

# **ShawCor Ltd.**

Unaudited Interim Consolidated Financial Statements  
**June 30, 2015**

(in thousands of Canadian dollars)

# ShawCor Ltd.

## Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (note 6)	\$ 165,369	\$ 116,556
Short-term investments	7,461	550
Accounts receivable	372,269	457,610
Income taxes receivable	35,109	11,232
Inventories	204,065	194,732
Prepaid expenses	21,948	27,370
Derivative financial instruments (note 11)	1,524	5,578
	<b>807,745</b>	<b>813,628</b>
<b>Non-current Assets</b>		
Loans receivable (note 7)	7,314	7,021
Property, plant and equipment	440,846	435,311
Intangible assets	213,765	202,736
Investments in associates	22,362	19,165
Deferred income taxes	30,636	39,019
Other assets	25,305	26,889
Goodwill	419,840	396,201
	<b>1,160,068</b>	<b>1,126,342</b>
	<b>\$ 1,967,813</b>	<b>\$ 1,939,970</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Bank indebtedness (note 8)	\$ –	\$ 4,685
Accounts payable and accrued liabilities	248,567	252,443
Provisions	22,782	14,974
Income taxes payable	43,466	33,944
Derivative financial instruments (note 11)	2,571	794
Deferred revenue	83,450	102,005
Obligations under finance lease	1,026	1,222
Other liabilities	20,646	24,828
	<b>422,508</b>	<b>434,895</b>
<b>Non-current Liabilities</b>		
Long-term debt (note 10)	432,369	406,926
Obligations under finance lease	11,868	12,273
Provisions	38,278	37,350
Employee future benefits	28,020	26,008
Deferred income taxes	11,509	24,007
Other non-current liabilities	6,606	17,898
	<b>528,650</b>	<b>524,462</b>
	<b>951,158</b>	<b>959,357</b>
<b>Equity</b>		
Share capital (note 12)	534,474	533,660
Contributed surplus	16,275	14,625
Retained earnings	443,061	433,177
Non-controlling interests	7,584	7,254
Accumulated other comprehensive income (loss)	15,261	(8,103)
	<b>1,016,655</b>	<b>980,613</b>
	<b>\$ 1,967,813</b>	<b>\$ 1,939,970</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

# ShawCor Ltd.

## Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
<b>Revenue</b>				
Sale of products	\$ 123,627	\$ 143,257	\$ 258,793	\$ 282,348
Rendering of services	274,393	298,129	611,167	638,120
	<b>398,020</b>	441,386	<b>869,960</b>	920,468
<b>Cost of Goods Sold and Services Rendered</b>	<b>274,421</b>	262,101	<b>577,336</b>	542,914
<b>Gross Profit</b>	<b>123,599</b>	179,285	<b>292,624</b>	377,554
Selling, general and administrative expenses (note 14)	103,064	88,861	196,777	178,327
Research and development expenses	4,539	5,136	8,612	9,310
Foreign exchange losses (gains)	2,920	1,029	(177)	(2,002)
Amortization of property, plant and equipment	14,631	12,277	28,374	27,736
Amortization of intangible assets	5,523	2,789	10,500	5,571
<b>(Loss) Income from Operations</b>	<b>(7,078)</b>	69,193	<b>48,538</b>	158,612
Gain on assets held for sale	–	2,525	–	2,525
(Loss) income from investments in associates	(146)	327	(257)	(35)
Loss from investments in joint ventures	–	(1,695)	–	(2,847)
Finance costs, net (note 16)	(4,213)	(4,616)	(8,661)	(8,343)
<b>(Loss) Income before Income Taxes</b>	<b>(11,437)</b>	65,734	<b>39,620</b>	149,912
Income taxes	(3,111)	17,991	9,679	40,562
<b>Net (Loss) Income for the Period</b>	<b>\$ (8,326)</b>	\$ 47,743	<b>\$ 29,941</b>	\$ 109,350
<b>Net (Loss) Income Attributable to:</b>				
Shareholders of the Company	\$ (8,538)	\$ 47,949	\$ 29,236	\$ 109,896
Non-controlling interests	212	(206)	705	(546)
<b>Net (Loss) Income for the Period</b>	<b>\$ (8,326)</b>	\$ 47,743	<b>\$ 29,941</b>	\$ 109,350
<b>Earnings per Share (note 17)</b>				
Basic	\$ (0.13)	\$ 0.80	\$ 0.45	\$ 1.83
Diluted	\$ (0.13)	\$ 0.79	\$ 0.45	\$ 1.82
<b>Weighted Average Number of Shares Outstanding</b> <b>(000's) (note 17)</b>				
Basic	64,508	60,190	64,503	60,116
Diluted	64,738	60,647	64,748	60,506

The accompanying notes are an integral part of these interim consolidated financial statements.

# ShawCor Ltd.

## Interim Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Net (Loss) Income for the Period</b>	<b>\$ (8,326)</b>	<b>\$ 47,743</b>	<b>\$ 29,941</b>	<b>\$ 109,350</b>
<b>Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods:</b>				
Exchange differences on translation of foreign operations	(14,762)	(13,116)	22,791	(5,997)
Other comprehensive income attributable to investments in joint ventures	–	1,228	–	1,655
Other comprehensive (loss) income attributable to investments in associates	(81)	–	198	–
<b>Net Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods</b>	<b>(14,843)</b>	<b>(11,888)</b>	<b>22,989</b>	<b>(4,342)</b>
<b>Other Comprehensive (Loss) Income, Net of Income Tax</b>	<b>(14,843)</b>	<b>(11,888)</b>	<b>22,989</b>	<b>(4,342)</b>
<b>Total Comprehensive (Loss) Income</b>	<b>\$ (23,169)</b>	<b>\$ 35,855</b>	<b>\$ 52,930</b>	<b>\$ 105,008</b>
<b>Comprehensive (Loss) Income Attributable to:</b>				
Shareholders of the Company	\$ (22,637)	\$ 35,839	\$ 52,600	\$ 104,738
Non-controlling interests	(532)	16	330	270
<b>Total Comprehensive (Loss) Income</b>	<b>\$ (23,169)</b>	<b>\$ 35,855</b>	<b>\$ 52,930</b>	<b>\$ 105,008</b>

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# ShawCor Ltd.

