IBI Group 2013 Fourth-Quarter Management Discussion and Analysis

THREE AND TWELVE MONTHS ENDED
DECEMBER 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

The Company reported:

- Cash flows from operating activities for the three months ended December 31, 2013 of $15.0 million and $9.5 million for the year ended December 31, 2013.
- Revenue for the three months ended December 31, 2013 of $77.8 million and revenue for the year ended December 31, 2013 of $288.0 million.
- EBITDA[1] for the three months ended December 31, 2013 of $2.4 million and EBITDA[1] for the year ended December 31, 2013 of $(32.6) million.
- Net loss for the three months ended December 31, 2013 of $100.9 million and net loss for the year ended December 31, 2013 of $223.5 million.

Results for the year ended December 31, 2013 were impacted by the following Adjustment Items:

- Write down of unbilled work in process (WIP) of $35.0 million.
- Write down of accounts receivable of $12.9 million.
- Write down of goodwill and intangible assets of $180.5 million.

During the year, the Company undertook a comprehensive review of WIP and accounts receivable balances. Changes to the factors that management used to assess its project balances included age, client, geographic location, time since last activity, and status of negotiation. Estimates related to the recoverability of the projects were reassessed under new management, and unbilled WIP and accounts receivable were identified as unlikely to be billed and collected. As result of that review, the Company provided for $35.0 million of unbilled WIP and $12.9 million of accounts receivable to recognize the uncertainty of converting these balances to cash. The Company will continue to pursue amounts for collection. Management is committed to reviewing estimates on an ongoing basis to assess the carrying value of WIP and accounts receivable.

The Company has a business plan it is managing that will result in a return to profitability and cash generation.

Throughout the year the Company reviewed and reduced the carrying value of goodwill and intangible assets by $180.5 million. Management concluded that a write-down of goodwill and intangible assets was warranted given the decline in the Company's share price and market capitalization and the performance of businesses acquired by the

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

Company compared to their purchase prices. The impairment is a non-cash charge that does not impact the Company's day-to-day liquidity, cash flow or the calculation of EBITDA under its senior credit facility covenants.

Excluding the Adjustment Items, the Company reported:

- Adjusted revenue[1] for the year ended December 31, 2013 of $323.0 million.
- Adjusted EBITDA[1] for the year ended December 31, 2013 of $15.3 million.
- Adjusted net loss[1] for the year ended December 31, 2013 of $8.3 million.

The results are summarized in the table below:

in thousands of dollars except for per share amounts	Three months ended December 31, 2013 (unaudited)	Three months ended December 31, 2012 (unaudited)	Variance	Year ended December 31, 2013	Year ended December 31, 2012	Variance
Number of workings days	63	63	-	251	251	-
Revenue	$ 77,829	$ 75,464	$ 2,365	$ 287,965	$ 337,727	$ (49,762)
Net income (loss)	$ (100,908)	$ (26,528)	$ (74,380)	$ (223,468)	$ (14,412)	$ (209,056)
Basic and diluted earnings per share ("EPS")[1]	$ (4.4614)	$ (1.1861)	$ (3.2753)	$ (10.0470)	$ (0.7000)	$ (9.3470)
Write down of WIP and accounts receivable	-	$ 16,000	$ (16,000)	$ 47,858	$ 16,000	$ 31,858
Goodwill and intangible asset impairment	$ 100,900	$ 14,483	$ (86,417)	$ 180,501	$ 14,483	$ 166,018
Adjusted revenue[1]	$ 77,829	$ 88,064	$ (10,235)	$ 322,968	$ 350,327	$ (27,359)
Adjusted net earnings (loss)[1]	$ (3,795)	$ 258	$ (4,053)	$ (8,347)	$ 12,374	$ (20,721)
Adjusted basic and diluted earnings per share ("Adjusted EPS")[1]	$ (0.1678)	$ 0.0118	$ (0.1795)	$ (0.3753)	$ 0.5962	$ (0.9715)
Adjusted EBITDA[1]	$ 2,396	$ 10,488	$ (8,092)	$ 15,250	$ 43,321	$ (28,071)
Adjusted EBITDA[1] as a percentage of adjusted revenue[1]	3.1%	11.9%	(8.8%)	4.7%	12.4%	(7.7%)
Cash from (used in) operations	$ 15,034	$ 1,456	$ 13,578	$ 9,462	$ (3,484)	$ 12,946
Free cash flow[1]	$ 14,328	$ (3,775)	$ 18,103	$ 3,205	$ (27,960)	$ 31,165

(1) See "Definition of Non-IFRS Measures"

Revenue for the year ended December 31, 2013 of $288.0 million was impacted by the $35.0 million WIP adjustment, representing project overruns which the Company has determined it is unlikely to recover. Estimates related to the recoverability of the projects were reassessed based on updated information, recent negotiations with clients, and expected collections, and unbilled WIP and accounts receivable were identified as unlikely to be billed and collected. Revenue in 2013 was also impacted by a slowdown

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

in its educational and healthcare sectors and by significant pursuit of major P3 projects where work performed in the pursuit phase is performed at discounted fees.

Adjusted EBITDA[1] in the quarter ended December 31, 2013 was impacted by the lower revenue and partially offset by operational savings from the benefits of the Company's Recovery Program. Compensation expense in the fourth quarter of 2013 was $2.1 million below the third quarter of 2013, recognizing the benefits of aligning staff with levels of work through terminations and furlough programs.

Free cash flow[1] was $14.3 million and $3.2 million for the three months and year ended December 31, 2013, respectively, improvements of $18.1 million and $31.2 million compared to 2012. The improvement in cash from operations and free cash flow[1] is a direct result of the Recovery Program's suspension of the dividend, improved collections, savings realized from staff reductions, and other cost-saving initiatives. Cash collections in the second half of 2013 improved approximately $21.0 million over the first half of 2013. The Company's focus on improved working capital management enabled the Company to be cash flow positive for the fourth quarter of 2013 and the full year of 2013.

