

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The management of Stuart Olson Inc. is responsible for the preparation of the consolidated financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgment.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board fulfills its responsibility in this regard principally through its Audit Committee. The Audit Committee is comprised entirely of independent and financially literate Directors. The Audit Committee meets periodically with management, the internal auditors and the external auditors to review the consolidated financial statements, the management's discussion and analysis, auditing matters, financial reporting issues, the appropriateness of the accounting policies, significant estimates and judgments, to discuss the internal controls over financial reporting process and to oversee the discharge of responsibilities of the respective parties. The Audit Committee reports its findings to the Board of Directors for consideration when it approves the consolidated financial statements.

Deloitte LLP, whose report follows, were appointed as independent, external auditors by a vote of the Corporation's shareholders to audit the consolidated financial statements.

The Audit Committee has recommended, and the Board of Directors has approved the information contained in the consolidated financial statements.



David LeMay, MBA
President and Chief Executive Officer



Daryl E. Sands, CA
Executive Vice President Finance & Chief Financial Officer

March 1, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stuart Olson Inc.

We have audited the accompanying consolidated financial statements of Stuart Olson Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of earnings (loss) and comprehensive earnings (loss), consolidated statements of changes in equity and consolidated statements of cash flow for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

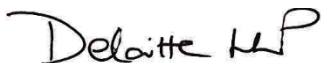
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stuart Olson Inc. as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Chartered Accountants
March 1, 2016
Edmonton, Canada

STUART OLSON INC.
Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

	Note	December 31, 2015	December 31, 2014
Contract revenue	8	\$ 1,151,416	\$ 1,306,259
Contract costs		1,029,679	1,190,600
Contract income		121,737	115,659
Other income	9	863	558
Finance income	10	514	394
Administrative costs		(94,435)	(92,530)
Finance costs	10	(12,638)	(12,866)
Earnings from continuing operations before tax		16,041	11,215
Income tax (expense) recovery			
Current income tax		(7,749)	(6,930)
Deferred income tax		2,903	2,860
	13	(4,846)	(4,070)
Net earnings from continuing operations		11,195	7,145
Net loss from discontinued operations	14	-	(20,224)
Net earnings (loss)		11,195	(13,079)
Other comprehensive earnings (loss)			
Items that will not be reclassified to net earnings (loss)			
Defined benefit plan actuarial gain (loss)	15	363	(4,293)
Deferred tax (expense) recovery on other comprehensive earnings (loss)	13	(97)	1,095
		266	(3,198)
Total comprehensive earnings (loss)		\$ 11,461	\$ (16,277)
Earnings (loss) per share:			
Basic from continuing operations		\$ 0.42	\$ 0.29
Basic from discontinued operations		-	(0.81)
Basic earnings (loss) per share	16	\$ 0.42	\$ (0.52)
Diluted from continuing operations		\$ 0.39	\$ 0.28
Diluted from discontinued operations		-	(0.81)
Diluted earnings (loss) per share	16	\$ 0.39	\$ (0.53)
Weighted average common shares:			
Basic	16	26,364,511	24,947,817
Diluted from continuing operations	16	41,261,341	25,088,783
Diluted from discontinued operations	16	-	24,947,817

See accompanying notes to the consolidated financial statements.

STUART OLSON INC.
Consolidated Statements of Financial Position
 As at December 31, 2015 and December 31, 2014
 (in thousands of Canadian dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	17	\$ 33,667	\$ 104,113
Trade and other receivables	18	215,937	336,996
Inventory		1,638	989
Prepaid expenses		3,263	2,912
Costs in excess of billings	19	58,988	54,819
Income taxes recoverable		6,264	1,734
Current portion of long-term receivable		30	55
		319,787	501,618
Restricted cash			
Service provider deposit	17	4,172	-
Long-term receivable and prepaid expenses	20	6,799	5,549
Deferred tax asset	13	1,944	340
Property and equipment	21	24,085	27,163
Goodwill	22	22,281	24,230
Intangible assets	23	214,024	179,016
		53,708	45,695
		\$ 646,800	\$ 783,611
LIABILITIES			
Current liabilities			
Trade and other payables	24	\$ 178,373	\$ 264,196
Contract advances and unearned income	19	59,698	89,506
Current portion of provisions	25	7,705	2,616
Income taxes payable		7,278	5,686
Current portion of long-term debt	26	2,369	391
Current portion of convertible debentures	27	-	84,828
		255,423	447,223
Employee benefits	15(b)	4,680	6,341
Provisions	25	5,670	4,913
Long-term debt	26	46,565	817
Convertible debentures	27	72,529	70,932
Deferred tax liability	13	30,782	30,382
Share-based payments	28(d)	4,652	6,382
Other liabilities		1,517	-
		421,818	566,990
EQUITY			
Share capital	29(a)	140,457	131,724
Convertible debentures	27	4,589	11,689
Share-based payment reserve	28(a)	10,176	9,341
Contributed surplus		12,228	5,128
Retained earnings		57,532	58,739
		224,982	216,621
		\$ 646,800	\$ 783,611

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:



Albrecht W.A. Bellstedt
 Chairperson



Rod Graham
 Director

STUART OLSON INC.
Consolidated Statements of Changes in Equity
 For the years ended December 31, 2015 and 2014
 (in thousands of Canadian dollars)

	Note	Share Capital	Convertible Debentures	Share-Based Payment Reserve	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2014		\$ 131,724	\$ 11,689	\$ 9,341	\$ 5,128	\$ 58,739	\$ 216,621
Net earnings						11,195	11,195
Other comprehensive earnings:							
Defined benefit plan actuarial gain, net of tax						266	266
Total comprehensive earnings						11,461	11,461
<i>Transactions recorded directly to equity</i>							
Common shares issued under stock option plan	28(a)			835			835
Common shares issued related to acquisition	5, 29(a)	6,631					6,631
Matured and settled convertible debentures	27		(7,100)		7,100		-
Dividends	29(a,b)	2,102				(12,668)	(10,566)
Balance at December 31, 2015		\$ 140,457	\$ 4,589	\$ 10,176	\$ 12,228	\$ 57,532	\$ 224,982
Balance at December 31, 2013							
		\$ 129,134	\$ 7,100	\$ 8,594	\$ 5,128	\$ 87,002	\$ 236,958
Net loss						(13,079)	(13,079)
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						(3,198)	(3,198)
Total comprehensive loss						(16,277)	(16,277)
<i>Transactions recorded directly to equity</i>							
Issued during the year	27		4,589				4,589
Common shares issued under stock option plan	29(a), 28(a)	1,234		747			1,981
Dividends	29(a,b)	1,356				(11,986)	(10,630)
Balance at December 31, 2014		\$ 131,724	\$ 11,689	\$ 9,341	\$ 5,128	\$ 58,739	\$ 216,621

See accompanying notes to the consolidated financial statements.

STUART OLSON INC.
Consolidated Statements of Cash Flow
 For the years ended December 31, 2015 and 2014
 (in thousands of Canadian dollars)

	Note	December 31, 2015	December 31, 2014 ⁽¹⁾
OPERATING ACTIVITIES			
Net earnings (loss)		\$ 11,195	\$ (13,079)
Depreciation and amortization	11	20,304	19,498
Impairment loss on property and equipment	21	1,170	2,596
Impairment loss on intangible assets	5,23	4,000	-
Change in fair value of contingent consideration	5,25	(2,935)	-
(Gain) loss on disposal of assets		(149)	2,226
Loss on disposal of discontinued operation, net of tax	14	-	16,842
Share-based compensation expense	28(e)	2,066	3,527
Income tax expense (recovery)	13	4,846	(141)
Income tax recovery recorded in indirect costs		(1,023)	-
Finance costs	10	12,638	13,051
Contributions to employee benefits		(1,298)	(1,591)
Payment of share-based payment liability		(1,892)	(1,611)
Change in long-term prepaid expenses		(1,619)	-
Change in provisions	25	5,846	(1,350)
Change in other long-term liabilities		1,517	-
Change in non-cash working capital balances	30	23,995	(4,871)
Cash generated in operating activities		78,661	35,097
Interest paid		(8,994)	(8,962)
Income taxes paid		(7,501)	(2,948)
Net cash generated in operating activities		62,166	23,187
INVESTING ACTIVITIES			
Acquisition of Studon	5	(62,335)	-
Change in long-term receivable		40	(145)
Proceeds on disposal of assets		1,141	39,993
Additions to intangible assets	23	(920)	(1,558)
Additions to property and equipment	21	(3,600)	(8,312)
Net cash (used) generated in investing activities		(65,674)	29,978
FINANCING ACTIVITIES			
Change in service provider deposit	20	(1,250)	608
Proceeds of long-term debt	26	214,000	417,500
Repayment of long-term debt	26	(178,876)	(470,289)
Issuance of 2014 convertible debentures	27	-	76,623
Repayment of 2010 convertible debentures	27	(86,250)	-
Issuance of common shares		-	869
Dividend paid	29(b)	(10,390)	(10,599)
Net cash (used) generated in financing activities		(62,766)	14,712
(Decrease) increase in cash and cash equivalents during the year		(66,274)	67,877
Cash and cash equivalents, beginning of the year		104,113	36,236
Cash and cash equivalents⁽²⁾, end of the year		\$ 37,839	\$ 104,113

See accompanying notes to the consolidated financial statements.

⁽¹⁾ Comparative 2014 figures include both continuing and discontinued operations.

⁽²⁾ Cash and cash equivalents includes restricted cash (Note 17).

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

1. REPORTING ENTITY

Stuart Olson Inc. was incorporated on August 31, 1981 under the Companies Act of Alberta and was continued under the Business Corporations Act (Alberta) on July 30, 1985. The principal activities of Stuart Olson Inc. and its subsidiaries (collectively, the Corporation) are to provide general contracting and electrical building systems contracting in the institutional and commercial construction markets, as well as electrical, mechanical and specialty trades, such as insulation, cladding and asbestos abatement, in the industrial construction and services market. The Corporation provides its services to a wide array of clients in the public, private and industrial sectors within Canada.

The Corporation's head office and its principal address is #600, 4820 Richard Road S.W., Calgary, Alberta, Canada, T3E 6L1. The registered and records office of the Corporation is located at #3700, 400 – 3rd Avenue, S.W., Calgary, Alberta, Canada, T2P 4H2.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements were approved by the Corporation's Board of Directors on March 1, 2016.

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Unless otherwise indicated all financial information presented has been rounded to the nearest thousand.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- Financial instruments at fair value through profit or loss measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.

These consolidated financial statements were prepared on a going concern basis.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

Uncertainty is inherent in estimating the cost of completing construction projects, percentage of revenue earned, the estimated useful life and residual value of property and equipment and corresponding depreciation rates, the useful life of intangible assets and corresponding amortization rates, allowances for doubtful accounts receivable, deferred income taxes, employee benefits, provision for warranty work and legal contingencies, valuation of share-based payments and the recoverable amount of intangible assets including goodwill, and other financial instruments. The impact on the consolidated financial statements of future changes in such estimates could be material within the next financial year.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are related to:

- Convertible debentures – judgments applied to determine the classification of debt and equity components of convertible debentures (Note 27); judgments applied in the selection of comparable marketable debentures used in the calculation of the fair value of the liability component of convertible debentures (Note 31(b)); and
- Income taxes – judgments applied to determine the likelihood of future taxable profits that will be sufficient to permit the recovery of deferred income tax assets (Note 13); judgments exercised in the assessment of continually changing tax interpretations, regulations, and legislations.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments within the next financial year are related to:

- Revenue recognition – estimates used to determine percentage of completion for construction contracts, specifically related to estimated costs to complete included in the various construction projects (Note 8). In addition, estimates are used to determine variations, claims and incentives included in contract values;
- Estimates used to determine costs in excess of billings and contract advances (Note 19);
- Estimates used to determine allowance for doubtful accounts (Note 18 and 31(c)(i));
- Measurement of defined benefit pension obligations (Note 15);
- Property and equipment – estimates related to the useful lives and residual values of assets (Note 21);
- Estimates in impairment of property and equipment, goodwill and intangible assets (Note 21, 22 and 23);
- Provisions – estimates associated with amounts and timing (Note 25);
- Assumptions used in share-based payment arrangements (Note 28); and
- Assumptions and estimates surrounding the fair value of assets and liabilities recognized through business combinations (Note 5).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All subsidiary companies are wholly owned and inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. The Corporation recognizes the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. Accounting policies have been applied consistently by the subsidiaries of the Corporation.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Corporation, liabilities incurred by the Corporation to the former owners of the acquiree and the equity interests issued or cash paid by the Corporation in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred, unless related to the issuance of debt or equity.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12, *Income Taxes*, and IAS 19, *Employee Benefits*, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Corporation entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2, *Share-based Payment*, at the acquisition date; and
- Assets that are classified as held-for-sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

The Corporation measures goodwill as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests, and the fair value of the acquirer's previously held interest in the acquiree, if any, over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the consideration transferred includes liabilities from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are those that arise from additional information obtained during the 'measurement period' about facts and circumstances that existed at the acquisition date.

Subsequent to the acquisition date, contingent consideration that is classified as a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognized in earnings or loss.