## Interim Consolidated Statements of Change in Equity (Unaudited)

(in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Non- controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Equity
<b>Balance - December 31, 2014</b>	<b>\$ 533,660</b>	<b>\$ 14,625</b>	<b>\$ 433,177</b>	<b>\$ 7,254</b>	<b>\$ (8,103)</b>	<b>\$ 980,613</b>
Net income	–	–	29,236	705	–	29,941
Other comprehensive income	–	–	–	(375)	23,364	22,989
Comprehensive income	–	–	29,236	330	23,364	52,930
Issued on exercise of stock options	500	–	–	–	–	500
Compensation cost on exercised options	195	(195)	–	–	–	–
Compensation cost on exercised RSUs	119	(119)	–	–	–	–
Stock-based compensation expense	–	1,964	–	–	–	1,964
Dividends declared and paid to shareholders (note 12)	–	–	(19,352)	–	–	(19,352)
<b>Balance – June 30, 2015</b>	<b>\$534,474</b>	<b>\$16,275</b>	<b>\$443,061</b>	<b>\$7,584</b>	<b>\$15,261</b>	<b>\$1,016,655</b>
<b>Balance – December 31, 2013</b>	<b>\$ 303,327</b>	<b>\$ 13,093</b>	<b>\$ 373,574</b>	<b>\$ 2,419</b>	<b>\$ (33,832)</b>	<b>\$ 658,581</b>
Net income (loss)	–	–	109,896	(546)	–	109,350
Other comprehensive income (loss)	–	–	–	816	(5,158)	(4,342)
Comprehensive income	–	–	109,896	270	(5,158)	105,008
Issued on exercise of stock options	5,619	–	–	–	–	5,619
Compensation cost on exercised options	1,989	(1,989)	–	–	–	–
Compensation cost on exercised RSUs	38	(38)	–	–	–	–
Stock-based compensation expense	–	2,134	–	–	–	2,134
Dividends declared and paid to shareholders (note 12)	–	–	(16,542)	–	–	(16,542)
<b>Balance – June 30, 2014</b>	<b>\$ 310,973</b>	<b>\$ 13,200</b>	<b>\$466,928</b>	<b>\$ 2,689</b>	<b>\$ (38,990)</b>	<b>\$ 754,800</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

# ShawCor Ltd.

## Interim Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
<b>Operating Activities</b>				
Net (loss) income for the period	\$ (8,326)	\$ 47,743	\$ 29,941	\$ 109,350
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	14,631	12,277	28,374	27,736
Amortization of intangible assets	5,523	2,789	10,500	5,571
Amortization of long-term prepaid expenses	583	282	1,077	489
Decommissioning liabilities expenses	1,079	121	1,190	224
Other provision expenses	7,465	1,637	9,677	2,812
Stock-based and incentive based compensation (note 13)	1,852	6,661	3,439	13,407
Deferred income taxes	(6,940)	(767)	(4,865)	(2,336)
Loss (gain) on disposal of property, plant and equipment	141	(100)	189	(81)
Loss (gain) on derivative financial instruments	3,135	(533)	5,831	(1,436)
Loss (income) from investments in associates	146	(327)	257	35
Loss from investments in joint ventures	–	1,695	–	2,847
Gain on assets held for sale	–	(2,525)	–	(2,525)
Other	–	(1,801)	–	(1,538)
Settlement of decommissioning liabilities	–	(59)	(6)	(81)
Settlement of other provisions	(1,601)	(5,749)	(2,808)	(7,690)
Net change in employee future benefits (note 15)	(297)	281	27	712
Net change in non-cash working capital and foreign exchange	90,359	(48,204)	41,222	(116,792)
<b>Cash Provided by Operating Activities</b>	<b>107,750</b>	<b>13,421</b>	<b>124,045</b>	<b>30,704</b>
<b>Investing Activities</b>				
(Increase) decrease in loans receivable	(35)	–	4	1,075
(Increase) decrease in short-term investments	(5,767)	5,112	(6,911)	6,059
Purchase of property, plant and equipment	(13,022)	(20,104)	(28,246)	(32,755)
Proceeds on disposal of property, plant and equipment	282	310	856	1,036
Purchase of intangible assets	(17)	(58)	(54)	(58)
Proceeds from sale of joint venture	–	12,817	–	12,817
Deferred purchase consideration	(241)	(18,070)	(1,305)	(18,830)
Investments in associate	(3,256)	–	(3,256)	(13,700)
Decrease (increase) in other assets	134	–	77	(10,000)
Business acquisition (note 5)	–	(1,689)	(17,036)	(1,689)
<b>Cash Used in Investing Activities</b>	<b>(21,922)</b>	<b>(21,682)</b>	<b>(55,871)</b>	<b>(56,045)</b>
<b>Financing Activities</b>				
(Decrease) increase in bank indebtedness	(6,103)	7,882	(4,685)	6,503
Increase (decrease) in loans payable	–	16	(2,513)	–
Repayment of finance lease obligation	(77)	(470)	(601)	(470)
Issuance of shares	456	2,313	500	5,619
Dividends paid to shareholders	(9,677)	(9,030)	(19,352)	(16,542)
<b>Cash (Used in) Provided by Financing Activities</b>	<b>(15,401)</b>	<b>711</b>	<b>(26,651)</b>	<b>(4,890)</b>
<b>Effect of Foreign Exchange on Cash and Cash Equivalents</b>	<b>(2,677)</b>	<b>(1,500)</b>	<b>7,290</b>	<b>331</b>
<b>Net change in Cash and Cash Equivalents for the Period</b>	<b>67,750</b>	<b>(9,050)</b>	<b>48,813</b>	<b>(29,900)</b>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<b>97,619</b>	<b>58,545</b>	<b>116,556</b>	<b>79,395</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 165,369</b>	<b>\$ 49,495</b>	<b>\$ 165,369</b>	<b>\$ 49,495</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

