Shawcor Ltd.

Unaudited Interim Consolidated Financial Statements
September 30, 2015

(in thousands of Canadian dollars)

Shawcor Ltd.

Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		**September 30, 2015**		December 31, 2014
ASSETS				
Current Assets				
Cash and cash equivalents (note 6)	**$**	**179,778**	$	116,556
Short-term investments		**7,652**		550
Accounts receivable		**445,196**		457,610
Income taxes receivable		**36,211**		11,232
Inventories		**191,883**		194,732
Prepaid expenses		**30,052**		27,370
Derivative financial instruments (note 11)		**1,516**		5,578
		892,288		813,628
Non-current Assets				
Loans receivable (note 7)		**7,748**		7,021
Property, plant and equipment		**452,991**		435,311
Intangible assets		**223,034**		202,736
Investments in associates		**25,884**		19,165
Deferred income taxes		**31,832**		39,019
Other assets		**24,996**		26,889
Goodwill		**446,229**		396,201
		1,212,714		1,126,342
	$	**2,105,002**	$	1,939,970
LIABILITIES AND EQUITY				
Current Liabilities				
Bank indebtedness (note 8)	**$**	**–**	$	4,685
Accounts payable and accrued liabilities		**286,355**		252,443
Provisions		**19,989**		14,974
Income taxes payable		**41,549**		33,944
Derivative financial instruments (note 11)		**3,541**		794
Deferred revenue		**72,185**		102,005
Obligations under finance lease		**1,268**		1,222
Other liabilities		**21,760**		24,828
		446,647		434,895
Non-current Liabilities				
Long-term debt (note 10)		**469,241**		406,926
Obligations under finance lease		**12,548**		12,273
Provisions		**39,776**		37,350
Employee future benefits		**28,316**		26,008
Deferred income taxes		**10,404**		24,007
Other non-current liabilities		**7,706**		17,898
		567,991		524,462
		1,014,638		959,357
Equity				
Share capital (note 12)		**534,474**		533,660
Contributed surplus		**17,370**		14,625
Retained earnings		**471,490**		433,177
Non-controlling interests		**7,398**		7,254
Accumulated other comprehensive income (loss)		**59,632**		(8,103)
		1,090,364		980,613
	$	**2,105,002**	$	1,939,970

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 September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Revenue				
Sale of products	**$ 103,319**	$ 161,687	**$ 362,112**	$ 444,035
Rendering of services	**382,109**	307,910	**993,276**	946,030
	485,428	469,597	**1,355,388**	1,390,065
Cost of Goods Sold and Services Rendered	**323,460**	300,680	**900,796**	843,594
Gross Profit	**161,968**	168,917	**454,592**	546,471
Selling, general and administrative expenses	**86,130**	96,498	**282,907**	274,825
Research and development expenses	**2,414**	2,293	**11,026**	11,603
Foreign exchange gains	**(1,409)**	(1,295)	**(1,586)**	(3,297)
Amortization of property, plant and equipment	**15,104**	13,709	**43,478**	41,445
Amortization of intangible assets	**5,348**	5,401	**15,848**	10,972
Gain on sale of land	**(814)**	–	**(814)**	–
Impairment	–	41,379	–	41,379
Income from Operations	**55,195**	10,932	**103,733**	169,544
Gain on assets held for sale	–	4,495	–	7,020
(Loss) income from investments in associates	**(9)**	444	**(266)**	409
Loss from investments in joint ventures	**–**	(580)	**–**	(3,427)
Finance costs, net (note 15)	**(4,855)**	(6,245)	**(13,516)**	(14,588)
Income before Income Taxes	**50,331**	9,046	**89,951**	158,958
Income taxes	**12,219**	2,701	**21,898**	43,263
Net Income for the Period	**$ 38,112**	$ 6,345	**$ 68,053**	$ 115,695
Net Income Attributable to:				
Shareholders of the Company	**$ 38,107**	$ 5,617	**$ 67,343**	$ 115,513
Non-controlling interests	**5**	728	**710**	182
Net Income for the Period	**$ 38,112**	$ 6,345	**$ 68,053**	$ 115,695
Earnings per Share (note 16)				
Basic	**$ 0.59**	$ 0.09	**$ 1.04**	$ 1.91
Diluted	**$ 0.59**	$ 0.09	**$ 1.04**	$ 1.90
Weighted Average Number of Shares Outstanding (000's) (note 16)				
Basic	**64,521**	60,744	**64,509**	60,328
Diluted	**64,741**	61,242	**64,737**	60,780

