IBI Group 2015
First-Quarter Financial Statements

THREE MONTHS ENDED
MARCH 31, 2015

Unaudited Interim Condensed Consolidated Financial Statements of

IBI GROUP INC.

Three months ended March 31, 2015 and 2014

IBI GROUP INC.

Interim Condensed Consolidated Statement of Financial Position
(unaudited)

(thousands of Canadian dollars)	Notes	March 31, 2015	December 31, 2014
Assets			
Current Assets			
Cash	*4*	$ 8,329	$ 10,342
Accounts receivable	*4,7*	110,730	106,451
Work in process	*3*	89,090	85,371
Prepaid expenses and other current assets		10,936	9,460
Income taxes recoverable		697	806
Total Current Assets		$ 219,782	$ 212,430
Other assets		1,139	1,139
Property and equipment		13,411	12,780
Investment in equity accounted investee		620	817
Intangible assets		5,650	5,317
Deferred tax assets		19,356	19,580
Total Assets		$ 259,958	$ 252,063
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	*4*	$ 56,411	$ 57,449
Deferred revenue	*3*	33,396	28,002
Vendor notes payable	*4,10*	1,522	5,013
Income taxes payable		1,709	1,397
Finance lease obligation		628	693
Credit facilities		71,756	10,000
Onerous lease provisions	*12*	967	687
Due to related parties	*4,5*	10,000	10,000
Total Current Liabilities		$ 176,389	$ 113,241
Onerous lease provisions	*12*	3,925	4,051
Vendor notes payable	*4,10*	3,272	-
Consent fee notes payable	*4,10*	2,735	2,631
Finance lease obligation		122	235
Credit facilities	*4,7*	-	63,423
Convertible debentures	*4*	99,790	98,437
Deferred tax liabilities		8,735	8,690
Total Liabilities		$ 294,968	$ 290,708
Equity			
Shareholders' Equity			
Share capital	*6*	$ 235,036	$ 235,036
Contributed surplus	*6*	2,106	2,106
Deficit		(277,576)	(279,546)
Convertible debentures - equity component	*4*	5,852	5,852
Accumulated other comprehensive loss		(2,533)	(3,398)
Total Shareholders' Equity		$ (37,115)	$ (39,950)
Non-controlling interest	*6*	2,105	1,305
Total Equity		$ (35,010)	$ (38,645)
Total Liabilities and Equity		$ 259,958	$ 252,063

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

Interim Condensed Consolidated Statement of Comprehensive Income *(unaudited)*

		Three months ended	
(thousands of Canadian dollars, except per share amounts)	**Notes**	**March 31, 2015**	**March 31, 2014**
			(restated- Note 13)
Revenue		$ 77,481	$ 73,456
Salaries, fees and employee benefits		55,671	52,717
Rent		6,182	5,555
Other operating expenses		8,780	9,597
Foreign exchange gain	*7*	(3,282)	(1,421)
Amortization of intangible assets		190	230
Amortization of property and equipment		804	438
Impairment of financial assets	*7*	296	624
		68,641	67,740
Operating Income		$ 8,840	$ 5,716
Interest expense, net	*4,9*	5,114	4,262
Other finance costs	*9*	252	338
Finance Costs		$ 5,366	$ 4,600
Share of loss of equity accounted investee, net of tax		197	-
Net Income before taxes from continuing operations		$ 3,277	$ 1,116
Current tax expense	*13*	399	732
Deferred tax expense (recovery)	*13*	352	(835)
Income Taxes		$ 751	$ (103)
Net income from continuing operations		$ 2,526	$ 1,219
Net loss from discontinued operations	*12*	-	(23)
Net Income		$ 2,526	$ 1,196
Other comprehensive income			
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		$ 1,108	$ (89)
Other Comprehensive Income (Loss), net of tax		1,108	(89)
Total Comprehensive Income		$ 3,634	$ 1,107
Net income attributable to:			
Common shareholders		$ 1,970	$ 929
Non-controlling interests	*6*	556	267
Net Income		$ 2,526	$ 1,196
Total comprehensive income attributable to*:*			
Common shareholders		$ 2,834	$ 860
Non-controlling interests	*6*	800	247
Total Comprehensive Income		$ 3,634	$ 1,107
Earnings per share attributable to the owners of the Company			
Basic and diluted earnings per share	*6*	$ 0.11	$ 0.05
Basic and diluted earnings per share from continuing operations	*6*	$ 0.11	$ 0.05
Basic and diluted earnings per share from discontinued operations	*6*	$ -	$ -

