MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes ("financial statements") of IBI Group Inc. (the "Company") for the three and nine months ended September 30, 2011.

This MD&A is dated as of November 10, 2011. Additional information that has been filed concerning the Company, including the Company's annual information form for the year ended December 31, 2010, is be available on SEDAR at www.sedar.com.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") for interim financial statements and is expressed in Canadian dollars. The unaudited IFRS-related disclosures and values in this MD&A have been prepared using the standards and interpretations currently issued and expected to be effective at the end of our first annual IFRS reporting period, which will be December 31, 2011.

The amounts in this MD&A and the accompanying interim financial statements for the three and nine months ended September 30, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Periods prior to January 1, 2010 have not been restated and are prepared in accordance with Pre-changeover Accounting Standards ("PCAS"). Please refer to Note 16 of the accompanying unaudited interim condensed consolidated financial statements for a summary of the differences between our unaudited interim condensed consolidated financial statements previously prepared under PCAS and those under IFRS for the three and nine months ended September 30, 2010. Please refer to Note 19 of the interim financial statements for the three months ended March 31, 2011 for a summary of the differences between our unaudited interim condensed consolidated financial statements previously prepared under PCAS and those under IFRS for the year ended December 31, 2010.

Business

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

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 four 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. IBI Group provides these services in major cities across Canada, the United States, Europe, Asia and the Middle East, as well as in other international centers.

The Company: IBI Group Inc. and the IBI Group Partnership

The Company is the successor to IBI Income Fund, following the completion of the conversion from an income trust to a corporate structure by way of a court-approved Plan of Arrangement under the *Canada Business Corporations Act* (the ‘‘CBCA’’) on January 1, 2011 (the ‘‘Arrangement’’). Pursuant to the Arrangement, on January 1, 2011, holders of Fund Units received one Common Share for each Fund Unit held.

Holders of a right to receive Fund Units or securities exchangeable into Fund Units received the right to acquire the same number of Common Shares as the number of Fund Units they were entitled to receive prior to the Arrangement. In conjunction with the Arrangement, the Fund and IBI Holding Trust were wound-up effective January 1, 2011. As a result of the Arrangement, the Corporation now owns, directly or indirectly, the limited partnership units of IBI LP and the Class A Units of IBI Group as well as the common shares of IBI GP Holdings Limited and IBI GP Limited.

Prior to the conversion of the Fund to a corporate structure effective January 1, 2011, the Fund was an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Fund's Declaration of Trust. The Fund was entirely dependent upon the operations and assets of the IBI Group Partnership in which it indirectly held 12,924,473 Class A partnership units, representing 72.1% of the issued and outstanding Class A and Class B partnership units (the "Partnership Units") of IBI Group Partnership. IBI Group Management Partnership ("Management Partnership") holds 5,025,778 Class B partnership units of the IBI Group, representing the remaining 27.9% of the issued and outstanding Partnership Units of IBI Group. In addition, the Management Partnership held 5,025,778 non-participating voting units ("Non-Participating Voting Units") of the Fund which, together with the Class B partnership units of IBI Group, were exchangeable into trust units ("Units") of the Fund on a one for one basis, subject to adjustment.

In addition to the Class B Units, the Management Partnership and IBI Group Investment Partnership, the partners of which are also partners of the Management Partnership or are controlled by a person who controls a partner of the Management Partnership, together held 3,227,050 Units of the Fund. These interests represented an interest of approximately 46% in the Fund on a partially diluted basis, assuming the exchange of the Class B Units for Units of the Fund. There were 12,924,473 Units issued and outstanding as at December 31, 2010 (17,950,251 Units issued and outstanding on a partially-diluted basis).

Following conversion, the basic structure of the IBI Group, the entity carrying on the business of IBI, as a partnership with two partners has continued. As a result of the Arrangement, the Company, rather than the Fund, now indirectly holds all of the Class A partnership units of IBI Group and Management Partnership continues to hold all of the Class B partnership units of IBI Group, which are now exchangeable into common shares. The Company also holds the common shares of General Partner Co. and General Partner Trustee. The Company has assumed all obligations of the Fund with respect to the Fund's outstanding convertible debentures. The trustees of the Fund continued as directors of the Company.

The Company was incorporated pursuant to the provisions of the CBCA and did not carry on any active business prior to the Arrangement. The nature of the business and the Fund's financial condition are unaffected by the conversion to a corporation.

The common shares of the Company have been listed on the Toronto Stock Exchange from January 1, 2011, the effective date of the conversion, and commenced trading on the Exchange under the symbol "IBG" on January 4, 2011, at which time the units of the Fund were delisted.

The Company's dividend policy is to continue to be a relatively high distributor of cash earned.

Operating Highlights

The third quarter of 2011 results demonstrated the continued growth of the operating results of IBI Group as compared to the second quarter of 2011 and the third quarter of 2010. The results of the third quarter of 2011 are based on 63 available working days which is consistent with an average quarter, compared with 63 workings for the third quarter of 2010, 63 working days for the second quarter of 2011 and 62 working days for the first quarter of 2011. The highlights are:

- Revenue at $84.3 million, the highest quarterly amount to date, was $7.5 million above the third quarter of 2010, up $2.0 million compared with the second quarter of 2011, and up $6.5 million compared with the first quarter of 2011 ($5.2 million compared with first quarter of 2011 "normalized" by one additional day to an average quarter of 63 days).
- EBITDA[1] of $12.9 million was $1.3 million above the third quarter of 2010, up $0.2 million compared with the second quarter of 2011, and up $2.2 million compared with the first quarter of 2011 ($0.9 million compared with first quarter of 2011 normalized).
- EBITDA[1] as a percentage of revenue for the third quarter of 2011 was 15.3%, an increase of 0.1% to the third quarter of 2010, down 0.1% compared with the second quarter of 2011, and up 1.5% compared with the first quarter of 2011 (up 0.1% compared with first quarter of 2011 normalized).
- Earnings per share ("EPS") for the third quarter of 2011 was $0.2608, compared with Adjusted Net Earnings[1] per unit of $0.2677 for the third quarter of 2010, EPS of $0.2607 for the second quarter of 2011, and Adjusted Net Earnings[1] per share of $0.2639 for the first quarter of 2011.
- Distributable cash[1] of $8.3 million for the third quarter of 2011 compared with $7.8 million for the third quarter of 2010, an increase of $0.5 million. Distributable cash[1] was up $0.8 million compared with the second quarter of 2011 and $2.3 million compared

(1) See "Definition of Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures"

with the first quarter of 2011 ($1.0 million compared with first quarter of 2011 normalized).