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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Net Income for the Period	**$ 38,112**	$ 6,345	**$ 68,053**	$ 115,695
Other Comprehensive Income to be Reclassified to Net Income in Subsequent Periods:				
Exchange differences on translation of foreign operations	**43,874**	8,976	**66,665**	2,979
Other comprehensive income attributable to investments in joint ventures	**–**	1,873	**–**	3,528
Other comprehensive income attributable to investments in associates	**306**	–	**504**	–
Net Other Comprehensive Income to be Reclassified to Net Income in Subsequent Periods	**44,180**	10,849	**67,169**	6,507
Other Comprehensive Income, Net of Income Tax	**44,180**	10,849	**67,169**	6,507
Total Comprehensive Income	**$ 82,292**	$ 17,194	**$ 135,222**	$ 122,202
Comprehensive Income Attributable to:				
Shareholders of the Company	**$ 82,478**	$ 16,716	**$ 135,078**	$ 121,454
Non-controlling interests	**(186)**	478	**144**	748
Total Comprehensive Income	**$ 82,292**	$ 17,194	**$ 135,222**	$ 122,202

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

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
Balance - December 31, 2014	**$ 533,660**	**$ 14,625**	**$ 433,177**	**$ 7,254**	**$ (8,103)**	**$ 980,613**
Net income			67,343	710	–	68,053
Other comprehensive income			–	(566)	67,735	67,169
Comprehensive income	–	–	67,343	144	67,735	135,222
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	–	3,059	–	–	–	3,059
Dividends declared and paid to shareholders (note 12)	–	–	(29,030)	–	–	(29,030)
Balance – September 30, 2015	**534,474**	**17,370**	**471,490**	**7,398**	**59,632**	**1,090,364**
Balance – December 31, 2013	$ 303,327	$ 13,093	$ 373,574	$ 2,419	$ (33,832)	$ 658,581
Net income	–	–	115,513	182	–	115,695
Other comprehensive income	–	–	–	566	5,941	6,507
Comprehensive income	–	–	115,513	748	5,941	122,202
Issued new shares (net of commissions and share issuance costs of $8.5 million)	191,694	–	–	–	–	191,694
Issued on exercise of stock options	7,070	–	–	–	–	7,070
Compensation cost on exercised options	2,549	(2,549)	–	–	–	–
Compensation cost on exercised RSUs	52	(52)	–	–	–	–
Stock-based compensation expense	–	3,249	–	–	–	3,249
Dividends declared and paid to shareholders (note 12)	–	–	(25,585)	–	–	(25,585)
Balance – September 30, 2014	$ 504,692	$ 13,741	$ 463,502	$ 3,167	$ (27,891)	$ 957,211