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

Interim Condensed Consolidated Statement of Cash Flows
(unaudited)

		Three months ended	
(thousands of Canadian dollars)	**Notes**	**March 31, 2015**	**March 31, 2014**
Cash Flows provided by Operating Activities			
Net income		$ 2,526	$ 1,196
Items not affecting cash:			
Onerous lease provision	*12*	154	-
Amortization of property and equipment		804	573
Amortization of intangible assets		190	230
Amortization of deferred financing costs		-	231
Share of loss of equity-accounted investee, net of tax		197	-
Foreign exchange gain		(3,119)	(1,421)
Interest expense, net		5,114	4,353
Deferred income taxes		352	(835)
Interest paid		(3,595)	(3,786)
Income taxes received (paid)		279	(148)
Change in non-cash operating working capital	*8*	1,570	1,536
Net Cash provided by Operating Activities		$ 4,472	$ 1,929
Cash Flows used in Financing Activities			
Payments on principal of notes payable		$ (660)	$ -
Payments on principal of credit facilities		(4,513)	(95)
Payments on principal of finance lease obligation		(178)	-
Net Cash used in Financing Activities		$ (5,351)	$ (95)
Cash Flows used in Investing Activities			
Purchase of property and equipment		$ (1,193)	$ (3,963)
Purchase of intangible assets		(168)	
Net Cash used in Investing Activities		$ (1,361)	$ (3,963)
Effect of foreign exchange rate fluctuations on cash held	*7*	$ 227	$ (234)
Net decrease in cash		$ (2,013)	$ (2,363)
Cash, beginning of period		10,342	8,066
Cash, end of period		$ 8,329	$ 5,703
Net cash is comprised of:			
Cash from continuing operations, end of period		$ 8,329	$ 5,265
Cash from discontinued operations, end of period		$ -	$ 438
Cash, end of period		$ 8,329	$ 5,703

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

Interim Condensed Consolidated Statement of Changes in Equity
(unaudited)

(thousands of Canadian dollars)	Notes	Three months ended March 31, 2015	March 31, 2014
Share Capital			
Share capital, beginning of period		$ 235,036	$ 234,358
Shares issued	*6*	-	24
Share Capital, End of Period		$ 235,036	$ 234,382
Contributed Surplus			
Contributed surplus, beginning of period	*6*	$ 2,106	$ -
Surplus on exchange of shares	*6*	-	277
Contributed Surplus, End of Period		$ 2,106	$ 277
Deficit			
Deficit, beginning of period		$ (279,546)	$ (277,088)
Net income attributable to common shareholders		1,970	929
Deficit, End of Period		$ (277,576)	$ (276,159)
Convertible Debentures - Equity Component			
Convertible debentures, beginning of period		$ 5,852	$ 5,852
Convertible Debentures, End of Period		$ 5,852	$ 5,852
Accumulated Other Comprehensive Loss			
Accumulated other comprehensive loss, beginning of period		$ (3,398)	$ (3,114)
Other comprehensive income attributable to common shareholders		865	-
Accumulated Other Comprehensive Loss, End of Period		$ (2,533)	$ (3,114)
Total Shareholders' Equity		$ (37,115)	$ (38,762)
Non-controlling Interest			
Non-controlling interest, beginning of period		$ 1,305	$ 4,623
Total comprehensive income attributable to non-controlling interests	*6*	800	267
Redemption of shares issued	*6*	-	(301)
Non-controlling Interest, End of Period		$ 2,105	$ 4,589
Total Equity, End of Period		$ (35,010)	$ (34,173)

See accompanying notes to the interim condensed consolidated financial statements.

NOTE 1: ORGANIZATION AND DESCRIPTION OF THE BUSINESS

IBI Group Inc. (the "Company") is a company incorporated pursuant to the provisions of the Canada Business Corporations Act (the "CBCA") on September 30, 2010 and is the successor to IBI Income Fund (the "Fund"), an unincorporated, open-ended limited purpose trust established under the laws of Ontario.