## **Notes to Interim Consolidated Financial Statements (Unaudited)**

### **1 Corporate Information**

ShawCor Ltd. is a publicly listed company incorporated in Canada with its shares listed on the Toronto Stock Exchange. ShawCor Ltd., together with its wholly owned subsidiaries (collectively referred to as the "Company" or "ShawCor"), is a growth oriented, global energy services company serving the Pipeline and Pipe Services and the Petrochemical and Industrial segments of the energy industry. The Company operates nine divisions with over 90 manufacturing and service facilities located around the world. Further information as it pertains to the nature of operations is set out in note 4.

The head office, principal address and registered office of the Company is 25 Bethridge Road, Toronto, Ontario, M9W 1M7, Canada.

### **2 Basis of Preparation**

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and thus should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2014 ("Annual Consolidated Financial Statements"). The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements.

#### **Basis of Presentation and Consolidation**

The interim consolidated financial statements have been prepared on the historical cost basis, except for financial instruments, which are measured at fair value, as explained in the accounting policies set out in the Company's Annual Consolidated Financial Statements.

The interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except when otherwise stated.

The interim consolidated financial statements comprise the financial statements of the Company and the entities under its control and the Company's equity accounted interests in joint ventures and associates.

The preparation of interim consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these interim consolidated financial statements, are described in note 3 of the Company's Annual Consolidated Financial Statements.

The results of the subsidiaries acquired during the period are included in the interim consolidated financial statements from the date of the acquisition. Adjustments are made, where necessary, to the financial statements of the subsidiaries and joint arrangements and associates to ensure consistency with those policies adopted by the Company. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The interim consolidated financial statements and accompanying notes as at and for the three-month and six-month periods ended June 30, 2015 were authorized for issue by the Company's Board of Directors on August 6, 2015.

### **3 Accounting Standards Issued but Not Yet Applied**

#### ***IFRS 9 – Financial Instruments***

IFRS 9, as issued, by the International Accounting Standards Board ("IASB") replaces IAS 39 regarding the recognition and measurement of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of this standard on the consolidated financial statements.

## **Notes to Interim Consolidated Financial Statements (Unaudited)**

### ***IFRS 15 – Revenue from Contracts with Customers***

In May 2014, the IASB issued *IFRS 15*, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. *IFRS 15* is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

### ***IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets***

In May 2014, the IASB issued amendments to *IAS 16* and *IAS 38*, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. The Company is in the process of reviewing the amendments to determine the impact on the consolidated financial statements.

## **4 Segment Information**

ShawCor's operating segments are being reported based on the financial information provided to the Chief Executive Officer, who has been identified as the CODM in monitoring segment performance and allocating resources between segments. The CODM assesses segment performance based on segment operating income or loss, which is measured differently than income from operations in the consolidated financial statements. Income taxes are managed at a consolidated level and are not allocated to the reportable operating segments.

As at June 30, 2015, the Company had two reportable operating segments: Pipeline and Pipe Services; and Petrochemical and Industrial. Inter-segment transactions between Pipeline and Pipe Services and Petrochemical and Industrial are accounted for at negotiated transfer prices. The aggregation of operating segments into reportable segments is based on the customer and markets that the Company serves.

### **Pipeline and Pipe Services**

The Pipeline and Pipe Services segment comprises the following business units:

- Bredero Shaw, which provides pipe coating, lining and insulation products;
- Socotherm, which provides pipe coating, lining and insulation products;
- Canusa - CPS, which manufactures heat shrinkable sleeves, adhesives and liquid coatings for pipeline joint protection applications;
- Flexpipe Systems, which provides spoolable composite pipe systems;
- Guardian, which provides oilfield tubular management services and inspection, testing and refurbishment of oilfield tubular products;
- Shaw Pipeline Services, which provides ultrasonic and radiographic weld inspection services for land and marine pipeline construction; and
- Desert NDT, which provides non-destructive testing services for new oil and gas gathering pipelines and infrastructure integrity management services.

### **Petrochemical and Industrial**

The Petrochemical and Industrial segment comprises the following business units:

- ShawFlex, which manufactures wire and cable for process instrumentation and control applications; and
- DSG-Canusa, which manufactures heat-shrinkable tubing for automotive, electrical, electronic and utility applications.

### **Financial and Corporate**

The financial and corporate division for ShawCor does not meet the definition of a reportable operating segment as defined in IFRS, as it does not earn revenue.



