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Q1 2015 Management's Discussion and Analysis

May 5, 2015

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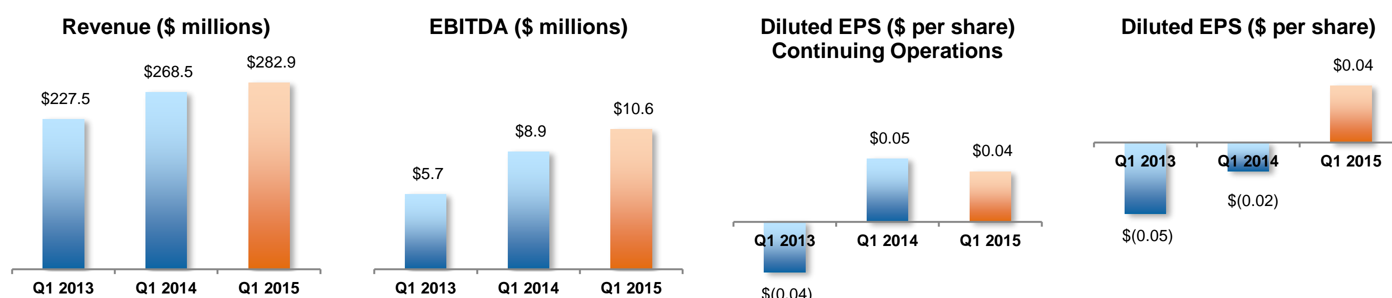
The following Management's Discussion and Analysis ("MD&A") of the operating performance and financial condition of Stuart Olson Inc. ("Stuart Olson", the "Company", "we", "us", or "our") for the three months ended March 31, 2015, dated May 5, 2015, should be read in conjunction with the March 31, 2015 Condensed Consolidated Interim Financial Statements and related notes thereto. Additional information relating to Stuart Olson, including our quarterly and annual reports and Annual Information Form, is available under the Company's SEDAR profile at www.sedar.com and on our website at www.stuartolson.com. Unless otherwise specified all amounts are expressed in Canadian dollars. The information presented in this MD&A, including information relating to comparative periods in 2014 and 2013, is presented in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted.

We encourage readers to read the section entitled "Forward-Looking Information" at the end of this document.

FIRST QUARTER ("Q1") 2015 OVERVIEW



- On January 6, 2015, we completed the purchase of Studon Electric & Controls Inc. ("Studon") for estimated closing consideration of $68.9 million, subject to finalization, comprised of $62.3 million in cash and $6.6 million in common shares. The purchase price may be further increased by earn-out payments up to a maximum of $22.3 million based on Studon's performance from the beginning of 2015 to the end of 2017.
- First quarter revenue increased 5.4% to $282.9 million, from $268.5 million in Q1 2014. Contract income decreased 7.8% to $24.9 million, from $27.0 million in Q1 2014. Contract income margin declined to 8.8% in the first quarter of 2015 from 10.1% in 2014, reflecting decreased margin from the Buildings and Industrial Groups.
- EBITDA increased 19.1% to $10.6 million, from $8.9 million in the first quarter of 2014. EBITDA results reflect reduced administrative costs in the Corporate and Buildings Groups.
- First quarter net earnings from continuing operations decreased to $1.0 million (diluted earnings per share of $0.04), from $1.3 million in 2014 (diluted earnings per share of $0.05), driven by the double interest carry associated with two convertible debentures being outstanding until June 2015, when the 2010 convertible debentures will be repaid using the proceeds raised from the 2014 convertible debenture issue, and increased amortization associated with the intangibles recorded as part of the Studon acquisition.
- First quarter 2015 net earnings increased to $1.0 million (diluted earnings per share of $0.04), a $1.6 million improvement compared to the net loss of $0.6 million (diluted loss per share of $0.02) reported in Q1 2014. Results from a year ago included a $1.9 million loss from discontinued operations related to our former Broda business that did not repeat in 2015.
- Backlog of $2.1 billion reflects the addition of $157.0 million of acquired January 6, 2015 Studon backlog and $243.9 million in new contract awards and net increases in project scope awarded during the quarter (book-to-bill ratio of 0.83 to 1.0).
- As at March 31, 2015, we were in full compliance with our long-term debt covenants, had available cash of $63.9 million and additional borrowing capacity of approximately $155.2 million.
- On May 5, 2015, our Board of Directors ("Board") declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the *Income Tax Act* (Canada) and is payable July 15, 2015 to shareholders of record on June 30, 2015.

ECONOMIC DEVELOPMENTS

After five years of exceptional growth, Alberta's economic expansion paused in the first quarter of 2015 with energy companies pulling back on investment and cutting costs in response to weaker oil prices. According to the Government of Alberta, the province's real GDP is forecast to grow by just 0.4% in 2015, well below the average annual increase of over 4% since 2010[1]. Despite the lower oil prices and weak growth projections, oil sands production is expected to continue growing as production expansion projects move forward. The Canadian Energy Research Institute predicts oil sands production will increase by 130,000 barrels per day for each of the next four years[2]. This is expected to provide a continuing strong base for maintenance, repair and operations ("MRO") services.

Outside of Alberta, the economic growth profile for provinces we operate in remains positive, with healthy levels of commercial, industrial and infrastructure investment. Ontario, British Columbia and Manitoba are expected to lead the country in economic growth over the next two years, providing continuing opportunities for Stuart Olson's operations in these regions.

OUTLOOK

We anticipate that consolidated revenue for 2015 will be in line with overall revenue in 2014, while EBITDA and EBITDA margin are expected to increase. Our outlook is based on our $2.1 billion backlog, which provides a clear line of sight to activity levels for 2015 and into 2016. Both the Buildings Group and Commercial Systems Group will be executing large backlogs dominated by public infrastructure projects distributed across multiple provinces. The majority of these projects are underway and are expected to be completed.

The Industrial Group will benefit from the addition of Studon, which was acquired on January 6, 2015 and added approximately $157.0 million of backlog on closing to the group's existing December 31, 2014 backlog of $340.6 million. In addition, we anticipate continued strong demand for MRO services in 2015, and we estimate that approximately 50% of the Industrial Group's backlog is comprised of these stable and recurring services. Opportunities for new industrial construction projects in Alberta are expected to be weaker in 2015 than in 2014, as a result of lower expected oil prices. However, industrial projects that have been secured and opportunities that are being pursued in other parts of Canada are expected to mitigate this risk.

Overall we believe market conditions in Alberta will be challenging for the remainder of 2015, particularly in terms of increased competition for fewer industrial and commercial construction project opportunities. However, we continue to see good opportunities for infrastructure projects, with Western Canadian provincial governments expected to maintain infrastructure spending at stable levels. As noted above, economic conditions remain healthy in British Columbia, Manitoba and Ontario, providing opportunities for our operations in these provinces. Supported by our large backlog, we will focus on cost control and project execution to ensure we achieve our financial objectives in 2015.

Buildings Group Outlook

Buildings Group revenue is expected to be lower in 2015 than in 2014, but with higher EBITDA and EBITDA margins. This outlook reflects a significant reduction in our exposure to higher-risk industrial site projects, which in 2014 experienced losses on certain projects as it executed in excess of $100 million of revenue. Buildings Group profitability is expected to strengthen as we tighten our focus on areas of core strength in the institutional and commercial markets.

We expect to execute approximately $382.7 million of the Buildings Group's March 31, 2015 backlog during the remainder of 2015.

[1] Alberta Government, (2015). *Economic Outlook - Budget 2015*. p.57.
[2] Cbc.ca, (2015). *Canadian crude output growth set to slow*. [online] Available at: http://www.cbc.ca/news/business/canadian-crude-output-growth-set-to-slow-1.3044038 [Accessed 24 Apr. 2015].

Industrial Group Outlook

In 2014, the Industrial Group benefited significantly from a one-time large construction project that is now in its final stages. This factor, combined with the expected decline in new industrial construction opportunities in Alberta, will likely result in 2015 revenue from our legacy Industrial Group businesses being lower than the levels achieved in 2014. The Studon business also anticipates a year-over-year reduction in revenue as a result of the decline in industrial construction opportunities. We expect to offset some of this impact with our large base of continuing industrial MRO work and the addition of a significant Northwest Territories mining project, which was added to backlog in late 2014. The newly acquired Studon business is also providing us with opportunities to bundle and cross-sell construction and maintenance services to our respective customer groups.