The Fund was created on July 23, 2004, to indirectly acquire the outstanding Class A partnership units of IBI Group Partnership ("IBI Group"), a general partnership formed and carrying on business under the laws of the Province of Ontario. As at March 31, 2015, the Company's common share capital consisted of 17,808,484 issued and outstanding shares. Each share entitles the holder to one vote at all meetings of shareholders.

IBI Group also issued Class B partnership units to IBI Group Management Partnership (the "Management Partnership"), the entity that carried on the operations of the Fund prior to its acquisition by the Fund. The Class B partnership units of IBI Group are indirectly exchangeable for shares on the basis of one share of the Company for each Class B subordinated partnership unit. Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders of the Company.

As at March 31, 2015, the Management Partnership holds 5,025,778 Class B partnership units representing 22.0% of the issued and outstanding units of IBI Group and, with affiliated partnerships, 3,850,206 common shares of the Company, representing a total ownership of approximately 39.0% of the Company. The Management Partnership also holds 5,025,778 non-participating voting shares of the Company, which together with the 3,850,206 common shares of the Company held by the Management Partnership and affiliated partnerships, represents approximately 39.8% of the voting shares of the Company.

Through IBI Group, the Company is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. IBI Group's business is concentrated in three main areas of development, being intelligence, buildings and infrastructure. The professional services provided by IBI Group include planning, design, implementation, analysis of operations and other consulting services related to these three main areas of development.

The common shares of the Company are listed on the Toronto Stock Exchange ("TSX") under the symbol "IBG". The Company's registered head office is 55 St. Clair Ave. West, 7th Floor, Toronto, Ontario, M5V 2Y7.

NOTE 2: STATEMENT OF COMPLIANCE

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements ("interim financial statements") of the Company and its subsidiaries have been prepared in accordance with IAS 34, *Interim Financial Reporting*, using accounting policies consistent with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and using accounting policies derived therein consistent with the Company's audited consolidated financial statements as at and for the year ended December 31, 2014 other than those in (c) below. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in these notes. The interim financial statements do not include all of the information required for full annual financial statements. These interim financial statements were approved by the Board of Directors on May 13, 2015.

b) Use of accounting estimates and judgments

The preparation of these interim financial statements 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 interim financial statements, and the reported amounts of revenue and expenses for the period covered by the interim financial statements. Actual amounts may differ from these estimates.

Liquidity

IBI Group's swing facility and credit facility (the "Credit Facilities") will need to be renewed or refinanced no later than March 31, 2016. On March 31, 2015, the Company submitted a recapitalization plan to refinance its banking agreement with its senior lenders. Subsequent to quarter end, the recapitalization plan was approved by the lenders with ongoing business updates and reporting against certain milestones in the plan. Although the Company believes that it can negotiate an extension or renewal of the Credit Facilities or obtain replacement financing prior the expiration of the Credit Facilities, there can be no assurance that the Credit Facilities will be extended or renewed or that future borrowings will be available to IBI Group, or available on acceptable terms, in an amount sufficient to meet the Company's financing requirements at that time. If such an extension or renewal or future borrowings were not available, or not available on acceptable terms, it would have a material adverse impact on the Company's business and financial condition.

The significant judgments made by management in applying the accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

c) 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.

Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply.

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

d) Future Accounting Policy Changes

Annual Improvements to IFRS (2012 – 2014) cycle

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

Except for the proposed amendments to IFRS 5, the proposed changes would be applied retrospectively 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 proposed amendments to IFRS 5 would be applied prospectively in accordance with IAS 8 for annual periods beginning on or after January 1, 2016; similarly, earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply.

The extent of the impact of the adoption of the amendments have not yet been determined.

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 extent of the impact of the adoption of the amendments have not yet been determined.

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 Combination*s. 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 extent of the impact of the adoption of amendments to IFRS 11 has not yet been determined.

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 extent of the impact of the adoption of the amendments have not yet been determined.