## Notes to Interim Consolidated Financial Statements (Unaudited)

### Segment

The following table sets forth information by segment for the quarter ended June 30:

(in thousands of Canadian dollars)	Pipeline and Pipe Services		Petrochemical and Industrial		Financial and Corporate		Eliminations and Adjustments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue										
External	\$ 352,472	396,505	\$ 45,548	44,881	\$ –	–	\$ –	–	\$ 398,020	441,386
Inter-segment	(135)	266	296	328	–	–	(161)	(594)	–	–
	\$ 352,337	396,771	\$ 45,844	45,209	\$ –	–	\$ (161)	(594)	\$ 398,020	441,386
Income (loss) from operations	\$ 1,905	74,702	\$ 6,971	7,918	\$ (15,954)	(13,427)	\$ –	–	\$ (7,078)	69,193
Income (loss) before income tax	\$ (2,599)	72,535	\$ 6,581	7,462	\$ (15,419)	(14,263)	\$ –	–	\$ (11,437)	65,734

The following table sets forth information by segment for the six months ended June 30:

(in thousands of Canadian dollars)	Pipeline and Pipe Services		Petrochemical and Industrial		Financial and Corporate		Eliminations and Adjustments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue										
External	\$ 780,546	832,998	\$ 89,414	87,470	\$ –	–	\$ –	–	\$ 869,960	920,468
Inter-segment	605	572	670	667	–	–	(1,275)	(1,239)	–	–
	\$ 781,151	833,570	\$ 90,084	88,137	\$ –	–	\$ (1,275)	(1,239)	\$ 869,960	920,468
Income (loss) from operations	\$ 57,022	166,886	\$ 13,232	13,981	\$ (21,716)	(22,255)	\$ –	–	\$ 48,538	158,612
Income (loss) before income tax	\$ 48,099	161,294	\$ 12,374	13,055	\$ (20,853)	(24,437)	\$ –	–	\$ 39,620	149,912

The following table sets forth information for total assets by segment as at:

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
Pipeline and Pipe Services	\$ 2,306,871	\$ 2,267,366
Petrochemical and Industrial	106,082	158,936
Financial and Corporate	1,095,017	1,177,262
Elimination and adjustments	(1,540,157)	(1,663,594)
	\$ 1,967,813	\$ 1,939,970

## 5 Acquisition of Dhatec B.V. (Netherlands)

On January 5, 2015, the Company completed the acquisition of Dhatec B.V. ("Dhatec") for approximately \$17.1 million (€12.1 million). Dhatec is a Netherlands based company which designs, assembles and markets engineered pipe logistics products and services which mitigate damage and enhance safety and efficiency in the manufacturing, coating, handling, transportation, preservation and storage of pipe.

## Notes to Interim Consolidated Financial Statements (Unaudited)

### 6 Cash and Cash Equivalents

The following table sets forth the Company's cash and cash equivalents as at:

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
Cash	\$ 138,916	\$ 112,452
Cash equivalents	26,453	4,104
<b>Total</b>	<b>\$ 165,369</b>	<b>\$ 116,556</b>

### 7 Loans Receivable

The following table details the long-term loans receivable as at:

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
<b>Non-current</b>		
Notes receivable <sup>(a)</sup>	\$ 4,708	\$ 4,434
Loan receivable	2,606	2,587
<b>Total</b>	<b>\$ 7,314</b>	<b>\$ 7,021</b>

(a) Long-term notes receivable relate to an amount advanced by the Company to an external party to support the construction of port facilities at a Bredero Shaw plant location in Kabil, Indonesia. Interest is payable semi-annually at U.S. prime plus 0.25%, with principal repayments to be made in four semi-annual instalments beginning no later than March 31, 2018, as set out in the loan agreement terms. As at June 30, 2015, the amount of the note receivable was U.S.\$3,810 (December 31, 2014 – U.S.\$3,813).

### 8 Credit Facilities

The following table sets forth the Company's total credit facilities as at:

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
Bank indebtedness	\$ –	\$ 4,685
Standard letters of credit for performance and bid bonds (note 9)	122,353	137,667
Total utilized credit facilities	122,353	142,352
Total available credit facilities <sup>(a)</sup>	556,065	523,305
<b>Unutilized Credit Facilities</b>	<b>\$ 433,712</b>	<b>\$ 380,953</b>

(a) The Company guarantees the bank credit facilities of its subsidiaries.

The Company pays a floating interest rate on this credit facility that is a function of the Company's total debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio. Allowable credit utilization outside of this facility is U.S.\$50 million.

### Debt Covenants

The Company has undertaken to maintain certain covenants in respect of the Unsecured Committed Bank Credit Facility. Specifically, the Company is required to maintain an Interest Coverage Ratio (EBITDA plus rental payments divided by interest expense plus rental payments) of more than 2.50 to 1 and total debt to EBITDA ratio of less than 3.00 to 1. The Company was in compliance with these covenants as at June 30, 2015 and December 31, 2014.

## **Notes to Interim Consolidated Financial Statements (Unaudited)**

### **9 Commitments and Contingencies**

#### **Performance, Bid and Surety Bonds**

The Company provides standby letters of credit and performance, bid and surety bonds through financial intermediaries to various customers in support of project contracts for the successful execution of these contracts. If the Company fails to perform under the terms of the contract, the customer has the ability to draw upon all or a portion of the letter of credit or bond as compensation for the Company's failure to perform. The contracts that these letters of credit and bonds support generally have a term of one to three years, but could extend up to four years. Bid bonds typically have a term of less than one year and are renewed, if required, over the term of the applicable contract. Historically, the Company has not made and does not anticipate that it will be required to make material payments under these types of letters of credit and bonds. The Company utilizes its credit facilities to support the Company's bonds. The Company had utilized credit facilities of \$122.4 million as at June 30, 2015 (December 31, 2014 – \$137.7 million) for support of its bonds. In addition, as at June 30, 2015, the Company had \$116.6 million of outstanding surety bonds through insurance companies (December 31, 2014 – \$108.4 million).

#### **Legal Claims**

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

A statement of claim was filed against a group of three companies, which included ShawCor, in January 2010 and later amended in April 2015, by Canadian Natural Resources Ltd. ("CNRL") for \$68 million in damages in relation to the failure of a high temperature pipeline that was part of the expansion of CNRL's Primrose/Wolf Lake Heavy Oil Project in northeast Alberta. Management believes that the pipeline failure was due to the negligence of CNRL and/or one of the Company's co-defendants since the Company had met all of the specifications required for the products it provided. The trial is expected to start in April 2016 in the Alberta Court of Queen's Bench. At this time, the likelihood of the outcome is not determinable. The Company believes the lawsuit to be without merit and intends to defend against the litigation vigorously.