The Company reports the working capital tied up (accounts receivable, WIP and deferred revenue) in terms of gross billings per day. The current level of the working capital tied up measured in gross billings is 114 days at December 31, 2013. This is a decrease of 25 days compared to December 31, 2012. The overall decrease was the result of the provision of $35.0 million of unbilled WIP and $12.9 million of accounts receivable combined with improved collections of accounts receivable in the second half of 2013. The decrease was partially offset by an increase in accounts receivable and WIP in the first half of 2013. The level of working capital tied up in gross billings decreased by 6 days from 120 days in the third quarter of 2013 to 114 days in the fourth quarter of 2013.

Recapitalization Plan

The Company has submitted to a Recapitalization Plan to its lending syndicate. The plan addresses the requirement to reduce borrowing under the senior facility. This plan includes operational improvements and enhanced billing and collection efforts to increase operating cash flow, one of or a combination of the divesture of non-strategic assets and subordinated financing.

In addition, the Company is planning on refinancing the 7% Debentures due December 31, 2014. The Company has retained Canaccord Genuity to assist with this process within the first three quarters of 2014.

Summary of 2013 Recovery Program

Over 2013 the Company undertook a variety of initiatives as part of its previously announced Recovery Program. Below is a summary of what was achieved:

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

- Balance Sheet/Liquidity: The elimination of the Company's dividend, operational efficiencies, enhanced billings and collection processes and lower compensation costs has improved cash flow. The Company has improved operating cash flow significantly in the second half of 2013 and collections continue to be a top priority of the Company.

- Human Resources and Compensation: For the year ended December 31, 2013, the Company reduced approximately 271 positions. Compensation costs in the fourth quarter of 2013 were $2.1 million less than the third quarter of 2013 and in line with management's expectations. The Company continues to monitor the level of committed work to staffing levels and will make appropriate adjustments as necessary.

- Operational Efficiency: The management team continues to integrate information systems, resulting in cost savings and better quality information. Senior management has worked to improve the level of coordination and integration among the Company's offices, improving productivity while maintaining overall quality. Senior management has led a wide-ranging program to reduce overhead and administrative expenses throughout the Company.

- Growth: The Company will continue to prioritize organic growth over acquisitions. The Company is leveraging strategic hires to lead the firm into new markets.

Overview of Business

The business of the Company is conducted through IBI Group Partnership ("IBI Group"), a global architecture, engineering, planning and technology company, which operates more than 60 offices in 15 countries across the world.

IBI Group's business 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.

The Company provides these services to clients through local offices in Canada, the United States, the United Kingdom, Europe, the Middle East, Africa, and Central America.

Board Renewal & Enhancement

The Company is pleased to announce the appointment of Dale E. Richmond as Chairman of the Board of Directors of the Company. Mr. Richmond is the Chair of the Canadian Council for Public Private Partnerships, and has served as a director of IBI Group since 2004.

Mr. Richmond will contribute his considerable executive-level experience in the public and private sectors to the Board. His prior roles have included President and CEO of OMERS for ten years, and Chief Administrative Officer of Toronto's Metropolitan Government for eight years.

In addition to IBI Group, Mr. Richmond has held board positions with a variety of public companies and not-for-profit boards, including Standard Life Assurance, the Greater Toronto Airports Authority, and Sun Media Corporation.

In his new capacity as Chairman, Mr. Richmond will lead a Board renewal process to add new directors to IBI Group's board. This effort is aimed at enhancing and strengthening the expertise and experience represented on the Board, consistent with good corporate governance practice.

Outlook

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

Management is forecasting total revenue for the year ended December 31, 2014 of approximately $330 million.

The Company has approximately eight and a half months of backlog. (This is calculated on the basis of the current pace of work that the Company has achieved during the last 12 months ended December 31, 2013.) After adjusting for on-going costs of financial advisors, which is expected to be $3.0 million in 2014, the Company is forecasting the 2014 EBITDA[1] margin to approach a level more consistent with industry standards.

Management intends to focus on diligently competing for accretive new business opportunities in each of the key markets the Company operates in.

This guidance should be read in conjunction with the Forward Looking Statements and Risk Factors below and is subject to the risks and uncertainties summarized in that section, which are more fully described in the Company's public disclosure documents.

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

Selected Consolidated Financial Information - Reconciliation of Current Period Actual to Adjusted Figures

in thousands of dollars except for per share amounts	Three months ended December 31, 2013 (unaudited)	Adjustment Items	Adjusted Three months ended December 31, 2013 (unaudited)	Year ended December 31, 2013	Adjustment Items	Adjusted Year ended December 31, 2013
Revenue	$ 77,829		$ 77,829	$ 287,965	$ 35,003	$ 322,968
Expenses						
Salaries, fees and employee benefits	57,520		57,520	241,219		241,219
Other operating costs (other than interest)[1]	17,202		17,202	78,262	(12,855)	65,407
Other finance costs	226		226	625		625
Fair value of deferred share plan	66		66	371		371
Acquisition-related costs included in other operating costs	419		419	96		96
	75,433		75,433	320,573	(12,855)	307,718
Earnings before income taxes, interest and amortization (EBITDA)[1]	2,396		2,396	(32,608)	47,858	15,250
Interest	4,089		4,089	14,728		14,728
Change in fair value of financial instruments and other finance costs[1]	177		177	402		402
Income taxes – current	(1,045)		(1,045)	(67)	1,044	977
Income taxes – deferred	(2,265)	$ 3,787	1,522	(12,924)	12,194	(730)
Amortization of property, equipment	1,071		1,071	3,410		3,410
Amortization of intangible assets	1,268		1,268	5,766		5,766
Impairment of goodwill and intangible assets	100,900	(100,900)	-	180,501	(180,501)	-
Foreign exchange (gain)/loss	(406)		(406)	(489)		(489)
Fair value of deferred share plan	(66)		(66)	(371)		(371)
Acquisition-related costs	(419)		(419)	(96)		(96)
Net income (loss)	$(100,908)	$ 97,113	$ (3,795)	$ (223,468)	$ 215,121	$ (8,347)
Non-controlling interest	(22,736)	21,881	(855)	(50,649)	48,757	(1,892)
Net income (loss) attributable to the owners	$ (78,172)	$ 75,232	$ (2,940)	$ (172,819)	$ 166,364	$ (6,455)
Adjusted basic and diluted net earnings per share[1]	$ (4.4614)	$ 4.2936	$ (0.1678)	$ (10.0470)	$ 9.6717	$ (0.3753)

