtedness and obligations of IBI Group under the credit facilities. 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.

[1] *See "Definition of Non-IFRS Measures".*

NOTES PAYABLE

The movement in the vendor notes payable for the year ended December 31, 2015 is as follows:

(in thousands of Canadian dollars)

Balance, January 1, 2014	$	5,381
Repayment		(795)
Foreign exchange		427
Balance, December 31, 2014	$	5,013
Repayment		(1,609)
Foreign exchange		834
Balance, December 31, 2015	$	4,238

The Company had notes payable due to the former owners of acquired businesses of $2.8 million which was due on September 30, 2014 and the remaining balance was due on December 11, 2014. In January 2015, the Company agreed to an extension of the maturity of the notes payable to June 30, 2016. Monthly payments on these notes payable are U.S $0.1 million until May 31, 2016 with a balloon payment of U.S $2.6 million due June 30, 2016.

The movement in the consent fee notes payable for the year ended December 31, 2015 is as follows:

(in thousands of Canadian dollars)

		Total
Balance, January 1, 2015	$	2,631
Accretion		436
Balance, December 31, 2015	$	3,067

See Note 6 - Financial Instruments of the audited consolidated financial statements for further details regarding the issuance of consent fee notes related to the amendment of the 7.0% convertible debentures during 2014.

CONVERTIBLE DEBENTURES

The Company had three series of convertible debentures outstanding, one of which was redeemed during the year ended December 31, 2015.

5.75% DEBENTURES ($20.0 MILLION PRINCIPAL, REDEEMED ON DECEMBER 18, 2015)

The 5.75% Debentures were recorded as compound financial instruments. The liability component was recorded at fair value on the date of conversion to a corporation and measured subsequently at amortized cost using the effective interest method over the life of the 5.75% Debentures. As at December 31, 2014, the liability component has an amortized cost of $18.8 million. The equity component for the conversion feature of $0.9 million was measured at the fair value on the date of conversion to a corporation. The 5.75% Debentures had a maturity date of June 30, 2017 at $20.0 million. The 5.75% Debentures were convertible into shares of the Company at the option of the holder at a conversion price of $20.52 per unit. The 5.75% Debentures were redeemable by the Company at a price of $1,000 per 5.75% Debenture, plus accrued and unpaid interest, on or after June 30, 2015 and prior to the maturity date (provided that, if the redemption is prior to June 30, 2015, the weighted average trading price of the shares of the Company on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price of $20.52). The Debentures bore interest from the date of issue at 5.75% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year.

On December 18, 2015, the Company financed the redemption of its 5.75% Debentures for $20.0 million cash from the credit facilities, plus accrued and unpaid interest up to but excluding the redemption date. The 5.75% Debentures were accreted to principal, resulting in $1.2 million of accretion expense being recognized in the consolidated statement of comprehensive income (loss) during the three months and year ended December 31, 2015. The equity component of $0.9 million was reclassified to contributed surplus upon redemption.

6.0% DEBENTURES ($57.5 MILLION PRINCIPAL, MATURES ON JUNE 30, 2018)

The 6.0% Debentures are recorded as compound financial instruments. The liability component was recorded at fair value on the date of conversion to a corporation and was subsequently measured at amortized cost using the effective interest method over the life of the 6.0% Debentures. As at December 31, 2015, the liability component has an amortized cost of $55.1 million (December 31, 2014 - $54.3 million). The equity component for the conversion feature of $3.2 million is measured at the fair value on the date of conversion to a corporation. The 6.0% Debentures have a maturity date of June 30, 2018 at $57.5 million. The 6.0% Debentures are convertible into common shares of the Company at the option of the holder at a conversion price of $21.00 per share. The 6.0% Debentures are redeemable by the Company at a price of $1,000 per 6.0% Debenture, plus accrued and unpaid interest, on or after June 30, 2014 and prior to the maturity date (provided that, if the redemption is prior to June 30, 2016, the weighted average trading price of the shares of the Company on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price of $21.00). The Debentures bear interest from the date of issue at 6.0% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year. The fair value of the 6.0% Debentures was $42.5 million based on the quoted market price as at December 31, 2015.