- Progress had been made in reducing the working capital tied up from the peak of 195 days at the end of the second quarter 2010 down to 167 days at the end of the first quarter 2011. The amount of working capital tied up in accounts receivable, work in process and deferred revenue measured in the equivalent numbers of working days increased to 186 days as at the end of the third quarter of 2011 from 177 days equivalent at the end of the second quarter 2011. The increase of the equivalent of 9 days in the third quarter of 2011 is the result of the start of numerous new projects, including large assignments, some of which have experienced delays (see "Major Projects"). July and August were poor months in performance of working capital tied up due to project delays and holidays. September was a material improvement. October, which is part of the fourth quarter, was a further improvement. At the end of October, the number of equivalent working days reduced to 178. The increase in accounts receivable is primarily in current and recent accounts. The increase in work in progress largely arises from an increase in numerous new projects. Management continues its commitment to strive to reduce the total working capital tied up measured in working days to 140 days.

Strategic Program of Growth

In September 2011, IBI Group concluded arrangements for the merger/acquisition of the professional practice of Dull Olson Weekes Architects, Inc., ("DOWA"), based in Portland, Oregon. DOWA has established an outstanding reputation providing professional architectural services. The practice is known for its high quality of design, technical competence, as well as social consciousness in its approach to sustainability and other societal values. Focus of the work of the firm has been in educational facilities, social infrastructure and health and community facilities. The merger of this practice within the IBI Group of Firms will complement the existing practice of IBI Group in Northwest U.S. which to date has been primarily based in the transportation infrastructure sectors including intelligent systems and functional planning and design of transportation/transit facilities. This combination of social infrastructure along with transportation infrastructure is providing IBI Group with a strong, sustainable base across the United States as IBI Group succeeds in its plan of establishing national practices in these broad areas.

In June 2011, IBI Group concluded arrangements for the merger/acquisition with CRJA, Landscape Architects ("CRJA"), based in Boston, Massachusetts. CRJA will continue as a distinct entity within the IBI Group of Firms. CRJA has established a highly regarded recognised name in the practice of Landscape Architecture in the USA and worldwide, including numerous assignments at embassies of the Government of the USA throughout the world. The firm is known for its creative talent, technical expertise and consistency of professional services to its clients in realising successfully many landscape projects in educational campuses and building facilities in prestigious embassies, urban developments of mixed uses; and design of the public realm of streetscapes and public places of all kinds. CRJA can now participate in projects of the IBI Group of Firms on this global basis, enhancing their reach in China and elsewhere and more effectively contribute in the USA through the network of IBI Group offices.

In March 2011, IBI Group concluded arrangements for the merger/acquisition of Bay Architects Inc, ("Bay") in Southeast Texas, based in Houston. Bay is an architectural firm that specializes in educational facilities (schools and community colleges), along with other areas of architectural practice in civic, other institutional, retail, office and industrial facilities. Bay-IBI is a further strategic component of the growing international practice of IBI Group in education. Bay-IBI will also provide the strategic platform for IBI Group for growth in the State of Texas. New opportunities in the transportation sector are now being pursued combining the transportation experience of IBI Group from California and elsewhere with the Texas presence of Bay–IBI.

In January 2011, the merger of the practice of Cardinal Hardy Architectes, ("CHA") with Beinhaker Architects was completed. This practice continues as Cardinal Hardy Beinhaker Architects ("CHBA") affiliated with the IBI Group of firms. In parallel, the merger of the Company Groupe Cardinal Hardy Inc. ("GCHI") directly within IBI Group was completed as well. CHBA is a full services architectural practice known for its outstanding design and technical work ranging from institutional projects in transportation, social infrastructure including building facilities in education and health, private development projects by leading developers in the Greater Montreal Region. The firm is also expert with an outstanding portfolio of work in urban design and landscape architecture. This merger and the ongoing integration is proceeding very effectively and has resulted in additional assignments secured from clientele of the previously separate firms.

At the end of the fourth quarter of 2010, IBI Group completed the acquisition and merger of CSM Engineering Ltd. ("CSM"), based in Fort McMurray, Alberta. CSM has been leading the civil engineering practice in the development of land and infrastructure in Fort McMurray, for over a decade. The acquisition is now enabling IBI Group and CSM to jointly continue the practice of civil engineering for land development and infrastructure in Fort McMurray and Northern Alberta. The professional engineering team of CSM now being integrated within the IBI Group constitutes an experienced and broadly based professional team to serve the continuing community and infrastructure needs in Fort McMurray, arising from the continuing developments of the oil sands. CSM and IBI Group have collaborated on projects previously, and are doing work in joint venture currently for mutual clients. This merging of the CSM professional engineering practise within IBI Group facilitates a more comprehensive and effective service to clients. The merger with IBI Group enables CSM to broaden and strengthen the talent and experience of CSM to undertake larger scale projects with more comprehensive services. It also opens broader horizons for the growth of the CSM professional team over the longer term within the IBI Group of Firms.

During the second quarter of 2010, IBI Group completed the acquisition of Nightingale Architects Ltd ("Nightingale"). Nightingale is a leading architectural practice, specialising in facilities for health care and for education and science. The practice has been in existence for over twenty years and has grown steadily to its current complement of 230 members operating in six offices in the UK, as well as an office in South Africa. Nightingale is a practice leader in social infrastructure in the UK, actively engaged in major building projects in that base of operation and other projects internationally including Eastern Europe, the Gulf, Australia and South Africa. The firm is an architect of choice of public agencies, as well as private development proponents/construction contractors for the delivery of health care facilities through private finance initiatives, public private partnerships and design build. These major private companies, operating in the UK, are also similarly engaged in other world markets affording Nightingale the opportunity to provide architectural services for these clients for projects elsewhere. The integration of the executive team of Nightingale is a strategic advancement in relation to three basic objectives of IBI Group: building the world platform of IBI Group; becoming a leader in world scale projects in health care and other areas of social infrastructure, and strengthening the business of IBI Group. In fact, as we approach the end of the first year of working together, joint efforts and business development initiatives targeting professional work opportunities have yielded results in new joint work of Nightingale within the IBI Group of Firms.

During the first quarter of 2010, IBI Group completed the acquisition of MAAK Technologies Inc. (“MAAK”). This firm’s expertise in water engineering and systems applications extends IBI Group’s work in systems technology to the important area of water resources. It also broadens the IBI Group practice geographically with further strengthening in the Caribbean.

IBI Group focused on strategic growth in Canada from the IPO in 2004 through to the third quarter of 2008. During that period of time, IBI Group acquired numerous firms of outstanding quality bringing the Canadian practice to a national leader in the areas of IBI’s professional expertise. This focus on Canada first for strategic growth, enabled the acquisition of many firms in a short period of time as the greatest strength of IBI Group managerial and professional leadership was Canadian based. It was also financially efficient as the public entity within the IBI Group Partnership was a business income trust. Now that IBI Group has reached a leadership position professionally within the Canadian market, the strategic focus of acquisitions is outside Canada. Notwithstanding the focus shifting to attractive areas for IBI Group’s practice outside Canada, IBI Group continues to consider acquisitions/strategic alliances that will enhance the IBI Group professional leadership further within Canada, for example, CSM in Fort McMurray and Cardinal Hardy Architects now Cardinal Hardy Beinhaker Architectes in Quebec.