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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Operating Activities				
Net income for the period	**$ 38,112**	$ 6,345	**$ 68,053**	$ 115,695
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**15,104**	13,709	**43,478**	41,445
Amortization of intangible assets	**5,348**	5,401	**15,848**	10,972
Amortization of long-term prepaid expenses	**232**	312	**1,309**	801
Impairment	**–**	41,379	**–**	41,379
Decommissioning liabilities expenses	**231**	119	**1,421**	343
Other provision expenses	**2,704**	(690)	**12,381**	2,122
Stock-based and incentive based compensation (note 13)	**2,357**	4,882	**5,796**	18,289
Deferred income taxes	**(789)**	(7,109)	**(5,654)**	(9,445)
Gain on disposal of property, plant and equipment	**(857)**	(324)	**(668)**	(405)
Loss (gain) on derivative financial instruments	**978**	(1,604)	**6,809**	(3,040)
Loss (income) from investments in associates	**9**	(444)	**266**	(409)
Loss from investments in joint ventures	**–**	580	**–**	3,427
Gain on assets held for sale	**–**	(4,495)	**–**	(7,020)
Other	**–**	1,597	**–**	59
Settlement of decommissioning liabilities	**(1,579)**	(88)	**(1,585)**	(169)
Settlement of other provisions	**(5,060)**	(1,724)	**(7,868)**	(9,414)
Net change in employee future benefits	**24**	879	**51**	1,591
Net change in non-cash working capital and foreign exchange	**(27,922)**	7,631	**13,300**	(109,161)
Cash Provided by Operating Activities	**28,892**	66,356	**152,937**	97,060
Investing Activities				
(Increase) decrease in loans receivable	**(28)**	–	**(24)**	1,075
(Increase) decrease in short-term investments, net	**(191)**	(5,816)	**(7,102)**	243
Purchase of property, plant and equipment	**(14,210)**	(21,988)	**(42,456)**	(54,743)
Proceeds on disposal of property, plant and equipment	**1,462**	652	**2,318**	1,688
Purchase of intangible assets	**(29)**	(32)	**(83)**	(90)
Payment of deferred purchase consideration	**–**	–	**(1,305)**	(18,830)
Proceeds from sale of assets held for sale	**–**	32,319	**–**	45,136
Investments in associates	**(3,225)**	(2,816)	**(6,481)**	(16,516)
Decrease (increase) in other assets	**–**	–	**77**	(10,000)
Business acquisition (note 5)	**(177)**	(279,814)	**(17,213)**	(281,503)
Cash Used in Investing Activities	**(16,398)**	(277,495)	**(72,269)**	(333,540)
Financing Activities				
(Decrease) increase in bank indebtedness	**–**	75,695	**(4,685)**	82,198
Increase (decrease) in loans payable	**11**	–	**(2,502)**	–
Repayment of finance lease obligations	**(162)**	(526)	**(763)**	(996)
Issuance of shares	**–**	193,145	**500**	198,764
Dividends paid to shareholders	**(9,678)**	(9,043)	**(29,030)**	(25,585)
Cash (Used in) Provided by Financing Activities	**(9,829)**	259,271	**(36,480)**	254,381
Effect of Foreign Exchange on Cash and Cash Equivalents	**11,744**	(33)	**19,034**	298
Net change in Cash and Cash Equivalents for the Period	**14,409**	48,099	**63,222**	18,199
Cash and Cash Equivalents - Beginning of Period	**165,369**	49,495	**116,556**	79,395
Cash and Cash Equivalents - End of Period	**$ 179,778**	$ 97,594	**$ 179,778**	$ 97,594

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

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 nine-month periods ended September 30, 2015 were authorized for issue by the Company's Board of Directors on November 5, 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.

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 Chief Operating Decision Maker ("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 September 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.

Segment

The following table sets forth information by segment for the quarter ended September 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	$ **439,621**	423,747	$ **45,807**	45,850	$ –	–	$ **–**	–	$ **485,428**	469,597
Inter-segment	**(416)**	913	**361**	357	–	–	**55**	(1,270)	–	–
	$ **439,205**	424,660	$ **46,168**	46,207	$ –	–	$ **55**	(1,270)	$ **485,428**	469,597
Income (loss) from operations	$ **54,153**	13,343	$ **8,175**	6,977	$ **(7,133)**	(9,388)	$ –	–	$ **55,195**	10,932
Income (loss) before income tax	$ **49,358**	9,876	$ **7,758**	6,517	$ **(6,785)**	(7,347)	$ –	–	$ **50,331**	9,046

The following table sets forth information by segment for the nine months ended September 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	$ **1,220,167**	1,256,745	$ **135,221**	133,320	$ **–**	–	$ **–**	–	$ **1,355,388**	1,390,065
Inter-segment	**189**	1,485	**1,031**	1,024	**–**	–	**(1,220)**	(2,509)	**–**	–
	$ **1,220,356**	1,258,230	$ **136,252**	134,344	$ **–**	–	$ **(1,220)**	(2,509)	$ **1,355,388**	1,390,065
Income (loss) from operations	$ **111,175**	180,229	$ **21,407**	20,958	$ **(28,849)**	(31,643)	$ **–**	–	$ **103,733**	169,544
Income (loss) before income tax	$ **97,457**	171,170	$ **20,132**	19,572	$ **(27,638)**	(31,784)	$ **–**	–	$ **89,951**	158,958

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

(in thousands of Canadian dollars)	**September 30, 2015**	December 31, 2014
Pipeline and Pipe Services	$ **2,410,836**	$ 2,267,366
Petrochemical and Industrial	**115,685**	158,936
Financial and Corporate	**1,033,779**	1,177,262
Elimination and adjustments	**(1,455,298)**	(1,663,594)
	$ **2,105,002**	$ 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 $17.3 million (€12.2 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.

