IBI Group 2015
First-Quarter Management Discussion and Analysis

THREE MONTHS ENDED
MARCH 31, 2015

IBI Group Inc.

Management discussion and analysis

For the three months ended March 31, 2015

The following Management Discussion and Analysis ("MD&A") of operating results and financial position of IBI Group Inc. and its subsidiaries (the "Company") for the three months ended March 31, 2015 should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements ("interim financial statements") for the three months ended March 31, 2015, including the notes thereto. Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2014 is available on SEDAR at www.sedar.com.

The financial information herein have been prepared on the basis of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for financial statements and are expressed in thousands of Canadian dollars except per share amounts. Certain information contained in this MD&A are based on non-IFRS measures, which have been defined on page 24 of this MD&A.

Forward-looking statements

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

Forward looking statements and risk factors

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary entities, including IBI Group or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties, including those related to: (i) the Company's ability to maintain profitability and manage its growth; (ii) the Company's reliance on its key professionals; (iii) competition in the industry in which the Company operates; (iv) timely completion by the Company of projects and performance by the Company of its obligations; (v) fixed-price contracts; (vi) the general state of the economy; (vii) integration of 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 and projects being contracted through private finance initiatives; (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 their performance; (xvii) unpredictability and volatility in the price of Shares; (xviii) the degree to which the Company is leveraged and the effect of the restrictive and financial covenants in the Company's credit facilities; (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; (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, 2014. 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 at May 14, 2015.

On March 31, 2015, the Company submitted a recapitalization plan to refinance its banking agreement with its senior lenders which matures on March 31, 2016. Subsequent to quarter end, the recapitalization plan was approved by the lenders with the Company providing ongoing business updated and reporting against certain milestones in the plan.

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

Company profile

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

IBI Group groups its services under the headings of:

- Intelligence
- Buildings
- Infrastructure

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

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

Outlook

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

Management is forecasting approximately $316 million in total revenue for the year ended December 31, 2015 of which 89.6% is committed and under contract. The forecast is consistent with the Company's 3.5% annual growth expectation plus the impact of the weaker Canadian dollar. The Company currently has $356 million of work that is committed and under contract for the next three years, of which $283 million is committed for 2015. This committed workload is a material factor and assumption used to develop revenue forecasts. The Company continues to see an increase in committed work to be delivered in 2015. The Company has approximately ten 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 March 31, 2015).

The Company bases its view of industry standards on:

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

Based on the most recent review of this information, EBITDA margins in the industry average 8-12%.

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

Financial highlights

(in thousands of dollars except for per share amounts)

	Three months ended March 31, 2015 (unaudited)	Three months ended March 31, 2014 (unaudited)
		(restated[2])
Number of working days	62	62
Revenue	$ 77,481	$ 73,456
Net income from continuing operations	$ 2,526	$ 1,219
Net loss from discontinued operations	$ -	$ (23)
Net income	$ 2,526	$ 1,196
Basic and diluted earnings per share	$ 0.11	$ 0.05
Basic and diluted earnings per share from continuing operations	$ 0.11	$ 0.05
Basic and diluted earnings per share from discontinued operations	$ -	$ -
Adjusted EBITDA[1]	$ 6,546	$ 4,991
Adjusted EBITDA[1] as a percentage of revenue	8.4%	6.8%

1- See "Definition of Non-IFRS Measures"
2 - Restatement due to divestment of Quebec operations and 49% equity interest in China. See "Interim Financial Statements – Note 12"

Overview

During the three months ended March 31, 2015, the following significant events occurred:

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

2. On March 31, 2015, the Company submitted a recapitalization plan to refinance its banking agreement with its senior lenders which matures on March 31, 2016. Subsequent to quarter end, the recapitalization plan was approved by the lenders with ongoing business updates and reporting against certain milestones in the plan.

Effective October 6, 2014, the Company concluded two divestment transactions, including the divesture of certain assets and liabilities of IBI/DAA Group Inc., CHB-IBI Group Inc., and Martin, Marcotte-Beinhaker Inc. (hereinafter collectively described as "Quebec") and sale of 49% equity interest in IBI China Holdings Limited ("China") for gross proceeds of approximately $11.4 million subject to final closing balance sheet adjustments. 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. As a result of the divestment activities of the Quebec and China businesses, the results of operations for Quebec and China for the three months ended March 31, 2014 have been restated as discontinued operations.