IBI Group continues to consider the economy of the United States of America, (USA) as a primary area of activity over the longer term. The USA continues to be the largest economy in the world. As noted in the second quarter report, IBI Group activity in industrial buildings, (the reawakened automotive industry), in education facilities, (charter schools, high schools, community colleges and university buildings), in intelligent systems; (traffic management, traveller information), and transportation including transportation oriented development, continued to be productive areas of IBI Group activity during the recession from late 2008 to present. IBI Group made acquisitions/strategic alliances on a selective basis of a series of prominent firms in various regions of the US with strength in the architecture of education facilities. The most recent example is DOWA in the northwest of the USA in operating in Oregon and Washington State. IBI Group will continue to pursue this strategy with respect to these professional areas as well as an enhanced focus going forward on the architecture of health care facilities. In the context of the continuing under-performing economic environment in the USA, there are outstanding opportunities for acquisition/strategic alliances with outstanding professional firms. The resources from these firms can also participate with IBI Group in work in Canada as well as other international markets as the economy of the USA recovers.

IBI Group is now more intensively engaged in pursuing strategic acquisitions/alliances in other international markets that include China, India, Eastern Europe, and South America, notably Brazil. IBI Group has projects in all of these market areas and is increasing IBI Group personnel and presence in these markets through organic growth. This organic growth then forms the base of integrating new firms within IBI Group through acquisition/strategic alliance.

Building the Global Practice of IBI

The program of strategic growth outlined above is directed to achieve the basic objective of IBI Group; to build a Global Professional Practice in the planning, design and development of the physical components of urbanization throughout the world. Urbanization is one of the main driving forces in social and economic systems worldwide. While there are cultural differences, much of the physical aspects in the formation of cities; transportation and other infrastructure, buildings and public spaces for the accommodation of human activity are subject to the same professional and technical substance. Accordingly, the expanding knowledge and experience of IBI Group is transferrable throughout these world markets. IBI Group's core areas of activity in Urban Land, Building Facilities, Transportation Infrastructure, and Intelligent Systems are the primary elements of the physical development of such urban areas. IBI Group is building this broad based expertise that can address urbanization in metropolitan areas throughout the world.

The IBI Group model is to operate as one integrated global firm that can deliver that expertise through local communities. Accordingly, IBI Group is growing in its diversity of professional skills and in establishing physical presence in local offices throughout the world.

IBI Group will continue in this long term strategy through both organic and strategic growth. IBI continued to pursue this strategy through the recession that started in late 2008. During this time IBI Group continued to build a platform of world leading expertise in the design of health care facilities and in education facilities and intelligent systems, all the while addressing the reduction in housing facilities in the USA and other markets. IBI Group's long term strategy will be consistently pursued but with adjustments necessary from time to time, as was the case during this recent recession with respect to housing.

IBI Group will continue to pursue work directly on behalf of the owners in what is commonly termed, "conventional" method, in which architects, engineers and other professionals are engaged directly for the owners. (The owners then subsequently engage directly construction contractors and suppliers). IBI Group will also continue to grow in the new methods of delivery in Design Build and Private Finance Initiative (PFI), and/or Public Private Partnerships (P3). IBI Group's expanding relationships with world leading construction contractors and financiers of such work provides an alternate to delivery of facilities for public agencies who are lacking capital to invest in transport infrastructure and social infrastructure required for their societies. This method has been effectively adopted in Canada, in Great Britain and other countries throughout the world. IBI Group is well positioned to pursue this on a continuing basis where these methods are established, as well as to be one of the leaders in the markets that adapt these methods in other countries.

This Global Platform within one fully integrated firm, and with delivery of diversity of world experience in services, provides IBI Group the growth opportunities and dexterity to continue to succeed while facing the economic slowdowns and turmoil.

Major Projects

IBI Group has successfully expanded its capability and size, notwithstanding the pressures during the period of the recent recession. Notable areas of expansion of capability include:

1) The continued growth in the architecture of social infrastructure, including both health and educational facilities, (under strategic growth, the expansion of the architecture of education was noted. IBI Group is experiencing growth worldwide in the architecture of health care facilities which includes new projects internationally.);

2) The application of IBI Group's capability in intelligent systems from transportation and communications to other applications including management of building systems, energy systems in water distribution and other significant applications that have applicability to metropolitan urban regions across the world, (IBI Group continues to receive new mandates in world markets including a major new project for traffic management in South Africa);

3) The growth in major transportation projects in which IBI Group has been mandated with lead role., A notable example is IBI Group being selected, after a rigorous international bidding process, as prime contractor for the design contract by NTA – Metropolitan Mass Transit System Ltd. for the ten underground transit stations in the Tel Aviv metropolitan area; (following a three month delay due to a legal challenge, the contract is now signed); and

4) IBI Group has grown in numbers of people reflecting the growth and revenue and now comprises some 2,843 members of the firm, compared to 2,534 as at Q3 2010.

With this growth in personnel and professional excellence, IBI Group increasingly is awarded leading professional and managerial roles for proponents and owners of development projects. These include major projects in social infrastructure (such as the McGill University Health Centre in Montreal; the public private partnership bid for Papworth Hospital in London, England; a study for a major new hospital in Kuala Lumpur); major transportation projects in transit facilities, as well as increasingly in the highway/road modes; the comprehensive provision of intelligent systems based on IBI Group software, integration of hardware, and the delivery of complete systems including ongoing operations (a major new highway traffic management system in South Africa); and now with a turn in certain private property markets, the leadership of major real property developments in Canada, Eastern Europe and Asia. The progress of the firm in extending the excellence of its professional capability and the breadth and depth of resources provides an increasingly effective platform for IBI Group as a significant participant in the design of physical aspects of urbanization across the world with IBI Group's global experience complemented by IBI Group's established physical and operating presence in communities throughout the world.

The scope of these efforts is validation of IBI Group's integrated operating model of providing comprehensive professional services to clients in Canada, the USA and in international markets, resulting in the achievement of the highest quarterly revenue of the Company to date.

Outlook

IBI Group commenced its professional practice in November 1974. The vision that IBI Group had at the time and continues to pursue is the establishment of a comprehensive practice for the planning/design of sustainable urban environments including, urban built form (place) and facilities (space) the transportation infrastructure (movement) and Intelligent Systems (intelligence) in major urban regions throughout the world. Urbanization, which is the clustering and concentration of population in urban environments, is a continuing phenomena in the developing, as well as the mature economies of the world. With the growth and intensification within urban areas, there is growing demand for the services of IBI Group in its four main areas of practice, being the planning and design of urban land, building facilities, transportation networks and intelligent systems.

The initial practice of IBI Group was exclusively Canadian based, primarily in Toronto. IBI Group extended its practice across Canada in the 1970's, established bases of operations in the United States in the 1980's, extended into Europe in the 1990's and into Asia in 2000. From 1974 through to 2000, all of the growth within IBI Group was organic growth within the firm. In 2000, IBI Group established the target of extending its practice to operate effectively in the rapidly growing economies in Asia and elsewhere throughout the world on a global scale. In order to achieve global scale, IBI Group decided to consider strategic growth for the acquisition and integration of firms within IBI Group. By 2004 IBI Group had acquired five firms and had proven its ability to successfully integrate leadership and practices within IBI Group.