(ii) Joint arrangements

The classification of joint arrangements is determined based on the rights and obligations of parties involved by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable IFRSs.

The Corporation's existing joint arrangements have been classified as joint operations.

(b) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues or incur expenses, including revenues and expenses that relate to transactions with any of the Corporation's other components. Operating segments are identified on the basis that internal reports about components of the Corporation are regularly reviewed by the Executive Management Team acting as the key decision maker in order to allocate resources to the segments and to assess their performance, and for which discrete financial information is available.

(c) Revenue recognition

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract at the end of the reporting period. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of completing the contract. The stage of completion may also be assessed by reference to survey of work performed. Where there is uncertainty that the economic benefits associated with the contract will flow to the Corporation or where the total contract costs cannot be identified and measured, revenue is recognized only to the extent of contract costs incurred where it is probable those costs will be recoverable.

During the very early stages of significant multi-year contracts, the outcome of the contract cannot always be estimated reliably. In those circumstances where the outcome cannot be reliably estimated, contract revenue is recognized only to the extent contract costs are incurred and expected to be recoverable until such time that the outcome of the contract can be reliably estimated.

Contract costs include costs that relate directly to a specific contract, costs that are attributable to contract activity in general and can be allocated to individual contracts, and such other costs as are specifically chargeable to the customer under the terms of the contract. Contract costs exclude general administration costs (unless reimbursement is specified in the construction contract), selling costs, and research and development costs (unless reimbursement is specified in the construction contract). Contract costs are recognized as expenses in the period in which they are incurred.

Where current estimates indicate that total contract costs will exceed total contract revenue, the full amount of the expected loss is recognized immediately in contract costs.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

(ii) Service contracts

Revenue from services rendered where the final outcome of the contract can be estimated reliably is recognized in profit or loss in proportion to the stage of completion of the contract at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract. Revenue from time and material contracts where the work scope is not definitive is recognized (at the contractual rates) as labour hours and direct expenses are incurred.

(iii) Sale of goods

The Corporation recognizes revenue from the sale of materials that are fabricated to customer specifications under specifically negotiated contracts.

(d) Finance income and finance costs

Finance income is comprised of interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of assets, classified by their nature as financial assets, at fair value through profit or loss. Interest income is recognized using the effective interest method as it accrues.

Finance costs are comprised of interest expense on borrowings, the unwinding of the discount on any provisions, changes in the fair value of financial assets classified as fair value through profit or loss and impairment losses recognized on financial assets.

(e) Income taxes

Income tax expense is comprised of current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to assets acquired and liabilities assumed in a business combination or items recognized directly in equity or other comprehensive earnings (loss).

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to tax payable in respect of previous years.

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred tax is recognized on any temporary difference between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive earnings (loss) or in equity depending on the item to which the adjustment relates.

Deferred tax is recognized on temporary differences arising from investments in subsidiaries, and interests in joint arrangements, except in the case where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or the initial recognition of other assets and liabilities in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting net earnings nor taxable earnings.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis or the tax assets and liabilities will be realized simultaneously.

The Corporation recognizes income tax benefits or liabilities related to uncertain tax positions to the extent they are more likely than not to be realized or settled.

(f) Employee benefits

(i) Short-term employee benefits

The Corporation has an Employee Share Purchase Plan (ESPP). The Corporation contributes to the plan based on the amount of employee contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

Short-term compensation includes an annual employee cash bonus. A liability is recognized for the amount expected to be paid, under short-term cash bonuses or profit-sharing plans, if the Corporation believes it may have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Post-employment benefits

The Corporation has a Registered Retirement Savings Plan (RRSP). The Corporation contributes to the plan based on the amount of employee contributions. The related obligation of RRSPs are measured on an undiscounted basis and are expensed as the related services are provided.

The Corporation maintains two non-contributory defined benefit pension plans (DB) that cover salaried employees for two of the operating entities. Annual employer contributions to the DB, which are actuarially determined by an independent actuary, are made on the basis of being not less than the minimum amounts required by provincial pension supervisory authorities.

Pension costs are actuarially determined using the projected unit credit method and management's best estimate of salary escalation and retirement age of employees. The Corporation's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and the fair value of any plan assets are deducted. The discount rate used to establish the pension obligation is based on AA-rated corporate bond yields at the measurement date. When the calculation results in a benefit to the Corporation, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan within the Corporation. An economic benefit is available to the Corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, except share and per share amounts)

The pension deficit or surplus is adjusted for any material changes in underlying assumptions. The Corporation recognizes all actuarial gains and losses arising from the defined benefit plans in other comprehensive earnings (loss) in the period in which they occur.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Unlike the defined benefit plan, there is no obligation recorded for the defined contribution plans. The contributions made by the Corporation are measured on an undiscounted basis and are expensed as the related services are provided.

(iii) Share-based payments

The grant date fair value of share-based payment awards, or stock options, granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to employees and directors in respect of Medium Term Incentive Plans (MTIPs) and Deferred Share Units (DSUs), for which the participants are eligible to receive an equivalent cash value of the common shares at a future date, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees provide the related service and directors become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in profit or loss. Information about vesting conditions for share-based payments is disclosed in Note 28.

(g) Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to the common shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the period, adjusted for the Corporation's own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to the common shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential common shares, including share options granted to employees and directors and shares related to convertible debentures, assuming that all of the debenture holders converted as allowed.

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the period during which the options were outstanding.

(h) Financial instruments

Financial assets and liabilities, including derivatives, are recognized on the consolidated statements of financial position when the Corporation becomes a party to the contractual provisions of the financial instrument or derivative contract. Financial instruments are required to be initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

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(i) Financial assets

Based on their nature, the Corporation has the following classifications for its non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets. Loans and receivables are initially recognized on the date they originated. All other classifications of financial assets are recognized on the trade date at which the Corporation becomes party to the contractual provisions of the instrument.

Derivative instruments are recorded on the consolidated statements of financial position at fair value with both realized and unrealized changes in fair value recognized immediately in other income in the consolidated statements of earnings (loss). As at December 31, 2015, the Corporation did not have any outstanding financial derivatives.

Financial assets are derecognized when the contractual cash flows from the asset expire or when the Corporation transfers the right to receive the contractual cash flows of the asset in a transaction whereby all risks and rewards of the financial asset are transferred. Any retained interest in the financial asset transferred is recognized as a separate financial asset or liability.

Financial assets and liabilities are offset and presented net in the statements of financial position only when a legal right of offset exists and the Corporation intends to settle the transaction on a net basis or realize the asset and the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are classified as held for trading if the Corporation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Corporation's documented risk management or investment strategy and have been acquired principally for the purpose of selling in the near term. A financial asset is classified at fair value through profit or loss if it is a derivative that is not designated and effective as a hedging instrument. Financial assets classified as held for trading or designated at fair value through profit or loss are measured at fair value with changes recognized in profit or loss.

Transaction costs associated with assets classified as fair value through profit or loss are recognized as incurred through profit or loss.

Held-to-maturity financial assets

Financial assets are classified as held-to-maturity if the Corporation has the positive intent and the ability to hold the asset to maturity. Held-to-maturity financial assets are initially recognized at fair value plus any transaction costs directly attributable to the asset. Held-to-maturity financial assets are subsequently measured at amortized cost using the effective interest method less any impairment losses. Effective interest method is defined as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The sale or reclassification of more than an insignificant amount of held-to-maturity investments prior to maturity will result in the held-to-maturity portfolio being considered tainted and result in the reclassification of all held-to-maturity investments as available-for-sale. Furthermore, the Corporation will be prevented from classifying financial assets as held-to-maturity for the current and following two financial years.

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Loans and receivables

Financial assets with fixed or determinable payments that are not derivatives and are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value plus any transaction costs directly attributable to the asset. Loans and receivables are subsequently measured at amortized costs using the effective interest method, less any impairment losses. Loans and receivables are generally comprised of trade and other receivables, cash, cash equivalents and restricted cash.

Available-for-sale financial assets

Available-for-sale financial assets represent those non-derivative financial assets that are designated as available-for-sale, or are not classified as loans and receivables or held-to-maturity investment, are not held-for-trading, and are not designated as fair value through profit or loss on initial recognition. Available-for-sale financial assets are initially measured at fair value plus any transaction costs directly attributable to the asset. Subsequent fair value gains or losses are recognized in other comprehensive earnings (loss), except for impairment. For interest bearing available-for-sale financial assets, interest calculated using the effective interest method and any foreign exchange gains and losses on monetary available-for-sale financial assets are recognized in profit or loss. Available-for-sale financial assets include service provider deposits.

(ii) Financial liabilities

The Corporation has the following non-derivative financial liabilities: trade and other payables, current and long-term debt and convertible debentures. The Corporation initially recognizes debt securities issued at the date they originate. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognized at fair value plus any transaction costs directly attributable to the liability except for financial liabilities classified as fair value through profit or loss. Financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired.

The Corporation has the following financial assets and liabilities:

	Classification	Measurement
Financial assets:		
Cash and cash equivalents, including restricted cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Service provider deposit	Available-for-sale	Fair value
Long-term receivable, including current portion	Loans and receivables	Amortized cost
Financial liabilities:		
Trade and other payables	Other liabilities	Amortized cost
Long-term debt, including current portion	Other liabilities	Amortized cost
Convertible debentures - debt component, including current portion	Other liabilities	Amortized cost

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(iii) Compound financial instruments

Compound financial instruments issued by the Corporation are comprised of convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, losses and gains relating to the financial liability component are recognized in profit or loss. Distributions to the equity holders are recognized in equity, net of any tax benefit.

(i) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less.

(j) Restricted cash

Restricted cash is comprised of cash and cash equivalents for which the use is externally restricted for specific purposes.

(k) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is determined on a first in, first out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

(l) Costs in excess of billings, contract advances and unearned income

Costs in excess of billings represent unbilled amounts expected to be collected from customers for contract work performed to date. The amount is measured at cost plus profit recognized to date less progress billings and recognized losses. Costs include all expenditures directly related to specific projects. Costs in excess of billings are presented as a current asset in the consolidated statements of financial position for all contracts in which costs incurred plus recognized profits exceeds the progress billings and the amounts are expected to be billed and recovered within 12 months.

If progress billings exceed costs incurred plus recognized profits, the difference represents amounts collected in advance for contract work yet to be performed and is presented as contract advances and unearned income in the statements of financial position.

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(m) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets are also capitalized as part of property and equipment.

Borrowing costs that are directly attributable to the acquisition and construction or production of a qualifying asset form part of the costs of the asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Corporation and its cost can be reliably measured. The carrying amount of the part replaced is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss when incurred.

(iii) Depreciation

Depreciation is calculated based on the cost of an asset (or deemed cost) less its residual value. Depreciation is recognized for each significant component of an item of property and equipment.

Depreciation is recognized in the consolidated statements of earnings (loss) on a straight-line basis over the estimated useful life of each asset. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives, unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term. The method of depreciation has been selected based on the expected pattern of consumption of the economic benefits of the asset.

The estimated useful lives of each class of property and equipment are as follows:

Asset	Basis	Useful Life
Land improvements	Straight line	30 years
Buildings and improvements	Straight line	10 to 25 years
Leasehold improvements	Straight line	Lesser of estimated useful life or lease term
Construction equipment	Straight line	5 to 20 years
Automotive equipment	Straight line	5 years
Office furniture and equipment	Straight line	3 to 5 years
Computer hardware	Straight line	1 to 3 years

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Depreciation commences when the asset is available for use and ceases on the earliest of when the asset is derecognized or classified as held for sale. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted where appropriate.

(n) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination. Goodwill is not amortized and is tested for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

(o) Intangible assets

Intangible assets are comprised of Enterprise Resource Planning (ERP) and other computer software assets, and assets related to the acquisition of a business, including backlog and agency contracts, customer relationships and trade names. These intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the cost of the asset. Amortization commences once the asset is available for use and is recognized in profit or loss on a straight-line basis over the estimated useful life. The method of amortization has been selected based on the expected pattern of consumption of the economic benefits of the asset. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted where appropriate.

The estimated useful lives of each class of intangible assets are as follows:

Asset	Basis	Useful Life
ERP	Straight line	12 years
Backlog and agency contracts	As related revenue is earned	1 to 3 years
Customer relationships	Straight line	5 to 15 years
Tradenames	Straight line	5 to 15 years
Computer software	Straight line	1 to 3 years

(p) Impairment

(i) Financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event will have a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not otherwise consider, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

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The Corporation considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Corporation uses historical trends of probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets for which separate processes apply, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have an indefinite useful life or intangible assets that are not yet available for use, the recoverable amount is estimated each year in the fourth quarter.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(q) Assets held-for-sale and discontinued operations

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. This criterion is considered to be met when the assets are available for immediate sale in their present condition and the sale is highly probable. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Corporation's accounting policies. Thereafter generally the assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets on a pro rata basis. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss, unless sold for more than carrying value.

Individual non-current assets or disposal groups are classified and presented as discontinued operations if the assets or disposal groups are disposed of or classified as held-for-sale. The assets or disposal groups must meet the following criteria: the assets or disposal groups represent a major line of business or geographical area of operations, and the assets or disposal groups are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or the assets or disposal groups are a subsidiary acquired solely for the purpose of resale. The results of discontinued operations are shown separately in the consolidated statements of earnings (loss), comprehensive earnings (loss) and cash flows, and comparative figures are restated.