Discontinued Operations

For the three months ended March 31, 2015, revenue from discontinued operations was $nil compared to $8.3 million for the same period ending in 2014. Expenses from discontinued operations for the three months ended March 31, 2015 were $nil compared to $8.3 million for the same period in 2014. As a result, net loss from discontinued operations was $nil for the three months ended March 31, 2015 and March 31, 2014.

Statement of Comprehensive Income

Revenue for the three months ended March 31, 2015 was $77.5 million, compared with $73.5 million in the same period in 2014. The increase in the quarter was 5.5% when compared to the same period in 2014.

Net income from continuing operations for the three months ended March 31, 2015 was $2.5 million, compared with net income in the same period in 2014 of $1.2 million. Refer to description of variances in operating results of this MD&A for further discussion.

Results of operations

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

(thousands of Canadian dollars, except per share amounts)	Three months ended March 31, 2015 (unaudited)	March 31, 2014 (unaudited) (restated[1])
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	(3,282)	(1,421)
Amortization of intangible assets	190	230
Amortization of property and equipment	804	438
Impairment of financial assets	296	624
	$ 68,641	$ 67,740
Operating Income	$ 8,840	$ 5,716
Interest expense, net	5,114	4,262
Other finance costs	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	399	732
Deferred tax expense (recovery)	352	(835)
Income Taxes	$ 751	$ (103)
Net income from continuing operations	$ 2,526	$ 1,219
Net loss from discontinued operations	-	(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	556	267
Net Income	$ 2,526	$ 1,196
Total Comprehensive Income Attributable to*:*		
Common shareholders	$ 2,834	$ 860
Non-controlling interests	800	247
Total Comprehensive Income	$ 3,634	$ 1,107
Earnings per Share Attributable to Owners of the Company:		
Basic and diluted earnings per share	$ 0.11	$ 0.05
Basic and diluted earnings per share from continuing operations	$ 0.11	$ 0.05
Basic and diluted earnings per share from discontinued operations	$ -	$ -

[1] Restatement due to divestment of Quebec operations and 49% equity interest in China. See "Interim Financial Statements" – Note 12.

Description of Variances in Operating Results
(in millions of dollars)

i) Revenue from continuing operations

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

Revenue from continuing operations for the three months ended March 31, 2015 was an increase of $4.0 million or 5.5% compared to the same period in 2014.

The impact of foreign exchange on revenue from continuing operations for the three months ended March 31, 2015 was an additional $3.0 million of revenue compared to the same period in 2014.

ii) Salaries, fees, and employee benefits from continuing operations

Salaries, fees, and employee benefits from continuing operations for the three months ended March 31, 2015 was $55.7 million compared with $52.7 million in the same period in 2014. As a percentage of revenues, salaries, fees and employees benefits from continuing operations for the three months ended March 31, 2015 was 71.9% compared to 71.8% for the same period in 2014.

This increase is due to foreign exchange rate movements between the Canadian dollar, U.S. dollar, British pound and other local currencies of international subsidiaries. The impact of foreign exchange on salaries, fees and employee benefits from continuing operations for the three months ended March 31, 2015 was an additional $2.5 million of expense compared to the same period in 2014.

The Company continues to evaluate where synergies exist within the organization to further reduce these costs.

iii) Rent from continuing operations

Rent from continuing operations for the three months ended March 31, 2015 was $6.2 million compared to $5.6 million in the same period in 2014. This increase is mainly attributable to additional rent paid between office moves for the Toronto West office of $0.1 million in the first quarter of 2015, as well as foreign exchange rate movements between the Canadian dollar, U.S. dollar, British pound and other local currencies of international subsidiaries. The impact of foreign exchange on rent from continuing operations for the three months ended March 31, 2015 was an additional $0.3 million of expense compared to the same period in 2014.

iv) Other operating expenses from continuing operations

Other operating expenses from continuing operations for the three months ended March 31, 2015 was $8.8 million compared to $9.6 million in the same period in 2014. As a percentage of revenues, operating expenses for the three months ended March 31, 2015 were 11.3% compared to 13.1% for the same period in 2014. The impact of foreign exchange on other operating expenses from continuing operations for the three months ended March 31, 2015 was $0.3 million of expense compared to the same period in 2014.