While total 2015 Industrial Group revenue is targeted to be higher as a result of the Studon acquisition, consolidated Industrial Group EBITDA margins are expected to be weaker year-over-year as a result of increased competition, oil sands operators seeking supplier cost reductions in response to lower oil prices, and an increased proportion of lower risk cost reimbursable projects. We expect the negative impact of low oil prices will continue through most of 2015 given owner delays in moving forward with new projects as they assess their own capital budgets.

We expect to execute approximately $262.8 million of the Industrial Group's March 31, 2015 backlog during the remainder of 2015. New contract awards, additional short-duration projects, scope changes and industrial maintenance work are expected to supplement the Industrial Group's combined annual revenue.

Commercial Systems Group Outlook

The Commercial Systems Group's 2015 revenue is expected to be similar to 2014, reflecting strong demand and the sizeable $184.8 million backlog at March 31, 2015. EBITDA margins for 2015 are forecast to be consistent with 2014 levels.

During the remainder of 2015, the Commercial Systems Group expects to execute approximately $136.8 million of its backlog. New awards, short-duration projects, building maintenance and tenant improvement work on existing projects are expected to supplement the backlog revenue executed during the balance of 2015.

RISKS

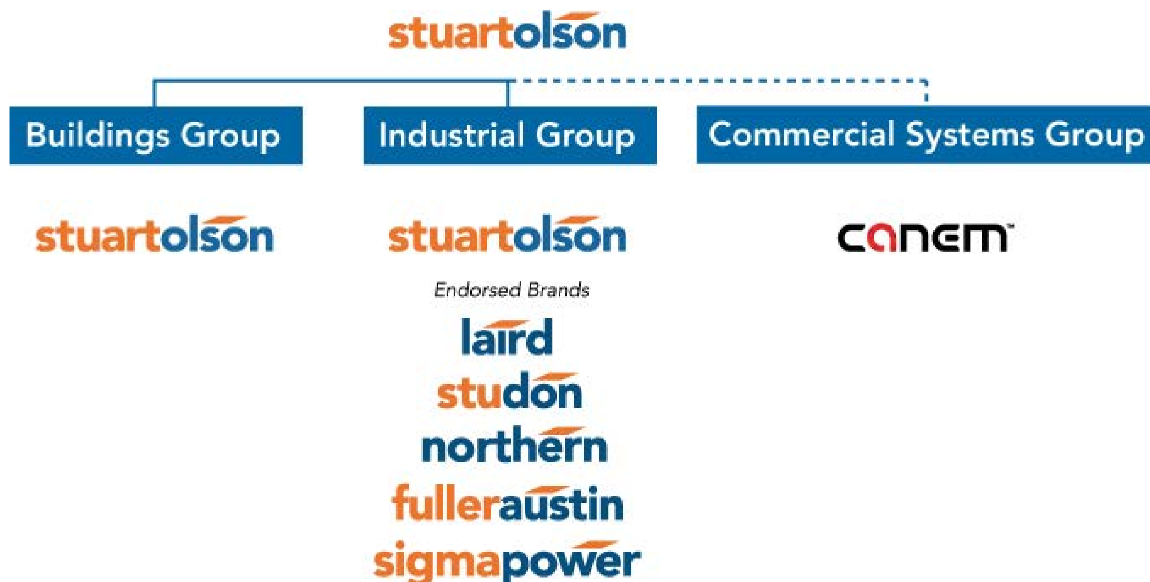
Various factors could cause our actual results to differ materially from the results anticipated by management. The factors are described in more detail in this document and the section of Stuart Olson's Annual Information Form entitled "Risk Factors". Readers are also encouraged to review the section of this MD&A entitled "Forward-Looking Information".

ABOUT STUART OLSON INC.

Stuart Olson provides commercial, institutional and industrial construction services to a diverse range of customers in Western Canada, Ontario and the Northwest Territories.

On January 6, 2015, we completed the strategic acquisition of Studon, taking a critical step in our strategy to become an integrated, full-service construction company. Studon is a non-union industrial electrical and instrumentation contractor headquartered in Red Deer, Alberta. It employs electricians and instrumentation trades people and provides construction, maintenance and turnaround services to the oil and gas, pipeline and petrochemical industries in Western Canada. Studon's results are reported as part of our Industrial Group.

As at March 31, 2015, the branding of our three business groups was organized as follows:



Buildings Group

Our Buildings Group provides services to private and public sector clients in the commercial, light industrial and institutional sectors. It operates through branch offices in Richmond, British Columbia; Calgary and Edmonton, Alberta; Winnipeg, Manitoba; and Mississauga, Ontario.

Projects undertaken by the Buildings Group include the construction, expansion and renovation of buildings ranging from schools, hospitals and sports arenas, to high-rise office towers, retail, high technology facilities and commercial buildings on industrial sites. The Buildings Group focuses on alternative methods of project delivery such as integrated project delivery, construction management and design-build approaches. These methods provide cost reductions for clients as a result of the project efficiencies we are able to generate. These approaches also support our ability to deliver on-time and on-budget project completion, assist us in building long-term relationships with clients, reduce project execution risk and improve our contract margins.

The majority of the revenue generated by the Buildings Group is from repeat clients or arises through pre-qualification processes and select invitational tenders. Our business model is to pursue larger projects, and, preferably, negotiated construction management-type contracts rather than hard-bid projects. The Buildings Group subcontracts approximately 85% of its project work to subcontractors and suppliers and closely manages the construction process to deliver on commitments.

Industrial Group

The Industrial Group operates under the general contracting brand of Stuart Olson and under our endorsed brands of Laird, Northern, Fuller Austin, Sigma Power and Studon. The Industrial Group serves clients in a wide range of industrial sectors including oil and gas, petrochemical, refinery, mining, pulp and paper, and power generation.

Originally organized as separate service companies, the Industrial Group increasingly operates as an integrated industrial contractor, capable of taking on and self-performing larger projects in the industrial construction and MRO space. Services provided by the Industrial Group include mechanical, insulation installation, metal siding and cladding, heating, ventilating and air conditioning (“HVAC”), asbestos abatement, electrical and instrumentation and power line construction and maintenance services.

Commercial Systems Group

The Commercial Systems Group, operating under the Canem brand, is one of the largest electrical and data systems contracting companies in Western Canada. Canem is an industry leader in the provision of complex systems used in today’s high-tech, high performance buildings. It not only designs, builds and installs a building’s core electrical infrastructure, it also provides the services and systems that support information management, building systems integration, energy management, green data centres, security and risk management and lifecycle services. Additionally, Canem provides ongoing maintenance and on-call service to customers, and manages regional and national multi-site installations and roll outs.

Canem focuses primarily on large, highly complex projects that contain both data and electrical components, or that require extensive logistical expertise. Canem delivers these services on a tendered (hard bid) basis and as part of an integrated project delivery process that includes close involvement with customers from the earliest stages of design. Canem is also an industry leader in the use of off-site assembly of modularized system components (pre-fabrication), which significantly improves worksite productivity.

ACQUISITION OF STUDON

On January 6, 2015, we acquired all of the issued and outstanding shares of Studon for estimated closing consideration of $68.9 million, plus up to a maximum of $22.3 million in additional cash payments subject to earn-out conditions for Studon’s performance from 2015 through to 2017. The earn-out payments are based on Studon’s annual EBITDA exceeding a threshold of $16.8 million, with the threshold being increased by 50% of every dollar that Studon’s prior year EBITDA is less than $16.8 million.

The acquisition was financed on close by $59.9 million in cash and the issuance of 1,103,081 shares of Stuart Olson valued at $6.6 million. A payable of $2.4 million has been recognized at March 31, 2015 for expected remaining cash payments related to the Studon acquisition, subject to the finalization of the purchase price.

For accounting purposes, the Studon purchase price includes the $7.6 million fair market value at closing of estimated Studon earn-out payments. Under IFRS we are required to revalue this contingent liability at each reporting date, with any required adjustment to the liability impacting net earnings.