### **10 Long-term Debt ("Senior Notes")**

The total long-term debt balance as at June 30, 2015 is \$432.4 million (U.S.\$350.0 million) {December 31, 2014 – \$406.9 million (U.S.\$350.0 million)}. The long-term debt has been designated as a hedge of the Company's net investment in an U.S. dollar functional currency subsidiary as described in note 11.

The Company has undertaken to maintain certain covenants in respect of the long-term debt that are consistent with the debt covenants described for the Company's Credit Facility. The Company was in compliance with these covenants as at June 30, 2015 and December 31, 2014.

## Notes to Interim Consolidated Financial Statements (Unaudited)

### 11 Financial Instruments

The Company has classified its financial instruments as follows:

(in thousands of Canadian dollars)	June 30, 2015	December 31, 2014
<b>Loans and Receivables, Measured at Amortized Cost</b>		
Loans receivable	\$ 7,314	\$ 7,021
Trade accounts receivable, net	262,070	327,474
<b>Held-to-maturity</b>		
Short-term investments	7,461	550
<b>Fair Value through Profit or Loss</b>		
Cash and cash equivalents	165,369	116,556
Derivative financial instruments – assets	1,524	5,578
Derivative financial instruments – liabilities	2,571	794
<b>Available-for-sale</b>		
Convertible preferred shares	10,000	10,000
Deposit guarantee	785	893
<b>Other Financial Liabilities, Measured at Amortized Cost</b>		
Bank indebtedness	–	4,685
Loans payable	83	121
Accounts payable	89,387	89,077
Deferred purchase consideration	3,611	4,873
Long-term debt	\$ 432,369	\$ 406,926

#### Fair Value

*IFRS 13, Fair Value – Measurement*, provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those which reflect market data obtained from independent sources, while unobservable inputs reflects the Company's assumptions with respect to how market participants would price an asset or liability. These two inputs which are used to measure fair value fall into the following three different levels of the fair value hierarchy:

- **Level 1** Quoted prices in active markets for identical instruments that are observable.
- **Level 2** Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.
- **Level 3** Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The hierarchy requires the use of observable market data when available.

The following table presents the fair value hierarchy levels for the financial assets and liabilities as at June 30, 2015:

## Notes to Interim Consolidated Financial Statements (Unaudited)

(in thousands of Canadian dollars)	Fair Value		Level 1		Level 2		Level 3	
<b>Assets</b>								
Cash and cash equivalents	\$	165,369	\$	165,369	\$	–	\$	–
Short-term investments		7,461		7,461		–		–
Derivative financial instruments		1,524		–		1,524		–
Convertible preferred shares		10,000		–		–		10,000
Deposit guarantee		785		–		785		–
	\$	185,139	\$	172,830	\$	2,309	\$	10,000
<b>Liabilities</b>								
Long-term debt	\$	432,369	\$	–	\$	432,369	\$	–
Derivative financial instruments		2,571		–		2,571		–
	\$	434,940	\$	–	\$	434,940	\$	–

The derivative financial instruments relate to foreign exchange forward contracts entered into by the Company (as described below) and are valued by comparing the rates at the time the derivatives are acquired to the period-end rates quoted in the market.

### **Financial Risk Management**

The Company's operations expose it to a variety of financial risks including market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of Company management. Material risks are monitored and are regularly reported to the Board of Directors.

#### Foreign Exchange Risk

The majority of the Company's business is transacted outside of Canada through subsidiaries operating in several countries. The net investments in these subsidiaries as well as their revenue, operating expenses and non-operating expenses are based in foreign currencies. As a result, the Company's consolidated revenue, expenses and financial position may be impacted by fluctuations in foreign exchange rates as these foreign currency items are translated into Canadian dollars. As at June 30, 2015, fluctuations of +/- 5% in the Canadian dollar, relative to those foreign currencies, would impact the Company's consolidated revenue, income from operations, and net income (attributable to shareholders of the Company) for the quarter then ended by approximately \$31.4 million, \$2.9 million and \$2.5 million, respectively, prior to hedging activities. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by \$76.4 million, \$18.4 million and \$58.0 million, respectively.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures associated with the Company's foreign currency-denominated cash streams and the resulting variability of the Company's earnings. The Company utilizes foreign exchange forward contracts to manage this foreign exchange risk. The Company does not enter into foreign exchange contracts for speculative purposes. With the exception of the Company's U.S. dollar based operations, the Company does not hedge translation exposures.

#### Foreign Exchange Forward Contracts

The Company utilizes financial instruments to manage the risk associated with foreign exchange rates. The Company formally documents all relationships between hedging instruments and the hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The following table sets out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement of these contracts as at June 30, 2015:

## **Notes to Interim Consolidated Financial Statements (Unaudited)**

(in thousands, except weighted average rate amounts)

Canadian dollars sold for US dollars	
Less than one year	<b>CAD\$ 15,018</b>
Weighted average rate	<b>0.83</b>
US dollars sold for Canadian dollars	
Less than one year	<b>US\$ 14,400</b>
Weighted average rate	<b>1.18</b>
US dollars sold for Euros	
Less than one year	<b>US\$ 4,034</b>
Weighted average rate	<b>0.89</b>
US dollars sold for Norwegian Kroners	
Less than one year	<b>US\$ 14,911</b>
Weighted average rate	<b>0.13</b>
Euros sold for US dollars	
Less than one year	<b>€ 59,840</b>
Weighted average rate	<b>1.12</b>
British pounds sold for US dollars	
Less than one year	<b>£ 1,909</b>
Weighted average rate	<b>1.57</b>
Norwegian Kroners sold for US dollars	
Less than one year	<b>NOK 148,902</b>
Weighted average rate	<b>0.13</b>
Malaysian ringgits sold for US dollars	
Less than one year	<b>MYR 27,298</b>
Weighted average rate	<b>0.26</b>

The Company does not apply hedge accounting to account for its foreign exchange forward contracts.