6 Cash and Cash Equivalents

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

(in thousands of Canadian dollars)		**September 30, 2015**		December 31, 2014
Cash	**$**	**158,579**	$	112,452
Cash equivalents		**21,199**		4,104
Total	**$**	**179,778**	$	116,556

7 Loans Receivable

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

(in thousands of Canadian dollars)		**September 30, 2015**		December 31, 2014
Non-current				
Notes receivable[(a)]	**$**	**5,138**	$	4,434
Loans receivable		**2,610**		2,587
Total	**$**	**7,748**	$	7,021

(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 September 30, 2015, the amount of the note receivable was U.S.$3,831 (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)		**September 30, 2015**		December 31, 2014
Bank indebtedness	$	**–**	$	4,685
Standard letters of credit for performance and bid bonds (note 9)		**140,480**		137,667
Total utilized credit facilities		**140,480**		142,352
Total available credit facilities[(a)]		**603,495**		523,305
Unutilized Credit Facilities	$	**463,015**	$	380,953

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

The Company pays a floating interest rate on these credit facilities plus a credit spread 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 a total debt to EBITDA ratio of less than 3.00 to 1. The Company was in compliance with these covenants as at September 30, 2015 and December 31, 2014.

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 $140.5 million as at September 30, 2015 (December 31, 2014 – $137.7 million) for support of its bonds. In addition, as at September 30, 2015, the Company had $126.3 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-defendents 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 September 30, 2015 is $469.2 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 a 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 facilities. The Company was in compliance with these covenants as at September 30, 2015 and December 31, 2014.

11 Financial Instruments

The Company has classified its financial instruments as follows:

(in thousands of Canadian dollars)		**September 30, 2015**		December 31, 2014
Loans and Receivables, Measured at Amortized Cost				
Loans receivable	$	**7,748**	$	7,021
Trade accounts receivable, net		**316,358**		327,474
Held-to-maturity				
Short-term investments		**7,652**		550
Fair Value through Profit or Loss				
Cash and cash equivalents		**179,778**		116,556
Derivative financial instruments – assets		**1,516**		5,578
Derivative financial instruments – liabilities		**3,541**		794
Available-for-sale				
Convertible preferred shares		**10,000**		10,000
Deposit guarantee		**738**		893
Other Financial Liabilities, Measured at Amortized Cost				
Bank indebtedness		**–**		4,685
Loans payable		**–**		121
Accounts payable		**107,641**		89,077
Deferred purchase consideration		**3,878**		4,873
Long-term debt	$	**469,241**	$	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 September 30, 2015:

(in thousands of Canadian dollars)		Fair Value		Level 1		Level 2		Level 3
Assets								
Cash and cash equivalents	$	**179,778**	$	**179,778**	$	**–**	$	**–**
Short-term investments		**7,652**		**7,652**		**–**		**–**
Derivative financial instruments		**1,516**		**–**		**1,516**		**–**
Convertible preferred shares		**10,000**		**–**		**–**		**10,000**
Deposit guarantee		**738**		**–**		**738**		**–**
	$	**199,684**	**$**	**187,430**	**$**	**2,254**	**$**	**10,000**
Liabilities								
Long-term debt	$	**469,241**	$	**–**	$	**469,241**	$	**–**
Derivative financial instruments		**3,541**		**–**		**3,541**		**–**
	$	**472,782**	**$**	**–**	**$**	**472,782**	**$**	**–**

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 September 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 $53.2 million, $4.5 million and $3.3 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 $83.2 million, $19.8 million and $63.4 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 September 30, 2015:

(in thousands, except weighted average rate amounts)	
Canadian dollars sold for US dollars	
Less than one year	**CAD$ 16,336**
Weighted average rate	**0.77**
US dollars sold for Canadian dollars	
Less than one year	**US$ 14,400**
Weighted average rate	**1.24**
US dollars sold for Euros	
Less than one year	**US$ 18,555**
Weighted average rate	**0.88**
US dollars sold for Norwegian Kroners	
Less than one year	**US$ 14,911**
Weighted average rate	**7.83**
Euros sold for US dollars	
Less than one year	**€ 32,747**
Weighted average rate	**1.13**
Norwegian Kroners sold for US dollars	
Less than one year	**NOK 175,732**
Weighted average rate	**0.12**

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

As at September 30, 2015, the Company had notional amounts of $157.1 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 $2.0 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 nine month period ended September 30, 2015, a loss of $62.4 million (nine month period ended September 30, 2014 - $16.2 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 nine month period ended September 30, 2015.