Our reported results for the Industrial Group and consolidated Stuart Olson include Studon’s results from closing on January 6, 2015. For further information on the acquisition of Studon, please refer to *Note 4* of our Condensed Consolidated Interim Financial Statements.

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RESULTS OF OPERATIONS

Consolidated Results

$millions, except percentages and per share amounts	Three months ended March 31 2015	2014[4]
Contract revenue	**282.9**	268.5
Contract income	**24.9**	27.0
Contract income margin[1]	**8.8%**	10.1%
EBITDA[1]	**10.6**	8.9
EBITDA margin[1]	**3.7%**	3.3%
Net earnings from continuing operations	**1.0**	1.3
Net (loss) from discontinued operations	**nil**	(1.9)
Net earnings (loss)	**1.0**	(0.6)
Earnings (loss) per share		
Basic from continuing operations	**0.04**	0.05
Basic earnings (loss) per share	**0.04**	(0.02)
Diluted from continuing operations	**0.04**	0.05
Diluted earnings (loss) per share	**0.04**	(0.02)
Dividends declared per share	**0.12**	0.12

$millions	Mar. 31, 2015	Dec. 31, 2014
Backlog[1]	**2,094.6**	1,986.8
Working capital[1][3]	**9.5**	54.4
Long-term debt (excluding current portion)	**3.0**	0.8
Convertible debentures (excluding equity portion)[2]	**156.9**	155.8
Total assets	**798.4**	783.6

Notes: (1) “Contract income margin”, “EBITDA”, “EBITDA margin”, “backlog” and “working capital” are non-IFRS measures. Refer to “Non-IFRS Measures” for definitions of these terms.

(2) The convertible debentures issued in 2010, and due in 2015, are presented as a current liability of $85.6 million as at March 31, 2015 (December 31, 2014 - $84.8 million).

(3) If the convertible debentures issued in 2010 were excluded from working capital, adjusted March 31, 2015 working capital would have been $95.1 million (December 31, 2014 - $139.2 million).

(4) Amounts have been restated as a result of the reclassification of Broda to discontinued operations. See the “Discontinued Operations” subsection of “Results of Operations by Business Group” of this MD&A and *Note 9* of our first quarter 2015 Condensed Consolidated Interim Financial Statements.

For the three months ended March 31, 2015, consolidated contract revenue increased by 5.4% to $282.9 million, from $268.5 million in 2014. Revenue from the Buildings Group increased by $19.2 million or 14.3%, Industrial Group revenue decreased by $2.3 million or 2.7%, and Commercial Systems Group revenue decreased by $3.2 million or 5.3%. Intersegment revenue for the period was $9.7 million, a decrease of $0.5 million or 4.9% from 2014. This decrease reflects a slight decline in intercompany activity among our business groups.

Contract income decreased 7.8% to $24.9 million in the first quarter of 2015, from $27.0 million in the first quarter of 2014. This $2.1 million decrease reflects a $2.3 million or 25.0% decrease in contract income from the Buildings Group, a $1.3 million or 12.5% decrease from the Industrial Group and a $0.5 million or 6.2% decrease from the Commercial Systems Group, partially offset by a $2.0 million improvement in intersegment eliminations. Our first quarter contract income margin percentage declined to 8.8% in 2015, from 10.1% during the same period last year. The year-over-year decline reflects lower margins primarily from the Buildings and Industrial Groups.

First quarter 2015 administrative costs decreased to $19.8 million (7.0% of revenue), from $22.3 million (8.3% of revenue) in 2014. Administrative costs decreased by $3.3 million or 53.2% in the Corporate Group and by $1.8 million or 23.1% in the Buildings Group. These decreases were partially offset by administrative cost increases of $2.6 million or 56.5% in the Industrial Group, due primarily to the addition of Studon.

EBITDA for the three months ended March 31, 2015 increased 19.1% to $10.6 million, from $8.9 million in Q1 2014. This $1.7 million increase reflects the addition of Studon in 2015 and lower overall administrative costs.

We reported first quarter consolidated net earnings from continuing operations of $1.0 million in Q1 2015, compared to consolidated net earnings from continuing operations of $1.3 million in Q1 2014. The year-over-year reduction reflects the double interest carry associated with two convertible debentures being outstanding until June 2015, when the 2010 convertible debentures will be repaid using the proceeds raised from the 2014 convertible debenture issue, and increased amortization associated with the intangibles recorded as part of the Studon acquisition, partially offset by the improvement in EBITDA.

First quarter 2015 net earnings from discontinued operations increased to $nil from a net loss of $1.9 million in the first quarter of 2014. Last year our former Broda business sustained a first quarter operating loss that was not repeated in Q1 2015. Net earnings increased to $1.0 million during the period, a $1.6 million increase from the net loss of $0.6 million reported in the first quarter of 2014.

Backlog

$millions, except percentages	Mar. 31, 2015	Dec. 31, 2014
Buildings Group	**1,439.7**	1,433.6
Industrial Group	**470.1**	340.6
Commercial Systems Group	**184.8**	212.6
Consolidated backlog	**2,094.6**	1,986.8
Construction management	**59.9%**	60.5%
Cost-plus	**26.8%**	23.7%
Tendered (hard bid)	**13.3%**	15.8%

Consolidated backlog as at March 31, 2015 was $2,094.6 million, up $107.8 million or 5.4% from backlog of $1,986.8 million at December 31, 2014. This improvement includes $157.0 million of backlog in respect of Studon acquired on January 6, 2015. As at March 31, 2015, backlog consisted of work-in-hand of $971.1 million (December 31, 2014 - $1,080.3 million) and active backlog of $1,123.5 million (December 31, 2014 - $906.5 million). Approximately 59.9% of the backlog consists of construction management (CM) contracts, 26.8% cost-plus arrangements (combined total of 86.7% CM and cost-plus) and 13.3% tendered (hard-bid) work. New contract awards and net increases in contract value of $166.7 million were added to work-in-hand in Q1 2015.

Our book-to-bill ratio for the first quarter of 2015 was 0.83 to 1.0, excluding the benefit of the backlog provided by the Studon acquisition. Revenue exceeded backlog additions during the first quarter primarily due to delays by owners in awarding anticipated projects in all market segments in Alberta.

RESULTS OF OPERATIONS BY BUSINESS GROUP

Buildings Group Results

	Three months ended March 31	
$millions, except percentages	**2015**	**2014**
Contract revenue	**153.3**	134.1
Contract income	**6.9**	9.2
Contract income margin[1]	**4.5%**	6.9%
Administrative costs	**6.0**	7.8
EBITDA[1]	**1.6**	2.8
EBITDA margin[1]	**1.0%**	2.1%
EBT[1]	**1.0**	1.5
Backlog[1][2]	**1,439.7**	1,433.6

Notes: (1) “Contract income margin”, “EBITDA” and “EBITDA margin”, “EBT” and “backlog” are non-IFRS measures. Refer to “Non-IFRS Measures” for definitions of these terms.
(2) Comparative backlog is as at December 31, 2014.

For the three months ended March 31, 2015, revenue from the Buildings Group increased 14.3% to $153.3 million, from $134.1 million in Q1 2014. The $19.2 million improvement was primarily attributable to increased commercial construction activity in Alberta and Manitoba.

Contract income decreased to $6.9 million in the first quarter of 2015, from $9.2 million during the same period in 2014. The $2.3 million or 25.0% decrease reflects lower first quarter 2015 contract income margins, which declined to 4.5% from 6.9% in Q1 2014. The lower contract income margin reflects project stage of completion and industrial site revenue earned at no margin in Q1 2015.

First quarter EBITDA from the Buildings Group decreased to $1.6 million (1.0% EBITDA margin), compared to EBITDA of $2.8 million (2.1% EBITDA margin) in the same period in 2014. The $1.2 million decrease reflects lower contract income, mostly offset by administrative cost savings from targeted reductions in the Buildings Group's administrative spending.

EBT decreased by $0.5 million or 33.3% to $1.0 million in the first quarter of 2015, from $1.5 million in Q1 2014. The year-over-year reduction reflects the decrease in EBITDA, partially offset by a first quarter 2014 write-down of Buildings Group tenant improvements as part of a reduction in office space that did not repeat in 2015.