7.0% DEBENTURES ($46.0 MILLION PRINCIPAL, MATURES ON JUNE 30, 2019)

On July 23, 2014, the Company entered into a supplemental trust indenture with CIBC Mellon Trust Company, the trustee for the 7.0% convertible unsecured subordinated debentures (“Debentures”) which were originally scheduled to mature on December 31, 2014, to give effect to the amendments approved at a special meeting of the Debenture holders to extend the maturity of the Debentures to June 30, 2019. In exchange for the extension of the maturity, Debenture holders that delivered and did not withdraw a valid proxy voting for the extension received either; a reduced conversion price to $5.00 per share from $19.17 per share with a consent fee note equal to $86.96 per $1,000 principal amount of Debentures (“Option B”) or the Debenture holders retained the conversion price of $19.17 per share and received a consent fee note equal to $195.65 per $1,000 principal amount of Debentures (“Option A”). The conversion price was also reduced to $5.00 per share from $19.17 per share for Debenture holders who did not deposit a proxy, abstained from voting or voted against the Debenture amendments (“Option C”). The Debentures bear interest from the date of issue at 7.0% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year. The consent fee notes are unsecured, non-convertible, mature on December 31, 2016 and bear interest at the rate of 7.0% per annum which is payable on maturity.

The amendments to the Debentures resulted in them being accounted for as extinguishments for accounting purposes. Consequently, the original Debentures were derecognized and the new Debentures (under Option A, B and C) were recognized at fair value, resulting in a pre-tax gain on extinguishment of $21.1 million, net of transaction costs of $0.9 million which was recorded to other finance costs in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2014. See Note 15 – Finance Costs (Income) of the audited consolidated financial statements, for further detail regarding finance costs for the year ended December 31, 2014.

The fair value of the new Debentures issued under Option B and C of $18.7 million was estimated using the observed trading price as these Debentures are considered to be traded in an active market. The fair value was then allocated to the liability component in the amount of $15.9 million using discounted future cash flows at an estimated fair value discount rate of 26.5% and the residual was allocated to the Option B and C conversion feature in equity. The fair value of the new Debentures issued under Option A of $7.5 million was estimated using discounted future cash flows at an estimated fair value discount rate of 26.5%, with a comparison to pre-modification observed trading prices indicating that the equity component was of nominal value. As a result, substantively all of the fair value of the new Debentures issued under Option A was allocated to the liability component.

The fair value of the consent fee notes issued under Option A and B were $2.0 million and $0.5 million respectively, using discounted future cash flows at an estimated fair value discount rate of 26.5%.

The new Debentures and consent fee notes were subsequently measured at amortized cost using the effective interest method over their respective lives to maturity. As at December 31, 2015, the liability component of the new Debentures have an amortized cost of $29.6 million (December 31, 2014 - $25.3 million) and the consent fee notes have an amortized cost of $3.1 million (December 31, 2014 - $2.6 million). Accretion expense for the new Debentures and consent fee notes was $4.7 million for the year ended December 31, 2015 (December 31, 2014 - $2.1 million). See Note 15 – Finance Costs (Income) of the audited consolidated financial statements, for further detail regarding the accretion expense for the period. The equity component for the conversion feature of the new Debentures in the amount of $2.9 million is measured at fair value at the date of issuance.

Post amendment, the ticker symbol for the new Debentures under Option B and C (aggregate principal amount of $31.2 million) is IBG.DB and for Option A (aggregate principal amount of $14.8 million) is IBG.DB.C. The fair value of the new Debentures under Option B and C was $23.3 million and for Option A was $10.6 million based on their respective quoted market price as at December 31, 2015.

FINANCIAL RISK MANAGEMENT

The Company has exposure to market, credit and liquidity risk. The Company’s primary risk management objective is to protect the Company’s audited consolidated statement of financial position, comprehensive income (loss) and cash flow in support of sustainable growth and earnings. The Company’s financial risk management activities are governed by financial policies that cover risk identification, tolerance, measurement, authorization levels, and reporting.

MARKET RISK

INTEREST RATE RISK

The Company's credit facilities have floating-rate debt, which subjects it to interest rate cash flow risk. Advances under these credit facilities bear interest at a rate based on the Canadian dollar or U.S dollar prime rate, LIBOR or banker's acceptance rates, plus, in each case, an applicable margin.