Interest Rate Risk

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

(in thousands of Canadian dollars)	Non-interest Bearing	Floating Rate	Fixed Interest Rate	Total
Financial Assets				
Cash	$ 158,579	$ –	$ –	$ 158,579
Cash equivalents	–	–	21,199	21,199
Short-term investments	–	–	7,652	7,652
Loans receivable	270	5,138	2,340	7,748
Convertible preferred shares	10,000	–	–	10,000
	$ 168,849	$ 5,138	$ 31,191	$ 205,178
Financial Liabilities				
Standard letters of credit for performance and bid bonds	–	–	140,480	140,480
Long-term debt	–	–	469,241	469,241
	$ –	$ –	$ 609,721	$ 609,721

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 nine month period ended September 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 September 30, 2015, the Company had cash and cash equivalents totalling $179.8 million (December 31, 2014 – $116.6 million) and had unutilized lines of credit available to use of $463.0 million (December 31, 2014 – $381.0 million).

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)		**2015**
Number of Shares		
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**
Balance, September 30, 2015		**64,520,821**
Stated Value:		
Balance, December 31, 2014	**$**	**533,660**
Issued on exercise of stock options		**500**
Compensation cost on exercised options		**195**
Compensation cost on exercised RSUs		**119**
Balance, September 30, 2015	**$**	**534,474**

(all dollar amounts in thousands of Canadian dollars)		2014
Number of Shares		
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 $9.7 million)		4,197,500
Issued on exercise of RSUs		1,697
Balance, December 31, 2014		64,493,849
Stated Value:		
Balance, December 31, 2013	**$**	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
Balance, December 31, 2014	**$**	533,660

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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Common shares	**$ 0.150**	$ 0.150	**$ 0.450**	$ 0.425

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

	Nine Months Ended September 30, 2015			Year Ended December 31, 2014		
	Total Shares		Weighted Average Exercise Price	Total Shares		Weighted Average Exercise Price
Balance Outstanding - Beginning of Period	**989,870**	**$**	**31.71**	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
Balance Outstanding - End of Period	**1,043,920**	**$**	**32.25**	989,870	$	31.71
Options exercisable	**686,988**	**$**	**28.89**	594,706	$	26.73

September 30, 2015	**Options Outstanding**				**Options Exercisable**		
Range of Exercise Price	**Outstanding as at September 30, 2015**	**Weighted Average Remaining Contractual Life (years)**		**Weighted Average Exercise Price**	**Exercisable as at September 30, 2015**		**Weighted Average Exercise Price**
$15.01 to $20.00	**170,000**	**3.24**	**$**	**15.51**	**170,000**	**$**	**15.51**
$20.01 to $25.00	–	–		–	–		–
$25.01 to $30.00	**219,160**	**1.80**		**27.73**	**219,160**		**27.73**
$30.01 to $35.00	**182,100**	**6.24**		**32.81**	**108,220**		**32.81**
$35.01 to $40.00	**179,960**	**6.97**		**36.66**	**81,808**		**37.32**
$40.01 to $45.00	**246,300**	**7.24**		**41.69**	**98,520**		**41.69**
$45.01 to $50.00	**46,400**	**8.24**		**45.73**	**9,280**		**45.73**
	1,043,920	**5.27**	**$**	**32.25**	**686,988**	**$**	**28.89**

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 nine month period ended September 30, 2015 under the 2001 Employee Plan. The total fair value of the stock options granted during the nine month period ended September 30, 2015 was $0.6 million (nine month period ended September 30, 2014 – $1.1 million) and was calculated using the Black-Scholes pricing model with the following assumptions:

	Nine Months Ended September 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%
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 nine month period ended September 30, 2015, included in selling, general and administrative expenses, was $0.9 million (nine month period ended September 30, 2014 – $1.5 million).