As at March 31, 2015, the Buildings Group's backlog was $1,439.7 million, compared to $1,433.6 million at December 31, 2014. The improvement of $6.1 million or 0.4% reflects backlog additions offsetting executed work in the first quarter of 2015. As at March 31, 2015, approximately 83.2% of the Buildings Group's backlog was composed of CM assignments, 14.0% was cost-plus projects (combined total of 97.2% CM and cost-plus) and 2.8% was tendered (hard-bid) projects. The tendered projects primarily reflect the work left to be completed on the remaining industrial site projects. The March 31, 2015 backlog consisted of $503.1 million of work-in-hand and $936.6 million of active backlog, compared to $576.7 million of work-in hand and $856.9 million of active backlog as at December 31, 2014. With respect to work-in-hand, the segment secured $80.1 million of new awards and project scope increases during the quarter, and executed $153.3 million of contract revenue.

Industrial Group Results

	Three months ended March 31	
$millions, except percentages	**2015**	**2014**[2]
Contract revenue	**82.3**	84.6
Contract income	**9.1**	10.4
Contract income margin[1]	**11.1%**	12.3%
Administrative costs	**7.2**	4.6
EBITDA[1]	**4.2**	6.4
EBITDA margin[1]	**5.1%**	7.6%
EBT[1]	**1.9**	5.8
Backlog[1][3]	**470.1**	340.6

Notes: (1) "Contract income margin", "EBITDA", "EBITDA margin", "EBT" and "backlog" are non-IFRS measures. Refer to "Non-IFRS Measures" for definitions of these terms.

(2) Amounts have been restated as a result of the reclassification of Broda to discontinued operations. See the "Discontinued Operations" subsection of "Results of Operations by Business Group" of this MD&A and *Note 9* of our first quarter 2015 Condensed Consolidated Interim Financial Statements.

(3) Comparative backlog is as at December 31, 2014.

For the three months ended March 31, 2015, Industrial Group revenue declined by 2.7% to $82.3 million, from $84.6 million during the same period in 2014. The $2.3 million decline reflects a large one-time oil sands construction project executed during the first quarter of 2014 that in Q1 2015 was in its final stages and being wound down, and significant modular work in Q1 2014 that did not repeat in 2015. This was partially offset by the addition of revenue provided by Studon from the January 6, 2015 acquisition date.

The Industrial Group reported first quarter 2015 contract income of $9.1 million, a decline of $1.3 million or 12.5% compared to the $10.4 million achieved during the same period in 2014. First quarter contract income margin decreased to 11.1% from 12.3% in Q1 2014 as a result of lower activity levels, oil sands project owners seeking supplier cost reductions, an increased proportion of lower risk cost reimbursable MRO work in Q1 2015, and a contract renegotiation that benefited Q1 2014 that did not repeat in Q1 2015.

EBITDA from the Industrial Group decreased by 34.4% to $4.2 million (5.1% EBITDA margin) in the first quarter of 2015, from $6.4 million (7.6% EBITDA margin) during the same period in 2014. The $2.2 million year-over-year decrease primarily reflects lower contract income and the addition of Studon administrative costs in Q1 2015.

First quarter Industrial Group EBT declined by $3.9 million or 67.2% to $1.9 million in 2015, from $5.8 million in 2014. The decrease in EBT was due primarily to the decline in EBITDA and the increase in intangible amortization costs associated with the Studon acquisition.

The Industrial Group's backlog was $470.1 million as at March 31, 2015, compared to backlog of $340.6 million at December 31, 2014. The $129.5 million or 38.0% increase is primarily due to the addition of Studon's backlog. As at March 31, 2015, approximately 76.2% of the Industrial Group's backlog was composed of cost-plus projects and 23.8% was tendered (hard-bid) projects. The March 31, 2015 backlog consisted of $301.0 million of work-in-hand and $169.1 million of active backlog, compared to $325.1 million of work-in-hand and $15.5 million of active backlog at December 31, 2014. With respect to work-in-hand, the Industrial Group contracted $41.0 million of new awards during the quarter and executed $82.3 million of contract revenue.

Commercial Systems Group Results

	Three months ended March 31	
$millions, except percentages	**2015**	**2014**
Contract revenue	**56.9**	60.1
Contract income	**7.6**	8.1
Contract income margin(1)	**13.4%**	13.5%
Administrative costs	**3.6**	3.6
EBITDA(1)	**4.6**	4.9
EBITDA margin(1)	**8.1%**	8.2%
EBT(1)	**4.1**	4.5
Backlog(1)(2)	**184.8**	212.6

Notes: (1) "Contract income margin", "EBITDA", "EBITDA margin", "EBT" and "backlog" are non-IFRS measures. Refer to "Non-IFRS Measures" for definitions of these terms.
(2) Comparative backlog is as at December 31, 2014.

For the three months ended March 31, 2015, the Commercial Systems Group generated revenue of $56.9 million, compared to $60.1 million in Q1 2014. This $3.2 million or 5.3% reduction is attributable to a different project mix and project stage of completion in the two periods.

First quarter 2015 contract income from the Commercial Systems Group was $7.6 million, a reduction of $0.5 million or 6.2% from the $8.1 million achieved during the same period in 2014. First quarter 2015 contract income margin of 13.4% was in line with the 13.5% achieved in Q1 2014.

EBITDA from the Commercial Systems Group was $4.6 million (8.1% EBITDA margin) in the first quarter of 2015, compared to $4.9 million (8.2% EBITDA margin) in the first quarter of 2014. This modest reduction in EBITDA margin primarily reflects lower contract income margin related to project stage of completion. First quarter EBT of $4.1 million was $0.4 million or 8.9% below the $4.5 million achieved during the same period in 2014. The year-over-year change in EBT is due primarily to the decrease in EBITDA.

Commercial Systems Group backlog declined to $184.8 million at March 31, 2015, from $212.6 million at December 31, 2014, a $27.8 million or 13.1% decrease. As at March 31, 2015, the group's backlog was composed of approximately 30.8% CM and cost-plus projects, and 69.2% tendered projects. The March 31, 2015 backlog consisted of $167.0 million of work-in-hand and $17.8 million of active backlog compared to $178.4 million of work-in-hand and $34.2 million of active backlog at December 31, 2014. With respect to work-in-hand, the group secured $45.5 million of new awards and increases in contract value during the quarter and executed $56.9 million of construction activity.

Corporate Group Results

	Three months ended March 31	
$millions	**2015**	**2014**
Administrative costs	**2.9**	6.2
Finance costs	**4.0**	2.8
EBT[(1)]	**(6.9)**	(9.0)

Note: (1) "EBT" is a non-IFRS measure. Refer to "Non-IFRS Measures" for the definition of the term.

For the three months ended March 31, 2015, Corporate Group administrative costs decreased to $2.9 million, from $6.2 million in the first quarter of 2014. The $3.3 million or 53.2% decrease is primarily related to lower stock-based compensation expense resulting from the decrease in our share price in the first quarter of 2015, compared to share price appreciation in Q1 2014, and the corresponding impact of mark-to-market pricing. The year-over-year reduction in administrative costs also reflects onerous lease costs incurred in Q1 2014 associated with moving to smaller facilities that did not repeat in 2015.

The Corporate Group's finance costs were $4.0 million in the first quarter of 2015, compared to $2.8 million during the same period last year. The $1.2 million or 42.9% increase reflects the double interest carry associated with two convertible debentures being outstanding until June 2015, when the 2010 convertible debentures will be repaid using the proceeds raised from the 2014 convertible debenture issue.

The Corporate Group incurred a first quarter 2015 loss before tax of $6.9 million, compared to a loss before tax of $9.0 million in the comparable period in 2014. The year-over-year improvement was due principally to lower administrative costs, partially offset by the increase in finance costs.

Discontinued Operations

On September 1, 2014, we completed the sale of Broda. Results from the Broda business, including those of all prior periods, are presented as discontinued operations. For complete financial details of discontinued operations, please refer to *Note 9* of our March 31, 2015 Condensed Consolidated Interim Financial Statements.

LIQUIDITY

Cash and Borrowing Capacity

We monitor our liquidity principally through cash and cash equivalents and available borrowing capacity under our revolving credit facility.