As at June 30, 2015, the Company had notional amounts of \$176.9 million of forward contracts outstanding (December 31, 2014 – \$130.9 million) with the fair value of the Company's net loss from all foreign exchange forward contracts totalling \$1.0 million (December 31, 2014 – \$4.7 million net gain).

### **Net Investment Hedge**

The Senior Notes have been designated as a hedge of the net investment in one of the Company's subsidiaries, which has the U.S. dollar as its functional currency. During the six month period ended June 30, 2015, a loss of \$25.5 million on the translation of the Senior Notes was transferred to other comprehensive income to offset the gains on translation of the net investment in the U.S. dollar functional currency subsidiary. There was no ineffectiveness of this hedge for the six month period ended June 30, 2015.

## Notes to Interim Consolidated Financial Statements (Unaudited)

### Interest Rate Risk

The following table summarizes the Company's exposure to interest rate risk as at June 30, 2015:

(in thousands of Canadian dollars)	<b>Non-interest Bearing</b>	<b>Floating Rate</b>	<b>Fixed Interest Rate</b>	<b>Total</b>
<b>Financial Assets</b>				
Cash equivalents	\$ –	\$ –	\$ 26,453	\$ 26,453
Short-term investments	7,461	–	–	7,461
Loans receivable	240	4,708	2,366	7,314
Convertible preferred shares	10,000	–	–	10,000
	<b>\$ 17,701</b>	<b>\$ 4,708</b>	<b>\$ 28,819</b>	<b>\$ 51,228</b>
<b>Financial Liabilities</b>				
Loans payable	\$ 83	\$ –	\$ –	\$ 83
Long-term debt	–	–	432,369	432,369
	<b>\$ 83</b>	<b>\$ –</b>	<b>\$ 432,369</b>	<b>\$ 432,452</b>

The Company's interest rate risk arises primarily from its floating rate long-term notes receivable and is not currently considered to be material.

### Credit Risk

Credit risk arises from cash and cash equivalents held with banks, forward foreign exchange contracts, as well as credit exposure of customers, including outstanding accounts receivable. The maximum credit risk is equal to the carrying value of the financial instruments.

For the quarter ended June 30, 2015, the Company had no customer who generated revenue greater than 10% of total consolidated revenue.

### Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient, readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and through the availability of funding from committed credit facilities. As at June 30, 2015, the Company had cash and cash equivalents totalling \$165.4 million (December 31, 2014 – \$116.6 million) and had unutilized lines of credit available to use of \$433.7 million (December 31, 2014 – \$381.0 million).

## Notes to Interim Consolidated Financial Statements (Unaudited)

### 12 Share Capital

The following table sets forth the changes in the Company's shares for the periods indicated:

(all dollar amounts in thousands of Canadian dollars)

<b>Number of Shares</b>	
Balance, December 31, 2014	64,493,849
Issued on exercise of stock options	23,650
Issued on exercise of Restricted Stock Units ("RSUs")	3,322

<b>Balance, June 30, 2015</b>	<b>64,520,821</b>
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**Stated Value:**

Balance, December 31, 2014	\$ 533,660
Proceeds from exercise of stock options	500
Compensation cost on exercised options	195
Compensation cost on exercised RSUs	119

<b>Balance, June 30, 2015</b>	<b>\$ 534,474</b>
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(all dollar amounts in thousands of Canadian dollars)

<b>Number of Shares</b>	
Balance, December 31, 2013	59,991,202
Issued on exercise of stock options	303,450
Issued through public offering (net of commissions and share issuance cost of \$9.7 million)	4,197,500
Issued on exercise of RSUs	1,697

<b>Balance, December 31, 2014</b>	<b>64,493,849</b>
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**Stated Value:**

Balance, December 31, 2013	\$ 303,327
Issued on exercise of stock options	7,167
Issued through public offering	220,524
Compensation cost on exercised options	2,590
Compensation cost on exercised RSUs	52

<b>Balance, December 31, 2014</b>	<b>\$ 533,660</b>
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All shares have been issued and fully paid and have no par value. There are an unlimited number of common shares authorized. Holders of common shares are entitled to one vote per share.

Dividends declared and paid were as follows:

(Dollar amounts per share)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Common shares	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.275



## Notes to Interim Consolidated Financial Statements (Unaudited)

### 13 Share-based and Other Incentive-based Compensation

A summary of the status of the Company's stock option and other incentive-based compensation plans and changes during the period is presented below:

#### Stock Options without Tandem Share Appreciation Rights

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Total Shares	Weighted Average Exercise Price	Total Shares	Weighted Average Exercise Price
<b>Balance Outstanding - Beginning of Period</b>	<b>989,870</b>	<b>\$ 31.71</b>	1,255,900	\$ 29.20
Granted	77,700	35.79	46,400	45.73
Exercised	(23,650)	21.09	(303,450)	23.63
Forfeited	–	–	(8,980)	26.41
<b>Balance Outstanding - End of Period</b>	<b>1,043,920</b>	<b>\$ 32.25</b>	989,870	\$ 31.71
Options exercisable	666,988	\$ 28.49	594,706	\$ 26.73

June 30, 2015	Options Outstanding			Options Exercisable		
Range of Exercise Price	Outstanding as at June 30, 2015	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Exercisable as at June 30, 2015	Weighted Average Exercise Price	
\$15.01 to \$20.00	170,000	3.49	\$ 15.51	170,000	\$ 15.51	
\$20.01 to \$25.00	–	–	–	–	–	
\$25.01 to \$30.00	219,160	2.04	27.73	219,160	27.73	
\$30.01 to \$35.00	182,100	6.49	32.81	108,220	32.81	
\$35.01 to \$40.00	179,960	7.22	36.66	81,808	37.32	
\$40.01 to \$45.00	246,300	7.49	41.69	78,520	41.53	
\$45.01 to \$50.00	46,400	8.49	45.73	9,280	45.73	
	<b>1,043,920</b>	<b>5.52</b>	<b>\$ 32.25</b>	<b>666,988</b>	<b>\$ 28.49</b>	