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 fiscal years ending on or after December 31, 2017 and is available for early adoption.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, 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 analsysis 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, 2017. 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.

NOTE 3: SEGMENT INFORMATION

The Company is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. The Company considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments.

(a) Operating segments

Operating segments of the Company are defined as components for which separate financial information is available that is evaluated regularly in allocating resources and assessing performance.

The Company has one operating segment, consulting services. These services are provided throughout Canada, the U.S., and internationally.

(b) Geographic segments

The following table demonstrates certain statement of financial position information line items segmented geographically as at March 31, 2015, with comparatives as at December 31, 2014:

	As at March 31, 2015			
	Canada	U.S.	International	Total
Property and equipment	$ 9,878	$ 2,112	$ 1,421	$ 13,411
Intangible assets	1,284	3,516	850	5,650
Work in process	71,519	17,603	25,056	114,178
Reserve for work in process	(20,078)	(3,110)	(1,900)	(25,088)
Work in process, net	51,441	14,493	23,156	89,090
Deferred revenue	19,999	7,125	6,272	33,396
Total assets	161,474	56,357	42,127	259,958

	As at December 31, 2014			
	Canada	U.S.	International	Total
Property and equipment	$ 9,550	$ 1,974	$ 1,256	$ 12,780
Intangible assets	1,115	3,356	846	5,317
Work in process	71,931	16,759	21,178	109,868
Reserve for work in process	(20,145)	(2,687)	(1,665)	(24,497)
Work in process, net	51,786	14,072	19,513	85,371
Deferred revenue	19,652	5,621	2,729	28,002
Total assets	165,412	50,772	35,879	252,063

The following table demonstrates certain information related to continuing operations contained in the statement of comprehensive income segmented geographically for the three months ended March 31, 2015 and 2014. The unallocated amounts pertain to expenses relating to convertible debentures, the credit facilities, taxes, non-cash finance costs, rent for the Corporate office and professional fees related to Corporate matters that have been incurred by the Company.

	Three months ended March 31, 2015				
	Unallocated Corporate costs	Canada	U.S.	International	Total
Revenues	$ -	$ 46,722	$ 21,042	$ 9,717	$ 77,481
Net income (loss) from continuing operations	$ (2,016)	$ 6,684	$ (1,313)	$ (829)	$ 2,526

	Three months ended March 31, 2014				
	Unallocated Corporate costs	Canada	U.S.	International	Total
Revenues	$ -	$ 38,977	$ 20,950	$ 13,529	$ 73,456
Net income (loss) from continuing operations	$ (1,955)	$ 59	$ (461)	$ 3,576	$ 1,219

NOTE 4: FINANCIAL INSTRUMENTS

(a) Indebtedness

The Company has a credit facility of $87,000 comprised of a swing line facility of $3,500, a revolver facility of $14,500, an office capital expenditure facility of $7,000, a letter of credit facility of $5,000 and a term facility of $57,000. As of March 31, 2015, the Company had borrowings of $71,756 under the credit facility compared with borrowings of $73,423 as of December 31, 2014. According to the terms of the agreement, this credit facility is set to mature on March 31, 2016. As of March 31, 2015, the Company had issued letters of credit of $4,885.

The credit facility is subject to a borrowing base calculation. In addition, the availability of each credit facility is subject to compliance with certain financial, reporting and other covenants. Advances under the credit facilities bear interest at a rate based on the Canadian dollar prime rate or US dollar base rate plus, in each case, an applicable margin.

The credit facilities contained financial covenants including funded debt to Adjusted EBITDA[1] ratio, fixed-charge coverage ratio, and restrictions on distributions, if certain conditions were not met. The Company was in compliance with its credit facility covenants as at March 31, 2015.

[1] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; amounts attributable to minority equity investments; and 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.

During the three months ended March 31, 2015, the Company entered into a transaction to factor receivables that exceeded the allowed threshold by less than a thousand dollars. The Company has obtained a waiver from its banks. Subsequent to quarter-end, the receivables were collected and the collateralization agreement was cancelled.

On March 30, 2015, the Company and the senior lenders reached an agreement to amend the letter of credit facility. As a result of the amendment, issuance or renewal of letters of credit with a maturity date after March 31, 2016 will reduce the availability under the revolver and term facilities.