If the interest rate on the Company's variable rate loan balance as at December 31, 2015, had been 50 basis points higher or lower, with all other variables held constant, net income from continuing operations for the year ended December 31, 2015 would have decreased or increased by approximately $0.3 million.

CURRENCY RISK

The Company's foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's policy has been to economically hedge foreign exchange exposures rather than purchasing currency swaps and forward foreign exchange contracts.

Foreign exchange gains or losses in the Company's net income arise on the translation of foreign-denominated intercompany loans held in the Company's Canadian operations and financial assets and liabilities held in the Company's foreign operations. The Company minimizes its exposure to foreign exchange fluctuations on these items by matching U.Sdollar liabilities when possible.

If the exchange rates had been 100 basis points higher or lower during the year ended and as at December 31, 2015, with all other variables held constant, total comprehensive income would have increased or decreased by $0.4 million for the year ended December 31, 2015. If the exchange rates had been 100 basis points higher or lower during the year ended December 31, 2015, with all other variables held constant, net income would have increased or decreased by $0.03 for the year ended December 31, 2015.

CREDIT RISK

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable. The Company maintains an allowance for estimated credit losses on accounts receivable. The estimate is based on the best assessment of the ultimate collection of the related accounts receivable balance based, in part, on the age of the outstanding accounts receivable and on its historical impairment loss experience.

A significant portion of the accounts receivable are due from government and public institutions. Receivables that are neither past due nor impaired are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered in assessing the impairment of such assets. No collateral is held in respect of impaired assets or assets that are past due but not impaired.

LIQUIDITY RISK

The Company strives to maintain sufficient financial liquidity to withstand sudden adverse changes in economic circumstances. Management forecasts cash flows for its current and subsequent fiscal years to identify financing requirements. These requirements are then addressed through a combination of committed credit facilities and access to capital markets.

On October 5, 2015, IBI Group signed an amendment to refinance its credit facilities with its senior lenders.

See liquidity and capital resources section of this MD&A for more details.

As at December 31, 2015, a foreign subsidiary of the Company had issued letters of credit in the amount of U.S $2.3 million. The Company has pledged U.S $2.3 million (December 31, 2014 - $nil) of cash as security for these letters of credit issued by a foreign financial institution on behalf of the foreign subsidiary. In accordance with the provisions of the contract, the Company expects U.S $1.2 million to be unrestricted prior to the end of the second quarter of 2016 and the remainder to be unrestricted prior to end of the fourth quarter of 2016 as the foreign subsidiary achieves certain milestones in relation to a local project.

CONTRACTUAL OBLIGATIONS

As part of continuing operations, the Company enters into contractual obligations from time to time. The table below summarizes the contractual obligations due on financial liabilities and commitments as of December 31, 2015:

Contractual Obligations	*Payment Due by Period*				
(in millions of Canadian dollars)	***TOTAL***	***LESS THAN 1 YEAR***	***1-3 YEARS***	***4-5 YEARS***	***AFTER 5 YEARS***
Accounts payable and accrued liabilities	*$ 54.4*	*$ 54.4*	*$ -*	*$ -*	*$ -*
Credit facilities[1]	*74.9*	*-*	*74.9*	*-*	*-*
Interest on credit facilities[1,2]	*9.8*	*3.9*	*5.9*	*-*	*-*
Convertible debentures	*103.5*	*-*	*57.5*	*46.0*	*-*
Interest on convertible debentures[3]	*19.9*	*6.7*	*11.6*	*1.6*	*-*
Vendor notes payable[1]	*4.2*	*4.2*	*-*	*-*	*-*
Interest on vendor notes payable[1]	*0.1*	*0.1*	*-*	*-*	*-*
Consent fee notes payable[1]	*3.5*	*3.5*	*-*	*-*	*-*
Finance lease obligation	*0.3*	*0.1*	*0.2*	*-*	*-*
Operating leases	*137.4*	*19.8*	*33.2*	*24.0*	*60.4*
TOTAL CONTRACTUAL OBLIGATIONS	*$ 408.0*	*$ 92.7*	*$ 183.3*	*$ 71.6*	*$ 60.4*

[1] See liquidity risk section of this MD&A.