In 2004, IBI Group embarked on a program of intensifying the strategic growth through acquisition, integration and consolidation, on top of organic growth of the expanding base. Equity required for this strategic growth was obtained by the IBI Group Management Partnership entering into a partnership with outside investors through the Initial Public Offering (IPO), completed on August 31, 2004. Since that time IBI Group has successfully grown from a staff of approximately 770 people and approximately $89.0 million in annualized revenue to the current level as at September 30, 2011 of approximately 2,843 members of staff, and annualized revenue in excess of $325 million.

During this period of growth from 1974 to June 2011, IBI Group has experienced recessions that included: the severe recession in North America in the mid 1970's when IBI Group commenced its operations; the recession of the early 1980's; the more severe slowdown of the first half of the 1990's; the demise of the Dot Com bubble and the impact of 9/11 in the early decade of 2000. During these past 37 years, IBI Group continued to grow from its initial group of 30 people through to the current level of 2,843. Each of these recessions presented particular challenges, as did the recent recession that continued through 2010.

The IBI Group operating structure, model and seasoned, experienced leadership which provided the motivation and discipline in the management of growth over the past 37 years, equally provides the experience of managing in the context of recessionary times such as the current financing and economic challenges. Accordingly, IBI Group continues to be confident in its ability to achieve a program of continuing to build with successful financial results, the global practice in the comprehensive planning/design of urban environments, including infrastructure, urban and facilities development. This confidence is based on the following factors:

- IBI Group fee revenue growth continues, and achieved improved performance with the highest revenue ever at $84.3 million for the third quarter of 2011;
- Committed fee volume for the ensuing 12 months represents in excess of 9.5 months equivalent of work, based on the current pace of work that IBI Group has achieved during the past three quarters of 2011 and over 9 months based on the greater pace that IBI Group anticipates for the remainder of 2011. Backlog for Government and public institutional clients now represents approximately 69% of total backlog. Backlog is continuing to increase in building facility areas in health care, education, housing and now the industrial sector, in transportation terminals, transportation networks and intelligent systems. IBI Group is increasingly receiving new mandates in the design stage of new private sector projects, as well as some of these now moving into design development and working drawings as projects proceed to sales;
- IBI Group committed backlog is approximately 14% of fee volume for projects outside of North America and 22% for the United States and 64% in Canada; and
- IBI Group is progressing with the integration of CRJA, CSM, CHBA and Bay, and now starting with DOWA and the further integration of the firms acquired through 2010.

IBI Group is in various stages of negotiation with a number of firms who could add further strength to the IBI Group program in the USA, and outside North America.

Accordingly, the outlook for IBI Group for the remainder of 2011 continues to be very encouraging:

- Commitment of new work for IBI Group continued to increase during the third quarter of 2011, replacing the $84.3 million of work completed during the quarter and adding the additional work for the future. Backlog for the next twelve months remains in excess of nine months as it was in the prior quarter despite the greater pace that IBI Group is achieving for the third quarter of 2011. This backlog is based on a very wide range of substantial projects;
- The current staff complement is appropriately sized for the backlog of ongoing committed work at the professional standards of the firm, with capacity to handle the work from the significant projects that IBI Group is awaiting full authorization to proceed. IBI Group will adjust staffing levels as necessary in respect to the pace of the work;
- Further acquisitions have been achieved and a number of new opportunities are in the final negotiation stage as well as in the exploratory stage; and

- IBI Group's lenders continue to be very supportive of IBI Group efforts. The new Banking Arrangements for the next 5 years closed on July 29, 2011.

Selected Interim Consolidated Financial Information

in thousands of dollars except for per share and per unit amounts	Three months ended September 30, 2011 (Unaudited)	Three months ended September 30, 2010 (Unaudited)	Nine months ended September 30, 2011 (Unaudited)	Nine months ended September 30, 2010 (Unaudited)
Revenue	$ 84,265	$ 76,770	$ 244,351	$ 214,635
Expenses				
Salaries, fees and employee benefits	57,032	50,942	165,266	145,484
Other operating costs, other than interest	14,850	14,142	43,325	38,793
Other finance costs	35	103	615	284
Acquisition-related costs included in other operating costs	(534)	(57)	(1,154)	(777)
	71,383	65,130	208,052	183,784
Earnings before income taxes, interest and amortization (EBITDA[1])	12,882	11,640	36,299	30,851
Interest	3,547	2,816	10,095	7,493
Change in fair value of financial instruments and other finance costs (income)	356	20,541	479	(25,239)
Income taxes – current	1,503	2,089	4,703	3,648
Income taxes – deferred	(497)	(987)	1,733	(1,669)
Amortization of property and equipment and intangible assets	2,664	2,875	7,996	8,502
Foreign exchange loss	77	131	361	14
Acquisition-related costs	534	57	1,154	777
Net earnings before non-controlling interest	$ 4,698	$ (15,882)	$ 9,778	$ 37,325
Non-controlling interest	1,311	-	2,729	-
Net earnings attributable to owners of the company (owners of the Fund in 2010)	$ 3,387	$ (15,882)	$ 7,049	$ 37,325
Distributions paid to unitholders	-	5,153	-	15,394
Distributions paid to exchangeable interest holders	-	1,979	-	6,029
Change in fair value of trust units	-	10,320	-	(30,466)
Change in fair value of exchangeable interest liability	-	4,021	-	(12,011)
Change in fair value of derivative liability embedded in convertible debentures	-	(800)	-	(3,878)
One time non-cash tax on conversion to a corporation	-	-	3,131	-
Proportion of earnings attributable to Class B Partnership Units	-	(1,341)	(874)	(3,470)
Adjusted Net Earnings[1]	$ 3,387	$ 3,450	$ 9,306	$ 8,923
Basic adjusted net earnings per share[2] (units in 2010)	$ 0.2608	$ 0.2677	$ 0.7180	$ 0.6955
Total assets	$ 497,029	$ 448,690	$ 497,029	$ 448,690

(1) See "Definition of Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures"

(2) Basic Adjusted Net Earnings per Share (Units in 2010) are calculated by including Common shares of the Company in 2011 and Units of Fund in 2010 which are non-IFRS measures.

Results of Operations

The professional services provided by the Company, focused on the four main areas of the physical development of cities and comprise the core business of the Company.

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 September 30, 2011, revenue was up $7.5 million (9.8%) to $84.3 million compared to $76.8 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, revenue was up $29.8 million (13.8%) to $244.4 million compared to $214.6 million for the nine months ended September 30, 2010.

Revenue for the three months ended September 30, 2011 exceeded that of the three months ended June 30, 2011 by $2.0 million.

The following table summarizes the impact the strategic growth through acquisition, the organic growth for the three and nine months ended September 30, 2011.