## Notes to Interim Consolidated Financial Statements (Unaudited)

December 31, 2014	Options Outstanding			Options Exercisable		
	Range of Exercise Price	Outstanding as at December 31, 2014	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Exercisable as at December 31, 2014	Weighted Average Exercise Price
\$15.01 to \$20.00	181,850	3.89	\$ 15.55	181,850	\$ 15.55	
\$20.01 to \$25.00	2,000	3.98	21.95	2,000	21.95	
\$25.01 to \$30.00	228,960	2.53	27.70	228,960	27.70	
\$30.01 to \$35.00	182,100	6.98	32.81	71,280	32.81	
\$35.01 to \$40.00	102,260	5.98	37.32	61,356	37.32	
\$40.01 to \$45.00	246,300	7.98	41.69	49,260	41.69	
\$45.01 to \$50.00	46,400	8.98	45.73	–	–	
	989,870	5.75	\$ 31.71	594,706	\$ 26.73	

The Board of Directors approved the granting of 77,700 stock options during the six month period ended June 30, 2015 under the 2001 Employee Plan. The total fair value of the stock options granted during the six month period ended June 30, 2015 was \$0.6 million (six month period ended June 30, 2014 – \$0.6 million) and was calculated using the Black-Scholes pricing model with the following assumptions:

	Six Months Ended June 30,	
	2015	2014
Weighted average share price	\$ 35.79	\$ 45.73
Exercise price	\$ 35.79	\$ 45.73
Weighted average expected life of options	6.25	6.25
Weighted average expected stock price volatility	29.0%	32.0%
Weighted average expected dividend yield	1.63%	1.2%
Weighted average risk-free interest rate	1.34%	2.0%

The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices over the expected life of the options.

The fair value of options granted will be amortized to compensation expense over the five-year vesting period of the options. The compensation cost from the amortization of stock options for the six month period ended June 30, 2015, included in selling, general and administrative expenses, was \$0.5 million (six month period ended June 30, 2014 – \$1.0 million).

## Notes to Interim Consolidated Financial Statements (Unaudited)

### Stock Options with Tandem Share Appreciation Rights

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Total Shares	Weighted Average Fair Value <sup>(a)</sup>	Total Shares	Weighted Average Fair Value
<b>Balance Outstanding - Beginning of Period</b>	<b>182,100</b>	<b>\$ 12.03</b>	120,800	\$ 11.16
Granted	<b>94,800</b>	<b>8.62</b>	61,700	13.75
Expired	<b>400</b>	<b>12.94</b>	(400)	12.94
<b>Balance Outstanding - End of Period</b>	<b>277,300</b>	<b>\$ 10.87</b>	182,100	\$ 12.03
Options exercisable	<b>113,760</b>	<b>\$ 14.81</b>	77,260	\$ 15.69

(a) The weighted average fair value refers to the fair value of the underlying shares of the Company on the grant date of the SARs.

The mark-to-market liability for the stock options with SARs as at June 30, 2015 is \$1.7 million (December 31, 2014 – \$1.4 million), all of which is included in current and non-current other liabilities on the consolidated balance sheets.

On March 3, 2010, the Board approved a new long-term incentive program ("LTIP") for executives and key employees and a deferred share unit ("DSU") plan for directors of the Company. Additional details with respect to the LTIP and DSU plan are as follows:

#### **LTIP**

The LTIP includes the existing stock option plan discussed above, the Value Growth Plan ("VGP") and the Employee Share Unit Plan ("ESUP").

#### VGP

The VGP is a cash-based awards plan, which rewards executives and key employees for improving revenue and operating income over a three-year performance period. Units granted to participants vest at the end of the third year of the performance period for which they were granted. The value of units is determined based on the growth rate in operating revenue and income on a cumulative basis for the three consecutive years that comprise the performance period and is measured against the prior three-year baseline period. Compensation cost is recognized on a straight-line basis over the vesting period. All units granted under the VGP will be classified as liability instruments in accordance with IFRS as their terms require that they be settled in cash.

The VGP liability as at June 30, 2015 is \$18.2 million (December 31, 2014 – \$32.1 million).

#### ESUP

The ESUP authorizes the Board to grant awards of RSUs and performance share units ("PSUs") to employees of the Company as a form of incentive compensation. All RSUs and PSUs are to be settled with common shares and are valued on the basis of the underlying weighted average trading price of the common shares over the five trading days preceding the grant date. The valuation is not subsequently adjusted for changes in the market price of the common shares prior to the settlement of the award. Each RSU and PSU granted under the ESUP represents one common share. The ESUP provides that the maximum number of common shares that are reserved for issuance from time to time shall be fixed at 1,000,000 common shares. The RSUs vest in two tranches over a period of one to five years and four to seven years, respectively and become exercisable once vesting is completed. Compensation cost is recognized over the vesting period in accordance with IFRS. All RSUs and PSUs granted are classified as equity instruments in accordance with IFRS as their terms require that they be settled in shares.