(1) See “Definition of Non-IFRS Measures”

Selected Consolidated Financial Information - Reconciliation of Prior Period Actual to Adjusted Figures

in thousands of dollars except for per share amounts	Three months ended December 31, 2012 (unaudited)	Adjustment Items	Adjusted Three months ended December 31, 2012 (unaudited)	Year ended December 31, 2012	Adjustment Items	Adjusted Year ended December 31, 2012
Revenue	$ 75,464	$ 12,600	$ 88,064	$ 337,727	$ 12,600	$ 350,327
Expenses						
Salaries, fees and employee benefits	60,285	-	60,285	244,060	-	244,060
Other operating costs (other than interest)[1]	20,724	(3,400)	17,324	66,842	(3,400)	63,442
Other finance costs	66	-	66	278	-	278
Fair value of deferred share plan	307	-	307	307	-	307
Acquisition-related costs included in other operating costs	(406)	-	(406)	(1,081)	-	(1,081)
	80,976	(3,400)	77,576	310,406	(3,400)	307,006
Earnings before income taxes, interest and amortization (EBITDA)[1]	(5,512)	16,000	10,488	27,321	16,000	43,321
Interest	3,328	-	3,328	13,578	-	13,578
Change in fair value of financial instruments and other finance costs[1]	71	-	71	188	-	188
Income taxes – current	535	3,337	3,872	3,184	3,337	6,521
Income taxes – deferred	(3,617)	360	(3,257)	(4,678)	360	(4,318)
Amortization of property, equipment	935	-	935	3,376	-	3,376
Amortization of intangible assets	4,961	-	4,961	10,103	-	10,103
Impairment of goodwill and intangible assets	14,483	(14,483)	-	14,483	(14,483)	-
Foreign exchange (gain)/loss	221	-	221	725	-	725
Fair value of deferred share plan	(307)	-	(307)	(307)	-	(307)
Acquisition-related costs	406	-	406	1,081	-	1,081
Net income (loss)	$ (26,528)	$ 26,786	$ 258	$ (14,412)	$ 26,786	$ 12,374
Non-controlling interest	(6,571)	6,631	60	(3,528)	6,631	3,103
Net income (loss) attributable to the owners	$ (19,957)	$ 20,155	$ 198	$ (10,884)	$ 20,155	$ 9,271
Adjusted basic and diluted net earnings per share[1]	$ (1.1861)	$ 1.1979	$ 0.0118	$ (0.7000)	$ 1.2962	$ 0.5962

(1) See "Definition of Non-IFRS Measures"

Selected Consolidated Financial Information - Current Period and Prior Period Adjusted Figures

in thousands of dollars except for per share amounts	Adjusted Three months ended December 31, 2013 (unaudited)	Adjusted Three months ended December 31, 2012 (unaudited)	Adjusted Year ended December 31, 2013	Adjusted Year ended December 31, 2012
Adjusted revenue[1]	$ 77,829	$ 88,064	$ 322,968	$ 350,327
Expenses				
Salaries, fees and employee benefits	57,520	60,285	241,219	244,060
Other operating costs (other than interest)[1]	17,202	17,324	65,407	63,442
Other finance costs[1]	226	66	625	278
Fair value of deferred share plan	66	307	371	307
Acquisition-related costs[1] included in other operating costs	419	(406)	96	(1,081)
	75,433	77,576	307,718	307,006
Adjusted earnings before income taxes, interest and amortization (EBITDA[1])	2,396	10,488	15,250	43,321
Interest	4,089	3,328	14,728	13,578
Change in fair value of financial instruments and other finance costs[1]	177	71	402	188
Income taxes – current	(1,045)	3,872	977	6,521
Income taxes – deferred	1,522	(3,257)	(730)	(4,318)
Amortization of property and equipment	1,071	935	3,410	3,376
Amortization of intangible assets	1,268	4,961	5,766	10,103
Foreign exchange loss	(406)	221	(489)	725
Fair value of deferred share plan	(66)	(307)	(371)	(307)
Acquisition-related costs[1]	(419)	406	(96)	1,081
Adjusted net earnings/(loss)[1]	$ (3,795)	$ 258	$ (8,347)	$ 12,374
Non-controlling interest	(855)	60	(1,892)	3,103
Adjusted net earnings/(loss)[1] attributable to the owners	$ (2,940)	$ 198	$ (6,455)	$ 9,271
Adjusted basic and diluted net earnings/(loss) per share[1]	$ (0.1678)	$ 0.0118	$ (0.3753)	$ 0.5962
Total assets	$ 242,261	$ 467,043	$ 242,261	$ 467,043

(1) See "Definition of Non-IFRS Measures"

Revenue

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

For the three months ended December 31, 2013, revenue was $77.8 million. For the year ended December 31, 2013, revenue was $288.0 million.