[2] Advances under the revolver facility bear interest at a rate based on the Canadian dollar prime rate or U.S dollar base rate, LIBOR or Banker's Acceptance rates plus, in each case, an applicable margin.

[3] Includes the amount of cash interest due on the convertible debentures and does not include non-cash accretion.

CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain a capital base that will maintain investor, creditor, and market confidence and to sustain future growth within the business. The Company defines its capital as the aggregate of credit facilities, convertible debentures, and equity.

The Company has reviewed its anticipated revenues and costs over future years and has determined that the business has the ability to generate sufficient cash resources to fund its activities. A downturn in the economy or other unfavourable events may cause this situation to change. In conjunction with this analysis, the Company's financing strategy is to access capital markets to raise debt and equity financing and utilize the banking market to provide committed term and operating credit facilities to support its short-term and long-term cash flow needs.

FUTURE CASH GENERATION

Specific items of consideration in future cash generation are as follows:

1. ABILITY TO GENERATE SUFFICIENT CASH

The Company's existing business plan indicates that future earnings and cash flow generated will be sufficient to pay down and re-finance existing amounts outstanding within current thresholds acceptable to lenders. Reference should be made to commentary on forward looking statements in this document.

2. CIRCUMSTANCES THAT COULD AFFECT FUNDING

In the event that capital markets deteriorate or the Company does not execute on its business plan this will affect ability to attract and / or generate sufficient funds.

3. WORKING CAPITAL REQUIREMENTS

In the short term the business has sufficient financing to fund its working capital requirements. Management is implementing procedures and systems that are expected to assist management with their objective to reduce the level of working capital on the balance sheet. If achieved, this will reduce existing borrowing amounts.

4. SITUATIONS INVOLVING EXTENDED PAYMENT

There are situations where arrangements with clients result in extended payment arrangements on projects. Management is implementing procedures and systems to improve cash flow forecasting before contracts are signed with clients to continue to ensure that sufficient cash flow is generated from each project.

5. CIRCUMSTANCES THAT IMPACT ESSENTIAL TRANSACTIONS

Certain larger projects in the architecture and engineering marketplace require capital investment to participate in the business opportunity. While the Company will continue to participate in these activities it will continue to do so only where probability of sufficient cash flow generation is determined at the beginning of the project.

6. SOURCES OF FUNDS TO MEET CAPITAL EXPENDITURE REQUIREMENTS

With the exception of 2014, where new leases were signed on two major offices, the Company does not have significant capital needs in relation to its cash generating ability. In the event that capital markets deteriorate or the Company does not execute on its business plan this situation may change. Reference should be made to commentary on forward looking statements in this document.

7. CREDIT FACILITY

On October 5, 2015, IBI Group secured an agreement to refinance its Credit Facilities under the existing banking arrangement with its senior lenders. See liquidity risk section of this MD&A.

8. CONVERTIBLE DEBENTURES

As outlined above, the Company has two series of debentures that provide a basis of capital which requires repayment or refinancing over the period from June 2018 to June 2019.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. As at March 17, 2016, the Company's common share capital consisted of 24,966,744 shares issued and outstanding.

Each share entitles the holder to one vote at all meetings of shareholders.

The 6,282,222 Class B partnership units of IBI Group are indirectly exchangeable for common shares of the Company on the basis of one share of the Company for each Class B subordinated partnership unit. If all such Class B partnership units of IBI Group had been exchanged for shares on December 31, 2015, the units issued on such exchange would have represented a 20.1% interest in the Company.

Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders. The Class B partnership units have been recorded as a non-controlling interest in the consolidated financial statements as at December 31, 2015.

SHARE ISSUANCES

- During the year ended December 31, 2015, the Company issued 3,487,071 common shares for cash proceeds of $5.6 million and incurred transaction costs of $0.1 million.

- During the year ended December 31, 2015, the Company issued 3,671,189 common shares for proceeds of $8.0 million in exchange for promissory notes which were used to pay down the Management Partnership loan and incurred transaction costs of $0.1 million.