	Three months ended September 30, 2011 vs. 2010		Nine months ended September 30, 2011 vs. 2010	
	$ million	%	$ million	%
Acquisition growth	5.9	7.8	23.0	10.7
Organic growth	3.5	4.5	11.7	5.4
Total revenue growth before foreign exchange	9.4	12.3	34.7	16.1
Impact of foreign exchange on revenue	(1.9)	(2.5)	(5.0)	(2.2)
Total increase in revenue	7.5	9.8	29.7	13.8

Revenue from strategic growth through acquisitions/mergers was approximately $5.9 million (7.8%) for the three months ended September 30, 2011. This strategic growth was generated through additional revenues resulting from the acquisition/merger of Nightingale in June of 2010, CSM in the fourth quarter of 2010, CHBA and Bay Architects in the first quarter of 2011, and CRJA in the third quarter of 2011. Organic growth for the three months ended September 30, 2011 was up $3.5 million (4.5%) when compared with the three months ended September 30, 2010. The foreign exchange on revenue does not represent a significant loss to the Company as the foreign exchange impact is largely offset by expenses incurred in the same foreign currencies.

The overall growth in activity was accomplished through a 9.5% increase in the average number of staff from 2,562 during the three months ended September 30, 2010 to 2,806 during the three months ended September 30, 2011. The number of staff as of September 30, 2011 was 2,843, up from 2,534 as of September 30, 2010.

Expenses

Salaries, fees and employee benefits for the three months ended September 30, 2011 were up $6.1 million (12.0%) to $57.0 million compared with $50.9 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, salaries, fees and employee benefits were up $19.8 million (13.6%) to $165.3 million compared to $145.5 million for the nine months ended September 30, 2010. This increase was the result of the growth in staff levels and increased wages. Salaries, fees and employee benefits as a percentage of revenue for the three months ended September 30, 2011 were 67.7% compared with 66.4% for the three months ended September 30, 2010. For the nine months ended September 30, 2011, salaries, fees and employee benefits as a percentage of revenue were 67.6% compared with 67.8% for the nine months ended September 30, 2010. These percentages demonstrate a continuing reduction in the percentage of compensation costs to revenue, IBI Group anticipates continued improvement to reach the targeted range of 64% to 65%.

Other cash operating costs (other than interest) for the three months ended September 30, 2011 were up $0.7 million (5.0%) to $14.8 million compared with $14.1 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, other cash operating costs (other than interest) were up $4.5 million (11.7%) to $43.3 million compared to $38.8 million for the nine months ended September 30, 2010. As a percentage of revenue, other operating costs (other than interest) for the three months ended September 30, 2011 were 17.6% compared with 18.4% for three months ended September 30, 2010. For the nine months ended September 30, 2011, other cash operating costs as a percentage of revenue were 17.7% compared with 18.1% for the nine months ended September 30, 2010.

Foreign exchange loss (gain) for the three months ended September 30, 2011 was a loss of $0.1 million compared with a loss of $0.1 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, there was a foreign exchange loss of $0.4 million compared to $0.1 million loss for the nine months ended September 30, 2010. 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 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 September 30, 2011 was down $0.2 million to $2.7 million compared with $2.9 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, amortization was down $0.5 million to $8.0 million compared with $8.5 million for the nine months ended September 30, 2010. Amortization for the three months ended September 30, 2011 on client relationships, contracts and non-competition provisions was $1.7 million compared with $1.9 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, amortization expense on client relationships, contracts and non-competition provisions was $5.5 million compared with $5.8 million for the nine months ended September 30, 2010.

Income taxes of the Company for three months ended September 30, 2011 were down $0.1 million to $1.0 million compared with $1.1 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, income tax expense was up $4.4 million to $6.4 million compared with $2.0 million for the nine months ended September 30, 2010. Current tax expense for the three months ended September 30, 2011 was down $0.6 million to $1.5 million, compared with $2.1 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, current tax expense was up $1.1 million to $4.7 compared to $3.6 for the nine months ended September 30, 2010. This reflects the Company change to a taxable corporation. For the three months ended September 30, 2011, deferred tax recovery was $0.5 million as compared to a recovery of $1.0 million over the three month period ended September 30, 2010. For the nine months ended September 30, 2011, deferred tax expense increased by $2.4 million to $1.7 million from a deferred tax recovery of $1.7 million for the nine months ended September 30, 2010. The increase in deferred tax is due to a one-time tax charge on January 1, 2011 to revalue the Company's deferred taxes using the corporation's standard tax rate.

Net earnings of the Company of $4.7 million for the three months ended September 30, 2011 increased $20.6 million, as a result of the IFRS requirement to include in income in the three months ended September 30, 2010 $20.7 million in fair value loss and other finance costs. The $20.7 million is comprised of a $10.3 million fair value loss on the trust units liability, a $4.0 million fair value loss on the exchangeable interest liability, the requirement to expense the distribution by the Fund to unitholders of $5.2 million and the distribution to the exchangeable interest holders of $2.0 million offset by a 0.8 million fair value gain on the derivative liability embedded in the convertible debentures. For the nine months ended September 30, 2011, net earnings of the Company decreased $27.5 million. The decrease is directly related to IFRS requirement to include in income in the nine months ended September 30, 2010 $25.0 million in fair value gains and other finance costs. The $25.0 million is comprised of a $30.5 million fair value gain on the trust units liability, a $12.0 million fair value gain on the exchangeable interest liability, and a $3.9 million fair value gain on the derivative liability embedded in the convertible debentures, offset by the requirement to expense the distribution by the Fund to unitholders of $15.4 million and the distribution to the exchangeable interest holders of $6.0 million. This accounting treatment is not applicable following the Company's conversion to a corporation and therefore only impacts 2010. In addition, the decrease in net earnings is due to an increase in income taxes of $3.1 million post conversion.

Adjusted Net Earnings[1] attributable to owners of the Company for the three months ended September 30, 2011 was $3.4 million or $0.2608 per Share compared with $3.5 million or $0.2677 per Unit[1] for the three months ended September 30, 2010. Adjusted Net Earnings[1] attributable to the owners of the Fund for the three months ended September 30, 2010 was calculated by removing the $20.7 million of IFRS impacts on fair value losses and other finance costs from reporting net earnings and accounting for $1.3 million attributable to exchangeable

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(1) See "Definition of Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures"

(2) Basic Adjusted Net Earnings per Share (Units in 2010) are calculated by including Common shares of the Company in 2011 and Units of Fund in 2010 which is a non IFRS measure.

interest holders. For the nine months ended September 30, 2011, Adjusted Net Earnings[1] attributable to owners of the Company was $9.3 million or $0.7180 per Share compared with $8.9 million or $0.6955 per Unit[2] for the nine months ended September 30, 2010. Adjusted Net Earnings[1] attributable to the owners of the Company for the nine months ended September 30, 2011 add back the one-time non-cash deferred tax charge of $3.1 million associated with the conversion to a corporation net of amount attributable to non-controlling interest. Adjusted Net Earnings[1] attributable to the owners of the Fund for the nine months ended September 30, 2010 was calculated by removing the $24.9 million of IFRS impacts on fair value losses and other finance costs from reporting net earnings and accounting for $3.5 million attributable to exchangeable interest holders.