For the three months ended December 31, 2013, revenue was down $10.3 million (11.7%) to $77.8 million compared to $88.1 million adjusted revenue[1] for the three months ended December 31, 2012. For the year ended December 31, 2013, adjusted revenue[1] was down $27.3 million (7.8%) to $323.0 million compared to $350.3 million for the year ended December 31, 2012.

The following table summarizes the impact of the strategic growth through acquisition and the organic growth for the three months and year ended December 31, 2013.

	Three months ended December 31 2012 vs. 2013		Year ended December 31 2012 vs. 2013	
	$ million	%	$ million	%
Revenue December 31, 2012	75.5		337.7	
Adjustment Items	12.6	16.7	12.6	3.7
Adjusted revenue[1] December 31, 2012	88.1		350.3	
Strategic growth	-	-	10.9	3.1
Organic growth	(12.0)	(13.6)	(42.3)	(12.1)
Total growth before foreign exchange	(12.0)	(13.6)	(31.4)	(9.0)
Impact of foreign exchange	1.7	1.9	4.1	1.2
Total decrease in adjusted revenue[1]	(10.3)	(11.7)	(27.3)	(7.8)
Adjusted revenue[1] December 31, 2013	77.8		323.0	
Adjustment Items	-	-	(35.0)	(10.0)
Revenue December 31, 2013	77.8		288.0	

Revenue from strategic growth through acquisitions was up approximately $10.9 million (3.1%) for the year ended December 31, 2013 when compared to the year ended December 31, 2012. This strategic growth was generated through additional revenues resulting from the acquisition of Taylor Young in the third quarter of 2012 and M•E Companies Inc. in the fourth quarter of 2012. Organic growth for the three months ended December 31, 2013 was down $12.0 million (13.6%) compared to the three months ended December 31, 2012 and for the year ended December 31, 2013 was down $42.3 million (12.1%) compared to the year ended December 31, 2012. The organic growth decline in Canada, the United States, and International segments was 6.7% (56% of the total), 3.9% (32% of the total) and 1.5% (12% of the total) respectively. Organic growth was impacted in 2013 by a slowdown in the educational sector in the United States, less contribution from major healthcare projects as they near completion and the impact of discounted fees on the pursuit phase of major P3 projects.

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

Expenses

Salaries, fees, and employee benefits for the three months ended December 31, 2013 decreased $2.8 million (4.6%) to $57.5 million compared to $60.3 million for the three months ended December 31, 2012. Salaries, fees, and employee benefits for the year ended December 31, 2013 were down $2.9 million (1.2%) to $241.2 million compared to $244.1 million for the year ended December 31, 2012. Salaries, fees, and employee benefits decreased in 2013 when compared to 2012 due to headcount reductions initiated by the Recovery Plan throughout 2013.

Adjusted other operating costs (other than interest)[1] for the three months ended December 31, 2013 were down $0.1 million (0.6%) at $17.2 million compared to $17.3 million for the three months ended December 31, 2012. Adjusted other operating costs (other than interest)[1] for the year ended December 31, 2013 were up $2.0 million (3.2%) at $65.4 million compared to $63.4 million for the year ended December 31, 2012. As a percentage of adjusted revenues[1], adjusted other operating costs (other than interest)[1] for the three months ended December 31, 2013 were 22.1% compared with 19.6% for the three months ended December 31, 2012. As a percentage of adjusted revenues[1], adjusted other operating costs (other than interest)[1] for the year ended December 31, 2013 were 20.2% compared with 18.1% for the year ended December 31, 2012. Other operating expenses have been stable and the current higher percentages are due to the lower revenue in the current period. This will be an area of focus going forward as we look to improve overall efficiency and reduce these costs as a percentage of revenue.

Total interest expense for the three months ended December 31, 2013 was up $0.8 million (24.2%) at $4.1 million compared to $3.3 million for the three months ended December 31, 2012. Total interest expense for the year ended December 31, 2013 was up $1.1 million (8.1%) at $14.7 million compared to $13.6 million for the year ended December 31, 2012. Included in total interest expense for the three months ended December 31, 2013 was non-cash imputed interest expense of $0.6 million, up $0.1 million compared to $0.5 million for the three months ended December 31, 2012. Included in total interest expense for the year ended December 31, 2013 was non-cash imputed interest expense of $2.1 million, up $0.1 million compared to $2.0 million for the year ended December 31, 2012. The non-cash imputed interest expense relates to the accretion of the convertible debenture liability. Interest expense increased in 2013 when compared to 2012 due to higher levels of borrowing and higher interest rates on the the Company's credit facility.

Foreign exchange for the three months ended December 31, 2013 was a gain of $0.4 million compared to a loss of $0.2 million for the three months ended December 31, 2012. Foreign exchange for the year ended December 31, 2013 was a gain of $0.5 million compared to a loss of $0.7 million for the year ended December 31, 2012. These foreign exchange gains and losses arose on the translation of certain foreign-denominated assets and liabilities held in the Company's Canadian subsidiaries. The

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

Company works to minimize its exposure to foreign exchange fluctuations by matching US-dollar assets with US-dollar liabilities.

Amortization for the three months ended December 31, 2013 was down $3.5 million to $2.4 million compared to $5.9 million for the three months ended December 31, 2012. Amortization for the year ended December 31, 2013 was down $4.3 million to $9.2 million compared to $13.5 million for the year ended December 31, 2012. Amortization for the three months ended December 31, 2013 on client relationships, contracts, non-competition provisions, and development costs was $1.3 million compared to $5.0 million for the three months ended December 31, 2012. Amortization for the year ended December 31, 2013 on client relationships, contracts, non-competition provisions and development costs was $5.8 million compared to $10.1 million for the year ended December 31, 2012.