Cash and cash equivalents at March 31, 2015 decreased to $63.9 million from $104.1 million at December 31, 2014. This $40.2 million decrease reflects the $59.9 million in cash paid on closing to acquire Studon, partially offset by the collection of non-cash working capital due to seasonal decreases in activity levels in the first quarter of 2015 as compared to the end of 2014.

As at March 31, 2015, we had additional borrowing capacity under our revolving credit facility of $155.2 million, as compared to $118.6 million at December 31, 2014. The improvement in our borrowing capacity is due to the inclusion of Studon's trailing 12-month EBITDA in our results for the purposes of calculating bank covenants, as per our revolving credit facility agreement.

Debt and Capital Structure

Long-term indebtedness, defined in the "Non-IFRS Measures" section of this MD&A, including the current portion of long-term debt and convertible debentures, increased to $173.3 million at March 31, 2015, from $169.9 million at December 31, 2014. The $3.4 million increase in long-term indebtedness mainly reflects capital lease liabilities assumed as part of the Studon acquisition. Long-term indebtedness consists of $166.8 million (December 31, 2014 - $166.8 million) principal value at maturity of outstanding convertible debentures and the principal value of long-term debt of $6.5 million (December 31, 2014 - $3.1 million) before the deduction of deferred financing fees.

The current portion of long-term debt was $1.9 million as at December 31, 2015 (December 31, 2014 - $0.4 million). The current portion of convertible debentures was $85.6 million as at March 31, 2015 (December 31, 2014 - $84.8 million). The current portion of convertible debentures represent the 2010 convertible debentures that will be settled on June 30, 2015. The settlement will be financed through any surplus cash on hand combined with a draw on our revolving credit facility.

We monitor our capital structure through the use of indebtedness to capitalization and net long-term indebtedness to EBITDA metrics, both defined in the "Non-IFRS Measures" section of this MD&A. Indebtedness to capitalization at March 31, 2015 was 44%, which is consistent with our position at December 31, 2014, but slightly higher than our targeted range of 20% to 40% over the long-term.

Net long-term indebtedness to EBITDA has improved at March 31, 2015 to 2.53 as compared to 3.51 at March 31, 2014. The improvement was driven by lower net long-term indebtedness year-over-year from the conversion of non-cash working capital to cash leading up to March 31, 2015 and a year-over-year improved trailing twelve month EBITDA performance, partially offset by the net proceeds invested in business development activity (proceeds on the sale of Broda less the cash outlay for the purchase of Studon). The calculation of net long-term indebtedness to EBITDA reflects the increase in net long-term indebtedness at March 31, 2015 associated with the Studon acquisition, but only reflects Studon EBITDA from the January 6, 2015 closing date. Had we included Studon's trailing twelve month EBITDA on a pro forma basis, net long-term indebtedness to EBITDA would have been 1.92. We expect the EBITDA component of this metric to improve as the year progresses and we include a greater proportion of Studon's trailing twelve month EBITDA results.

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As at March 31, 2015, we were in full compliance with the covenants in our credit facility.

Ratio	Covenant	Actual as at Mar. 31, 2015
Working capital	**>1.10:1.00**	**1.26**
Interest coverage[1]	**>3.00:1.00**	**3.99**
Total debt to EBITDA[1]	**<3.25:1.00**	**0.12**
Senior debt to EBITDA[1]	**<2.75:1.00**	**0.04**

Notes: (1) As per our senior secured revolving credit facility agreement, EBITDA for covenant purposes includes trailing twelve month EBITDA from acquisitions (Studon).

The outstanding balance under the revolving credit facility fluctuates from quarter to quarter as it is drawn to finance working capital requirements, capital expenditures and acquisitions, and repaid with funds from operations, dispositions or financing activities.

Summary of Cash Flows

	Three months ended March 31	
$millions	2015	2014[1]
Operating activities	**33.3**	(24.1)
Investing activities	**(62.9)**	(1.1)
Financing activities	**(10.7)**	19.3
Increase in cash	**(40.3)**	(5.9)
Cash and cash equivalents, beginning of period	**104.1**	36.2
Cash and cash equivalents, end of period	**63.9**	30.3

Notes: (1) This table includes both continuing and discontinued operations. See accompanying notes of our first quarter Condensed Consolidated Interim Financial Statements.

For the quarter ended March 31, 2015, cash generated from operating activities was $33.3 million as compared to cash used of $24.1 million in 2014, a year-over-year improvement of $57.4 million. The increase was driven by a $61.9 million improvement in the change of non-cash working capital year-over-year from the conversion of working capital to cash in the first quarter of 2015 for our Industrial Group and Buildings Group, compared to significant working capital investments made in Q1 2014. The Industrial Group has been slower to ramp up activity in 2015, delaying the need to invest cash in working capital, while the Buildings Group is wrapping up its industrial site projects in 2015 that required significant investment in working capital in 2014. Partially offsetting the improvement in non-cash working capital was an increase in interest paid for costs associated with carrying two convertible debentures in Q1 2015 and an increase in cash taxes paid as final tax instalments for the 2014 tax year made in the first quarter of 2015 exceeded final 2013 instalments made in Q1 2014.

Cash used by investing activities was $62.9 million for the quarter ended March 31, 2015, as compared to an outflow of $1.1 million in 2014, a $61.8 million decrease. The primary factor for the decrease was the estimated cash consideration to complete the Studon acquisition in Q1 2015 of $62.3 million.

Cash used by financing activities totalled $10.7 million for Q1 2015, as compared to cash generated of $19.3 million during the first quarter of 2014, a decrease of $30.0 million. This decrease reflects the repayment of Studon bank indebtedness after closing of the acquisition and the availability of cash on hand from the issuance of the 2014 convertible debentures during Q1 2015, compared to Q1 2014 draws on our revolving credit facility to fund our investment in non-cash working capital.

External Factors Impacting Liquidity

Please refer to the section entitled "Risk Factors" of Stuart Olson's Annual Information Form for a description of circumstances that could affect our sources of funding.

CAPITAL RESOURCES

Our objectives in managing capital are to ensure that we have sufficient liquidity to pursue growth objectives while maintaining a prudent amount of financial leverage.

Capital is composed of equity and long-term indebtedness, including convertible debentures. Our primary uses of capital are to finance operations, execute our growth strategies and fund capital expenditure programs.

Capital expenditures are associated with our need to maintain and support existing operations. For 2015, capital spending has been restricted to only those assets we are contractually committed to acquire or that are needed in order to execute our backlog of work. Capital expenditures will be scaled within a range of $4.5 million to $6.0 million based on project requirements and as we continue to monitor the movement of oil prices and the corresponding impact on Western Canadian construction activity. As of May 5, 2015, we expect to spend $5.0 million on total 2015 capital additions that will be funded from available liquidity. In the first quarter of 2015, our capital and intangible expenditures totalled $1.4 million.

For additional information regarding our capital expenditures, please refer to *Note 14* and *Note 16* of the Condensed Consolidated Interim Financial Statements.

Working Capital

As at March 31, 2015, we had working capital of $9.5 million, compared to $54.4 million at December 31, 2014. The $44.9 million decrease primarily reflects the reduction in cash to fund the purchase of Studon on January 6, 2015. The working capital balances at the end of 2014 and end of Q1 2015 both include the 2010 convertible debentures that will be settled on June 30, 2015 for $86.3 million.

On the basis of our current cash and cash equivalents, the ability to generate cash from operations and the undrawn portion of our revolving credit facility, we believe we have the capital resources and liquidity necessary to meet our commitments, support operations, finance capital expenditures, support growth strategies and fund declared dividends.

For additional information regarding our management of capital, please refer to *Note 24* of the Condensed Consolidated Interim Financial Statements.

Contractual Obligations

The following are our contractual financial obligations as at March 31, 2015. Interest payments on the revolving credit facility have not been included in the table below as they are subject to variability based upon outstanding balances at various points throughout the period. Further information is included in *Note 23(b)(iii)* of the Condensed Consolidated Interim Financial Statements.