EBITDA[1] for the three months ended September 30, 2011 was $12.9 million, up $1.3 million (11.2%) from $11.6 million for the three months ended September 30, 2010. As a percentage of revenue, EBITDA[1] for the three months ended September 30, 2011, was 15.3%, an increase of $0.1 million from the three months ended September 30, 2010. For the nine months ended September 30, 2011, EBITDA[1] was $36.3 million, up $5.4 million (17.5%) from $30.9 million for the nine months ended September 30, 2010. As a percentage of revenue, EBITDA[1] for the nine months ended September 30, 2011, was 14.9%, an increase of 0.5% over the nine months ended September 30, 2010.

Distributable Cash[2]

in thousands of dollars except for per Share and per Unit amounts and ratios	Three months ended September 30, 2011 (Unaudited)	Three months ended September 30, 2010 (Unaudited)	Nine months ended September 30, 2011 (Unaudited)	Nine months ended September 30, 2010 (Unaudited)
Cash flow from (used in) operating activities	$ 1,623	$ 3,320	$ (13,195)	$ 3,977
Less: Capital expenditures	(775)	(515)	(1,972)	(1,840)
Standardized distributable cash	$ 848	$ 2,805	$ (15,167)	$ 2,137
Add (deduct):				
Change in non-cash operating working capital	4,965	2,608	29,914	14,644
Deferred transaction costs	422	106	927	281
Acquisition-related costs	534	57	1,154	777
Current income tax expense	1,503	2,089	4,703	3,648
Exchange (gain) loss	77	131	361	14
Distributable cash[1]	$ 8,349	$ 7,796	$ 21,892	$ 21,501
Weighted average basic and diluted distributable cash per Share (Unit in 2010)[1]	$ 0.4635	$ 0.4352	$ 1.2170	$ 1.2039
Aggregate of dividends and Class B partnership distributions in 2011 and aggregate distributions in 2010	$ 5,817	$ 7,132	$ 16,540	$ 21,423
Aggregate of dividends and Class B partnership distributions in 2011 and aggregate distributions in 2010 per Share (Unit in 2010)[2]	$ 0.3229	$ 0.3999	$ 0.9195	$ 1.1997
Payout ratio	69.7%	91.9%	75.6%	99.6%

(1) See "Definition of Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures"
(2) Distributable cash per Share amounts (units in 2010) are calculated by including both the common shares of the Company and the Class B partnership units in the denominator in 2011 and the Units of the Fund and the Class B partnership units of the Fund in 2010 which is a non-IFRS measure.

On January 21, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at January 31, 2011, which was paid on February 28, 2011.

On February 17, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at February 28, 2011, which was paid on March 31, 2011.

On March 22, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at March 31, 2011 which was paid on April 29, 2011.

On April 19, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at April 29, 2011, which was paid on May 31, 2011.

On May 19, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at May 31, 2011 which was paid on June 30, 2011.

On June 17, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at June 30, 2011, which was paid on July 29, 2011.

On July 19, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at July 29, 2011, which was paid on August 31, 2011.

On August 19, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at August 31, 2011, which was paid on September 30, 2011.

On September 19, 2011, a dividend of $0.092 per Share was declared to each Shareholder of the Company on record at September 30, 2011, which was paid on October 31, 2011.

In addition to the above noted dividends to shareholders, IBI Group Partnership makes a monthly distribution to each Class B partnership unitholder equal to the dividend per share (on a pre-tax basis) declared to each shareholder. The Class B unitholder distribution for the month of March 2011 was postponed to ensure that the limit of 100% payout ratio was respected, due to the first quarter working days being 62 days as compared to an average of 63 days per month. In fact, the results did allow for the distribution, of the amount due of $0.7 million that would have resulted in a total dividend plus distributions of $5.6 million and a payout ratio of 96.1%. During the second and third quarters, the full Class B unitholder distributions were made for the six months. In addition, one-third of the distribution for the month March which was withheld in the first quarter was paid in the second quarter. The full distribution amounts are included in the calculation of distributable cash.

Liquidity and Capital Resources

The following table represents the working capital information as at September 30, 2011 compared to December 31, 2010:

in thousands of dollars	September 30, 2011	December 31, 2010	$ Change
Current assets	277,099	234,959	42,140
Current liabilities	(112,936)	(142,289)	29,353
Working capital	164,163	92,670	71,493

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

Current assets have increased by $42.1 million as at September 30, 2011 as compared with December 31, 2010. This is the result of the increase in accounts receivable of $16.4 million, and an increase in work in process of $25.7 million. Current liabilities have decreased $29.4 million as at September 30, 2011 as compared with December 31, 2010. The $29.4 million decrease is the result of; a $34.7 million decrease due to the classification of the new credit facilities as all long-term, as the entire $120 million facility is a Revolver facility; a $6.0 million decrease due to a repayment on the Management Partnership loan; a $3.0 million increase in Notes payable; a $1.6 million increase in accounts payable and accrued liabilities; an increase in deferred revenue of $4.7 million; an increase in taxes payable of $2.5 million; and a decrease due the classification of $0.6 million of Fund units as a current liability in 2010.

The amount of working capital tied up in accounts receivable, work in process and deferred revenue is discussed under "Operating highlights"

Working days of revenue outstanding	September 30, 2010	December 31, 2010	March 31, 2011	June 30, 2011	September 30, 2011	October 31, 2011
Accounts receivable	114	111	99	107	112	106
Work in process	75	75	79	82	87	84
Deferred revenue	(11)	(11)	(11)	(12)	(13)	(12)
Total	178	175	167	177	186	178

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 September 30, 2011	Three months ended September 30, 2010	$ Change
Cash flows from operating activities	1,623	3,320	(1,697)
Cash flows used in financing activities	(517)	(6,690)	6,173
Cash flows used in investing activities	(3,881)	(465)	(3,416)

in thousands of dollars	Nine months ended September 30, 2011	Nine months ended September 30, 2010	$ Change
Cash flows from (used in) operating activities	(13,195)	3,977	(17,172)
Cash flows from financing activities	24,391	16,246	8,145
Cash flows used in investing activities	(12,486)	(16,077)	3,591

Cash flow from operations for the three months ended September 30, 2011 was $1.6 million. This compares to cash flow from operations of $3.3 million for the three months ended September 30, 2010 for a net change of $1.7 million. For the nine months ended September 30, 2011, cash used in operations was $13.2 million. This compares to a positive cash flow from operations of $4.0 million for the nine months ended September 30, 2010 for a net change of $17.2 million. This is primarily due to a change in net working capital resulting from the increase of accounts receivable and work in progress due to a significant increase in the number of projects.