Income taxes for the three months ended December 31, 2013 were a recovery of $3.3 million; an increase of $0.2 million compared to a recovery of $3.1 million for the three months ended December 31, 2012. Income taxes of the Company for the year ended December 31, 2013 were a recovery of $13.0 million, an increase of $11.5 million compared to a recovery of $1.5 million for the year ended December 31, 2012. Current tax recovery for the three months ended December 31, 2013 was $1.0 million compared to a $0.5 million expense for the three months ended December 31, 2012. For the three months ended December 31, 2013, deferred tax recovery was $2.3 million as compared to a deferred tax recovery of $3.6 million for the three-month period ended December 31, 2012. Current tax recovery for the year ended December 31, 2013 was $0.1 million compared to an expense of $3.2 million for the year ended December 31, 2012. For the year ended December 31, 2013, deferred tax recovery was $12.9 million as compared to a deferred tax recovery of $4.7 million over the year ended December 31, 2012.

Net loss of the Company for the three months ended December 31, 2013 was $100.9 million, compared to a loss of $26.5 million for the three months ended December 31, 2012. Net loss of the Company for the year ended December 31, 2013 was $223.5 million compared to a loss of $14.4 million for the year ended December 31, 2012. Included in the net loss for the year ended December 31, 2013 were write downs of unbilled WIP of $35.0 million, accounts receivable of $12.9 million, and goodwill and intangible assets of $180.5 million.

Net loss attributable to owners of the Company for the three months ended December 31, 2013 was a loss of $78.2 million or basic and diluted EPS[1] of $(4.4614) compared to a loss of $20.0 million or $(1.1861) per share for the three months ended December 31, 2012. Net loss attributable to owners of the Company for the year ended December 31, 2013 was a loss of $172.8 million or basic and diluted EPS[1] of $(10.0470) compared to a loss of $10.9 million or $(0.7000) per share for the year ended December 31, 2012.

Adjusted net loss[1] of the Company for the three months ended December 31, 2013 was $3.8 million compared to adjusted net earnings[1] of $0.3 million for the three months

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

ended December 31, 2012. Adjusted net loss[1] of the Company for the year ended December 31, 2013 was $8.3 million compared to adjusted net earnings[1] of $12.4 million for the year ended December 31, 2012.

Adjusted net loss[1] attributable to owners of the Company for the three months ended December 31, 2013 was $2.9 million or adjusted basic and diluted EPS[1] of $(0.1678) compared to income of $0.2 million or $0.0118 per share for the three months ended December 31, 2012. Adjusted net loss[1] attributable to owners of the Company for the year ended December 31, 2013 was $6.5 million or adjusted basic and diluted EPS[1] of $(0.3753) compared to income of $9.3 million or $0.5962 per share for the year ended December 31, 2012.

Adjusted EBITDA[1] for the three months ended December 31, 2013 was $2.4 million, down $8.1 million from $10.5 million for the three months ended December 31, 2012. Adjusted EBITDA[1] for the year ended December 31, 2013 was $15.3 million, down $28.0 million from $43.3 million for the year ended December 31, 2012. As a percentage of adjusted revenue[1], adjusted EBITDA[1] for the three months ended December 31, 2013, was 3.1%, a decrease of 8.8% from the three months ended December 31, 2012 of 11.9%. As a percentage of adjusted revenue[1], adjusted EBITDA[1] for the year ended December 31, 2013, was 4.7%, a decrease of 7.7% from the year ended December 31, 2012 of 12.4%.

Reconciliation of Free Cash Flow[1] – Current and Prior Period Figures

in thousands of dollars except for per share amounts and ratios	Three months ended December 31, 2013 (unaudited)	Three months ended December 31, 2012 (unaudited)	Year ended December 31, 2013	Year ended December 31, 2012
Cash flow (used in) operating activities	$ 15,034	$ 1,456	$ 9,462	$ (3,484)
Less:				
Capital expenditures	(706)	(721)	(1,931)	(2,876)
Dividends paid to shareholders	-	(4,510)	(2,316)	(16,910)
Distributions paid to non-controlling interest	-	-	(2,010)	(4,690)
Free cash flow[1]	$ 14,328	$ (3,775)	$ 3,205	$ (27,960)

(1) See "Definition of Non-IFRS Measures"

On May 24th 2013 the company suspended its dividend and no dividends were declared after February 2013. In February 2013, the Company declared quarterly dividends of $0.1375 per qualifying ordinary share for total dividends declared during the year ended of $2.3 million. For each of the twelve months ended December 31, 2012, the Company declared monthly dividends at a rate of $0.092 cents per qualifying ordinary share resulting in total dividends declared during the period of $15.8 million. In addition to the above noted dividends to shareholders, until 2013 IBI Group Partnership made a quarterly distribution to the Class B partnership unit holders equal to the

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

dividend per share (on a pre-tax basis) declared to each shareholder. IBI Group has previously deferred distributions on Class B partnership units held by the IBI Group Management Partnership. IBI Group deferred $0.7 million Class B distributions in 2012 and deferred $1.0 million of Class B distributions for the three month period ending February 2013. IBI Group declared the $0.7 million distribution relating to November 2012 distributions during the second quarter of 2013 and has elected to continue to defer the declaration of the $1.0 million distribution relating to the three months ending February 2013.

Liquidity and Capital Resources

The following table represents the working capital information as at December 31, 2013 compared to December 31, 2012:

in thousands of dollars	December 31, 2013	December 31, 2012	Change
Current assets	216,809	266,293	(49,484)
Current liabilities	(108,206)	(77,502)	(30,704)
Working capital	108,603	188,791	(80,188)

Note: Working capital is calculated by subtracting current liabilities from current assets.