Stock Options with Tandem Share Appreciation Rights ("SARs")

	Nine Months Ended September 30, 2015			Year Ended December 31, 2014		
	Total Shares		**Weighted Average Fair Value**[(a)]	Total Shares		Weighted Average Fair Value
Balance Outstanding - Beginning of Period	**182,100**	**$**	**12.03**	120,800	$	11.16
Granted	**94,800**		**8.62**	61,700		13.75
Expired	**400**		**12.94**	(400)		12.94
Balance Outstanding - End of Period	**277,300**	**$**	**10.87**	182,100	$	12.03
Options exercisable	**113,760**	**$**	**14.81**	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 September 30, 2015 is $1.9 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 September 30, 2015 is $20.6 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:

	Nine Months Ended September 30, 2015			Year Ended December 31, 2014		
	Total Shares		**Weighted Average Trading Price[(a)(b)]**	Total Shares		Weighted Average Trading Price[(a)(b)]
Balance Outstanding - Beginning of Period	**261,708**	**$**	**36.69**	209,307	$	33.91
Granted	**107,586**		**34.64**	74,438		43.96
Exercised	**(3,322)**		**35.96**	(1,697)		29.25
Forfeited	**(17,516)**		**38.92**	(20,340)		35.31
Balance Outstanding - End of Period	**348,456**	**$**	**35.95**	261,708	$	36.69
RSUs/PSUs exercisable	**95,124**	**$**	**32.71**	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:

	Nine Months Ended September 30, 2015			Year Ended December 31, 2014		
	Total Shares		**Weighted Average Trading Price[(a)]**	Total Shares		Weighted Average Trading Price[(a)]
Balance Outstanding - Beginning of Period	**99,675**	**$**	**38.04**	124,980	$	34.60
Granted	**29,175**		**33.55**	26,120		48.84
Exercised[(b)]	**(17,975)**		**39.81**	(51,425)		35.16
Balance Outstanding - End of Period	**110,875**	**$**	**36.57**	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 September 30, 2015 is $3.1 million (December 31, 2014 – $4.2 million), all of which is included in current other liabilities on the consolidated balance sheets.

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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Stock option expense	**$ 328**	$ 482	**$ 867**	$ 1,509
VGP expense	**1,685**	3,604	**2,730**	12,130
DSU (income) expense	**(541)**	88	**(408)**	2,686
RSU/PSU expense	**767**	633	**2,192**	1,740
SAR expense	**118**	75	**415**	224
Total incentive-based compensation expense	**$ 2,357**	$ 4,882	**$ 5,796**	$ 18,289

14 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 nine-month periods ended September 30, 2015 were $1.1 million and $4.0 million, respectively (three-month and nine-month periods ended September 30, 2014 – $1.3 and $3.9 million, respectively). The Company's costs for the defined contribution pension arrangements for the three-month and nine-month periods ended September 30, 2015 were $2.2 million and $5.3 million, respectively (three-month and nine-month periods ended September 30, 2014 – $1.4 and $4.3 million, respectively).

15 Finance Costs

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

(in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Interest income on short-term deposits	**$ (338)**	$ (262)	**$ (733)**	$ (675)
Interest expense, other	**988**	3,049	**2,215**	5,290
Interest expense on long term debt	**4,205**	3,458	**12,034**	9,973
Finance Costs – net	**$ 4,855**	$ 6,245	**$ 13,516**	$ 14,588

16 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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Net income used to calculate EPS				
Net income (attributable to shareholders of the Company) for the period	**$ 38,107**	$ 5,617	**$ 67,343**	$ 115,513
Weighted average number of shares outstanding – basic (000's)	**64,521**	60,744	**64,509**	60,328
Dilutive effect of stock-based compensation plans	**220**	498	**229**	452
Weighted average number of shares outstanding – diluted (000's)	**64,741**	61,242	**64,737**	60,780
Basic EPS	**$ 0.59**	$ 0.09	**$ 1.04**	$ 1.91
Diluted EPS	**$ 0.59**	$ 0.09	**$ 1.04**	$ 1.90

17 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.