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

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.

(b) Convertible debentures

The Company has three series of convertible debentures outstanding as at March 31, 2015. The fair value of the Convertible Debentures as at March 31, 2015, based on a quoted market price, is as follows:

	Carrying value	Fair value
7.0% Debentures ($46,000 principal, matures on June 30, 2019)	$ 26,378	$ 19,962
5.75% Debentures ($20,000 principal, matures on September 30, 2017)	18,943	8,800
6.0% Debentures ($57,500 principal, matures on September 30, 2018)	54,469	20,125
Total	$ 99,790	$ 48,887

The movement in Convertible Debentures for the three months ended March 31, 2015 is as follows:

	Liability component	Equity component	Total
Balance, January 1, 2015	$ 98,437	$ 5,852	$ 104,289
Accretion of convertible debenture	1,353	-	1,353
Balance, March 31, 2015	$ 99,790	$ 5,852	$ 105,642

(c) Financial assets and liabilities

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, vendor notes payable, consent fee notes payable and finance lease obligation approximate their carrying amounts due to their short-term maturity.

The carrying amount of the Company's financial instruments as at March 31, 2015 is as follows:

	Financial assets and liabilities at FVTPL	Loans and receivables	Other financial liabilities	Total
Financial assets				
Cash	$ 8,329	$ -	$ -	$ 8,329
Accounts receivable	-	110,730	-	110,730
Total	$ 8,329	$ 110,730	$ -	$ 119,059
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 56,059	$ 56,059
Deferred share plan liability[1]	352	-	-	352
Due to related parties	-	-	10,000	10,000
Vendor notes payable	-	-	4,794	4,794
Consent fee notes payable	-	-	2,735	2,735
Credit facilities	-	-	71,756	71,756
Convertible debentures	-	-	99,790	99,790
Total	$ 352	$ -	$ 245,134	$ 245,486

[1] The deferred share plan liability is grouped with accounts payable and accrued liabilities on the unaudited interim condensed consolidated statement of financial position.

The carrying amount of the Company's financial instruments as at December 31, 2014 is as follows:

	Financial assets and liabilities at FVTPL	Loans and receivables	Other financial liabilities	Total
Financial assets				
Cash	$ 10,342	$ -	$ -	$ 10,342
Accounts receivable	-	106,451	-	106,451
Total	$ 10,342	$ 106,451	$ -	$ 116,793
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 57,058	$ 57,058
Deferred share plan liability[1]	391	-	-	391
Due to related parties	-	-	10,000	10,000
Vendor notes payable	-	-	5,013	5,013
Consent fee notes payable	-	-	2,631	2,631
Credit facilities	-	-	73,423	73,423
Convertible debentures	-	-	98,437	98,437
Total	$ 391	$ -	$ 246,542	$ 246,953

The following tables summarize the Company's fair value hierarchy for those assets and liabilities that are measured at fair value on a recurring basis as at March 31, 2015 and December 31, 2014:

	As at March 31, 2015		
	Level 1	Level 2	Level 3
Cash	$ 8,329	$ -	$ -
Deferred share plan liability[1]	-	352	-
	$ 8,329	$ 352	$ -

[1] The deferred share plan liability is grouped with accounts payable and accrued liabilities on the unaudited interim condensed consolidated statement of financial position.

	As at December 31, 2014		
	Level 1	Level 2	Level 3
Cash	$ 10,342	$ -	$ -
Deferred share plan liability	-	391	-
	$ 10,342	$ 391	$ -

NOTE 5: RELATED PARTY TRANSACTIONS

Pursuant to the Administration Agreement entered into in connection with the closing of the initial public offering of the Company's predecessor, the Fund, IBI Group, and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the principals of the partners of the Management Partnership. The amount paid for such services during the three months ended March 31, 2015 was $6,168 (three months ended March 31, 2014 - $6,646). As at March 31, 2015, there were 97 partners (March 31, 2014 – 113 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 March 31, 2015 and December 31, 2014 the amount of distributions payable to the Management Partnership were nil.