Current assets have decreased by $49.5 million as at December 31, 2013 as compared with December 31, 2012. This is primarily the result of an increase in cash and cash equivalents of $8.1 million, a decrease in accounts receivable of $37.4 million, and a decrease in WIP of $19.3 million. Current liabilities have increased by $30.7 million as at December 31, 2013 as compared with December 31, 2012, primarily due to an increase in convertible debentures of $44.8 million due to classification of the 7% Debentures as current, a decrease in accounts payable and accrued liabilities of $4.4 million, a decrease in income tax payable of $2.5 million, a decrease in notes payable related to acquisitions of $8.6 million, and an increase in deferred revenues of $3.4 million.

Working Capital measured in number of days of Gross Billings

The amount of working capital tied up in accounts receivable, WIP, and deferred revenue is discussed under “Operating Highlights”.

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 measured as days outstanding on gross billings, which over the last two years has been approximately 25% greater than net fee volume.

Working days of gross billings outstanding	December 31, 2012	March 31, 2013 (unaudited)	June 30, 2013 (unaudited)	September 30, 2013 (unaudited)	December 31, 2013
Accounts receivable	80	78	80	73	65
WIP	65	72	75	55	58
Deferred revenue	(6)	(7)	(8)	(8)	(9)
Total	139	143	147	120	114

The total decrease of 25 days compared to December 31, 2012 is comprised primarily as a result of the Adjustment Items of $35.0 million WIP and $12.9 million of accounts receivable recorded in the third quarter of 2013. There was a 6 day decrease from the third to fourth quarter of 2013.

Accounts receivable aging *in thousands of dollars*	December 31, 2012	%	March 31, 2013 (unaudited)	%	June 30, 2013 (unaudited)	%	September 30, 2013 (unaudited)	%	December 31, 2013	%
Current	46,707	33	36,851	26	39,989	26	37,953	31	34,283	33
30 to 90 days	36,929	26	37,327	27	36,430	27	33,384	28	31,353	30
Over 90 days (net of allowance)	58,532	41	64,887	47	66,103	47	49,627	41	39,155	37
Total	142,168	100	139,065	100	142,522	100	120,964	100	104,791	100

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

in thousands of dollars	Three months ended December 31, 2013 (unaudited)	Three months ended December 31, 2012 (unaudited)	$ Change
Cash flows from operating activities	15,034	1,456	13,578
Cash flows from (used in) financing activities	(10,882)	471	(11,353)
Cash flows (used in) investing activities	(706)	(3,483)	2,777

in thousands of dollars	Year ended December 31, 2013	Year ended December 31, 2012	$ Change
Cash flows from (used in) operating activities	9,462	(3,484)	12,946
Cash flows from financing activities	871	8,287	(7,416)
Cash flows (used in) investing activities	(1,931)	(6,895)	4,964

Cash flows from operations for the three months ended December 31, 2013 were $15.0 million compared to cash flows from operations of $1.5 million for the three months ended December 31, 2012; a net increase of $13.5 million. Cash flows from operations for the year ended December 31, 2013 were $9.5 million, representing an increase in cash flows from operations of $13.0 million from $3.5 million used in operations for the year ended December 31, 2012.

Cash flows used in financing activities for the three months ended December 31, 2013 were $10.9 million compared with cash flows from financing activities of $0.5 million for the three months ended December 31, 2012. Cash flows from financing activities for the year ended December 31, 2013 were $0.9 million compared with $8.3 million from financing activities for the year ended December 31, 2012. Cash saved from the suspension of the dividend and distribution, totaled $4.5 million and $17.3 million in the three months and year ended December 31, 2013, respectively, when compared to 2012.

Cash flows used in investing activities for the three months ended December 31, 2013 were $0.7 million as compared to cash used in investing activities of $3.5 million for the three months ended December 31, 2012. Cash flows used in investing activities for the year ended December 31, 2013 were $1.9 million as compared to cash used in investing activities of $6.9 million for the year ended December 31, 2012. In 2013 there were no cash flows used in investing activities on acquisitions compared to $4.0 million for the year ended December 31, 2012. Capital expenditures during the three months ended December 31, 2013 were $0.7 million compared with expenditures of $0.7 million for the same period in 2012. Capital expenditures during the year ended December 31, 2013 were $1.9 million compared with expenditures of $2.9 million for the same period in 2012.

The Company has a credit facility of $120.0 million. As of December 31, 2013, The Company had borrowings of $87.8 million under the credit facility compared with borrowings of $73.9 million under the credit facility as of December 31, 2012. According to the terms of the agreement, this credit facility is set to mature on July 29, 2016.

The credit facility contains financial covenants including funded debt to EBITDA[1] ratio, fixed-charge coverage ratio, and restrictions on distributions if certain conditions are not met. Under the terms of the amended agreement, the availability under the credit facility will be reduced to $70.0 million by September 30, 2014. In addition to waiving and amending the financial covenants, the amendment also requires performance of certain financial and non-financial covenants, an agreement by the Company to provide the lenders with a recapitalization plan by May 26, 2014, and the amendment and restatement of the credit facility by April 1, 2014, which date the Company currently expects to be extended by the lenders. The Company provided a recapitalization plan to the lenders as required by the terms of the amended agreement dated November 14, 2013.

The Company was in compliance with its credit facility covenants as at December 31, 2013. Continued compliance with the covenants 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

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

the financial covenants. As in the past, the Company will carefully monitor its compliance with the covenants and will seek variances as may become necessary from time to time.

As at December 31, 2013, the total balance of unamortized transaction costs was $2.4 million, compared with $0.9 million at December 31, 2012. Net of capitalized transactions costs, the carrying value of the credit facility was $85.5 million as at December 31, 2013 and $72.9 million as at December 31, 2012.

In addition, a bid bond guarantee facility (the "Bid Bond Facility") of up to USD $20.0 million continues to be made available to meet certain project requirements calling for the issuance of bid bonds to international customers. As at December 31, 2013, the Company had issued bid bonds in the amount of $2.3 million, $3.9 million at December 31, 2012, under the Bid Bond Facility.