The following table sets forth the Company's RSU/PSUs reconciliation as at the periods indicated:

## Notes to Interim Consolidated Financial Statements (Unaudited)

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Total Shares	Weighted Average Grant Date Fair Value <sup>(a)(b)</sup>	Total Shares	Weighted Average Grant Date Fair Value <sup>(a)(b)</sup>
<b>Balance Outstanding - Beginning of Period</b>	<b>261,708</b>	<b>\$ 36.69</b>	209,307	\$ 33.91
Granted	102,116	35.17	74,438	43.96
Exercised	(3,322)	35.96	(1,697)	29.25
Forfeited	(14,245)	38.30	(20,340)	35.31
<b>Balance Outstanding - End of Period</b>	<b>346,257</b>	<b>\$ 36.18</b>	261,708	\$ 36.69
<b>RSUs/PSUs exercisable</b>	<b>85,631</b>	<b>\$ 32.09</b>	57,799	\$ 30.80

- a) RSU awards do not have an exercise price; their weighted average grant date fair value is the weighted average trading price of the common shares over the five trading days preceding the grant date.
- b) PSU awards do not have an exercise price; their weighted average grant date fair value is the weighted average trading price of the common shares over the five trading days preceding the grant date.

### DSU

Under the Company's DSU plan, all directors (other than the President and Chief Executive Officer) of the Company can elect to receive all or a portion of their compensation for services rendered as a director of the Company in share units or a combination of share units and cash. The number of DSUs received is equal to the dollar amount to be paid in DSUs divided by the weighted average trading price of the common shares over the five days immediately preceding the date of the grant. DSUs are to be settled at the time that the director ceases to be a member of the Board and each DSU entitles the holder to receive one common share or the cash equivalent. DSUs vest immediately on the date of the grant. The value of a DSU and the related compensation expense is determined and recorded based on the current market price of the underlying common shares on the date of the grant. Common shares are purchased on the open market to settle outstanding share units.

All DSUs granted will be classified as liability instruments on the date of the grant in accordance with IFRS as the unitholder has the option to settle in cash or in shares.

The following table sets forth the Company's DSU reconciliation as at the period indicated:

	Six Months Ended June 30, 2015		Year Ended December 31, 2014	
	Total Shares	Weighted Average Grant Date Fair Value <sup>(a)</sup>	Total Shares	Weighted Average Grant Date Fair Value <sup>(a)</sup>
<b>Balance Outstanding - Beginning of Period</b>	<b>99,675</b>	<b>\$ 38.04</b>	124,980	\$ 34.60
Granted	17,885	36.56	26,120	48.84
Exercised <sup>(b)</sup>	(17,975)	39.81	(51,425)	35.16
<b>Balance Outstanding - End of Period</b>	<b>99,585</b>	<b>\$ 37.46</b>	99,675	\$ 38.04

- (a) DSU awards do not have an exercise price; their weighted average grant date fair value is the weighted average trading price of the common shares over the five trading days preceding the grant date.
- (b) DSU awards cannot be exercised while the director is still a member of the Board of Directors.

The mark-to-market liability for the DSUs as at June 30, 2015 is \$3.6 million (December 31, 2014 – \$4.2 million), all of which is included in current other liabilities on the consolidated balance sheets.

## Notes to Interim Consolidated Financial Statements (Unaudited)

### Incentive-based Compensation

The following table sets forth the incentive-based compensation expense for the period indicated:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Stock option expense	\$ 99	\$ 497	\$ 539	\$ 1,027
VGP expense	224	3,696	1,045	8,526
DSU expense	511	1,815	133	2,598
RSU/PSU expense	780	578	1,425	1,107
SAR expense	238	75	297	149
<b>Total incentive-based compensation expense</b>	<b>\$ 1,852</b>	<b>\$ 6,661</b>	<b>\$ 3,439</b>	<b>\$ 13,407</b>

### 14 Restructuring Charges

During the quarter ended June 30, 2015, the Company recorded pre-tax restructuring charges of \$15.0 million relating to employee severance, plant and office closures and co-location costs.

### 15 Employee Benefits Expense

The Company's costs for the defined benefit pension plans, the post-retirement life insurance plans and the post-employment benefit plan for the three-month and six-month periods ended June 30, 2015 were \$1.6 million and \$2.9 million, respectively (three-month and six-month periods ended June 30, 2014 – \$1.3 and \$2.6 million, respectively). The Company's costs for the defined contribution pension arrangements for the three-month and six-month periods ended June 30, 2015 were \$1.8 million and \$3.1 million, respectively (three-month and six-month periods ended June 30, 2014 – \$1.5 and \$2.9 million, respectively).

### 16 Finance Costs

The following table sets forth the Company's finance costs for the periods ended:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Interest income on short-term deposits	\$ (195)	\$ (75)	\$ (395)	\$ (413)
Interest expense, other	415	1,412	1,227	2,241
Interest expense on long term debt	3,993	3,279	7,829	6,515
<b>Finance Costs – net</b>	<b>\$ 4,213</b>	<b>\$ 4,616</b>	<b>\$ 8,661</b>	<b>\$ 8,343</b>

## Notes to Interim Consolidated Financial Statements (Unaudited)

### 17 Earnings Per Share ("EPS")

The following table details the weighted-average number of shares outstanding for the purposes of calculating basic and diluted EPS:

(in thousands of Canadian dollars except share and per share amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net (loss) income used to calculate EPS				
Net (loss) income (attributable to shareholders of the Company) for the period	\$ (8,538)	\$ 47,949	\$ 29,236	\$ 109,896
Weighted average number of shares outstanding – basic (000's)	64,508	60,190	64,503	60,116
Dilutive effect of stock options	230	457	245	390
Weighted average number of shares outstanding – diluted (000's)	64,738	60,647	64,748	60,506
Basic EPS	\$ (0.13)	\$ 0.80	\$ 0.45	\$ 1.83
Diluted EPS	\$ (0.13)	\$ 0.79	\$ 0.45	\$ 1.82

### 18 Comparative Figures

The comparative interim consolidated financial statements have been reclassified from consolidated financial statements previously presented to conform to the presentation of the current year interim consolidated financial statements in accordance with IAS 34.