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

During the three months ended March 31, 2015, the Company paid $0.3 million to professional advisors to assist in the restructuring of the balance sheet compared to $1.3 million for the same period in 2014.

v) Foreign exchange gain from continuing operations

Foreign exchange gain from continuing operations for the three months ended March 31, 2015 was $3.3 million compared to $1.4 million in the same period in 2014. The gain is primarily attributable to foreign exchange rate movements between the Canadian dollar, U.S. dollar, British pound as functional currencies of the Company's subsidiaries and other local currencies of international subsidiaries, as well as intercompany loans made by the Canadian parent Company in the functional currency of foreign subsidiaries that is not considered part of the permanent investment in the foreign subsidiaries.

vi) Amortization of intangible assets from continuing operations

Amortization of intangible assets from continuing operations for the three months ended March 31, 2015 was $0.2 million which is consistent with the same period in 2014.

vii) Amortization of property and equipment from continuing operations

Amortization of property and equipment from continuing operations for the three months ended March 31, 2015 was $0.8 million compared to $0.4 million for the same period in 2014. The increase is primarily attributable to amortization on capital expenditures incurred during the latter half of 2014 related to office moves.

viii) Impairment of financial assets from continuing operations

Impairment of financial assets from continuing operations for the three months ended March 31, 2015 was $0.3 million compared to $0.6 million in the same period in 2014. The Company monitors accounts receivable with a focus to improve collections, resulting in a decrease in write-offs of accounts receivable.

ix) Interest expense from continuing operations

Interest expense from continuing operations for the three months ended March 31, 2015 was $5.1 million compared to $4.3 million in the same period in 2014. The increase is primarily attributable to an increase of $0.8 million in non-cash accretion on the convertible debentures due to amendment of the 7% convertible debentures in 2014.

Interest expense on the credit facilities was $1.4 million for the three months ended March 31, 2015 compared to $1.6 million in the same period in 2014.

x) Other finance costs from continuing operations

Other finance costs from continuing operations for the three months ended March 31, 2015 were costs of $0.3 million, which is consistent with the same period in 2014.

xi) Income taxes from continuing operations

Income taxes from continuing operations for the three months ended March 31, 2015 was an expense of $0.8 million with an effective income tax rate of 22.9% compared to a recovery of $0.1 million with an effective income tax rate of (9.2%) for the same period in 2014. 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.

xii) Net income from continuing operations

Net income from continuing operations for the three months ended March 31, 2015 increased to $2.5 million from net income of $1.2 million from the same period in 2014. The factors impacting net income are set out in the description of individual line item accounts above. Net income from continuing operations for the three months ended March 31, 2015 includes a foreign exchange gain of $3.3 million compared to a gain of $1.4 million for the same period in 2014.

Specific pre-tax items that have impacted net income for the first quarter of 2015 and 2014 from continuing operations are as follows:

(unaudited)	**2015**	**2014**
Foreign exchange gain	3,282	1,421
Work in process write-down	(662)	(1,724)
Accounts Receivable write-down	(296)	(624)
Accretion of convertible debentures and consent fee notes payable	(1,457)	(567)
Total	**867**	**(1,494)**

Net income from continuing operations attributable to common shareholders for the three months ended March 31, 2015 was $2.0 million or basic and diluted earnings per share from continuing operations of $0.11 per share, compared to net income of $0.9 million or $0.05 basic and diluted earnings per share from continuing operations for the same period in 2014. Basic earnings per share for the combined continuing and discontinued operations for three months ended March 31, 2015 is $0.11 compared to earnings per share of $0.05 for the same period in 2014. Basic and diluted earnings per share from discontinued operations is $nil for the three months ended March 31, 2015 and March 31, 2014.

xiii) Adjusted EBITDA[1] from continuing operations

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

[1] See “Definition of Non-IFRS Measures”.