$thousands	**Carrying amount**	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Trade and other payables	**$ 256,626**	$ 256,626	$ 256,626	$ -	$ -	$ -
Provisions including current portion	**14,988**	18,453	1,976	11,692	119	4,666
Convertible debentures (debt portion)	**156,931**	193,488	93,668	9,660	90,160	-
Long-term debt including current portion	**4,816**	6,524	1,860	3,332	1,332	-
Lease commitments	**62,558**	62,558	6,959	13,065	13,064	29,470
	$ 495,919	$ 537,649	$ 361,089	$ 37,749	$ 104,675	$ 34,136

Scheduled long-term debt principal repayments due within one year of March 31, 2015 were $1.9 million (December 31, 2014 - $0.4 million), while scheduled convertible debenture principal repayments for this same period were $86.3 million (December 31, 2014 - $86.3).

Share Data

We encourage employees to invest in our shares through an Employee Share Purchase Plan (“ESPP”) which is available to all eligible full-time employees. At March 31, 2015, employees held 1,973,918 common shares (December 31, 2014 - 1,806,909 common shares) as a result of purchases made through the ESPP. Under the ESPP, common shares are acquired in the open market at prevailing market prices.

As at March 31, 2015, we had 26,245,906 common shares issued and outstanding and 1,584,434 options convertible into common shares (December 31, 2014 - 25,054,310 common shares and 1,682,042 options). Please refer to *Note 20* and *Note 21* of the Condensed Consolidated Interim Financial Statements for further detail. On April 1, 2015 we issued 358,656 options convertible into common shares. On April 15, 2015, we issued 109,879 shares pursuant to our Dividend Reinvestment Plan (“DRIP”). The details pertaining to our DRIP are available on our website.

The $86.3 million of 6.0% convertible debentures issued in 2010 are convertible into 4,634,554 common shares, based on a conversion price of $18.61 per share. Additionally, our $80.5 million of 6.0% convertible debentures issued in 2014 are convertible into 5,689,046 common shares, based on a conversion price of $14.15 per share.

At March 31, 2015, shareholders’ equity was $221.6 million, compared to $216.6 million at December 31, 2014. This $5.0 million increase was due to $1.0 million of Q1 2015 net earnings, the issuance of $6.6 million in common shares as part of the consideration for the Studon acquisition, $0.6 million related to shares issued pursuant to the DRIP and $0.2 million related to stock option expense, partially offset by $3.2 million of dividends declared and $0.2 million defined benefit plan actuarial loss, net of tax.

DIVIDENDS

Declaration of Common Share Dividend

On May 5, 2015, our Board of Directors declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the *Income Tax Act* (Canada) and is payable July 15, 2015 to shareholders of record on June 30, 2015. The declaration of this dividend reflects the Board of Directors' confidence in our ability to generate cash flows adequate to support our growth strategy, while providing a certain amount of income to our shareholders.

We also maintain a DRIP, details of which are available on our website (www.stuartolson.com). Future dividend payments may vary depending on a variety of factors and conditions, including overall profitability, debt service requirements, operating costs and other factors affecting cash flow.

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements in place at March 31, 2015.

RELATED PARTY TRANSACTIONS

We incurred facility costs during the three-month period ended March 31, 2015 of $0.1 million (March 31, 2014 - $nil) for the rental of buildings that are partially owned indirectly by Don Sutherland, the President of Studon. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 - $nil).

During the three months ended March 31, 2015, we incurred facility costs of $0.1 million (March 31, 2014 – $0.1 million) for the rental of a building that is 50% owned by Schneider Investments Inc., a company owned by George Schneider, a Director of Stuart Olson. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 – $nil).

We incurred facility costs during the three month period ended March 31, 2015 of $nil (March 31, 2014 – $0.1 million) for the rental of a building owned by Broda Holdings (2009) Inc., a company owned by Gord Broda, the President of a former subsidiary of the Company. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 - $nil). We reclassified these facility costs as discontinued operations in the consolidated statements of earnings (loss).

On September 1, 2014, we completed the sale of Broda to TriWest Capital Partners and certain members of the senior management team of Broda, for gross cash proceeds of $38.8 million. Gord Broda had an indirect interest in the entity that acquired Broda. Chad Danard, a Director of the Company and a Managing Director of TriWest, did not participate in any discussions relating to the Broda disposition.

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QUARTERLY FINANCIAL INFORMATION

The following table sets out our selected quarterly financial information for the eight most recent three-month quarters:

	2015 Quarter Ended:	2014 Quarter Ended:				2013 Quarter Ended[2]:		
$millions, except per share amounts	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Contract revenue	**282.9**	364.5	350.4	322.9	268.5	283.6	274.8	266.0
EBITDA[1]	**10.6**	12.0	10.9	9.9	8.9	11.2	8.5	8.9
Net earnings (loss) from continuing operations	**1.0**	1.2	2.8	1.8	1.3	3.4	1.0	1.2
Net earnings (loss) from discontinued operations	**Nil**	(0.7)	(15.7)	(1.9)	(1.9)	(0.1)	1.6	(0.7)
Net earnings (loss)	**1.0**	0.5	(12.9)	nil	(0.6)	3.3	2.6	0.5
Net earnings (loss) per common share								
Basic from continuing operations	**0.04**	0.05	0.11	0.07	0.05	0.14	0.04	0.05
Basic earnings (loss) per share	**0.04**	0.02	(0.52)	nil	(0.02)	0.13	0.10	0.02
Diluted from continuing operations	**0.04**	0.05	0.11	0.07	0.05	0.14	0.04	0.05
Diluted earnings (loss) per share	**0.04**	0.02	(0.52)	nil	(0.02)	0.13	0.10	0.02

Notes: (1) "EBITDA" is a non-IFRS measure, refer to "Non-IFRS Measures" for the definition.
(2) Amounts have been restated as a result of the reclassification of Broda to discontinued operations. See the "Discontinued Operations" subsection of "Results of Operations by Business Group" of this MD&A and *Note 9* of our first quarter 2015 Condensed Consolidated Interim Financial Statements.

A positive contribution from the Buildings Group, along with strong results from the Commercial Systems Group and Industrial Group, increased revenue in the third quarter of 2013 relative to the second quarter of 2013; however, increased administrative costs negatively impacted EBITDA and net earnings from continuing operations. Net earnings improved in the quarter as a result of seasonal improvement in Broda's operations, which are presented as discontinued operations.

Financial results in the fourth quarter of 2013 improved compared to the third quarter of 2013 due to slightly increased revenues in all segments and higher contract income margins in the Buildings Group and Commercial Systems Group.

First quarter 2014 financial results declined relative to the fourth quarter of 2013 as our business groups experienced seasonal revenue declines quarter over quarter.

Financial results for the second quarter of 2014 increased compared to the first quarter of 2014, principally due to strong revenue and margin in the Industrial Group and strong revenue growth in the Buildings Group, partially offset by lower Buildings Group margins.

Financial results from continuing operations improved in the third quarter of 2014 compared to the second quarter of 2014 on increased revenue in all segments and higher margin in the Industrial Group and Commercial Systems Group. Despite improved performance, we recognized a net loss for the quarter driven by an after-tax loss on disposal of discontinued operations of $16.3 million.

Fourth quarter 2014 revenue and EBITDA modestly improved compared to the third quarter of 2014. Improved Buildings Group performance more than offset the fourth quarter impact of seasonal declines in Industrial Group revenue and higher costs associated with the Studon acquisition. Fourth quarter results from continuing operations declined compared to the third quarter of 2014 due to a full quarter of interest on the 2014 convertible debentures and

write-downs on Buildings Group tenant improvements. Net earnings improved significantly quarter-over-quarter as the third quarter loss on the disposal of Broda did not repeat in the fourth quarter.

Financial results for the first quarter of 2015 declined relative to the fourth quarter of 2014, with our business groups experiencing seasonal activity declines quarter over quarter. Notwithstanding the seasonal activity decline, net earnings from continuing operations and net earnings improved in the first quarter of 2015 as a result of Q4 2014 tenant improvement write-downs that did not repeat in the first quarter of 2015.

For a more detailed discussion and analysis of quarterly results prior to March 31, 2015, please review 2014 Annual and Interim Reports.

CRITICAL ACCOUNTING ESTIMATES

Our financial statements include estimates and assumptions made by management in respect to operating results, financial condition, contingencies, commitments and related disclosures. Actual results may vary from these estimates. The following are, in the opinion of management, the more significant estimates that have an impact on our financial condition and results of operations:

- Convertible debentures;
- Revenue recognition;
- Estimates used to determine costs in excess of billings and contract advances;
- Estimates in impairment of property and equipment, goodwill and intangible assets;
- Estimates related to the useful lives and residual value of property and equipment;
- Income taxes;
- Provisions for warranty work and legal contingencies;
- Assumptions used in share-based payment arrangements;
- Accounts receivable collectability; and
- Measurement of defined benefit pension obligations.