As at March 31, 2015, IBI Group has a loan payable to the Management Partnership of $10,000 (December 31, 2014 - $10,000). The loan bears interest 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. The loan is subordinated to the Company's credit facilities with its bank lender and is unsecured. Interest expense on this advance was $94 for the three months ended March 31, 2015 (three months ended March 31, 2014 - $94). The loan matures April 1, 2015 with no repayment prior to the maturity of the credit facility unless the Company achieves certain financial covenants. On April 1, 2015, the terms of this loan were extended to a maturity date of April 30, 2015, to be automatically extended on the last day of each month to the last day of the subsequent month, unless either the Company or the Management Partnership provides advance written notice to the other otherwise. The revised date will provide additional time to finalize the mechanics of the arrangement. The Partnership and Board of Directors approved a plan to convert the Principal outstanding into common shares of IBI.

As noted in Note 12 –Discontinued Operations, on October 2, 2014, the Company also sold a 30% equity interest in IBI China Holdings Limited ("China") to Services Integres Lemay & Associes Inc. ("Lemay") for approximately $510, 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 $475. The receivable will be settled based on an earn-out period over the next four years. Champlain is 100% owned by Daniel Arbour, who has led IBI Group's operations in China and is a related party to the Company.

NOTE 6: EQUITY

(a) Shareholders' equity

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2015, the Company's common share capital consisted of 17,808,484 shares issued and outstanding (December 31, 2014 - 17,808,484 shares).

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

The 5,025,778 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 March 31, 2015, the shares issued on such exchange would have represented a 22.0% interest in the Company.

Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders, although the holder also holds an equal number of non-participating voting shares in the Company which give the holder one vote for each such share. The Class B partnership units have been recorded as a non-controlling interest in the interim condensed consolidated financial statements as at March 31, 2015.

Issuances

There were no share issuances during the three months ended March 31, 2015.

Earnings per share from continuing and discontinued operations

For the purposes of calculating diluted earnings per share, any impact of the convertible rights on the convertible debentures are not included in the calculation of net income per common share or weighted average number of common shares outstanding as they would be anti-dilutive.

For the purposes of calculating diluted earnings per share, any impact of the exchange rights of the non-controlling interest are not included in the calculation of net income per common share or weighted average number of common shares outstanding as they would be anti-dilutive.

(b) Non-controlling interest

Non-controlling interests in the Company's subsidiaries are exchangeable into the common shares of the Company on a one for one basis, subject to certain conditions. The movement in non-controlling interest is shown in the statement of changes in equity for the three months ended March 31, 2015.

The calculation of net income and total comprehensive income attributable to non-controlling interest is set out below:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Net income	$ 2,526	$ 1,196
Non-controlling interest share of ownership	22.0%	22.3%
Net income attributable to non-controlling interest	$ 556	$ 267

	Three months ended March 31, 2015	Three months ended March 31, 2014
Total comprehensive income	$ 3,634	$ 1,107
Non-controlling interest share of ownership	22.0%	22.3%
Total comprehensive income attributable to non-controlling interest	$ 800	$ 247

NOTE 7: 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 financial position, comprehensive income 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.

(a) 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 US 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 March 31, 2015, had been 50 basis points higher or lower, with all other variables held constant, net income for the three months ended March 31, 2015 would have decreased or increased by approximately $264.

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 (such as cash, accounts receivable, accounts payable and credit facilities) held in the Company's foreign operations. The Company minimizes its exposure to foreign exchange fluctuations on these items by matching US-dollar liabilities when possible.

If the exchange rates had been 100 basis points higher or lower at March 31, 2015, with all other variables held constant, net income would have increased or decreased by $397 for the three months ended March 31, 2015.

(b) 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.

The Company provides services to diverse clients in various industries and sectors of the economy, and its credit risk is not concentrated in any particular client, industry, economic or geographic sector. In addition, management reviews accounts receivable past due on an ongoing basis with the objective of identifying matters that could potentially delay the collection of funds (at an early stage). The Company monitors accounts receivable with an internal target of working days of gross billings in accounts receivable (a non-IFRS measure). At March 31, 2015 there were 68 working days of revenue in accounts receivable, 6 days more than 62 days at December 31, 2014. The maximum exposure to credit risk, at the date of the statement of financial position to recognized financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the unaudited interim condensed statement of financial position.