Guarantees from certain subsidiaries of the Company as well as IBI Group Architects (Ontario), and a first ranking security interest in all of the assets of The Company and the guarantors, subject to certain permitted encumbrances, have been pledged as security for the indebtedness and obligations of The Company under the credit facility and the Bid Bond Facility. The indebtedness secured by these security interests will rank senior to all other security over the assets of The Company and the guarantors, subject to certain permitted encumbrances.

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

The Company has used the credit facility to fund working capital. The credit facility contains financial covenants including funded debt to EBITDA[1] ratio, fixed charge coverage ratio, and restrictions on distributions.

The Company has a convertible debenture with a face value of $46.0 million maturing December 31, 2014 which will need to be refinanced. The Company is currently evaluating refinancing options.

Non-current Liabilities

Total non-current liabilities were $169.4 million as at December 31, 2013 compared to $206.4 million as at December 31, 2012.

Contractual Obligations

As part of continuing operations, the Company enters into long-term contractual obligations from time to time. The table below summarizes the contractual obligations due on credit facilities, convertible debentures, operating lease commitments, notes payable, and amounts due to related parties as of December 31, 2013:

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

Contractual Obligations	Payment Due by Period				
in millions of dollars	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Credit facility	$ 87.8	$ -	$ 87.8	$ -	$ -
Interest on credit facility	15.3	5.9	9.4	-	-
Convertible debentures	123.5	46.0	-	77.5	-
Interest on convertible debentures	23.9	7.8	9.2	6.9	-
Operating leases	163.3	24.2	38.5	28.2	72.4
Notes payable	5.4	5.4	-	-	-
Due to related party	10.0	-	10.0	-	-
Total Contractual Obligations	$ 429.2	$ 89.3	$ 154.9	$ 112.6	$ 72.4

For further information regarding the nature and repayment terms of the credit facility and convertible debentures, refer to Note 6 of the audited consolidated financial statements for the year ended December 31, 2013.

Summary of Quarterly Results

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.

in thousands of dollars except for per unit and per share amounts and ratios (unaudited)	4th Qtr 2013	3rd Qtr 2013	2nd Qtr 2013	1st Qtr 2013	4th Qtr 2012	3rd Qtr 2012	2nd Qtr 2012	1st Qtr 2012
Revenue	$ 77,829	$ 38,792	$ 86,745	$ 84,599	$ 75,464	$ 86,809	$ 88,558	$ 86,896
Adjustment Items	-	35,003	-	-	12,600	-	-	-
Adjusted revenue[1]	$ 77,829	$ 73,795	$ 86,745	$ 84,599	$ 88,064	$ 86,809	$ 88,558	$ 86,896
Net earnings	(100,908)	(47,177)	(76,039)	656	(26,528)	2,704	5,680	3,733
Changes in fair value and other finance costs	111	78	(227)	69	(236)	17	41	59
Interest expense, net	4,089	3,780	3,477	3,382	3,328	3,337	3,310	3,603
Income tax expense (recovery)	(3,310)	(8,730)	(1,720)	769	(3,082)	34	602	952
Amortization of property, equipment and intangible assets	2,339	2,703	1,780	2,354	5,896	2,519	2,505	2,559
Acquisition-related costs	(419)	(440)	558	205	406	434	32	208
Foreign exchange loss (gain)	(406)	225	(173)	(135)	221	357	(142)	289
Impairment of goodwill and intangible assets	100,900	-	79,601	-	14,483	-	-	-
Adjustment Items	-	47,858	-	-	16,000	-	-	-
Adjusted earnings before income taxes, interest and amortization (Adjusted EBITDA[1])	2,396	(1,703)	7,257	7,300	10,488	9,402	12,028	11,403
Adjusted EBITDA[1] as a percentage of revenue	3.1%	(2.3)%	8.4%	8.6%	11.9%	10.8%	13.6%	13.1%
Free cash flow[1] reconciliation								
Cash flow from (used in) operating activities	15,034	1,213	(3,077)	(3,708)	1,456	6,000	(818)	(10,122)
Less:								
Capital expenditures	(706)	(188)	(581)	(456)	(721)	(536)	(749)	(870)
Dividends paid to shareholders	-	-	-	(2,316)	(4,510)	(4,571)	(4,230)	(3,599)
Distributions paid to non-controlling interest	-	-	(2,010)	-	-	-	(3,350)	(1,340)
Free cash flow[1]	14,328	1,025	(5,668)	(6,480)	(3,775)	893	(9,147)	(15,931)
Basic adjusted net earnings (loss) per share[2]	(0.1678)	(0.3429)	0.1087	0.0298	0.0118	0.1250	0.2799	0.2065
Personnel – average	2,628	2,752	2,805	2,833	2,873	2,944	2,925	2,900
Personnel – quarter end	2,581	2,674	2,823	2,814	2,852	2,926	2,950	2,899

(1) See “Definition of Non-IFRS Measures”

(2) Basic adjusted net earnings per share are calculated by including common shares of the Company which is a non-IFRS measure.

Transactions with Related Parties

- Pursuant to the Administration Agreement entered into in connection with the closing of the initial public offering of the Company's predecessor, IBI Income Fund, IBI Group, and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation (management compensation) for the services of the 101 partners of the Management Partnership. This amount was $6.8 million for the three months ended December 31, 2013 (three months ended December 31, 2012 - $5.6 million) and $28.4 million for the year ended December 31, 2013 (year ended December 31, 2012 - $24.1 million).

- IBI Group makes a quarterly distribution on Class B partnership units equal to the dividend per share (on a pre-tax basis) declared to each common shareholder. All of the Class B partnership units are held by the Management Partnership. For the quarter ended December 31, 2013, no distributions to the Management Partnership were payable (as at December 31, 2012 - $1.3 million distributions payable).