(r) Provisions

Provisions are recognized when the Corporation has a present obligation as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties that surround the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, the carrying amount reflects the present value of that cash flow.

A provision for onerous contracts is recognized when the expected benefit from a contract is lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Impairment losses on assets associated with the onerous contract are recognized prior to the provision being established.

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The Corporation has several classes of provisions including:

(i) Warranties

Provisions for the expected cost of construction warranty obligations under construction contracts are recognized upon completion or substantial performance under the construction contract and represent the best estimate of the expenditure required to settle the Corporation's obligation.

(ii) Restructuring

Restructuring provisions relate to both ongoing operations and acquisitions and are accrued when the Corporation demonstrates its commitment to implement a detailed restructuring plan. The amounts provided represent management's best estimate of the costs for restructuring.

(iii) Claims and disputes

Provisions related to claims and disputes arising on contracts of the Corporation are included in this category. The timing and measurement of the related cash flows are by nature uncertain and the amounts recorded reflect the best estimate of the expenditure required to settle the obligations.

(iv) Subcontractor default

Subcontractor default provision relates to management's best estimate of exposures and costs associated with prior or existing subcontractor performance and the risk of potential default. Management conducts a thorough review of the liability every reporting period and takes into consideration the Corporation's experience to date with those subcontractors, some of which are enrolled in its subcontractor default insurance program, and the changes to factors that tend to affect the construction sector. The current portion of the subcontractor default liability represents the risk related to payments not covered by the insurance deductible.

(s) Leases

Leases under which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value at the inception of the lease and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the consolidated statements of financial position as long term debt.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

All other leases are operating leases, whereby the leased assets are not recognized in the Corporation's statements of financial position. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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(t) Share capital

Common shares

Common shares are classified as equity. Transaction costs that are incremental and directly attributable to the issue of common shares are recognized as a deduction from equity net of any tax effects.

Dividend reinvestment plan (DRIP)

When dividends are declared during a period, the DRIP allows eligible shareholders to direct cash dividends payable on common shares into additional common shares. The portion of shares related to the DRIP plan, as determined by the share transfer agent, is calculated using the dividend per share for all DRIP shares divided by 95% of the weighted average closing share price for the 10 days preceding the dividend payment date. This value is recorded as a payable in that period with the offset recorded to retained earnings. Once the dividend is paid, the amount of DRIP shares issued is recorded as an increase to share capital with a decrease to the dividend payable.

(u) Other comprehensive earnings (loss) and retained earnings

The Corporation applies the standard for reporting and displaying other comprehensive earnings (loss), defined as revenue, expenses and gains and losses which, in accordance with primary sources of IFRS, are recognized in comprehensive earnings (loss) but excluded from net earnings (loss). Items that would be reclassified into profit or loss in the future, if certain conditions are met, are presented separately.

(v) Other equity

Contributed surplus represents the equity components of compound financial instruments that were settled without being converted into equity.

4. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective, and determined that the following may have an impact on the Corporation:

(a) IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly issued IFRS 15, which supersedes IAS 11 – *Construction Contracts* and IAS 18 – *Revenue*, and related interpretations. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

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(b) IFRS 9 – *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single principle based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. IFRS 9 introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(c) IFRS 16 – *Leases*

On January 13, 2016, the IASB issued IFRS 16 to replace IAS 17 – *Leases*. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

5. ACQUISITION

On January 6, 2015, the Corporation acquired 100% of the issued and outstanding shares of Studon Electric & Controls Inc. (Studon), a leading electrical and instrumentation services provider offering non-union construction, maintenance and turnaround services to the oil and gas, pipeline and petrochemical industries in Western Canada. This acquisition was a critical step in the Corporation's strategy to become an integrated, full-service industrial construction company. It strengthens the vertical integration of the Industrial Group and greatly enhances the Corporation's ability to service the maintenance, repair and operations sector of the industry.

The total purchase price of \$71,901 is composed of three components, being cash of \$62,335, common shares of the Corporation valued at \$6,631 and a preliminary estimate of the contingent consideration through earn-out payments over the next three years of \$2,935.

The share consideration was based on a 20-day volume weighted average market price and is subject to a lock-up period of 720 days, with one-third of the common shares issued as part of the acquisition to be released from lock-up every 240 days following closing. The fair value of the 1,103,081 common shares issued is based on a share price of \$6.01. The accounting share price was calculated by taking the trading value at the time of the close of the transaction of \$6.99 and discounting it by 14% to reflect the impact of the lock-up period.

The preliminary estimate of the contingent consideration represents a maximum payment of \$22,298 through earn-out payments over fiscal 2015, 2016 and 2017. The earn-out payments are based on Studon's annual EBITDA exceeding a threshold of \$16,779, with the threshold being increased by 50% for every dollar that Studon's prior year EBITDA is less than \$16,779.

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For the purposes of the earn-out payment calculation, EBITDA is defined as net earnings/loss before interest expense, income taxes, capital asset depreciation and amortization, and gains/losses on assets, liabilities and investment dispositions. While EBITDA is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity, it does not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate it differently. EBITDA is calculated using the stand-alone financial statements of Studon, prepared in accordance with Accounting Standards for Private Enterprises (ASPE), Studon’s former basis of accounting.

During the second quarter of 2015, adjustments were made to the purchase price allocation (PPA) to reflect new information obtained by management with respect to facts and circumstances that existed as of January 6, 2015. As management received and assessed the impact of this new information, which primarily reflected the expected capital and maintenance spending plans of Studon’s customers and the impact of this information on Studon’s forecasted results for the earn-out period, they identified a decrease in the provisional amounts recognized under contingent consideration and intangible assets. Additionally, Studon tax returns for pre-acquisition taxation periods were completed during the second quarter. The impact of these measurement period adjustments was a \$4,628 decrease in contingent consideration, \$52 decrease in income tax receivable, \$800 decrease in intangible assets, \$4,022 decrease in goodwill and \$246 decrease in deferred income tax liabilities. Subsequent to these adjustments, the PPA was finalized at December 31, 2015.

Cost of Acquisition	
Cash	\$ 62,335
Shares issued	6,631
Contingent consideration	2,935
	\$ 71,901

Identifiable Assets Acquired and Liabilities Assumed	
Trade and other receivables	\$ 20,207
Income tax recoverable	1,673
Costs in excess of billings	7,189
Inventory	647
Prepaid expenses	116
Property and equipment	4,610
Intangible assets	22,553
Goodwill	35,008
Long-term debt, including finance lease obligations	(10,641)
Trade and other payables	(3,177)
Deferred income taxes	(6,284)
	\$ 71,901

During the third quarter of 2015, management assessed and reduced its estimate of the contingent consideration payable by \$2,935 due to the impact of the continued weakness in commodity prices on the demand for services provided by Studon. In addition, management recognized an impairment loss of \$4,000 with respect to specific intangible assets acquired that were impacted by current economic conditions. The net impact of the change in contingent consideration payable and the impairment loss of \$1,065 and the deferred income tax recovery of \$1,080 was included in administrative costs and deferred income tax recovery, respectively, in the consolidated statements of earnings (loss).

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From the date of acquisition to December 31, 2015, Studon's revenue totaled \$80,827 and its net earnings totaled \$2,532. If the date of the acquisition had been January 1, 2015, pro forma consolidated revenues and net earnings of the Corporation would remain the same as those reported in the consolidated statements of earnings (loss) for the year ended December 31, 2015.

Goodwill and Intangible Assets

The \$35,008 of goodwill recognized as part of the acquisition is mainly attributed to revenue growth, future market development, the assembled workforce and the synergies achieved from the integration of Studon into existing construction and industrial services. These benefits are not recognized separately from goodwill as the future economic benefits arising from them cannot be reliably measured. The \$22,553 of identifiable intangible assets acquired includes tradename, backlog and customer relationships. During the year ended December 31, 2015, an impairment loss of \$4,000 was recorded in respect of the backlog and customer relationships intangible assets.

6. SEGMENTS

The Corporation operates as a construction and maintenance services provider, primarily in Western Canada. The Corporation divides its operations into four reporting segments and reports its results under the categories of: Industrial Group, Buildings Group, Commercial Systems Group and Corporate Group. On January 6, 2015, the Corporation acquired Studon (Note 5) and its results are reported as part of the Industrial Group segment. The accounting policies and practices for each of the segments are the same as those described in Note 3. Segment capital expenditures are the total cost incurred during the year to acquire property and equipment and intangible assets.

Industrial Group – The Industrial Group consists of Stuart Olson Industrial Inc. It operates under the general contracting brand of Stuart Olson and under the endorsed brands of Laird Electric Inc. (Laird), Studon Electric & Controls Inc. (Studon), Northern Industrial Insulation Contractors Inc. (Northern), Fuller Austin Inc. (Fuller Austin) and Sigma Power Services Inc. (Sigma Power). It serves clients in a wide range of industrial sectors including oil and gas, petrochemical, refinery, mining, pulp and paper and power generation industries. Construction services provided by the Industrial Group include mechanical, insulation installation, industrial metal siding and cladding, heating, ventilating and air conditioning (HVAC) manufacturing, asbestos abatement, industrial electrical instrumentation and power line construction and maintenance services.

Buildings Group – The Buildings Group consists of Stuart Olson Buildings Ltd. and operates through branch offices in Western Canada and Ontario. Projects undertaken by the Buildings Group include the construction, expansion or renovation of buildings for private and public sector clients in the commercial, light industrial and institutional sectors.

Commercial Systems Group – The Commercial Systems Group operates under the Canem brand and provides its services throughout Western Canada. It designs, builds and installs a building's core electrical infrastructure. It also provides the services and systems that support information management, building systems integration, energy management, green data centres, security and risk management and lifecycle services.

Corporate Group – The Corporate Group includes corporate costs not allocated directly to another reporting segment and any miscellaneous investments. It provides strategic direction, operating advice, financing, infrastructure services and management of public company requirements to each of its reporting segments.

A significant customer is one that represents 10% or more of contract revenue earned during the year. For the year ended December 31, 2015, the Corporation had no significant customers from the Industrial Group (2014 – \$163,727 of revenue from one significant customer) and one significant customer from the Buildings Group with revenue of \$163,167 (2014 – \$147,630 of revenue from one significant customer).

Notes to the Consolidated Financial Statements

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(in thousands of Canadian dollars, except share and per share amounts)

For the year ended December 31, 2015	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations	Total
Contract revenue	\$ 406,730	\$ 548,491	\$ 233,545	\$ -	\$ (37,350)	\$ 1,151,416
EBITDA ⁽¹⁾	29,979	17,087	19,388	(19,125)	3,740	51,069
Depreciation and amortization (Note 11)	8,751	2,461	1,737	7,144	211	20,304
Impairment loss on property and equipment (Note 21)	-	1,170	-	-	-	1,170
Impairment loss on intangible assets (Note 5)	4,000	-	-	-	-	4,000
Recovery relating to investing activities (Note 5)	(2,935)	-	-	-	-	(2,935)
(Gain) loss on sale of assets	(144)	30	(35)	-	-	(149)
Finance costs (Note 10)	269	1	-	12,368	-	12,638
Earnings (loss) from continuing operations before tax	\$ 20,038	\$ 13,425	\$ 17,686	\$ (38,637)	\$ 3,529	\$ 16,041
Income tax expense						(4,846)
Net earnings from continuing operations						\$ 11,195
Goodwill and intangible assets	\$ 57,253	\$ 122,347	\$ 71,588	\$ 16,544	\$ -	\$ 267,732
Capital and intangible expenditures	\$ 2,973	\$ 522	\$ 1,268	\$ 1,047	\$ -	\$ 5,810
Total assets	\$ 178,155	\$ 293,341	\$ 144,447	\$ 375,548	\$ (344,691)	\$ 646,800
Total liabilities	\$ 55,842	\$ 176,066	\$ 60,777	\$ 142,673	\$ (13,540)	\$ 421,818

For the year ended December 31, 2014	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations	Total
Contract revenue	\$ 407,781	\$ 693,653	\$ 242,275	\$ -	\$ (37,450)	\$ 1,306,259
EBITDA ⁽¹⁾⁽²⁾	36,088	12,040	19,367	(23,042)	(1,101)	43,352
Depreciation and amortization (Note 11)	2,552	3,491	1,620	7,009	211	14,883
Impairment loss on property and equipment (Note 21)	-	2,596	-	-	-	2,596
Cost relating to investing activities ⁽²⁾	-	-	-	1,680	-	1,680
Loss (gain) on sale of assets	76	65	(39)	10	-	112
Finance costs (Note 10)	55	-	-	12,811	-	12,866
Earnings (loss) from continuing operations before tax	\$ 33,405	\$ 5,888	\$ 17,786	\$ (44,552)	\$ (1,312)	\$ 11,215
Income tax expense						(4,070)
Net earnings from continuing operations						\$ 7,145
Goodwill and intangible assets	\$ 7,705	\$ 124,173	\$ 74,600	\$ 18,233	\$ -	\$ 224,711
Capital and intangible expenditures	\$ 1,448	\$ 670	\$ 1,904	\$ 3,043	\$ -	\$ 7,065
Total assets	\$ 141,161	\$ 408,180	\$ 132,762	\$ 435,308	\$ (333,800)	\$ 783,611
Total liabilities	\$ 45,848	\$ 292,293	\$ 56,451	\$ 190,982	\$ (18,584)	\$ 566,990

⁽¹⁾ During the year, the definition of EBITDA was revised to exclude the impact of costs or recoveries relating to investing activities. The Corporation defines EBITDA as net earnings/loss from continuing operations before interest expense, income taxes, capital asset depreciation and amortization, impairment charges, costs or recoveries relating to investing activities and gains/losses on assets, liabilities and investment dispositions. Costs or recoveries relating to investing activities include marking-to-market provision liabilities and transaction costs recorded as a result of a business acquisition. While EBITDA is a common financial measure widely used by investors to facilitate an "enterprise level" valuation of an entity, it does not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate EBITDA differently.