Cash used in financing activities for the three months ended September 30, 2011 was $0.5 million compared with $6.7 million for the three months ended September 30, 2010. The decrease in cash used in financing activities is primarily due to the payment on notes payable for the third quarter 2011 of $0.4 million decreased from $6.2 million in the three months ended September 30, 2010. For the nine months ended September 30, 2011, cash flows from financing activities were $24.4 million compared to $16.2 million for the nine months ended September 30, 2010. This increase was the result of convertible debentures issuance of $54.6 million which was offset by repayment of term debt of $3.8 million and repayment of $6.0 million Management Partnership advance in the nine month period ended September 30, 2011. This compares to the convertible debentures issuance of $19.0 million, proceeds from the term debt of $0.4 million, and proceeds from Management Partnership advance of $25.8 million for the nine months ended September 30, 2010.

Cash flows used in investing activities for the three months ended September 30, 2011 was $3.9 million as compared to $0.5 million for the three months ended September 30, 2010. Capital expenditures during the three months ended September 30, 2011 were $0.8 million compared with $0.5 million for the same period in 2010. Investing activities included $3.1 million was on acquisitions during the three months ended September 30, 2011 as compared to $0.1 million for the three months ended September 30, 2010. For the nine months ended September 30, 2011, cash flows used in investing activities was $12.5 million as compared to $16.1 million for the nine months ended September 30, 2010. Capital expenditures during the nine months ended September 30, 2011 were $1.9 million compared with $1.8 million for the same period in 2010. Cash paid on acquisitions for the nine months ended September 30, 2011 was $10.5 million as compared to $14.2 million for the nine months ended September 30, 2010.

On July 29, 2011, the company closed a new 5 year $120.0 million credit facility (the “Revolver Facility”) with an $80.0 million accordion feature. This reflects the policy of the Company to use bank debt for operating purposes and for interim financing for acquisitions. The availability of each of the credit facilities is subject to compliance with certain financial and other covenants. The credit facilities are expected to provide sufficient capital resources through which the business can continue to grow organically as well as providing for improved flexibility in the financing of future acquisitions over the terms of the facilities. See “Forward Looking Statements and Risk Factors”. The credit facilities mature on December 31, 2014.

The new facility replaced the previous $150.0 million credit facility which was to mature August 31, 2012, consisting of a $10.0 million swing facility (the “Swing Facility”), an $80.0 million term facility (the “Term Facility”), and a $60.0 million revolver facility (the “Revolver Facility”).

The new credit facility is a revolving facility to be used by IBI Group (a) to repay existing bank debt, (b) for working capital purposes, (c) to normalize distributions to holders of Class A Units and Class B Units, (d) to finance the payment by the borrower of the remaining acquisition payments and (e) to finance permitted acquisitions (which for certainty, shall not include any hostile take-over bid). As at September 30, 2011, IBI Group had borrowings of

$79.7 million under the Revolver Facility, compared with $4.7 million under the Swing Facility and $30.0 million of borrowings under the Revolver Facility as at December 31, 2010.

The Term Facility was a non-revolving facility used by IBI Group to repay existing Debt to the lender. The new credit facility does not contain a Term Facility. Borrowings under the Term Facility was $48.9 million as at December 31, 2010.

In addition, a bid bond guarantee facility (the "Bid Bond Facility") of up to USD $20.0 million continues to be made available to IBI Group to be used by IBI Group to meet certain project requirements calling for the issuance of bid bonds to international customers. As at September 30, 2011, IBI Group had issued bid bonds in the amount of $10.5 million (December 31, 2010 – $9.3 million) under the Bid Bond Facility.

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 Operating Facility, the Term Facility and the Bid Bond Facility. 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.

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 long-term debt and shareholders' equity.

The Company seeks to maintain a sufficient balance of available bank credit to allow it to take advantage of acquisition opportunities on a timely basis without being required to access the public capital markets. The Company has historically operated on the basis of using bank debt for acquisitions and as the bank debt increases, the Company will then raise equity through a public offering, using the proceeds to reduce the bank debt. During the first quarter, the Company issued $57.5 million of convertible debentures.

The Company is subject to compliance with certain financial and other covenants related to its credit facilities. These covenants include but are not limited to, debt to EBITDA ratio, fixed charge coverage ratio, payout ratio and current ratio. Failure to meet the terms of one or more of these covenants may constitute a default, potentially resulting in accelerating the repayment of the debt obligation. As at September 30, 2011, the Company was in compliance with all covenants under its credit facilities.

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	3rd Qtr 2011 Unaudited IFRS	2nd Qtr 2011 Unaudited IFRS	1st Qtr 2011 Unaudited IFRS	4th Qtr 2010 Unaudited IFRS	3rd Qtr 2010 Unaudited IFRS	2nd Qtr 2010 Unaudited IFRS	1st Qtr 2010 Unaudited IFRS	4th Qtr 2009 Unaudited PCAS
Revenue	$ 84,265	$ 82,301	$ 77,785	$ 75,763	$ 76,770	$ 69,790	$ 68,075	$ 68,194
Net Earnings (Loss)	4,698	4,692	389	18,521	(15,882)	11,702	41,505	(1,693)
Changes in fair value and other Finance Costs	356	188	(66)	(13,287)	20,541	(8,407)	(37,373)	-
Non-controlling interest	-	-	-	-	-	-	-	(667)
Interest expense, net	3,547	3,434	3,115	2,995	2,816	2,446	2,231	2,605
Income taxes expense (recovery)	1,006	1,285	4,145	(1,111)	1,102	876	1	62
Amortization of property and equipment and intangible assets	2,664	2,603	2,729	2,623	2,875	2,930	2,697	3,001
Impairment of goodwill and intangibles	-	-	-	-	-	-	-	3,039
Acquisition-related costs	534	402	218	182	57	655	65	
Foreign exchange loss (gain)	77	65	218	250	131	(433)	316	
Purchase price adjustment	-	-	-	1,551	-	-	-	2,346
Earnings before income taxes, interest and amortization (EBITDA[1])	12,882	12,669	10,748	11,724	11,640	9,769	9,442	8,693
EBITDA[1] as a percentage of Revenue	15.3%	15.4%	13.8%	15.5%	15.2%	14.0%	13.9%	12.7%
Distributable Cash[1] reconciliation								
Cash flow from (used in) operating activities	1,623	(17,822)	3,005	7,327	3,320	5,661	(5,005)	(6,070)
Less capital expenditures	(775)	(607)	(590)	(431)	(515)	(865)	(460)	(526)
Standardized Distributable Cash[1]	848	(18,429)	2,415	6,896	2,805	4,796	(5,465)	(6,596)
Add (deduct):								
Change in non-cash operating working capital	4,965	23,554	1,395	(977)	2,608	710	11,327	12,938
Deferred financing costs	422	385	120	144	106	88	87	-
Acquisition-related costs	534	402	218	1,733	57	655	65	-
Current income tax expense (recovery)	1,503	1,548	1,652	(377)	2,089	1,209	350	(780)
Foreign exchange loss (gain)	77	66	218	250	131	(433)	316	
Income taxes (paid) recovered	-	-	-	-	-	-	-	(986)
Distributable Cash	8,349	7,526	6,018	7,669	7,796	7,025	6,680	4,576
Basic and diluted Distributable Cash per Share and Partnership Unit in 2011 and Units in 2010[2]	0.4635	0.4183	0.3352	0.4276	0.4352	0.3936	0.3751	0.2576
Basic and diluted aggregate dividends declared per Share in 2011 and per Unit in 2010	0.3229	0.3231	0.2734	0.3999	0.3999	0.3999	0.3999	0.3999
Payout ratio	69.7%	77.3%	81.6%	93.5%	91.9%	101.6%	106.6%	155.3%
Basic Adjusted Net Earnings per Share in 2011 and per Unit in 2010[3]	0.2608	0.2607	0.2639	0.2966	0.2677	0.1862	0.2415	(0.1329)
Personnel – average	2,806	2,685	2,579	2,502	2,558	2,333	2,235	2,237
Personnel – quarter end	2,843	2,764	2,592	2,484	2,534	2,547	2,252	2,230