The key assumptions and basis for the estimates that management has made under IFRS and their impact on the amounts reported in the Condensed Consolidated Interim Financial Statements and notes thereto, are contained in the 2014 Annual Report, Management's Discussion and Analysis.

CHANGES IN ACCOUNTING POLICIES

Future Changes in Accounting Standards

We have reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. See *Note 3* of the March 31, 2015 Condensed Consolidated Interim Financial Statements for further information. We are still evaluating the potential impact of future accounting standard changes on our financial reporting.

FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of receivables and other like amounts that will result in future cash receipts, as well as accounts payable, borrowings and any other amounts that will result in future cash outlays. The fair value of our short-term financial assets and liabilities approximates their respective carrying amounts on the statement of financial position because of the short-term maturity of those instruments. The fair value of our interest-bearing

financial liabilities, including capital leases, financed contracts and the revolving credit facility, also approximates their respective carrying amounts due to the floating-rate nature of the debt.

The financial instruments we use expose us to credit, interest rate and liquidity risks. Our Board of Directors has overall responsibility for the establishment and oversight of our risk management framework and reviews corporate policies on an ongoing basis. We do not actively use financial derivatives, nor do we hold or use any derivative instruments for trading or speculative purposes.

We are exposed to credit risk through accounts receivable. This risk is minimized by the number of customers in diverse industries and geographical centres. We further mitigate this risk by performing an assessment of our customers as part of our work procurement process, including an evaluation of financial capacity.

Allowances are provided for potential losses as at the Statement of Financial Position date. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. We take into consideration the customer's payment history, credit worthiness and the current economic environment in which the customer operates to assess impairment.

We establish a specific bad debt provision when we consider that the expected recovery will be less than the actual account receivable. The provision for doubtful accounts has been included in administrative costs in the Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss), and is net of any recoveries that were provided for in a prior period. Allowance for doubtful accounts as at March 31, 2015 was $2.3 million (December 31, 2014 - $2.1 million).

In determining the quality of trade receivables, we consider any change in credit quality of customers from the date credit was initially granted up to the end of the reporting period. As at March 31, 2015, we had $20.4 million of trade receivables (December 31, 2014 - $21.3 million) which were greater than 90 days past due, with $18.2 million not provided for as at March 31, 2015 (December 31, 2014 - $19.2 million). Of the total, $8.2 million (40.2%) was concentrated in two customer accounts, and of this amount, $8.2 million remained outstanding as of May 5, 2015. The two customers are considered to be credit-worthy and management is not concerned regarding collectability of these accounts. Trade receivables are included in trade and other receivables on the Condensed Consolidated Statements of Financial Position.

Financial risk is the risk to our earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. We do not use derivative instruments to reduce our exposure to this risk. At March 31, 2015, the increase or decrease in annual net earnings for each 100 basis point change in interest rates on floating rate debt would have been approximately $0.5 million (December 31, 2014 - $0.8 million) related to financial assets and by $nil (December 31, 2014 - $nil) related to financial liabilities.

Liquidity risk is the risk that we will encounter difficulties in meeting our financial obligations. We manage this risk through cash and debt management. We invest our cash with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations. We invest cash and cash equivalents with counterparties that are of high credit quality as assessed by reputable rating agencies. Given these high credit ratings, we do not expect any counterparties to fail to meet their obligations. In managing liquidity risk, we have access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

Under our risk management policy, derivative financial instruments are used only for risk management purposes and not for generating trading profits.

Please refer to *Note 23* of the March 31, 2015 Condensed Consolidated Interim Financial Statements for further detail.

Controls & Procedures

All of the controls and procedures set out below encompass all legacy Stuart Olson companies and scope out controls for legacy Studon, as permitted by National Instrument 52-109 for 365 days following the acquisition.

Disclosure Controls & Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including our CEO and CFO, on a timely basis, so that appropriate decisions can be made regarding public disclosure. The CEO and CFO together are responsible for establishing and maintaining our disclosure controls and procedures. They are assisted in this responsibility by the Disclosure Committee, which is composed of members of our senior management team.

An evaluation of the effectiveness of the design of our disclosure controls and procedures was carried out under the supervision of our management, including our CEO and CFO, with oversight by the Board of Directors and Audit Committee, as of March 31, 2015. Based on this evaluation, our CEO and CFO have concluded that the design of our disclosure controls and procedures as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings was effective as at March 31, 2015.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of inherent limitations in all control systems, absolute assurance cannot be provided that all misstatements have been detected. Management is responsible for establishing and maintaining adequate internal controls appropriate to the nature and size of the business, and to provide reasonable assurance regarding the reliability of our financial reporting.

Under the oversight of the Board of Directors and our Audit Committee, our management, including our CEO and CFO, evaluated the design of our internal controls over financial reporting using the control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control – Integrated Framework (2013). The evaluation included documentation review, enquiries, testing and other procedures considered by management to be appropriate in the circumstances. As at March 31, 2015, our CEO and CFO have concluded that the design of the internal controls over financial reporting as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings was effective.

Material Changes to Internal Controls over Financial Reporting

There were no changes to our internal controls over financial reporting and the environment in which they operated during the period beginning on January 1, 2015 and ending on March 31, 2015 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

NON-IFRS MEASURES

Throughout this MD&A certain measures are used that, while common in the construction industry, are not recognized measures under IFRS. The measures used are "contract income margin percentage", "work-in-hand", "backlog", "active backlog", "book-to-bill ratio", "working capital", "EBITDA", "EBITDA margin", "EBT", "Long-term Indebtedness", "Indebtedness to Capitalization" and "Net Long-Term Indebtedness to EBITDA". These measures are used by our management to assist in making operating decisions and assessing performance. They are presented in this MD&A to assist readers to assess the performance of Stuart Olson and our business groups. While we calculate these measures consistently from period to period, they likely will not be directly comparable to similar measures used by other companies because they do not have standardized meanings prescribed by IFRS. Please review the discussion of these measures below.

Contract Income Margin

Contract income margin is the percentage derived by dividing contract income by contract revenue. Contract income is calculated by deducting all associated direct and indirect costs from contract revenue in the period.

Work-In-Hand

Work-in-hand is the unexecuted portion of work that has been contractually awarded to us for construction. It includes an estimate of the revenue to be generated from maintenance contracts during the shorter of (a) 12 months, or (b) the remaining life of the contract.

Backlog and Active Backlog

Backlog means the total value of work, including work-in-hand, that has not yet been completed that (a) is assessed by us as having high certainty of being performed by us or our subsidiaries by either the existence of a contract or work order specifying job scope, value and timing, or (b) has been awarded to us or our subsidiaries, as evidenced by an executed binding or non-binding letter of intent or agreement, describing the general job scope, value and timing of such work, and with the finalization of a formal contract respecting such work currently assessed by us as being reasonably assured. Active backlog is the portion of backlog that is not work-in-hand (has not been contractually awarded to us). We provide no assurance that clients will not choose to defer or cancel their projects in the future.

$millions	Mar. 31, 2015	Dec. 31, 2014
Work-in-hand	**971.1**	1,080.3
Active backlog	**1,123.5**	906.5
Consolidated backlog	**2,094.6**	1,986.8

Book-to-Bill Ratio

Book-to-bill ratio means the ratio of new projects added to backlog and increases in the scope of existing projects (“book”) to revenue (“bill”), for continuing operations for a specified period of time (excluding backlog reductions for divestitures). A book-to-bill ratio of above 1 implies that backlog additions were more than revenue for the specified time period, while a ratio below 1 implies that revenue exceeded backlog additions for the period.

Working Capital

Working capital is current assets less current liabilities. The calculation of working capital is provided in the table below:

$millions	Mar. 31, 2015	Dec. 31, 2014
Current assets	**456.8**	501.6
Current liabilities[1]	**(447.3)**	(447.2)
Working capital	**9.5**	54.4

Notes: (1) The 2010 convertible debentures are presented as a current liability of $85.6 million as at March 31, 2015 (December 31, 2014 - $84.8). If the 2010 convertible debentures were excluded from working capital, adjusted March 31, 2015 working capital would have been $95.1 million (December 31, 2014 - $139.2 million).