⁽²⁾ Corporate Group's EBITDA for the year ended December 31, 2014 has been restated to exclude the impact of the transaction costs recorded as a result of the acquisition of Studon.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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7. JOINT ARRANGEMENTS

The Corporation and its subsidiaries have the following significant interests in joint operations:

Name of Joint Operation	Principal Activity	Place of Incorporation or Operation	Proportion of Ownership Interest
Acciona Stuart Olson Joint Venture	Building Construction	British Columbia	50%
Kwanlin Dun First Nation - Yukon Corrections Institution JV	Building Construction	Yukon	90%
Kwanlin Dun First Nation - Whitehorse Cultural Centre JV	Building Construction	Yukon	51%
KDM-SOD Joint Venture Inc.	Building Construction	Saskatchewan	49%
Stuart Olson/Nunavut Ltd.	Industrial Construction	Nunavut	40%

During the year ended December 31, 2015, the Corporation entered into a new joint operation, Stuart Olson/Nunavut Ltd.

These consolidated financial statements include the Corporation's share of assets, liabilities, revenue, expenses, net income and cash flow of the joint operations as follows:

	December 31, 2015	December 31, 2014
Current assets	\$ 2,939	\$ 2,867
Current liabilities	405	234

	December 31, 2015	December 31, 2014
Contract revenue	\$ -	\$ 299
Contract costs and expenses	100	232

	December 31, 2015	December 31, 2014
Cash flow generated (used) in operating activities	\$ 360	\$ (250)

8. REVENUE

	December 31, 2015	December 31, 2014
Construction contract revenue	\$ 968,832	\$ 1,184,594
Service contract revenue	181,580	120,768
Sale of goods	1,004	897
Total revenue	\$ 1,151,416	\$ 1,306,259

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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9. OTHER INCOME

	December 31, 2015	December 31, 2014
Gain (loss) on sale of assets	\$ 149	\$ (112)
Discounts	58	52
Rebates, interest refunds and other	656	618
Other income	\$ 863	\$ 558

10. FINANCE INCOME AND COSTS

The finance income and costs recognized in respect of assets and liabilities not at fair value through profit or loss consists of the following:

	December 31, 2015	December 31, 2014
Finance income on cash and cash equivalents	\$ 442	\$ 394
Finance income on loans and receivables	72	-
Finance income	\$ 514	\$ 394
Finance costs on revolving credit facility	\$ 1,301	\$ 2,031
Other finance costs	275	202
Amortization of deferred financing fees on revolving credit facility	625	689
Finance costs on convertible debentures	7,418	6,544
Accretion on convertible debentures	2,122	2,564
Amortization of deferred financing fees on convertible debentures	897	836
Finance costs	\$ 12,638	\$ 12,866

11. DEPRECIATION AND AMORTIZATION

	December 31, 2015	December 31, 2014
Depreciation of property and equipment	\$ 8,844	\$ 7,582
Amortization of intangible assets	11,460	7,301
Total depreciation and amortization expense	\$ 20,304	\$ 14,883

Of the depreciation of property and equipment during the year ended December 31, 2015, \$5,132 (2014 - \$3,435) has been included in contract costs and the remainder in administrative costs in the consolidated statements of earnings (loss). Amortization of intangible assets is included in administrative costs in the consolidated statements of earnings (loss).

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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12. PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

	December 31, 2015	December 31, 2014
Short-term employee benefits	\$ 421,479	\$ 465,922
Employee share purchase plan expenses	3,088	3,167
Employee retirement matching contributions	3,248	3,433
Defined benefit and defined contribution pension plan expense	2,168	1,345
Equity-settled share-based payment transactions	835	1,112
Cash-settled share-based payment transactions	1,173	2,262
Total personnel expenses and employee benefits	\$ 431,991	\$ 477,241

For the year ended December 31, 2015, personnel expenses and employee benefits of \$385,102 was included in contract costs (2014 - \$425,754) and \$47,481 in administrative costs (2014 - \$51,487). Short-term employee benefits consist primarily of salaries and bonuses.

Key management personnel consists of the Corporation's named executive officers. Their remuneration during the year was as follows:

	December 31, 2015	December 31, 2014
Short-term benefits	\$ 3,558	\$ 3,963
Share-based payments ⁽¹⁾	817	1,174
	\$ 4,375	\$ 5,137

⁽¹⁾ Share-based payments include equity-settled and cash-settled share-based payments.

The remuneration of key management is recommended to the Board for approval by the Human Resources and Compensation Committee of the Board of Directors (HRCC).

13. INCOME TAXES

Income tax recognized in the consolidated statements of earnings (loss):

	December 31, 2015	December 31, 2014
Current income tax expense		
Current year	\$ (8,065)	\$ (6,826)
Adjustment relating to prior years	316	(104)
	(7,749)	(6,930)
Deferred income tax recovery (expense)		
Origination and reversal of temporary differences	4,261	3,109
Impact of changes in tax rates	(1,004)	(103)
Adjustment relating to prior years	(354)	(146)
	2,903	2,860
Income tax expense	\$ (4,846)	\$ (4,070)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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Reconciliation of effective tax rate:

The Corporation's consolidated income tax expense differs from the provision computed at the statutory rates as follows:

	December 31, 2015	December 31, 2014
Net earnings from continuing operations before tax	\$ 16,041	\$ 11,215
Income tax at statutory rate of 26.1% (2014 - 25.3%)	(4,187)	(2,837)
Statutory and other rate differences	(1,004)	(103)
Non-deductible expenses	(459)	(951)
Non-taxable accounting income	859	59
Other	(55)	(238)
Income tax expense	\$ (4,846)	\$ (4,070)

The Corporation's statutory tax rate of 26.1% in 2015 (2014 – 25.3%) is the combined Canadian federal and provincial tax rates in the jurisdictions in which the Corporation operates. The increase in the statutory tax rate and expense related to statutory and other rate differences for the year ended December 31, 2015 reflects the increase in the general Alberta corporate income tax rate in 2015.

The deferred tax assets and liabilities are comprised of the following:

	December 31, 2015	December 31, 2014
Deferred tax assets		
Tax loss carry forwards	\$ 19,234	\$ 18,202
Equipment and other assets	1,017	1,060
Intangible assets	27	23
Pension and other compensation	395	769
Unbilled work-in-progress and holdback receivables	(387)	5,441
Provisions	3,189	1,493
Other	610	175
	24,085	27,163
Deferred tax liabilities		
Tax loss carry forwards	589	1,757
Equipment and other assets	(81)	(121)
Intangible assets	(14,051)	(10,913)
Pension and other compensation	2,831	2,672
Unrecognized deductible temporary differences	(589)	(616)
Unbilled work-in-progress and holdback receivables	(18,488)	(21,612)
Provisions	401	428
Other	(1,394)	(1,977)
	(30,782)	(30,382)
Net deferred income tax liability	\$ (6,697)	\$ (3,219)

Notes to the Consolidated Financial Statements

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All deferred tax asset positions recognized by the Corporation are supported by either the reversal of existing taxable temporary differences or forecasted future taxable profits in excess of the deductible temporary differences. The Corporation has unrecognized non-capital loss carryforwards of \$1,179 (2014 – \$1,382) for which no deferred income tax asset could be recognized, which remain available to reduce future taxable income.

A continuity of the net deferred tax asset (liability) is as follows:

	Asset (liability) January 1, 2015	Recovery (expense) recognized in profit or loss	Recovery (expense) recognized in OCI	Asset (liability) acquired in a business combination	Recovery (expense) recognized in equity	Asset (liability) December 31, 2015
2015						
Tax loss carry forwards	\$ 19,959	\$ (136)	\$ -	\$ -	\$ -	\$ 19,823
Equipment and other assets	939	751	-	(754)	-	936
Intangible assets	(10,890)	2,478	-	(5,612)	-	(14,024)
Pension and other compensation	3,441	(118)	(97)	-	-	3,226
Unrecognized deductible temporary differences	(616)	27	-	-	-	(589)
Unbilled work-in-progress and holdback receivables	(16,171)	(1,966)	-	(738)	-	(18,875)
Provisions	1,921	1,669	-	-	-	3,590
Other	(1,802)	198	-	820	-	(784)
	\$ (3,219)	\$ 2,903	\$ (97)	\$ (6,284)	\$ -	\$ (6,697)
Less: recognized in discontinued operations		-				
Recognized in continuing operations		\$ 2,903				

	Asset (liability) January 1, 2014	Recovery (expense) recognized in profit or loss	Recovery (expense) recognized in OCI	Liability disposed of in Broda sale	Recovery (expense) recognized in equity	Asset (liability) December 31, 2014
2014						
Tax loss carry forwards	\$ 10,038	\$ 9,921	\$ -	\$ -	\$ -	\$ 19,959
Equipment and other assets	(7,914)	4,732	-	4,121	-	939
Intangible assets	(12,554)	1,664	-	-	-	(10,890)
Pension and other compensation	2,553	(207)	1,095	-	-	3,441
Unrecognized deductible temporary differences	(616)	-	-	-	-	(616)
Unbilled work-in-progress and holdback receivables	(9,106)	(7,100)	-	35	-	(16,171)
Provisions	2,529	(608)	-	-	-	1,921
Other	305	(577)	-	-	(1,530)	(1,802)
	\$ (14,765)	\$ 7,825	\$ 1,095	\$ 4,156	\$ (1,530)	\$ (3,219)
Less: recognized in discontinued operations		(4,965)				
Recognized in continuing operations		\$ 2,860				

The Corporation has accumulated net capital losses for income tax purposes of \$21,511 (2014 - \$21,277) which may be carried forward indefinitely to reduce future capital gains. The value of these losses has not been recognized in these consolidated financial statements.

The Corporation has accumulated non-capital losses for income tax purposes of \$72,545 (2014 - \$77,586), which expire as follows:

Expiration of accumulated non-capital losses:	
2026	\$ 199
2027	426
2028	225
2029	162
2030	908
2031	14,784
2032	6,654
2033	9,783
2034	35,016
2035	4,388
	\$ 72,545

Notes to the Consolidated Financial Statements

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14. DISCONTINUED OPERATIONS

On September 1, 2014, the Corporation completed the sale of Broda Construction Inc. (Broda) to TriWest Capital Partners and certain members of the senior management team of Broda for gross cash proceeds of \$38,829. Broda operated under the Industrial Group segment. Details of the sale are as follows:

Gross proceeds on disposal	\$	38,829
Carrying value of Broda		(58,086)
Transaction costs		(922)
Loss on disposal before tax		(20,179)
Income tax recovery		3,337
Net loss on disposal of discontinued operations	\$	(16,842)

There were no transactions in discontinued operations during the year ended December 31, 2015. Net loss from discontinued operations for the year ended December 31, 2014, reported in the consolidated statements of earnings (loss), is as follows:

	December 31, 2014
Contract revenue	\$ 30,094
Contract costs	28,832
Contract income	1,262
Other expense	(1,883)
Finance income	16
Administrative costs	(3,466)
Finance costs	(185)
Loss from discontinued operations	(4,256)
Income tax recovery	874
Net loss on disposal of discontinued operations	(16,842)
Net loss from discontinued operations	\$ (20,224)

Cash flows from discontinued operations reported in the consolidated statements of cash flows are as follows:

	December 31, 2014
Operating cash flows	\$ (3,521)
Investing cash flows	\$ (1,442)
Financing cash flows	\$ 4,811

Notes to the Consolidated Financial Statements

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15. EMPLOYEE BENEFITS

(a) Short-term employee benefits

Contributions made by the Corporation during the year ended December 31, 2015 to the company sponsored Employee Share Purchase Plan (ESPP) were \$3,088 (2014 - \$3,167) (Note 12).

(b) Post-employment benefits

Registered Retirement Savings Plan (RRSP)

Contributions made by the Corporation during the year ended December 31, 2015 to the company sponsored RRSP were \$3,248 (2014 - \$3,433) (Note 12).

Defined Contribution Pension Plans (DC)

The total expense recognized in the consolidated statements of earnings (loss) and comprehensive earnings (loss) during the year ended December 31, 2015 of \$484 (2014 – \$447) represents contributions paid to these plans by the Corporation at rates specified in the rules of the plans.