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.

The aging of the accounts receivable are detailed below with the entire allowance for impairment losses relating to accounts receivable over 90 days:

	March 31, 2015	December 31, 2014
Current	$ 42,026	$ 40,284
30 to 90 days	36,506	32,241
Over 90 days	46,400	49,676
Allowance for impairment losses	(14,202)	(15,750)
Total	$ 110,730	$ 106,451

(c) 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.

As at March 31, 2015, the Company had $8,329 of cash. The Company has issued letters of credit of $4,885 under the $5,000 letter of credit facility. The Company has borrowed $71,756 under the remaining facilties of $82,000 resulting in an availability of $10,244.

Access to additional liquidity is subject to meeting the terms of the credit facilities, the Company's operating performance and the implementation of a recapitalization plan. As noted in Note 12 - Discontinued Operations, in 2014 the Company divested certain operations in Quebec and China.

IBI Group's credit facilities will need to be renewed or refinanced no later than March 31, 2016. On March 31, 2015, the Company submitted a recapitalization plan to refinance its banking agreement with its senior lenders. Subsequent to quarter end, the recapitalization plan was approved by the lenders with ongoing business updates and reporting against certain milestones in the plan. Although the Company believes that it can negotiate an extension or renewal of the credit facilities or obtain replacement financing prior to the expiration of the credit facilities, there can be no assurance that the credit facilities will be extended or renewed or that future borrowings will be available, or available on terms acceptable to the Company, in an amount sufficient to meet the Company's financing requirements at that time. If such an extension or renewal or future borrowings were not available, or not available on terms acceptable to the Company, it would have a material adverse impact on the Company's business and financial condition.

(d) Capital management

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

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.

The Company has used the credit facilities to fund working capital. The credit facilities contain financial covenants including funded debt to Adjusted EBITDA ratio, fixed charge coverage ratio, and restrictions on distributions. All financial covenants were in compliance as at March 31, 2015.

NOTE 8: CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended	
	March 31, 2015	March 31, 2014
Accounts receivable	$ 2,994	$ 1,764
Work in process	781	581
Prepaid expenses and other assets	(510)	17
Accounts payable and accrued liabilities	(3,202)	(1,227)
Deferred revenue	1,524	299
Net income taxes payable	(17)	102
Decrease in non-cash operating working capital	$ 1,570	$ 1,536

NOTE 9: FINANCE COSTS

	Three months ended	
	March 31, 2015	March 31, 2014
Interest on credit facilities	$ 1,380	$ 1,630
Interest on convertible debentures	1,955	1,955
Interest on consent fee notes payable	62	-
Non-cash accretion of convertible debentures	1,353	567
Non-cash accretion of consent fee notes payable	104	-
Other	260	110
Interest expense, net	$ 5,114	$ 4,262
Amortization of deferred financing costs	$ -	$ 231
Other	252	107
Other finance costs	$ 252	$ 338
Finance costs for the period	$ 5,366	$ 4,600

NOTE 10: NOTES PAYABLE

The movement in the vendor notes payable and adjustments to these obligations are as follows:

Balance, January 1, 2015	$	5,013
Repayment		(660)
Foreign exchange		441
Balance, March 31, 2015	$	4,794

The Company has notes payable due to the former owners of acquired businesses of US $2,478 which was due September 30, 2014 and the remaining balance of US $1,844 was due on December 11, 2014. The Company renegotiated the terms of these notes payable in January 2015 to extend the maturity to June 30, 2016. Monthly payments on these notes payable are US $100 until May 31, 2016, with an upfront payment paid in January 2015 of US $230 and a balloon payment of US $2,598 due June 30, 2016.

The movement in the consent fee notes payable for the three months ended March 31, 2015 is as follows:

		Total
Balance, January 1, 2015	$	2,631
Accretion		104
Balance, March 31, 2015	$	2,735

NOTE 11: CONTINGENCIES

(a) Legal matters

In the normal course of business, the Company is a defendant in a number of lawsuits. The potential liability, if any, is not determinable and in management's opinion, it would not have a material effect on these interim condensed consolidated financial statements, therefore no provisions have been recorded.