Adjusted EBITDA[1] from continuing operations for the previous eight quarters

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

(unaudited) (in thousands of dollars except for per share amounts)	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**
Revenue	77,481	75,030	73,605	76,182	73,456	72,109	34,602	76,605
Net Earnings (Loss)	2,526	(6,974)	1,688	930	1,196	(100,908)	(47,177)	(76,039)
Net Earnings (Loss) from continuing operations	2,526	(4,125)	6,996	1,829	1,219	(92,196)	(40,347)	(76,367)
Add:								
Interest expense, net	5,114	5,197	4,971	4,264	4,262	3,996	3,552	3,384
Current and deferred tax expense (recovery)	751	414	2,348	183	(103)	(3,731)	(8,343)	(1,723)
Amortization	994	1,216	792	812	668	1,927	2,194	1,453
	6,859	6.827	8,111	5,259	4,827	2,192	(2,597)	3,114
EBITDA	**9,385**	**2,702**	**15,107**	**7,088**	**6,046**	**(90,004)**	**(42,944)**	**(73,253)**
EBITDA %	**12.1%**	**3.6%**	**20.5%**	**9.3%**	**8.2%**	**-124.8%**	**-61.7%**	**-95.6%**
Items excluded in calculation of Adjusted EBITDA[1]								
Foreign exchange (gain)/loss	(3,282)	(783)	(606)	721	(1,421)	(420)	262	(180)
Fair value and loss on redemption of DSP	(100)	(111)	212	355	231	111	78	(227)
Deferred financing charges	192	3,073	259	471	-	-	-	-
Restructuring costs	-	-	1,101	-	-	-	-	-
Gain on extinguishment of 7.0% convertible debentures	-	-	(22,028)	-	-	-	-	-
Loss on consent fee notes	-	-	2,437	-	-	-	-	-
Deferred costs expense on extinguishment of 7.0% convertible debentures	-	-	890	-	-	-	-	-
Impairment of PP&E	-	-	3,248	-	-	-	-	-
Impairment of Goodwill & Intangibles	-	-	-	-	-	94,696	-	79,601
Onerous lease provision	154	(391)	5,129	-	-	-	-	-
Acquisition-related costs	-	-	-	-	-	(419)	(440)	558
Share of loss of equity-accounted investee, net of tax	197	-	-	-	-	-	-	-
Adjustment items	-	-	-	-	-	-	47,858	-
	(2,839)	1,788	(9,358)	1,547	(1,190)	93,968	47,758	79,752
ADJUSTED EBITDA[1]	**6,546**	**4,490**	**5,749**	**8,635**	**4,856**	**3,964**	**4,814**	**6,499**
ADJUSTED EBITDA %	**8.4%**	**6.0%**	**7.8%**	**11.3%**	**6.6%**	**5.5%**	**6.9%**	**8.5%**
Earnings per share attributed to common shareholders	0.11	(0.30)	0.07	0.04	0.05	(4.47)	0.17	(3.42)
Earnings per share attributed to common shareholders from continuing operations	**0.11**	**(0.18)**	**0.39**	**0.04**	**0.05**	**(0.17)**	**(0.34)**	**0.11**
weighted average shares outstanding	17,808,484	17,808,484	17,756,535	17,614,730	17,551,668	17,521,765	17,188,635	17,162,554

[1] See “Definition of Non-IFRS Measures”.

Impact of Trends on Quarterly Results
(in millions of dollars)

i) Revenue

Consolidated quarterly revenue for the last eight quarters was impacted as a result of revenue being the lowest in the third quarter following the summer as a result of staff taking vacations during the summer.

Revenue was negatively impacted in the third quarter of 2013 as a result of work in process (“WIP”) write-downs of $31.0 million.

ii) Net earnings from continuing operations

Net earnings from continuing operations was significantly impacted in the last three quarters of 2013 as a result of the write-offs of accounts receivable and WIP of $11.6 million and $31.0 million respectively, as well as the impairment of goodwill and intangibles of $79.6 million.

Net earnings from continuing operations was positively impacted in the third quarter of 2014 as a result of the gain on extinguishment of the 7% convertible debentures of $22.0 million.