- During the year ended December 31, 2015, the Company issued 1,256,444 Class B partnership units for proceeds of $2.0 million in exchange for a promissory note which was used to pay down the Management Partnership loan and incurred nominal transaction costs. This resulted in a net increase to non-controlling interest of $2.0 million.

ACCUMULATED OTHER COMPREHENSIVE LOSS

- During the three months ended December 31, 2015, the Company incurred a loss of $0.8 million related to the translation of financial statements of foreign operations from continuing operations, of which 78.0% is attributable to common shareholders.
- During the year ended December 31, 2015, the Company incurred a loss of $1.0 million related to the translation of financial statements of foreign operations from continuing operations, of which 78.0% is attributable to common shareholders.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Administration Agreement, IBI Group and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the partners of the Management Partnership. The amount paid for such services during the year ended December 31, 2015 was $24.2 million (2014 - $26.1 million). As at December 31, 2015, the Company advanced $1.0 million to the Management Partnership for payment of future compensation for the services of the partners (December 31, 2014 – $nil). As at December 31, 2015, there were 91 partners (December 31, 2014 – 96 partners).

IBI Group from time to time makes a monthly distribution to each Class B partnership unit holder equal to the dividend per share (on a pre-tax basis) declared to each shareholder. All of the Class B partnership units are held by the Management Partnership. As at December 31, 2015 and 2014, the amount of distributions payable to the Management Partnership were nil.

As at December 31, 2014, the remaining amount payable was $10.0 million. This loan was repaid in full during 2015 using proceeds of $1.5 million received for common shares issued to the Management Partnership under the rights offering, proceeds of $2.0 million received for Class B units issued to the Management Partnership under the rights offering, with the remainder being settled using the proceeds received from the issuance of common shares to the Management Partnership under the private placement. Interest on this loan was at the same rate as the operating line of credit that IBI Group has with its bank lender, less any commitment fees payable to its bank lender. Interest expense on this advance was $1.0 million for the year ended December 31, 2015 (2014 - $0.4 million).

On November 19, 2015, the Company issued a rights offering under which each shareholder of its common shares was given the right to subscribe for additional common shares of the Company at a pre-determined subscription price on or before December 18, 2015. The net proceeds of $5.5 million raised from the issuance of common shares to public shareholders were used to repay the Company's credit facilities. The proceeds of $1.5 million for the issuance of common shares to the Management Partnership was paid by a promissory note which was set off against the corresponding amount of indebtedness owing by the Company to the Management Partnership. Concurrently with the rights offering, IBI Group issued to the Management Partnership rights to subscribe for additional Class B partnership units on terms substantially similar to those of the rights offering. The proceeds of $2.0 million from the issuance of the Class B partnership units was paid by a promissory note which was set off against the corresponding amount of indebtedness owing by the Company to the Management Partnership. On December 31, 2015, the Company completed a private placement, issuing shares to the Management Partnership in full satisfaction of the remainder of the indebtedness owing to the Management Partnership.

As noted in Note 18 – Discontinued Operations of the audited consolidated financial statements, on October 2, 2014, Daniel Arbour, who previously led IBI Group's operations in China, acquired a 19% equity interest in China. The Company also sold a 30% equity interest in China to Services Intégrés Lemay & Associés Inc. for approximately $0.5 million, subject to final closing adjustments. In addition, a 19% equity interest in China was sold to Champlain (2014) Inc. ("Champlain") in exchange for a non-interest bearing receivable for $0.5 million. The receivable was to be settled based on an earn-out period over the next four years. The Company has determined that this receivable is not collectible and as such has recognized an impairment charge for the discounted value of $0.4 million through the audited consolidated statement of comprehensive income (loss) during the year ended December 31, 2015. Champlain is 100% owned by Daniel Arbour, who has led IBI Group's operations in China and is a related party to the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the audited consolidated financial statements in accordance with IFRS requires management to exercise judgment and make estimates and assumptions that affect the application of accounting policies on reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the period covered by the consolidated statement of comprehensive income (loss). Actual amounts may differ from these estimates.