Defined Benefit Pension Plans (DB)

The Corporation maintains two non-contributory DB that cover salaried employees for two of its operating entities. Annual employer contributions to the DB, determined by an independent actuary, meet minimum amounts required by provincial pension supervisory authorities. The benefits provided by the defined benefit provision of the pension plans are based on years of service and final average earnings of the employees who are members of the plans.

Future benefits:

	December 31, 2015	December 31, 2014
Wholly or partially funded defined benefit obligation	\$ 35,885	\$ 35,417
Fair value of plan assets	31,205	29,076
Recognized liability for defined benefit obligations	\$ 4,680	\$ 6,341

Fair market value of plan assets:

	December 31, 2015	December 31, 2014 ⁽¹⁾
Equity securities	\$ 23,564	\$ 22,805
Debt securities	7,498	6,271
Short-term	143	-
	\$ 31,205	\$ 29,076

⁽¹⁾ Certain comparative amounts have been reclassified to conform with current year presentation.

Notes to the Consolidated Financial Statements

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Reconciliation of amounts in the financial statements:

	December 31, 2015	December 31, 2014
Accrued benefit obligation		
Balance, beginning of year	\$ 35,417	\$ 29,618
Employer current service cost	784	595
Employee contributions	98	107
Interest cost on the defined benefit obligation	1,390	1,388
Benefit payments	(1,347)	(1,815)
Actuarial loss due to experience adjustments	5	657
Actuarial loss due to changes in demographic assumptions	-	1,135
Actuarial (gain) loss due to changes in financial assumptions	(462)	3,732
Balance, end of year	\$ 35,885	\$ 35,417

	December 31, 2015	December 31, 2014
Fair value of plan assets		
Balance, beginning of year	\$ 29,076	\$ 25,979
Employer contributions	2,743	2,609
Employee contributions	98	107
Interest income on plan assets	1,161	1,242
Actuarial (loss) gain on plan assets, excluding interest income	(94)	1,231
Benefit payments	(1,347)	(1,815)
Administration costs	(432)	(277)
Balance, end of year	\$ 31,205	\$ 29,076

	December 31, 2015	December 31, 2014
Net pension liability	\$ 4,680	\$ 6,341
Funded status - deficit	\$ 4,680	\$ 6,341

For the year ended December 31, 2015, an amount of \$1,445 (2014 - \$1,019) was recorded in administrative costs in net earnings (loss), and a gain of \$363 (2014 - loss of \$4,293), before tax, was recorded in other comprehensive earnings (loss) in relation to the DB plans. This gain relates to an increase in the discount rates and a change in the market value of the assets, which are both as at December 31, 2015.

Actuarial assumptions:

	December 31, 2015	December 31, 2014
Discount rate on net benefit obligations	4.0%	3.9%
Rate of compensation increase	3.5%	3.5%
Inflation rate	2.3%	2.3%

The discount rate used to establish the pension obligation is based on AA-rated Canadian corporate bond yields at the measurement date. A change of 100 basis points in the discount rate at the reporting date would have increased or decreased the accrued benefit obligation by \$5,106 (2014 - \$5,261).

Notes to the Consolidated Financial Statements

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16. EARNINGS PER SHARE

(a) Basic earnings (loss) per share

	December 31, 2015	December 31, 2014
Net earnings from continuing operations	\$ 11,195	\$ 7,145
Net loss from discontinued operations	-	(20,224)
Net earnings (loss) - basic	\$ 11,195	\$ (13,079)
Issued common shares, beginning of the year	25,054,310	24,797,163
Effect of shares issued related to DRIP	222,231	92,425
Effect of shares issued on exercise of stock options	-	58,229
Effect of shares issued related to acquisition	1,087,970	-
Weighted average number of common shares for the year - basic	26,364,511	24,947,817
Basic earnings per share, continuing operations	\$ 0.42	\$ 0.29
Basic loss per share, discontinued operations	-	(0.81)
Basic earnings (loss) per share	\$ 0.42	\$ (0.52)

(b) Diluted earnings per share

	December 31, 2015	December 31, 2014
Net earnings from continuing operations - basic	\$ 11,195	\$ 7,145
Interest, accretion and amortization of deferred financing fees, net of tax	4,755	-
Net earnings from continuing operations - diluted	\$ 15,950	\$ 7,145
Weighted average number of common shares - basic	26,364,511	24,947,817
Incremental shares - stock options	4,591	140,966
Incremental shares - convertible debentures	14,892,239	-
Weighted average number of common shares for the year - diluted, continuing operations	41,261,341	25,088,783
Diluted earnings per share, continuing operations	\$ 0.39	\$ 0.28

As there were no transactions in discontinued operations for the year ended December 31, 2015, and the Corporation incurred a net loss from discontinued operations for the year ended December 31, 2014, the diluted weighted average number of common shares and the resulting diluted loss per share from discontinued operations is the same as basic in each respective year.

For the year ended December 31, 2015, the number of options excluded from the diluted weighted average number of common shares calculation was 1,361,363 (2014 – 908,167), as their effect would have been anti-dilutive.

There were no incremental shares related to the convertible debentures included in the weighted average calculation for the year ended December 31, 2014, as the impact of the normalization of earnings (interest, accretion and amortization added back, net of tax expense) outweighed the effect of the related incremental shares and therefore the convertible debentures were anti-dilutive.

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17. CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance is comprised entirely of cash. Included in the cash and cash equivalents balance is \$2,933 (2014 - \$2,574) held in the bank accounts of joint operations.

Restricted cash of \$4,172 at December 31, 2015 (2014 - \$nil) relates to cash held in trust.

18. TRADE AND OTHER RECEIVABLES

	December 31, 2015	December 31, 2014
Trade receivables	\$ 148,129	\$ 219,388
Construction holdbacks, due within one business cycle	66,472	115,313
Allowance for doubtful accounts (Note 31)	(2,558)	(2,140)
Other receivables	3,894	4,435
	\$ 215,937	\$ 336,996

The average credit period is 39 days for maintenance contracts and 65 days for significant construction contracts.

At December 31, 2015, holdbacks of \$66,472 (2014 - \$115,313) are recoverable within the normal operating cycle of the Corporation ranging from 30 days to three years, depending on the nature of services being provided. The range is dependent on the type and size of the project and duration of the work.

19. CONSTRUCTION AND NON-CONSTRUCTION CONTRACTS

Contracts in progress:

	December 31, 2015	December 31, 2014
Construction costs incurred plus recognized profits less recognized losses to date	\$ 4,277,440	\$ 4,617,699
Less: progress billings	(4,285,360)	(4,658,402)
Net over billings on construction contracts	(7,920)	(40,703)
Non-construction costs incurred plus recognized profits less recognized losses to date	\$ 276,184	\$ 159,114
Less: progress billings	(268,974)	(153,098)
Net under billings on non-construction contracts	7,210	6,016
Total net contract position	\$ (710)	\$ (34,687)

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Recognized and included in the consolidated statements of financial position:

	December 31, 2015	December 31, 2014
Costs in excess of billings - Construction contracts	\$ 51,049	\$ 48,667
Costs in excess of billings - Non-construction contracts	7,939	6,152
Total costs in excess of billings	58,988	54,819
Contract advances and unearned income - Construction contracts	\$ (58,969)	\$ (89,370)
Contract advances and unearned income - Non-construction contracts	(729)	(136)
Total contract advances and unearned income	(59,698)	(89,506)
Total net contract position	\$ (710)	\$ (34,687)

At December 31, 2015, holdbacks for contract work amounted to \$66,472 (2014 - \$115,313).

20. SERVICE PROVIDER DEPOSIT

Service provider deposit relates to the Buildings Group's Subguard program representing an agreement with Zurich Insurance Corporation (Zurich) that establishes a pre-funded deductible/co-pay insurance program.

Included in trade and other receivables in the consolidated statements of financial position is the current portion of the service provider deposit of \$nil (2014 - \$1,206), to be received in the next 12 months. The remaining portion of \$6,799 (2014 - \$5,549) is classified as non-current in the consolidated statements of financial position at December 31, 2015. The total funds held by Zurich as at December 31, 2015 amounted to \$6,799 (2014 - \$6,755).

21. PROPERTY AND EQUIPMENT

Included in construction and automotive equipment is \$5,339 (2014 - \$1,467) of assets relating to finance leases and \$1,498 (2014 - \$404) of accumulated depreciation, for a net carrying value of \$3,841 (2014 - \$1,063).

Assets with a carrying value of \$3,841 (2014 - \$1,063) are pledged as security for the finance lease obligations disclosed in Note 26 (b).

During the year ended December 31, 2015, the Corporation recorded an impairment loss of \$1,170 (2014 - \$2,596) related to Leasehold Improvements due to branch office subleasing in Western Canada.

During the year ended December 31, 2014, the Corporation disposed of assets related to Buildings and Improvements, Construction and Automotive Equipment, Computer Hardware and Office Furniture and Equipment with carrying values of \$290, \$41,292, \$470, \$2 and \$278, respectively, as part of the sale of Broda (Note 14).

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	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
2015								
Cost								
Balance at December 31, 2014	\$ 566	\$ 3,041	\$ 14,659	\$ 31,398	\$ 5,949	\$ 5,696	\$ 484	\$ 61,793
Additions, including finance leases	-	-	1,030	3,230	347	283	-	4,890
Disposals	-	-	(505)	(5,434)	(817)	(726)	-	(7,482)
Acquisitions (Note 5)	-	-	635	3,657	118	200	-	4,610
Reclassifications and transfers	-	-	484	-	-	-	(484)	-
Balance at December 31, 2015	\$ 566	\$ 3,041	\$ 16,303	\$ 32,851	\$ 5,597	\$ 5,453	\$ -	\$ 63,811
Accumulated depreciation and impairment losses								
Balance at December 31, 2014	\$ -	\$ 1,487	\$ 5,742	\$ 21,342	\$ 5,270	\$ 3,722	\$ -	\$ 37,563
Depreciation expense	-	4	2,228	5,198	418	898	-	8,746
Disposals	-	-	(504)	(3,914)	(817)	(714)	-	(5,949)
Impairment losses recognized in the year	-	-	1,170	-	-	-	-	1,170
Balance at December 31, 2015	\$ -	\$ 1,491	\$ 8,636	\$ 22,626	\$ 4,871	\$ 3,906	\$ -	\$ 41,530
Carrying amounts at December 31, 2015	\$ 566	\$ 1,550	\$ 7,667	\$ 10,225	\$ 726	\$ 1,547	\$ -	\$ 22,281

	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
2014								
Cost								
Balance at December 31, 2013	\$ 301	\$ 3,238	\$ 18,629	\$ 98,776	\$ 6,112	\$ 5,454	\$ 552	\$ 133,062
Additions, including finance leases	-	-	977	5,819	310	157	1,464	8,727
Disposals	(171)	(197)	(5,529)	(73,197)	(473)	(853)	-	(80,420)
Reclassifications and transfers	436	-	582	-	-	938	(1,532)	424
Balance at December 31, 2014	\$ 566	\$ 3,041	\$ 14,659	\$ 31,398	\$ 5,949	\$ 5,696	\$ 484	\$ 61,793
Accumulated depreciation and impairment losses								
Balance at December 31, 2013	\$ -	\$ 1,550	\$ 6,025	\$ 40,768	\$ 5,183	\$ 3,195	\$ -	\$ 56,721
Depreciation expense	-	15	2,801	8,007	558	812	-	12,193
Disposals	-	(78)	(5,680)	(27,433)	(471)	(285)	-	(33,947)
Impairment losses recognized in the year	-	-	2,596	-	-	-	-	2,596
Balance at December 31, 2014	\$ -	\$ 1,487	\$ 5,742	\$ 21,342	\$ 5,270	\$ 3,722	\$ -	\$ 37,563
Carrying amounts at December 31, 2014	\$ 566	\$ 1,554	\$ 8,917	\$ 10,056	\$ 679	\$ 1,974	\$ 484	\$ 24,230

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22. GOODWILL

The Corporation has allocated its goodwill to its cash-generating units (CGUs) as follows:

	December 31, 2015	December 31, 2014
Industrial Group	\$ 42,323	\$ 7,315
Buildings Group	114,078	114,078
Commercial Systems Group	57,623	57,623
	\$ 214,024	\$ 179,016

Goodwill arose as a result of multiple past acquisitions. The Industrial Group's goodwill stems from the Laird Electric Inc. acquisition of 2003 and the Studon acquisition on January 6, 2015 (Note 5). Goodwill associated with the Buildings Group and the Commercial Systems Group arose from the Seaclyff Construction Corp. acquisition in 2010. Additional goodwill was attributed to the Commercial Systems Group through the McCaine Electric Ltd. acquisition in 2011. Goodwill recognized on all of these acquisitions was attributable mainly to revenue growth, future market development, the assembled workforce and the synergies achieved from the integration of acquired companies into existing construction, commercial and industrial services.

During the fourth quarter of 2015, the Corporation performed its annual goodwill impairment test. The calculated Business Enterprise Value for each of the CGUs incorporated the financial projections set out in the respective CGU's strategic plans. The annual impairment review resulted in no impairment charge in the current year.

The recoverable amounts of the CGUs' assets were determined based on a value in use calculation. There is a significant amount of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' assets given the necessity of making key economic assumptions about the future. The value in use calculation uses discounted cash flow projections which employ the following key assumptions: future cash flows, present and future discount rates, growth assumptions, including economic risk assumptions and estimates of achieving key operating metrics and drivers. Management uses its best estimate to determine which key assumptions to use in the analysis.