Net earnings from continuing operations was negatively impacted in the fourth quarter of 2014 as a result of the reserve taken on the amount held in escrow from the sale of the equity interest in China and Quebec operations of $2.3 million.

iii) Net earnings

Net earnings was significantly impacted in the last three quarters of 2013 as a result of the write-offs of accounts receivable and WIP, as well as the impairment of goodwill and intangibles.

Net earnings was positively impacted in the third quarter of 2014 as result of the gain on extinguishment of the 7% convertible debentures of $22.0 million.

Net earnings was negatively impacted in the fourth quarter of 2014 as a result of the reserve taken on the amount held in escrow from the sale of the China and Quebec operations of $2.3 million.

Liquidity and capital resources

i) Working Capital

The following table represents the working capital information:

(in thousands of dollars)	**March 31, 2015** *(unaudited)*	December 31, 2014	Change
Current assets	**$ 219,782**	$ 212,430	$ 7,352
Current liabilities	**(176,389)**	(113,241)	(63,148)
Working capital	**43,393**	99,189	(55,796)

Current assets increased by $7.4 million as at March 31, 2015 when compared with December 31, 2014. This is primarily the result of a $4.3 million increase in accounts receivable and a $3.7 million increase in WIP. The increase in accounts receivable and WIP is consistent with the 3.3% increase in revenue compared to the three months ended December 31, 2014.

The impact of foreign exchange on current assets as at March 31, 2015 was $13.0 million compared to $6.5 million as at December 31, 2014.

Current liabilities increased by $63.1 million as at March 31, 2015 when compared with December 31, 2014. This was primarily due to an increase in deferred revenue of $5.4 million, as well as a reclassification in credit facilities of $61.8 million, offset by a decrease in vendor notes payable of $3.5 million. The deferred revenue increased as a result of improved billing procedures across the Company. As the credit facilities mature on March 31, 2016, the entire balance has been classified as current as at March 31, 2015. In addition, the vendor notes payable were not renegotiated until January 2015, resulting in the entire balance being classified as current as at December 31, 2014.

The impact of foreign exchange on current liabilities as at March 31, 2015 was $9.3 million compared to $3.6 million as at December 31, 2014.

ii) Working Capital Measured in Number of Days of Gross Billings[1]

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

The table below calculates working days on a trailing twelve month basis, measured as days outstanding on gross billings, which has historically been approximately 25% greater than net fee volume and is now estimated to be approximately 34% greater than net fee volume.

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

Working days of gross billings outstanding[1]	March 31, 2014* *(unaudited)*	June 30, 2014* *(unaudited)*	September 30, 2014* *(unaudited)*	December 31, 2014* *(unaudited)*	March 31, 2015 *(unaudited)*
Accounts receivable	64	65	65	62	68
WIP	62	62	56	57	55
Deferred revenue	(12)	(12)	(16)	(19)	(21)
	114	115	105	100	102

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

There has been a total decrease of 12 days in days sales outstanding as of March 31, 2015 compared to the same period last year. The Company continues to carry out regular comprehensive reviews of its WIP and accounts receivable and has achieved significant improvements in the results of the billings and collections process as noted by the improvement in the aging of receivables per the table below. Improving the days outstanding in WIP and accounts receivable is a significant area of focus for the Company. There are ongoing programs and initiatives to accelerate billings and to reduce days outstanding even further.

Components of Working Capital

	March 31, 2014 *(unaudited)*	June 30, 2014 *(unaudited)*	September 30, 2014 *(unaudited)*	December 31, 2014	March 31, 2015 *(unaudited)*
Accounts receivable	102.0	103.3	102.5	106.5	110.7
WIP	98.6	97.7	87.3	85.4	89.1
Deferred revenue	(18.5)	(18.9)	(24.5)	(28.0)	(33.4)
	182.1	182.1	165.3	163.9	166.4

i) Accounts Receivable

The table below demonstrates the aging of receivables:

Accounts receivable aging (net of allowance) *(in thousands of dollars)*	*March 31, 2014* *(unaudited)*	%	*June 30, 2014* *(unaudited)*	%	*September 30, 2014* *(unaudited)*	%	*December 31, 2014*	%	*March 31, 2015* *(unaudited)*	%
Current	40,730	40	39,465	39	37,214	36	40,284	*38*	42,026	*38*
30 to 90 days	26,814	26	32,182	32	30,613	*30*	32,241	*30*	36,506	*33*
Over 90 days	34,428	34	31,645	29	34,712	*34*	33,926	*32*	32,198	*29*
Total	101,972	100	103,292	100	102,539	*100*	106,451	*100*	110,730	*100*

The increase in accounts receivable is consistent with the increase in revenue. The Company made significant efforts to collect accounts receivable during the year. It is a major initiative of management to get billings out faster and collect outstanding invoices sooner.