Within the context of the consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

Information about judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are as follows:

REVENUE RECOGNITION

The Company also enters into contracts that require multiple deliverables, which can include software and hardware elements. Management applies judgment when assessing whether certain deliverables in a customer arrangement should be included or excluded from a unit of account to which contract accounting is applied. The judgment is typically related to the sale and inclusion of third party hardware and licenses in a customer arrangement, and involves an assessment that principally addresses whether the deliverable has stand-alone value to the customer that is not dependent upon other components of the arrangement.

RECOVERABILITY OF ACCOUNTS RECEIVABLE

The Company records accounts receivable net of impairment losses determined based on the age of the outstanding receivables, factors specific to individual clients and on its historical collection and loss experience.

Information about assumptions and estimation uncertainties that have a significant impact on the amounts recognized in the audited consolidated financial statements for the year ended December 31, 2015 are as follows:

REVENUE RECOGNITION AND DEFERRED REVENUE

The Company accounts for certain of its revenue in accordance with IAS 11 *Construction Contracts*, ("IAS 11") which requires estimates to be made for contract costs and revenues and IAS 18 *Revenue* ("IAS 18"). Revenue from fixed-fee and variable-fee-with-ceiling contracts is recognized using the percentage of completion method based on the ratio of professional costs incurred to total estimated professional costs. Estimating total professional costs is subjective and requires the use of management's best estimate based on the information available at that point in time. The Company also provides for estimated losses on contracts in-progress in the period in which such losses are determined. Deferred revenue is recorded when billings to the clients exceeds the revenue that has been earned based on effort completed at the date of the audited consolidated statement of financial position. Changes in the estimates are reflected in the period in which they are made and would affect the Company's revenue and work in process.

VALUATION OF WORK IN PROCESS

The Company records its work in process based on the time and materials charged into each project. The work in process for each project is reviewed on a monthly basis to determine whether the amounts recorded are recoverable. Where the review determines that the value of work in process exceeds the amount that can be invoiced, provisions are made to the work in process and revenue is reduced. The valuation of the work in process involves estimates of the professional costs to be incurred to complete the project.

ONEROUS LEASE PROVISIONS

The Company recognizes provisions when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Management has recorded a provision related to lease exit liabilities which requires estimation of the expected sublease income and discount rate reflective of the risk specific to the obligation.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized when the underlying contractual obligation is discharged, cancelled or expires. As described in note 6 – Financial Instruments of the audited consolidated financial statements, management applied judgement in assessing the criteria that lead to accounting for the change in terms of the convertible debentures and credit facility as an extinguishment of the liability.

DETERMINING PROBABLE FUTURE UTILIZATION OF TAX LOSS CARRYFORWARDS

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits, together with future tax-planning strategies.

ACCOUNTING DEVELOPMENTS

a) CHANGES IN ACCOUNTING POLICIES

Annual Improvements to IFRS (2010 – 2012) and (2011-2013) Cycles

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS.

The Company adopted these amendments in its consolidated financial statements for the annual period beginning on January 1, 2015. The adoption of the amendments did not have a material impact on the consolidated financial statements.

b) FUTURE ACCOUNTING POLICY CHANGES

Annual Improvements to IFRS (2012 - 2014) Cycles

In September 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process.

The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply.

The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

IAS 1 *Presentation of Financial Statements*

In December 2014, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to provide guidance on the application of judgment in the preparation of financial statements and disclosures. These amendments are effective for annual periods beginning on or after January 1, 2016 with earlier adoption permitted. The adoption of the amendments is not expected to have a material impact on the consolidated financial statements.

IFRS 11 *Joint Arrangements*

In May 2014, IFRS 11 *Joint Arrangements ("IFRS 11")* was amended to require an acquisition of a joint operation that constitutes a business to be accounted for using the principles of business combinations in IFRS 3 *Business Combinations*. This amendment applies to both initial and additional interest acquired in the joint operation. The Company intends to adopt the amendments to IFRS 11 in its consolidated financial statements for the annual period beginning January 1, 2016. The adoption of the amendments is not expected to have a material impact on the consolidated financial statements.

IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*

In September 2014, IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* were amended to clarify an inconsistency between the two standards relating to the sale or contribution of assets from an investor to its associate or joint venture. The amendment requires that a full gain or loss is recorded if the sold or contributed assets do not constitute a business. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The adoption of the amendments is not expected to have a material impact on the consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018 and is available for early adoption.

IFRS 15 will replace IAS 11, IAS 18, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The new standard contains a single model that applies to contracts with customers and two approaches for recognizing revenue. The model features a contract-based five step analysis of individual transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

IFRS 16 *Leases*

In January 2016, the IASB issued IFRS 16 *Leases* (“IFRS 16”). The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has been adopted.

IFRS 16 will replace IAS 17 *Leases.*

The new standard requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 of the Canadian Securities Administrators, the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) will be making certifications related to the information contained in the Company’s quarterly filings. As part of certification, the CEO and CFO must certify as to the design of disclosure controls and procedures (“DC&P”) and internal controls over financial reporting (“ICFR”).

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company is processed and reported on a timely basis to the Company’s management, including the CEO and CFO, as appropriate, to allow timely decisions with respect to required disclosure. The Company has adopted or formalized such controls as it believes are necessary and consistent with its business and internal management and supervisory practices. ICFR is a process designed to provide reasonable assurances regarding the reliability of the Company’s financial reporting and of the preparation of financial statements for external purposes in compliance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of the financial reporting and of the preparation of the financial statements.

The Company’s CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company’s ICFR and disclosure controls and DC&P as at December 31, 2015, and have concluded that such controls and procedures are effective. There have been no changes in the Company’s internal control over financial reporting that occurred during the period beginning on January 1, 2015, and ended on December 31, 2015, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

DEFINITION OF NON-IFRS MEASURES

Non-IFRS measures do not have a standardized meaning within IFRS and are therefore unlikely to be comparable to additional measures presented by other issuers. In commentary and tables within this document IFRS measures are presented along with non-IFRS measures. Where non-IFRS measures are used, there is a reconciliation to IFRS amounts provided. Any changes in the definition of non-IFRS are disclosed and quantified.

1. ADJUSTED EBITDA

The Company believes that Adjusted EBITDA, defined below, is an important measure for investors to understand the Company's ability to generate cash to honour its obligations. Management of the Company believes that in addition to net income (loss), Adjusted EBITDA is a useful supplemental measure as it provides readers with an indication of cash available for debt service, capital expenditures, income taxes and dividends. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating activities as a measure of liquidity and cash flows.

The Company defines Adjusted EBITDA in accordance with what is required in its lending agreements with its senior lenders.

References in this MD&A to Adjusted EBITDA are based on net income adjusted for the following items:

- Gain/loss arising from extraordinary, unusual or non-recurring items, such as debt extinguishments
- Acquisition costs and deferred consideration revenue (i.e. restructuring costs, integration costs, compensation expenses, transaction fees and expenses)
- Non-cash expenses (i.e. grant of stock options, restricted share units or Capital stock to employees as compensation)
- Gain/Loss realized upon the disposal of capital property
- Gain/loss on foreign exchange translation
- Gain/loss on purchase or redemption of securities issued by that person or any subsidiary
- Gain/loss on fair valuation of financial instruments
- Amounts attributable to minority equity investments
- Interest income

Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities. Accordingly, Adjusted EBITDA may not be comparable to similar measures used by such entities. Reconciliations of net income (loss) to adjusted EBITDA have been provided under the heading "Results of Operations".

2. WORKING CAPITAL MEASURED IN NUMBER OF DAYS OF GROSS BILLINGS

Included in working capital of the Company are amounts reflecting project costs and sub-consultant expenses. The Company only reports its net fee volume as revenue, which would not include the billings for the recovery of these incurred costs. Therefore to measure number of days outstanding of working capital, the gross billings, which include the billings for recovery of project expenses, would result in a more consistent calculation.

The information included is calculated based on working days on a twelve month trailing basis, measured as days outstanding on gross billings, which is estimated to be approximately 34% greater than net fee volume.

The Company believes that informing investors of its progress in managing its accounts receivable, work-in-process and deferred revenue is important for investors to anticipate cash flows from the business and to compare the Company with other businesses that operate in the same industry.