(b) Indemnifications

The Company provides indemnifications and, in very limited circumstances, bonds, which are often standard contractual terms, to counterparties in transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing transactions. The Company also indemnifies its Directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. These indemnifications may require the Company to compensate the counterparty for costs incurred as a result of various events, including changes in or in the interpretation of laws and regulations, or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amount that it could be required to pay to counterparties. The Company carries liability insurance, subject to certain deductibles and policy limits that provides protection against certain insurable indemnifications. Historically, the Company has not made any significant payments under such indemnifications, and no provisions have been accrued in the accompanying interim financial statements with respect to these indemnifications as it is not probable that there will be an outflow of resources.

NOTE 12: DISCONTINUED OPERATIONS

On October 2, 2014, an agreement was reached to sell certain net assets and operations of IBI/DAA Group Inc.; CHB-IBI Group Inc. and Martin, Marcotte-Beinhaker Inc. (hereinafter collectively described as “Quebec”), to Lemay. Subject to final closing adjustments, the gross proceeds for the sale of Quebec are expected to be approximately $11,412. As a part of this arrangement, the Company entered into a separate sublease agreement with Lemay for the use of a portion of the Montreal premises for a 3.5 year term and with a one year renewal option, effective October 1, 2014. While the overall agreement excludes the sale of any leasehold improvements made to the premises by the Company, it was determined that Lemay is effectively obtaining some value from the use of these assets during the term of the sublease and accordingly, approximately $500 of the proceeds were allocated to the leasehold improvements for the purposes of determining its fair value as of October 2, 2014.

The Company also sold a 30% equity interest in China to Lemay for approximately $510, subject to final closing adjustments. In addition, a 19% equity interest in China was sold to Champlain in exchange for a non-interest bearing receivable for $475. The receivable will be settled based on an earn-out period over the next four years. Champlain is 100% owned by Daniel Arbour, who has led IBI Group’s operations in China and is a related party to the Company.

Of the total proceeds received from Lemay of $11,412, $9,082 was received in cash on October 2, 2014 and $2,330 was held in escrow which will be released upon finalization of the closing adjustments and the satisfaction of other post-closing conditions. The final determination of working capital which resulted in the escrow is subject to an arbitration process which is currently underway and the outcome of which is not determinable. Until such time as that arbitration concludes, the Company has excluded the escrow amount from the proceeds of the sale. In addition, approximately $1,900 of accounts receivable were not sold and will be collected in the normal course of business.

As the sale of Quebec and the 49% equity interest in China met the definition of “discontinued operations” under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the net loss for the three months ended March 31, 2014 have been reclassified from continuing operations to discontinued operations.

The following table summarizes the net loss and cash flows from discontinued operations for Quebec and China combined:

	Three months ended March 31, 2014
Revenue	$ 8,254
Expenses	8,160
Operating income	$ 94
Finance costs	91
Current taxes	26
Net loss from discontinued operations	$ (23)
Net loss from discontinued operations attributable to:	
Common shareholders	$ (18)
Non-controlling interest	(5)
Net cash from operating activities	$ 1,038
Net cash used in investing activities	(3,001)
Net cash from financing activities	2,020
Effect of foreign currency translation	10
Net increase in cash during the period	67
Cash, beginning of period	371
Cash, end of period	$ 438

The following table summarizes the effect of the disposal of Quebec and China on the financial position of the Company in 2014:

		2014
Cash	$	282
Accounts receivable		9,221
Work in process		5,596
Prepaid expenses and other current assets		2,399
Property and equipment		1,094
Accounts payable and accrued liabilities		(3,698)
Deferred revenue		(1,874)
Income taxes payable		(43)
Due to related parties		(1,565)
Net assets and liabilities	$	11,412
Consideration received		11,412
Less: Cash held in escrow		2,330
Net cash inflow	$	9,082

NOTE 13: INCOME TAXES

Income tax expense for the three months ended March 31, 2015 was $751 (2014 – recovery of $103) and the effective income tax rate was 22.9% (2014 – (9.2)%). The increase in the effective income tax rate was primarily due to the recognition of previously unrecognized temporary differences which occurred during the three months ended March 31, 2014.