Key Assumptions

The key assumptions in the value in use calculations to determine the recoverable amounts by CGU have been prepared using a four year discounted cash flow analysis with a terminal value. The financial projections used for the discounted cash flow analysis were derived from the Corporation's 2016 - 2018 Strategic Plan.

A four year period for the discounted cash flow analysis was used since financial projections beyond a four year time period are generally best represented by a terminal value. This period is appropriate given the timing of the project backlog and the predictability of CGU cash flows. Cash flows from growth opportunities are probability-weighted and relate to initiatives management expects to progress on in the medium to long term. These cash flows require assumptions to be made regarding the likelihood of projects progressing and the future economics of those projects.

The terminal value was calculated using a discount rate of 11% (2014 – 12%) and a steady annual growth of 2% (2014 – 2%) in the terminal year. The same discount rate was used in each of the Corporation's CGUs given that each entity has access to the same source of debt and each CGU is ultimately governed by management at the parent Company. In addition, entity specific risks were separately factored into each CGU forecast. They take into consideration market rates of return, capital structure, company size, industry risk and after-tax cost of debt and equity.

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Sensitivity of Assumptions

Management and the Board of Directors believe that any reasonable change to the key assumptions used to determine each CGU's recoverable amount would not cause its carrying value to exceed its recoverable amount.

23. INTANGIBLE ASSETS

	ERP Assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Assets under Construction	Total
2015						
Cost						
Balance at December 31, 2014	\$ 25,242	\$ 20,600	\$ 54,423	\$ 5,098	\$ 17	\$ 105,380
Additions - externally acquired	818	-	-	102	-	920
Disposals	-	-	-	(127)	-	(127)
Acquisitions (Note 5)	80	5,800	16,670	3	-	22,553
Reclassifications and transfers	17	-	-	-	(17)	-
Impairment loss (Note 5)	-	(1,000)	(3,000)	-	-	(4,000)
Balance at December 31, 2015	\$ 26,157	\$ 25,400	\$ 68,093	\$ 5,076	\$ -	\$ 124,726
Accumulated amortization						
Balance at December 31, 2014	\$ 7,222	\$ 20,600	\$ 27,730	\$ 4,133	\$ -	\$ 59,685
Amortization expense	2,467	2,320	6,356	317	-	11,460
Disposals	-	-	-	(127)	-	(127)
Balance at December 31, 2015	\$ 9,689	\$ 22,920	\$ 34,086	\$ 4,323	\$ -	\$ 71,018
Carrying amounts at December 31, 2015	\$ 16,468	\$ 2,480	\$ 34,007	\$ 753	\$ -	\$ 53,708
2014						
Cost						
Balance at December 31, 2013	\$ 24,908	\$ 20,600	\$ 54,423	\$ 4,485	\$ -	\$ 104,416
Additions - externally acquired	620	-	-	921	17	1,558
Disposals	(73)	-	-	(308)	-	(381)
Reclassifications and transfers	-	-	-	-	12	12
Derecognition of assets	(213)	-	-	-	(12)	(225)
Balance at December 31, 2014	\$ 25,242	\$ 20,600	\$ 54,423	\$ 5,098	\$ 17	\$ 105,380
Accumulated amortization						
Balance at December 31, 2013	\$ 5,080	\$ 20,600	\$ 22,949	\$ 3,977	\$ -	\$ 52,606
Amortization expense	2,156	-	4,781	368	-	7,305
Disposals	(14)	-	-	(212)	-	(226)
Balance at December 31, 2014	\$ 7,222	\$ 20,600	\$ 27,730	\$ 4,133	\$ -	\$ 59,685
Carrying amounts at December 31, 2014	\$ 18,020	\$ -	\$ 26,693	\$ 965	\$ 17	\$ 45,695

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24. TRADE AND OTHER PAYABLES

	December 31, 2015	December 31, 2014
Trade payables	\$ 88,517	\$ 159,873
Holdbacks and accrued liabilities	68,220	80,165
Short-term employee benefits	15,220	17,777
Dividend payable	3,184	3,006
Other	3,232	3,375
	\$ 178,373	\$ 264,196

The Corporation's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 31 - Financial Instruments.

25. PROVISIONS

Provisions are recognized when the Corporation has a settlement amount as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the obligation can be made. Reversals of provisions are made when new information arises in the period which leads management to conclude that the provisions are not necessary.

	Warranties	Restructuring Costs	Claims and Disputes	Subcontractor Default	Onerous Contract	Deferred Contingent Consideration (Note 5)	Total
Balance at December 31, 2013	\$ 3,067	\$ 371	\$ 1,901	\$ 3,540	\$ -	\$ -	\$ 8,879
Provisions made during the year	760	-	714	3,043	739	-	5,256
Provisions used during the year	(817)	(178)	(400)	(2,911)	-	-	(4,306)
Provisions reversed in the year	(1,930)	-	(200)	-	-	-	(2,130)
Unwinding of discount	-	-	-	-	(170)	-	(170)
Balance at December 31, 2014	\$ 1,080	\$ 193	\$ 2,015	\$ 3,672	\$ 569	\$ -	\$ 7,529
Balance at December 31, 2014	\$ 1,080	\$ 193	\$ 2,015	\$ 3,672	\$ 569	\$ -	\$ 7,529
Provisions made during the year	6,048	-	621	1,710	506	2,935	11,820
Provisions used during the year	(257)	(167)	(503)	(801)	(113)	-	(1,841)
Provisions reversed in the year	(724)	-	(526)	-	-	(2,935)	(4,185)
Unwinding of discount	-	-	-	-	52	-	52
Balance at December 31, 2015	\$ 6,147	\$ 26	\$ 1,607	\$ 4,581	\$ 1,014	\$ -	\$ 13,375

The provisions are presented on the consolidated statements of financial position as follows:

	December 31, 2015	December 31, 2014
Current portion of provisions	\$ 7,705	\$ 2,616
Long-term provisions	5,670	4,913
Total provisions	\$ 13,375	\$ 7,529

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The following table represents the expected outflow of resources by category:

	Warranties	Restructuring Costs	Claims and Disputes	Subcontractor Default	Onerous Contract	Total
2016	\$ 6,147	\$ 26	\$ 1,045	\$ 409	\$ 166	\$ 7,793
2017	-	-	281	4,172	152	4,605
2018	-	-	281	-	182	463
2019	-	-	-	-	205	205
2020	-	-	-	-	162	162
Thereafter	-	-	-	-	1,035	1,035
	\$ 6,147	\$ 26	\$ 1,607	\$ 4,581	\$ 1,902	\$ 14,263

26. LONG-TERM DEBT

	December 31, 2015	December 31, 2014
Current portion of long-term debt		
Finance lease obligations	\$ 2,369	\$ 391
	\$ 2,369	\$ 391
Non-current		
Revolving credit facility	\$ 45,197	\$ 115
Finance lease obligations	1,368	702
	\$ 46,565	\$ 817

The increase in finance lease obligations and related interest rates (Note 26 (b)) was a result of the acquisition of Studon on January 6, 2015 (Note 5). The increase in the revolving credit facility was a result of the Studon acquisition and the settlement of the 2010 convertible debentures on June 30, 2015 (Note 27).

(a) Revolving credit facility

On July 16, 2015, the Corporation negotiated improved terms and conditions and a three year extension to its senior secured revolving credit facility (Revolver). The Revolver now consists of a \$155,000 credit facility syndicated by seven lenders from the existing facility and a \$20,000 operating facility provided by one of the co-lead lenders. The combined Revolver provides the Corporation with a maximum available borrowing capacity of \$175,000 (previously \$167,375). The maturity date of the Revolver has been extended to July 16, 2020 (previously July 12, 2017).

Material changes to the Revolver include the elimination of the former working capital ratio and the senior debt to EBITDA ratio financial covenants. The Revolver continues to include existing financial covenants related to interest coverage and total debt to EBITDA. The interest coverage ratio remains the same at not less than 3:1, and the total debt to EBITDA ratio was reduced by 0.25 such that it shall not exceed 3:1, with a temporary increase to 3.25:1 for a period of two quarters following the completion of a material acquisition.

The operating facility of \$20,000 allows the Corporation to enter into an overdraft position. At December 31, 2015, there was no drawdown on the operating facility.

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During the 90 day period before each anniversary date, the Corporation may extend the credit facility for an additional year. As such, there is no current portion of long-term debt related to the credit facility. The credit facility is supported by a comprehensive security package that includes all present and after acquired assets of the Corporation. Interest is charged at a rate per annum equal to the Canadian prime rate, LIBOR rate or Bankers' Acceptance rate as applicable and in effect during the interest period, plus additional interest based on a pricing rate schedule. The additional interest per the pricing rate schedule depends upon the Debt to EBITDA ratio and ranges from a low of 75 basis points for Canadian prime rate loans to a high of 275 basis points for LIBOR and Bankers' Acceptances. The credit facility contains provisions for stamping fees on Bankers' Acceptances and LIBOR loans, and standby fees on unutilized credit lines that vary depending on certain consolidated financial ratios. Total finance costs on the credit facility for the year ended December 31, 2015 were \$1,926 (2014 – \$2,720). These finance costs represent the interest paid on the debt and amortization of the deferred financing charges of \$625 for the year ended December 31, 2015 (2014 – \$689) (Note 10).

(b) Finance lease obligations

For the year ended December 31, 2015, the Corporation held finance leases relating to automotive equipment that mature between January 2016 and July 2020, and bear interest at rates between 2.0% and 15.0%, with a weighted average effective interest rate on the contracts of 6.2% per annum (2014 – 5.2%). Finance lease obligations are secured by automotive equipment with a net book value of \$3,841 (2014 - \$1,063) and the lessors' title to the lease assets (Note 21). The Corporation has the option to purchase the equipment under lease at the conclusion of the lease agreements.

	Future Minimum Lease Payments		Present Value of Minimum Lease Payments	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Not later than 1 year	\$ 2,517	\$ 412	\$ 2,369	\$ 391
More than 1 year but not later than 5 years	1,415	731	1,368	702
	\$ 3,932	\$ 1,143	\$ 3,737	\$ 1,093

	Interest	
	December 31, 2015	December 31, 2014
Not later than 1 year	\$ 148	\$ 21
More than 1 year but not later than 5 years	47	29
	\$ 195	\$ 50

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27. CONVERTIBLE DEBENTURES

	2010 Convertible Debentures		2014 Convertible Debentures	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Debt component, beginning of the year	\$ 84,828	\$ 81,855	\$ 70,932	\$ -
Issuance	-	-	-	74,076
Repayment	(86,250)	-	-	-
Financing fees	-	-	-	(3,571)
Accretion on convertible debentures	1,096	2,289	1,026	275
Amortization of deferred financing fees	326	684	571	152
Debt component, end of the year	\$ -	\$ 84,828	\$ 72,529	\$ 70,932
Equity component, beginning of the year	\$ 7,100	\$ 7,100	\$ 4,589	\$ -
Issuance	-	-	-	6,424
Financing fees	-	-	-	(230)
Transferred to contributed surplus	(7,100)	-	-	-
Deferred income tax	-	-	-	(1,605)
Equity component, end of the year	\$ -	\$ 7,100	\$ 4,589	\$ 4,589

At December 31, 2015, the principal amount of the debt component of all convertible debentures outstanding is \$72,529 (2014 - \$155,760), of which \$nil (2014 - \$84,828) is classified as a current liability.

On June 15, 2010, the Corporation issued an aggregate of \$75,000 principal amount of 6% convertible extendible unsecured subordinated debentures of the Corporation at a price of one thousand dollars per debenture. On June 15, 2010, an additional \$11,250 of the convertible debentures was issued pursuant to the exercise of the underwriters' over-allotment option. Total gross proceeds from the offering amounted to \$86,250. Net proceeds of the offering, after payment of the underwriters' fee and other expenses of the offering of \$3,401, were \$82,849. The convertible debentures matured and were settled on June 30, 2015.

On September 19, 2014, the Corporation issued an aggregate of \$70,000 principal amount of 6% convertible extendible unsecured subordinated debentures of the Corporation at a price of one thousand dollars per debenture. On September 29, 2014, an additional \$10,500 principal amount of the convertible debentures was issued pursuant to the exercise of the underwriters' over-allotment option. Total gross proceeds from the offering amounted to \$80,500. Net proceeds of the offering, after payment of the underwriters' fee and other expenses of the offering of \$3,877, were \$76,623. The maturity date of the convertible debentures is December 31, 2019.

The convertible debentures bear interest at an annual rate of 6% payable in equal installments semi-annually in arrears on December 31 and June 30 in each year. The convertible debentures may be converted into common shares at the option of the holder at any time prior to the earlier of redemption by the Corporation or maturity.

The Corporation can redeem the 2014 convertible debentures at a price of one thousand dollars per debenture, on or after December 31, 2017, and at any time prior to December 31, 2018, provided that the current market price of the common shares is not less than 125% of the conversion price of \$14.15 per common share.

On and after December 31, 2018, and at any time prior to the final maturity date, the 2014 convertible debentures may be redeemed at the option of the Corporation, in whole or in part from time to time, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to the date set for redemption.