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

The impact of foreign exchange on accounts receivable as at March 31, 2015 was $7.4 million compared to $4.0 million as at December 31, 2014.

ii) Work in Process

The increase in WIP from December 31, 2014 is consistent with the increase in revenue.

WIP has decreased $9.5 million since March 31, 2014, which reflects the Company's initiative to accelerate the process of completing billings. The Company monitors WIP to ensure that any accounts where billing may be an issue are being dealt with on a timely basis.

The impact of foreign exchange on work in process as at March 31, 2015 was $4.6 million compared to $2.5 million as at December 31, 2014.

iii) Deferred Revenue

Deferred Revenue has grown by $14.9 million since March 31, 2014. There has been an increase in deferred revenue since December 31, 2014 of $5.4 million which is the result of the Company's continued efforts to get billings out faster as described above. The balance is monitored on a regular basis to ensure that amounts are recognized in fee revenue appropriately.

The impact of foreign exchange on deferred revenue as at March 31, 2015 was $4.0 million compared to $0.5 million as at December 31, 2014.

Cash Flows

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

(in thousands of dollars) *(unaudited)*	**Three months ended March 31, 2015**	**Three months ended March 31, 2014**	Change
Cash flows provided by operating activities	**$ 4,472**	$ 1,929	$ 2,543
Cash flows used in financing activities	**(5,351)**	(95)	(5,256)
Cash flows used in investing activities	**(1,361)**	(3,963)	2,602

Operating Activities

Cash flows from operating activities for the three months ended March 31, 2015 were $4.5 million compared to $1.9 million for the same period last year. The improvement in operating cash flows is primarily due to an increase in EBITDA of $3.2 million.

Cash flows from operating activities for discontinued operations for the three months ended March 31, 2014 was $1.0 million, which is primarily due to improvement in non-cash operating working capital.

Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2014 were $5.4 million compared with cash flows used in financing activities of $0.1 million for the same period in 2014. In comparison to the first quarter of 2014, the Company repaid an additional $4.5 million to the credit facilities (of which $2.3 million was required under the banking agreement and related to foreign exchange), an additional $0.6 million on the notes payable, as well as $0.2 million on the finance lease obligation.

Cash flows from financing activities for discontinued operations for the three months ended March 31, 2014 were $2.0 million used to fund the new Montreal office that was disposed of with the Quebec business.

Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2015 were $1.4 million compared with $4.0 million used for the same period in 2014. Cash flows used in investing activities for discontinued operations for the three months ended March 31, 2014 was $3.0 million, which is comprised of purchase of property and equipment.

Credit Facility and Bid Bond Guarantee Facility

The Company has a credit facility of $87.0 million comprised of a swing line facility of $3.5 million, a revolver facility of $14.5 million, an office capital expenditure facility of $7.0 million, a letter of credit facility of $5.0 million and a term facility of $57.0 million. As of March 31, 2015, the Company had borrowings of $71.8 million under the credit facility compared with borrowings of $73.4 million as of December 31, 2014. The decrease of $1.6 million is primarily attributable to repayments of $4.5 million, offset by foreign exchange impact on the U.S. dollar denominated borrowings of $2.7 million. 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 $4.9 million.

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.

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 lenders. 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.

[1] See “Definition of Non-IFRS Measures”.

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.

Security Interest of Senior Lenders

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

Notes Payable

The Company has notes payable due to the former owners of acquired businesses of US $2.5 million which was due September 30, 2014 and the remaining balance of US $1.8 million was due December 11, 2014. The Company renegotiated the terms of these notes payable in January 2015 to extend maturity to June 30, 2016. Monthly payments on these notes payable are US $0.1 million until May 31, 2016, with an upfront payment paid in January 2015 of US $0.2 million and a balloon payment of US $2.6 million due June 30, 2016.