(1) See "Definition of Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures"

(2) Distributable cash per Share amounts (units in 2010) are calculated by including both the common shares of the Company and the Class B partnership units in the denominator in 2011 and the Units of the Fund and the Class B partnership units of the Fund in 2010 which is a non-IFRS measure.

(3) Basic Adjusted Net Earnings per Share (Units in 2010) are calculated by including Common shares of the Company in 2011 and Units of Fund in 2010 which are non-IFRS measures.

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 (management compensation) for the services of the 79 partners of the Management Partnership. This amount was $1.6 million for the three months ended September 30, 2011 (three months ended September 30, 2010 - $4.7 million) and $12.2 million for the nine months ended September 30, 2011 (nine months ended September 30, 2010 - $13.3 million).

- IBI Group makes a monthly distribution to each Class B partnership unitholder equal to the dividend per share (on a pre-tax basis) declared to each shareholder. The Class B partnership unitholders are the partners of the Management Partnership. As at September 30, 2011 the amount of distributions payable to the Management Partnership was $1.3 million (As at December 31, 2010 - $0.7 million).

- During the first quarter of 2010, Management Partnership advanced $26.0 million to IBI Group. 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 indebtedness to its bank lender and is unsecured. The loan matures two years following the original issuance of the promissory note evidencing the loans. In February 2011, IBI Group repaid $6.0 million of the advance, with a balance of $20.0 million remaining of the advance.

- Prior to March 11, 2010, IBI Group leased its Toronto office space from a corporation which is indirectly owned by the partners of the Management Partnership. The leases were entered into in 2002 at then current market rates of approximately $1.8 million per annum. Effective April 1, 2009, IBI Group leased approximately 14,200 square feet of additional space under these leases at then current market rates, bringing the total annual lease payments under these leases to approximately $2.8 million.

  On March 11, 2010, the buildings were sold to an outside party. As a result of this transaction, IBI Group extended its lease until December 31, 2013 and maintained the current market rental rates that it had been paying for premises. As the related party transaction ceased in 2010, there were no payments under the leases to related parties in 2011 (No payments in three months ended September 30, 2010; six months ended September 30, 2010 - total payments were approximately $0.5 million).

Accounting Developments

Recently issued but not yet adopted accounting pronouncements:

- **IFRS 7 – Financial Instruments – Disclosures**

  On October 7, 2010, the IASB issued amendments to IFRS 7, *Financial Instruments: Disclosures,* which increase the disclosure requirements for transactions involving the transfer of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011 and therefore the Company will apply the amendment to its first interim condensed consolidated financial statements in 2012. The Company is currently assessing the effects of the amendments.

- **IAS 12 – Deferred tax**

  On December 20, 2010 the IASB issued amendments to IAS 12, *Income Taxes* ("IAS 12"), that introduce an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value, effective for annual periods beginning on or after January 1, 2012. The Company does not hold investment property and does not plan to in the future, therefore the amendment to the standard will likely not affect its financial reporting.

- **IFRS 13 - Fair Value Measurement**

  In May 2011, the IASB issued IFRS 13, *Fair Value Measurement* ("IFRS 13") which provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for when fair value measurement is required or permitted under IFRS. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, and will be effective for the year ending December 31, 2013. The Company has not yet determined the impact of IFRS 13 on its financial statements.

- **IAS 19 - Employee Future Benefits**

  In June 2011, the IASB amended IAS 19, *Employee Benefits* ("IAS 19"). The main amendments include the requirement to immediately recognize actuarial gains and losses in Other Comprehensive Income ("OCI"), the replacement of the calculation of both the expected return on the plan assets and the interest cost of the pension obligation with the interest cost on the net deficit, the clarification on specific measurement issues, and enhanced disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, and will be effective for the year ending December 31, 2013. The Company does not have actuarial gains and losses or perform pension accounting, and does not plan to in the near future, therefore the amendment to the standard will likely not affect its financial reporting.

- **IAS 1 - Presentation of Financial Statements**

  In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1") to require the grouping together of OCI items that may be reclassified to the Statement of Earnings within OCI. The amendment is effective for annual periods beginning on or after July 1, 2012, and will be effective for the year ending December 31, 2013. The Company has not yet determined the impact of this amendment on its financial statements.

- **Other accounting standards to be adopted for the years beginning on or after January 1, 2013**

  A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ending December 31, 2011, and have not been applied in preparing the interim condensed consolidated financial statements. These standards become effective for the 2013 fiscal year and the extent of their impact on the consolidated financial statements of the Company has not yet been assessed. The new standards that have been issued are IFRS 9, Financial Instruments, which is expected to impact the classification and measurement of financial assets; IFRS 10, Consolidated Financial Statements, establishing principles for the presentation and preparation of consolidated financial statements; IFRS 11, Joint Arrangements, which sets out principles for the financial reporting of joint arrangements; and finally, IFRS 12, Disclosure of Interests in Other Entities, to address an interest in a subsidiary, a joint arrangement, as associate or an unconsolidated structured entity.

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) increased assumption by risk by the Company; (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 its year ended December 31, 2010. 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 Adjusted Net Earnings, EBITDA, Distributable Cash and Non-IFRS Measures

Adjusted Net Earnings is equal to the Net earnings for the period plus distributions treated as an expense and fair value adjustments on Trust Units and exchangeable interest liabilities.

Distributable cash is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines distributable cash as cash flow from operating activities before change in non-cash operating working capital, interest paid, income tax expense, acquisition-related costs, foreign exchange losses and after capital expenditures, foreign exchange gains, interest recovered, and income tax recovery, where applicable. Reconciliations of distributable cash to cash flow from operating activities have been provided under the headings “Distributable Cash” and “Summary of Quarterly Results”.

The Company’s method of calculating distributable cash may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash as reported by such entities. Management of the Company believes that distributable cash is a useful supplemental measure that may assist readers in assessing the return on an investment in Common Shares.

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, fund distributions 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 dividend 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”.