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The Corporation may, at its discretion, elect to satisfy its obligation to pay the principal of the debentures along with any accrued and unpaid interest amount by issuing and delivering common shares. The number of shares issued will be determined based on market prices at the time of issuance.

In the event of a change of control of the Corporation (as defined in the applicable trust indenture), the Corporation shall be required to offer to purchase all of the outstanding debentures on the date that is 30 business days after the date that such offer is delivered, at a purchase price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest to the purchase date. Under certain circumstances where the convertible debentures are to be repurchased by the Corporation or converted into common shares upon a change of control, a make whole premium will apply. The amount of the make whole premium, if any, will be based on the price of the common shares on the effective date of the change of control. No make whole premium will be paid if the price of the common shares at such time is less than \$10.46 per share or exceeds \$50.00 per share.

28. SHARE-BASED PAYMENTS

(a) Stock options

Options issued under the plan for employees vest one-third each on the anniversary of the award date in each of the subsequent three years. All stock options awarded to date must be exercised over specified periods not to exceed 10 years from the date granted.

Movement during the years:

	December 31, 2015		December 31, 2014	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of the year	1,682,042	\$ 11.95	1,838,117	\$ 12.29
Granted	430,085	5.82	203,557	9.94
Forfeited	(244,401)	8.10	(151,629)	16.02
Exercised	-	-	(110,919)	7.83
Expired	(152,608)	19.09	(97,084)	12.44
Outstanding, end of the year	1,715,118	\$ 10.33	1,682,042	\$ 11.95

The options outstanding for the year ended December 31, 2015 have an exercise price in the range of \$5.77 to \$19.32 (2014 - \$7.50 to \$19.63) and lives of between 5 and 10 years (2014 - 5 and 10 years).

There were no options exercised during the year ended December 31, 2015. The options exercised during the year ended December 31, 2014 were done so at a weighted average share price of \$9.65.

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The terms and conditions related to the grants of the stock option program are as follows:

Option Series	Options		Exercise Price	Fair Value At Grant Date	Options Exercisable
	Outstanding	Expiry Date			
Issued on March 22, 2011	192,423	21-Mar-16	19.32	7.59	192,423
Issued on September 12, 2011	9,000	11-Sep-16	14.32	5.47	9,000
Issued on December 13, 2011	30,000	12-Dec-16	10.46	3.63	30,000
Issued on March 15, 2012	311,294	15-Mar-17	15.48	5.03	311,294
Issued on August 17, 2012	115,740	17-Aug-17	8.19	2.16	115,740
Issued on January 2, 2013	33,524	2-Jan-18	8.64	2.30	22,349
Issued on April 1, 2013	117,108	1-Apr-18	7.50	2.52	78,072
Issued on April 1, 2013	382,350	1-Apr-23	7.50	2.52	254,900
Issued on September 13, 2014	119,924	1-Apr-24	9.94	3.08	39,975
Issued on September 13, 2014	50,000	13-Sep-24	9.94	3.08	16,667
Issued on April 1, 2015	282,326	1-Apr-25	5.77	1.41	-
Issued on May 19, 2015	71,429	19-May-25	6.07	1.40	-
As at December 31, 2015	1,715,118				1,070,420

Inputs for measurement of grant date fair value:

The grant date fair value of stock option plans was measured based on the Black-Scholes model. Expected volatility is estimated by considering historic average share price volatility. The amounts computed, using the Black-Scholes model, may not be indicative of the actual values realized upon the exercise of these options by the holders. The inputs used in the measurement of the fair values at grant date of the stock option payment plans are the following:

Option Series	Weighted Average Share Price	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Risk-Free Interest Rate	Forfeiture Rate
Issued in 2014							
September 13, 2014	9.94	9.94	49.74%	10	4.83%	1.81%	10.00%
Issued in 2015							
April 1, 2015	5.77	5.77	45.22%	10	5.57%	0.97%	10.00%
May 19, 2015	6.07	6.07	47.19%	10	6.70%	1.45%	10.00%

Compensation costs are recognized over the vesting period as share-based compensation expense and an increase to the share-based payment reserve. When options are exercised, the fair value amount in the share-based payment reserve is credited to share capital.

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The following table illustrates the movement in the share-based payment reserve:

	December 31, 2015	December 31, 2014
Balance, beginning of the year	\$ 9,341	\$ 8,594
Stock compensation expense from continuing operations	835	1,057
Stock compensation expense from discontinued operations	-	55
Stock options exercised	-	(365)
Balance, end of the year	\$ 10,176	\$ 9,341

(b) MTIPs

Bridging Restricted Share Units (BRSUs) track the value of a common share and provide eligible participants with an equivalent cash value of common shares. Each grant vests 20% in the first year, 30% in the second year and the remaining 50% in the third year.

Restricted Share Units (RSUs) track the value of a common share and provide eligible participants with an equivalent cash value of common shares. Each grant cliff vests at the end of three years.

Performance Share Units (PSUs) track the value of a common share and provide eligible participants with an equivalent cash value of common shares. Each grant cliff vests at the end of three years and the payout can be 0% to 200% of the vested units, subject to the achievement of certain corporate objectives as approved by the Board of Directors. Each grant of PSUs is individually evaluated regularly with regard to vesting and payout assumptions. The Corporation will settle the PSUs in cash within 20 business days after vesting.

The original cost of BRSUs, RSUs and PSUs (collectively, the MTIPs) is equal to the fair market value at the date of grant. Changes in the amount of the liability due to fair value changes after the initial grant date at each reporting period are recognized as a compensation expense of the period in which the changes occur.

Movement of units during the years:

	BRSUs	RSUs	PSUs
Units outstanding at December 31, 2013	262,481	146,742	502,973
Granted	159,223	256,346	211,332
Forfeited	(39,046)	(18,146)	(9,152)
Vested	(190)	-	(1,072)
Vested and paid	(58,175)	(24,576)	(122,618)
Units outstanding at December 31, 2014	324,293	360,366	581,463
Units outstanding at December 31, 2014	324,293	360,366	581,463
Granted	-	395,803	368,000
Forfeited	(20,217)	(19,149)	(5,335)
Vested	(2,158)	(20,334)	(20,268)
Vested and paid	(103,008)	(44,467)	(203,038)
Units outstanding at December 31, 2015	198,910	672,219	720,822

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The BRSUs issued on April 1, 2013 and 2014 at a fair value at grant date of \$7.50 and \$10.79 have a vesting date of April 1, 2016 and 2017, respectively. The RSUs and PSUs issued on April 1, 2013, 2014 and 2015 at a fair value at grant date of \$7.50, \$10.79 and \$5.73, have a vesting date of April 1, 2016, 2017 and 2018, respectively.

In April 2015, 30% of the BRSUs issued on April 1, 2013 vested at a weighted average price of \$6.01. The PSUs issued in 2012 vested on March 15, 2015 at a payout ratio of 30%.

(c) DSUs

The Corporation has a DSU plan under which participants were previously entitled to contribute a portion of their earnings. As of January 1, 2013, employees were no longer able to contribute under the DSU plan. DSUs are units which provide the holder the right to receive a cash payment equal to the five-day weighted average of the value of the common shares at the payout date. DSUs are cash settled only when an employee or Director ceases to be an employee or Director. The terms of the plan allow for discretionary grants by the Board of Directors. Discretionary grants vest immediately. As DSUs are awarded, a liability is established and compensation expense is recognized in earnings upon grant. Changes in the amount of the liability due to fair value changes after the initial grant date are recognized as a compensation expense in the period in which the changes occur. DSUs are also adjusted for the DRIP as they are paid.

Movement of units during the years:

Number of DSUs	December 31, 2015	December 31, 2014
Outstanding, beginning of the year	433,248	363,550
Granted	163,251	107,919
Settled	(123,926)	(38,221)
Outstanding, end of the year	472,573	433,248

(d) Share-based payment liability

	December 31, 2015	December 31, 2014
Carrying amount of liabilities for cash-settled arrangements		
Current portion	\$ 2,070	\$ 889
Long-term portion	4,652	6,382
Total carrying amount	\$ 6,722	\$ 7,271
Total intrinsic value of liability for vested benefits	\$ 2,812	\$ 3,315

Included in trade and other payables is the current portion of the MTIPs to be paid out within the next 12 months. The long-term portion of MTIPs and DSUs of \$5,168 at December 31, 2015 (2014 – \$6,382) is classified as share-based payments in the consolidated statements of financial position. The total intrinsic value reflects all of the outstanding DSUs and vested MTIPs as at December 31, 2015.

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(e) Share-based compensation expense

	December 31, 2015		December 31, 2014	
Share compensation expense on stock options	\$	835	\$	1,057
Effects of changes in fair value and accretion of MTIP grants		1,173		2,140
Effects of changes in fair value and grants for DSUs		58		153
	\$	2,066	\$	3,350

29. SHARE CAPITAL

(a) Common shares and preferred shares

The Corporation's common shares have no par value and the authorized share capital is comprised of an unlimited number of common shares and an unlimited number of preferred shares issuable in series with rights set by the Directors.

	December 31, 2015		December 31, 2014	
	Shares	Share Capital	Shares	Share Capital
Common Shares				
Issued, beginning of the year	25,054,310	\$ 131,724	24,797,163	\$ 129,134
DRIP	375,091	2,102	146,228	1,356
Issued during the year	1,103,081	6,631	110,919	1,234
Issued, end of the year	26,532,482	\$ 140,457	25,054,310	\$ 131,724

On January 6, 2015, the Corporation issued 1,103,081 common shares at a share price of \$6.01 as part of the Studon acquisition (Note 5).

No preferred shares are currently issued. Subject to the provisions of the Articles of the Corporation and the Business Corporations Act (Alberta), the Directors are authorized to fix the designation rights, privileges, restrictions and conditions attached to each series of preferred shares.

(b) Common shares and dividends

The holders of common shares are entitled to receive dividends if, as and when declared by the Directors of the Corporation, to receive notice of, to attend and to one vote per share at all meetings of the shareholders of the Corporation, and to share equally in the remaining property of the Corporation upon liquidation, dissolution or wind-up of the Corporation.

The Corporation declared its nineteenth quarterly dividend of \$0.12 per share, which was paid on January 14, 2016 to shareholders of record on December 31, 2015.

The Corporation has a DRIP that allows eligible shareholders to direct cash dividends payable on their common shares of the Corporation to be reinvested in additional common shares which, when issued from treasury, will be issued at 95% of the weighted average market price of all common shares traded on the Toronto Stock Exchange on the 10 trading days preceding the dividend payment date. DSU holders' accounts are adjusted for the Corporation's declared dividends.

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As at December 31, 2015, trade and other payables included \$3,184 (2014 - \$3,007) related to the dividend payable on January 14, 2016, of which \$537 (2014 - \$575) is to be reinvested in common shares under the DRIP and the remainder paid in cash.

	December 31, 2015		December 31, 2014	
	Per Share	Total	Per Share	Total
Dividend payable, beginning of the year	\$ 0.12	\$ 3,007	\$ 0.12	\$ 2,976
Total dividends declared during the year	0.48	12,668	0.48	11,986
Total dividends paid during the year ⁽¹⁾	(0.48)	(12,491)	(0.48)	(11,955)
Dividend payable, end of the year	\$ 0.12	\$ 3,184	\$ 0.12	\$ 3,007

⁽¹⁾ Includes DRIP non-cash payments totaling \$2,102 (2014 - \$1,356) which are recorded through share capital.

The Corporation's shareholder rights plan grants shareholders, other than the acquiring person, the right to purchase from the Corporation the number of common shares having an aggregate market price equal to twice the exercise price. Such rights can only be exercised on the occurrence of a triggering event, which is defined as a person acquiring, or publicly announcing their intention to acquire 20% or more of the common shares, other than by an acquisition pursuant to a takeover bid permitted by the plan.

30. CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATING TO OPERATIONS

	December 31, 2015	December 31, 2014
Trade and other receivables	\$ 141,266	\$ (84,648)
Inventory	(2)	139
Prepaid expenses	(235)	(714)
Costs in excess of billings	5,582	(7,747)
Trade and other payables	(90,246)	79,301
Contract advances and unearned income	(32,370)	8,798
	\$ 23,995	\$ (4,871)

31. FINANCIAL INSTRUMENTS

(a) Carrying values

	December 31, 2015	December 31, 2014
<i>Financial assets:</i>		
Cash and cash equivalents, including restricted cash	\$ 37,839	\$ 104,113
Trade and other receivables	215,937	336,996
Service provider deposit	6,799	5,549
Long-term receivable, including current portion	355	395
<i>Financial liabilities:</i>		
Trade and other payables	\$ 178,373	\$ 264,196
Long-term debt, including current portion	48,934	1,208
Convertible debentures - debt component, including current portion	72,529	155,760

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(b) Fair values

Financial instruments consist of recorded amounts of receivables and other like amounts that will result in future cash receipts, as well as trade and other payables, short-term borrowings and any other amounts that will result in future cash outlays.