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

Convertible Debentures

The Company has three series of convertible debentures outstanding as at March 31, 2015. The carrying value of the convertible debentures as at March 31, 2015 is as follows:

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

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 $0.3 million.

Currency Risk

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

Foreign exchange gains or losses in the Company's net income arise on the translation of foreign-denominated intercompany loans and financial assets and liabilities (such as cash, accounts receivable, accounts payable and credit facilities) held in the Company's Canadian 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 $0.4 million 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 impairment losses on accounts receivable. The estimate is based on the best assessment of the ultimate collection of the related accounts receivable balance based, in part, on the age of the outstanding accounts receivable and on its historical impairment loss experience.

A significant portion of the accounts receivable are due from government and public institutions. Receivables that are neither past due nor impaired are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered 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.

(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 $8.3 million 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 of the interim financial statements, 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. The Company has put together a plan to support an extension or refinancing alternative, which is subject to approval from their lenders acting reasonably. 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.

Contractual obligations

As part of continuing operations, the Company enters into contractual obligations from time to time. The table below summarizes the material changes to the contractual obligations due on financial liabilities and commitments as disclosed in the 2014 annual MD&A:

Contractual Obligations					
(in millions of dollars)	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Vendor notes payable	4.8	1.5	3.3	-	-
Credit facilities	71.8	71.8	-	-	-
Interest on credit facilities	5.1	5.1	-	-	-

Capital management

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

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

Future Cash Generation

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

1. Ability to generate sufficient cash

   The Company's existing business plan indicates that future earnings and cash flow generated will be sufficient to pay down and re-finance existing debt outstanding within current thresholds acceptable to lenders. In the event that capital markets deteriorate or the Company does not execute on its business plan this situation may change. Reference should be made to commentary on forward looking statements in this document.

2. Circumstances that could affect funding

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

3. Working capital requirements

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

4. Situations involving extended payment

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

5. Circumstances that impact essential transactions

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

6. Sources of funds to meet capital expenditure requirements

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

7. Credit Facility

   As outlined in previous paragraphs, the Company's credit facility provides sufficient operating capital for the Company to execute its business plan, until March 31, 2016. The Company anticipates being able to re-finance the credit facility prior and up to maturity based on the recapitalization plan, subject to successful execution of that plan.

8. Divestures

   The Company also has ongoing efforts in place to identify parts of the business where the return on assets does not align with the long-term growth and performance strategies established by the senior leadership team.

9. Convertible Debentures

   As outlined above, the Company has three series of debentures that provide a basis of capital which requires repayment or refinancing over the period from September 2017 to June 2019.

Share capital

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.

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 units 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. The Class B partnership units have been recorded as a non-controlling interest in the interim financial statements as at March 31, 2015.

Share Issuances

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

Accumulated other comprehensive loss

During the three months ended March 31, 2015, the Company incurred a gain of $1.1 million related to the translation of financial statements of foreign operations from continuing operations, of which 78.0% is attributable to common shareholders.

Transactions with related parties

Pursuant to the Administration Agreement 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 $6.2 million (three months ended March 31, 2014 - $6.7 million). 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 $10.0 million (December 31, 2014 - $10.0 million). 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 $0.1 million for the three months ended March 31, 2015 (three months ended March 31, 2014 - $0.1 million). 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 of the interim financial statements on October 2, 2014, Daniel Arbour, who previously led IBI Group's operations in China, acquired a 19% equity interest in China.

Critical accounting estimates and judgments

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

Liquidity

IBI Group's swing facility and credit facility 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.

Accounting developments

a) Changes in Accounting Policies

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

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

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.

b) 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 analysis of individual transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on 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.

Disclosure controls and procedures and internal control over financial reporting

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

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

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

Definition of non-IFRS measures

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

1. *Adjusted EBITDA*

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

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

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

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

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

2. *Working capital measured in Number of Days of Gross Billings*

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

The information included is calculated based on working days on a twelve month trailing basis, measured as days outstanding on gross billings, which has historically been approximately 25% greater than net fee volume and is now estimated to be approximately 34% greater than net fee volume.

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