- During the first quarter of 2010, the Management Partnership advanced $26.0 million to the Company. The loan bears interest at the same rate as the operating line of credit that the Company has with its bank lender, less any commitment fees payable to its bank lender. The loan is subordinated to the Company's indebtedness to its bank lender and is unsecured. In February 2011, the Company repaid $6.0 million of the advance. During the second quarter of 2012 the Company repaid $10.0 million of the advance with the issuance of 667,000 common shares of the Company. Interest expense on this advance was $0.1 million for the three months ended December 31, 2013 (three months ended December 31, 2012 - $0.1 million) and $0.4 million for the year ended December 31, 2013 (year ended December 31, 2012 - $0.5 million). The loan matures April 1, 2015.

- The Company's key management personnel are comprised of the Board and members of the executive team of the Company, to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

(in thousands of dollars)	Year ended December 31, 2013	Year ended December 31, 2012
Directors fees, salaries and other short-term employee benefits	$ 3,429	$ 3,357
Share–based compensation	162	211
Total compensation	$ 3,591	$ 3,568

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 CEO and CFO of the Company, together with management of the Company have evaluated the design of the Company's DC&P and ICFR. The CEO and CFO of the Company, together with management, are collectively satisfied that the Company's DC&P and ICFR were appropriately designed.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates and assumptions. The estimates and assumptions are based on the Company's experience combined with management's understanding of current facts and circumstances. These estimates may differ from actual results, and certain estimates are considered critical, as they are both important to reflect the Company's financial position and results of operations, and require significant or complex judgement on the part of management using accounting policies derived therein consistent with the Company's audited December 31, 2013 consolidated financial statements.

This management's discussion and analysis ("MD&A") should be read in conjunction with the consolidated financial statements and accompanying notes ("financial statements") of IBI Group Inc. for the year ended December 31, 2013.

This MD&A is dated as of March 27, 2014. Additional information that has been filed concerning the Company, including the Company's annual information form for the year ended December 31, 2013, is or will be available on SEDAR at *www.sedar.com*. As of March 27, 2014 the Company has 17,552,668 shares outstanding.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") for financial statements and is expressed in Canadian dollars.

Accounting Developments

In November 2009 the IASB issued IFRS 9, Financial Instruments (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 Financial Instruments (2013). The new standard removes the 1 January 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

Early adoption of the new standard is permitted. Canadian reporting entities cannot early adopt IFRS 9(2013) until it has been approved by the Canadian Accounting Standards Board. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its financial statements for the annual period beginning on January 1, 2014. The Company is currently assessing the impact of future adoption of this new standard.

In December 2011 the IASB published Offsetting Financial Assets and Financial Liabilities. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively.

The Company intends to adopt the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

In May 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).The amendments apply retrospectively for annual periods beginning on or after January 1, 2014.

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2014. As the amendments impact certain disclosure requirements only, the Company does not expect the amendments to have a material impact on the financial statements.

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 intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

IFRIC 21, "Levies" (IFRIC 21), was issued by the IASB on May 20, 2013 and provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." IFRIC 21 is effective for the year ending December 31, 2014. The Company is currently assessing the impact of IFRIC 21 on its financial statements.

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 (collectively, the "Company"), 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) reliance on fixed-price contracts; (vi) the general state of the economy; (vii) acquisitions by the Company; (viii) risk of future legal proceedings against the Company; (ix) the international operations of the Company; (x) reduction in the Company's backlog; (xi) fluctuations in interest rates; (xii) fluctuations in currency exchange rates; (xiii) potential undisclosed liabilities associated with acquisitions; (xiv) upfront risk of time invested in participating in consortia bidding on large projects; (xv) limits under the Company's insurance policies; (xvi) the Company's reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in the performance of the Company's subsidiary entities; (xvii) unpredictability and volatility of the price of Common Shares; (xviii) the degree to which the Company is leveraged may affect its operations; (xix) dividends are not guaranteed and will fluctuate with the Company's performance; (xx) the possibility that the Company may issue additional Common Shares diluting existing Shareholders' interests; and (xxi) 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, 2012. 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 the date of this MD&A, and the Company assumes no obligations to update or revise them to reflect new events or circumstances.

Definition of Non-IFRS Measures

References in this MD&A to EBITDA are to earnings before interest, income taxes, depreciation and amortization, acquisition-related costs, foreign exchange gains and losses, dividends treated as an expense, fair value adjustment on financial liabilities and restructuring and special charges. Management of the Company believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides readers with an indication of cash available for dividends prior to debt service, capital expenditures and income taxes. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings 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. 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 EBITDA may differ from the methods used by other similar entities. Accordingly, EBITDA may not be comparable to similar measures used by such entities. Reconciliations of net earnings to EBITDA have been provided under the headings "Selected Consolidated Financial Information" and "Summary of Quarterly Results".

References to adjusted EBITDA are to EBITDA less any Adjustment Items.

Free cash flow is defined as defined by the Company as net cash from (used in) operating activities less dividends and distribution and capital expenditures.

Other operating costs (other than interest) are defined by the Company as the sum of rent, other operating expenses and impairment of financial assets.

Other finance costs is defined by the Company for the purposes of the MD&A as other finance costs as recorded in the consolidated financial statements of the Company less deferred transaction costs and change in the fair value of interest rate swap.

Adjusted revenue is equal to revenue plus the impact of any adjustments to unbilled WIP.

Adjusted net earnings or loss are equal to the net income for the period plus the after tax impact of any impairments to goodwill and intangible assets as well as any adjustments to unbilled WIP and uncollectible accounts receivable.

Adjusted basic and diluted net earnings per share is equal to the adjusted net earnings attributable to the owners for the period divided by the weighted average number of common shares outstanding during the period.