The Corporation has determined that the fair value of its financial assets, including cash and cash equivalents, trade and other receivables, service provider deposit and long-term receivable and financial liabilities, including the trade and other payables, approximates their respective carrying amounts as at the statement of financial position dates, because of the short-term maturity of those instruments. The fair values of the Corporation's interest-bearing financial liabilities, including the revolving credit facility, finance leases and finance contracts, also approximates their respective carrying amounts due to the floating rate nature of the debt. Further, the fair value of the Corporation's convertible debentures approximates their carrying value.

Fair value hierarchy

The Corporation values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Corporation exercises Level 2 valuations for its fair value determination of derivative instruments and the liability portion of its convertible debentures. The Corporation did not measure any financial instruments using Level 3 inputs.

(c) Financial risk management

(i) Credit risk

The Corporation invests its cash with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations. The Corporation invests its cash and cash equivalents with counterparties that it believes are of high credit quality as assessed by reputable rating agencies. Given these high credit ratings, the Corporation does not expect any counterparties holding these cash equivalents to fail to meet their obligations.

The Corporation assesses trade and other receivables for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Corporation takes into consideration the customer's payment history, credit worthiness and the current economic environment in which the customer operates to assess impairment.

Prior to accepting new customers, the Corporation assesses the customer's credit quality and establishes the customer's credit limit. The Corporation accounts for specific bad debt provisions when management considers that the expected recovery is less than the actual amount of the accounts receivable.

The provision for doubtful accounts has been included in administrative costs in the consolidated statements of earnings (loss) and is net of any recoveries that were provided for in a prior period.

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The following table represents the movement in the allowance for doubtful accounts:

	December 31, 2015	December 31, 2014
Balance at the beginning of the year	\$ 2,140	\$ 3,224
Impairment losses recognized on receivables	1,005	1,895
Amounts written off during the period as uncollectible	(587)	(744)
Amounts recovered during the year	-	(1,387)
Impairment losses reversed	-	(848)
Balance at the end of the year	\$ 2,558	\$ 2,140

Trade receivables shown on the consolidated statements of financial position include the following amounts that are current and past due at the end of the reporting period. The Corporation does not hold any collateral over these balances. The terms and conditions established with individual customers determine whether or not the receivable is past due.

	December 31, 2015	December 31, 2014
Current	\$ 67,647	\$ 116,326
1-60 days past due	48,810	75,911
61-90 days past due	4,224	5,845
More than 90 days past due	27,448	21,306
	\$ 148,129	\$ 219,388

In determining the quality of trade receivables, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Corporation had \$27,448 of trade receivables (2014 – \$21,306) which were greater than 90 days past due with \$24,890 not provided for as at December 31, 2015 (2014 – \$19,166). Management has no concerns regarding the credit quality and collectability of these accounts, as the concentration of credit risk is limited due to its large and unrelated customer base. Trade receivables are included in trade and other receivables on the consolidated statements of financial position.

(ii) Interest rate risk

Interest rate risk is the risk to the Corporation's earnings that arises from fluctuations in the interest rates and the degree of volatility of these rates. The Corporation is exposed to variable interest rate risk on its revolving credit facility. The Corporation does not use derivative instruments to reduce its exposure to this risk.

At the reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments was:

	December 31, 2015	December 31, 2014
<i>Fixed rate instruments</i>		
Financial liabilities	\$ 72,529	\$ 155,760
<i>Variable rate instruments</i>		
Financial assets	\$ 37,839	\$ 104,113
Financial liabilities	\$ 48,934	\$ 1,208

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Fixed rate sensitivity

The Corporation does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

Variable rate sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased or decreased equity and profit or loss by \$280 (2014 - \$781) related to financial assets and by \$362 (2014 - \$9) related to financial liabilities.

(iii) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial liability obligations. The Corporation manages this risk through cash and debt management. In managing liquidity risk, the Corporation has access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

The Corporation believes it has sufficient funding through the use of these facilities to meet foreseeable financial liability obligations.

The following are the contractual obligations, including interest payments as at December 31, 2015, in respect of the financial obligations of the Corporation. Interest payments on the revolving credit facility have not been included in the table below since they are subject to variability based upon outstanding balances at various points throughout the year.

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Trade and other payables	\$ 178,373	\$ 178,373	\$ 178,373	\$ -	\$ -	\$ -
Provisions, including current portion	13,375	14,263	7,793	5,068	367	1,035
Convertible debentures (debt portion)	72,529	99,820	4,830	9,660	85,330	-
Long-term debt, including current portion	48,934	51,433	2,517	708	48,208	-
Operating lease commitments	-	61,414	8,226	14,358	14,358	24,472
	\$ 313,211	\$ 405,303	\$ 201,739	\$ 29,794	\$ 148,263	\$ 25,507

32. CAPITAL MANAGEMENT

The Corporation's objectives in managing capital are to ensure sufficient liquidity to pursue growth objectives and fund the payment of dividends, while maintaining a prudent amount of financial leverage.

The Corporation's capital is comprised of equity and long-term indebtedness. The Corporation's primary uses of capital are to finance operations, execute upon its growth strategies and to fund capital expenditure programs.

The Corporation intends to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Corporation may issue new shares, raise debt or refinance existing debt with different characteristics.

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The primary non-IFRS measures used by the Corporation to monitor its financial leverage are its ratios of long-term indebtedness to capitalization and net long-term indebtedness to EBITDA. During the year, the definition of EBITDA was revised to exclude the impact of costs or recoveries relating to investing activities. The changes to EBITDA are described in further detail in Note 6.

Over the long-term, the Corporation strives to maintain a target long-term indebtedness to capitalization percentage in the range of 20% to 40%, calculated as follows:

	December 31, 2015	December 31, 2014
Long-term indebtedness:		
Long-term debt, principal amount ⁽¹⁾	\$ 51,237	\$ 3,093
Convertible debentures, principal amount ⁽²⁾	80,500	166,750
Total long-term indebtedness	131,737	169,843
Total equity	224,982	216,621
Total capitalization	\$ 356,719	\$ 386,464
Indebtedness to capitalization percentage	37%	44%

⁽¹⁾ Principal amount of current and non-current long-term debt before the deduction of deferred financing fees (Note 26).

⁽²⁾ Includes the maturity value of the convertible debentures issued in 2014 of \$80,500. The convertible debentures issued in 2010 with a maturity value of \$86,250 matured on June 30, 2015 (Note 27).

The Corporation targets a net long-term indebtedness to EBITDA ratio of 2.0 to 3.0 over a three to five-year planning horizon. At December 31, 2015, the net long-term indebtedness to EBITDA was 1.8 (2014 – 1.5), calculated on a last 12-month basis as follows:

	December 31, 2015	December 31, 2014
Total long-term indebtedness ⁽¹⁾	\$ 131,737	\$ 169,843
Less: Cash on hand ⁽²⁾	(37,839)	(104,113)
Net long-term indebtedness	\$ 93,898	\$ 65,730
Net earnings from continuing operations	\$ 11,195	\$ 7,145
Add:		
Finance costs	12,638	12,866
Income tax expense	4,846	4,070
Depreciation and amortization	20,304	14,883
Impairment loss on property and equipment	1,170	2,596
Impairment loss on intangible assets	4,000	-
(Recovery) cost relating to investing activities	(2,935)	1,680
(Gain) loss on sale of assets	(149)	112
EBITDA	\$ 51,069	\$ 43,352
Net long-term indebtedness to EBITDA ratio	1.8	1.5

⁽¹⁾ As per the calculation in the indebtedness to capitalization percentage.

⁽²⁾ Cash on hand includes restricted cash (Note 17).

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The Corporation monitors its capital through a rolling forecast of financial position and expected operating results. In addition, the Corporation establishes and reviews operating and capital budgets and cash flow forecasts in order to manage overall capital with respect to financial covenants. The Corporation's Revolver (Note 26) is subject to the amended covenants described below. The covenants are measured each quarter on March 31, June 30, September 30 and December 31. The Corporation was in full compliance with its covenants at December 31, 2015 and December 31, 2014.

- Interest coverage – Interest coverage represents the ratio of EBITDA to interest expense for the 12 months ending as at the end of the fiscal quarter. For the purposes of the Revolver, EBITDA is defined as earnings or loss before interest, income taxes, depreciation and amortization, non-cash gains and losses from financial instruments, share-based compensation and any other non-cash items deducted in the calculation of net earnings. The Corporation's interest coverage ratio must exceed 3:1.
- Debt to EBITDA – Debt represents total indebtedness and total obligations of the Corporation and its subsidiaries, excluding convertible debentures. The Corporation's debt to EBITDA ratio cannot exceed 3:1.

33. PRINCIPAL SUBSIDIARIES

Details of the Corporation's principal operating subsidiaries at December 31, 2015 are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held
Stuart Olson Buildings Ltd.	Building Construction	Alberta	100%
Stuart Olson Industrial Inc.	Industrial Construction	Alberta	100%
411007 Alberta Ltd.	Corporate	Alberta	100%
TCC Holdings Inc.	Corporate	Alberta	100%
The Churchill Corporation	Electrical Contracting	Alberta	100%

34. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below.

The Corporation incurred facility costs during the year ended December 31, 2015 of \$459 (2014 - \$nil) for the rental of buildings that are partially owned indirectly by Don Sutherland, the president of Studon. No amounts are included in trade payables as at December 31, 2015 and 2014.

The Corporation incurred facility costs during the year ended December 31, 2015 of \$324 (2014 – \$309) for the rental of a building that is 50% owned by Schneider Investments Inc., a company owned by George Schneider, a former Director of the Corporation. No amounts are included in trade payables as at December 31, 2015 and 2014.

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The Corporation incurred facility costs during the year ended December 31, 2015 of \$nil (2014 – \$269) for the rental of a building owned by Broda Holdings (2009) Inc., a company owned by Gord Broda, the president of a former subsidiary of the Corporation. No amounts are included in trade payables as at December 31, 2015 and 2014. The Corporation reclassified these facility costs as discontinued operations in the consolidated statements of earnings (loss).

On September 1, 2014, the Corporation completed the sale of Broda to TriWest Capital Partners and certain members of the senior management team of Broda, including the president, for gross cash proceeds of \$38,829 (Note 14). Gord Broda had an indirect interest in the entity that acquired Broda. Chad Danard, a Director of the Corporation and a Managing Director of TriWest, did not participate in any discussions related to the Broda disposition. TriWest recognized the potential conflict and took steps to ensure that Mr. Danard was not involved at any time in discussions at TriWest pertaining to the Broda disposition.

35. OPERATING LEASE AGREEMENTS

The Corporation leases certain construction equipment, vehicles, office premises and equipment under operating leases. Future minimum lease payments on non-cancellable operating lease commitments over the next five years and thereafter are as follows:

	December 31, 2015	December 31, 2014
Not later than 1 year	\$ 8,226	\$ 7,241
Later than 1 year and not later than 5 years	28,716	28,179
Later than 5 years	24,472	33,362
	\$ 61,414	\$ 68,782

Payments recognized as expense:

	December 31, 2015	December 31, 2014
Minimum lease payments	\$ 10,707	\$ 9,336
Sub-lease payments received	(1,239)	(1,208)
	\$ 9,468	\$ 8,128

Management has applied judgment in determining the classification of these leases as operating leases. Certain construction equipment, vehicles and equipment leases and office premise leases have been classified as operating leases since title does not pass, the monthly amounts paid do not represent substantially all of the fair value of the leased assets, the lease term is not for the major part of the economic life and the Corporation does not participate in the residual value of these assets.

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36. CONTINGENCIES, COMMITMENTS AND GUARANTEES

(a) Contingencies

In the normal course of the Corporation's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings and legal actions relating to, among other things, construction disputes for which insurance is not available, human resources matters, personal injuries, property damage and general commercial and contractual matters arising from its business activities. In view of the quantum of the amounts claimed, the insurance coverage maintained by the Corporation and, in some cases, the provisions included in the Corporation's financial statements for any potential settlements in respect of these matters, management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against the Corporation that would have a material adverse impact on the financial position or results of operations of the Corporation. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to the Corporation's reputation or reduction of prospects for future contract awards.

Subsidiaries of the Corporation are contingently liable for normal contractor obligations relating to performance and completion of construction contracts as well as obligations of associates in certain joint arrangements.

(b) Commitments and guarantees

The Corporation has made various donations in support of local communities. Over the next three years the Corporation has committed to pay \$168 (2014 - \$1,389), of which \$56 (2014 - \$834) is to be paid in the upcoming 12 month period.

The Corporation is a participant in joint operations for which it has provided joint and several guarantees, increasing the maximum potential payment to the full value of the work remaining under the contract. The Corporation has issued several parental guarantees in support of significant projects being undertaken by the Buildings Group and Industrial Group segments.

Furthermore, there are various outstanding parental guarantees provided by the Corporation in respect of the obligations and performance of the Corporation's operating segments.

(c) Letters of credit

The Corporation has provided several letters of credit in the amount of \$3,690 in connection with various projects and joint arrangements (2014 - \$4,357), of which \$nil are financial letters of credit (2014 - \$nil).

37. EVENTS AFTER THE REPORTING PERIOD

On March 1, 2016, the Corporation's Board of Directors declared a common share dividend of \$0.12 per share. The dividend is designated as an eligible dividend under the *Income Tax Act* (Canada) and is payable April 14, 2016 to shareholders of record on March 31, 2016.