EBITDA and EBT

We define EBITDA as net earnings/loss from continuing operations before interest expense, income taxes, capital asset depreciation and amortization, impairment charges, and gains/losses on asset, liabilities and investment dispositions. This measure as reported by us may not be comparable to similar measures presented by other reporting issuers. We define EBT as earnings/loss from continuing operations before income taxes.

While EBITDA is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity, it does not have a standardized definition prescribed by IFRS, therefore other issuers may calculate EBITDA differently. The following is a reconciliation of net earnings to EBITDA and EBT for each of the periods presented in this MD&A in accordance with IFRS.

	Three months ended March 31	
$millions	**2015**	**2014[1]**
Net earnings from continuing operations	**1.0**	1.3
Add: Income tax expense	**0.4**	0.7
EBT	**1.4**	2.0
Add: Depreciation and amortization	**5.2**	4.1
Finance costs	**4.1**	2.8
Loss (gain) on disposal of assets	**(0.1)**	nil
EBITDA	**10.6**	8.9

Notes: (1) Amounts have been restated as a result of the reclassification of Broda to discontinued operations. See the “Discontinued Operations” subsection of “Results of Operations by Business Group” of this MD&A and Note 9 of our first quarter 2015 Condensed Consolidated Interim Financial Statements. Depreciation and amortization and loss on disposal of assets excludes amounts related to discontinued operations.

EBITDA Margin

EBITDA margin is the percentage derived from dividing EBITDA by contract revenue.

Long-term Indebtedness

Long-term indebtedness is the gross value of our indebtedness. It is calculated as the principal value of long-term debt (current and non-current amounts before the deduction of deferred financing fees) and principal value at maturity of convertible debentures.

Indebtedness to Capitalization

Indebtedness to capitalization is a percentage metric we use to measure our financial leverage. It is calculated as long-term indebtedness divided by the sum of long-term indebtedness and total equity.

Net Long-Term Indebtedness to EBITDA

Net long-term indebtedness to EBITDA is a ratio used by us to measure our financial leverage. It is calculated as long-term indebtedness less cash and cash equivalents, and the result is divided by trailing twelve month EBITDA.

FORWARD-LOOKING INFORMATION

Certain information contained in this MD&A may constitute forward-looking information. This information relates to future events or our future performance. All statements, other than statements of historical fact, may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may", "will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that the information will prove to be correct and such information should not be unduly relied upon by investors as actual results may vary significantly. This information speaks only as of the date of this MD&A and is expressly qualified, in its entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking information, pertaining to the following:

- Our capital expenditure program for the remainder of 2015;
- Our objective to manage our capital resources so as to ensure that we have sufficient liquidity to pursue growth objectives, while maintaining a prudent amount of financial leverage;
- Our belief that we have sufficient capital resources and liquidity, and ability to generate ongoing cash flows to meet commitments, support operations, finance capital expenditures, support growth strategies and fund declared dividends;
- Our outlook on the business including, without limitation, those statements in the section entitled “Outlook” relating to backlog execution, project mix and timing, earnings visibility, revenue, margin and the growth in oil sands maintenance projects;
- The Board’s confidence in our ability to generate sufficient operating cash flows to support management’s business plans, including its growth strategy, while providing a certain amount of income to shareholders;
- The expectation that any of our business groups will improve or maintain their business prospects or continue to grow their revenue, earnings, profitability and backlog in any manner whatsoever including, without limitation, through margin expansion, organic growth, new project awards or productivity efficiencies;
- Expectations as to future general economic conditions and the impact those conditions may have on the company and our businesses including, without limitation, the discussion under the headings entitled “Economic Developments” and “Outlook” pertaining to competition, government and institutional spending in Western Canada, the reaction of oil sands owners to the recent decrease in oil prices, margin expansion in certain of our business groups, and our ability to compete for projects;
- Expectations regarding the ability of counterparties with whom we invest cash and equivalents to meet their obligations; and
- Our projected use of cash resources.

With respect to forward-looking information listed above and contained in this MD&A, we have made assumptions regarding, among other things:

- The expected performance of the global and Canadian economies and the effects thereof on our businesses;
- The impact of competition on our businesses;
- The global demand for oil and natural gas, its impact on commodity prices and its related effect on capital investment projects in Western Canada; and
- Government policies.

Our actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth below:

- General global economic and business conditions including the effect, if any, of a slowdown in Western Canada and/or a slowdown in the United States;
- Fluctuations in the price of oil, natural gas and other commodities;
- Weak capital and/or credit markets;
- Fluctuations in currency and interest rates;
- Changes in laws and regulations;
- Limited geographical scope of operations;
- Timing of client’s capital or maintenance projects;
- Dependence on the public sector;
- Competition and pricing pressures;
- Unexpected adjustments and cancellations of projects;
- Action or non-action of customers, suppliers and/or partners;
- Inadequate project execution;

- Unpredictable weather conditions;
- Erroneous or incorrect cost estimates;
- Adverse outcomes from current or pending litigation;
- Interruption of information technology systems; and
- Those other risk factors described in our most recent Annual Information Form.

The forward-looking information contained in this MD&A is made as of the date hereof and we undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Additional Information

Additional information regarding Stuart Olson, including our current Annual Information Form and other required securities filings, is available on our website at www.stuartolson.com and under Stuart Olson's SEDAR profile at www.sedar.com.

Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014
(unaudited)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation is disclosing that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended March 31, 2015.

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STUART OLSON INC.

Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

For the three month periods ended March 31, 2015 and 2014

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

(unaudited)

	Note		March 31, 2015		March 31, 2014 [1]
Contract revenue	6	**$**	**282,863**	$	268,497
Contract costs			**257,933**		241,525
Contract income			**24,930**		26,972
Other income			**225**		73
Finance income			**80**		55
Administrative costs			**(19,757)**		(22,278)
Finance costs			**(4,119)**		(2,837)
Earnings from continuing operations before tax			**1,359**		1,985
Income tax (expense) recovery					
Current income tax			**(2,806)**		(870)
Deferred income tax			**2,423**		183
			(383)		(687)
Net earnings from continuing operations			**976**		1,298
Net loss from discontinued operations	9		**-**		(1,912)
Net earnings (loss)			**976**		(614)
Other comprehensive loss					
Items that will not be reclassified to net earnings (loss)					
Defined benefit plan actuarial loss	10		**(295)**		(1,184)
Deferred tax recovery on other comprehensive loss			**75**		307
			(220)		(877)
Total comprehensive earnings (loss)		**$**	**756**	$	(1,491)
Earnings (loss) per share:					
Basic from continuing operations		**$**	**0.04**	$	0.05
Basic from discontinued operations			**-**		(0.07)
Basic earnings (loss) per share	11	**$**	**0.04**	$	(0.02)
Diluted from continuing operations	11	**$**	**0.04**	$	0.05
Diluted from discontinued operations		**$**	**-**	$	(0.07)
Diluted earnings (loss) per share		**$**	**0.04**	$	(0.02)
Weighted average common shares:					
Basic	11		**26,170,855**		24,867,459
Diluted from continuing operations	11		**26,170,855**		25,049,786
Diluted from discontinued operations	11		**26,170,855**		24,867,459

[1] Certain comparative amounts have been restated, refer to Note 9.

See accompanying notes to the consolidated financial statements.

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

	Note	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 63,851	$ 104,113
Trade and other receivables	12	346,644	336,996
Inventory		1,456	989
Prepaid expenses		3,628	2,912
Costs in excess of billings	13	38,692	54,819
Income taxes recoverable		2,480	1,734
Current portion of long-term receivable		55	55
		456,806	501,618
Service provider deposit		6,067	5,549
Long-term receivable		340	340
Deferred tax asset		23,320	27,163
Property and equipment	14	27,409	24,230
Goodwill	15	218,046	179,016
Intangible assets	16	66,363	45,695
		$ 798,351	$ 783,611
LIABILITIES			
Current liabilities			
Trade and other payables		$ 256,626	$ 264,196
Contract advances and unearned income	13	99,665	89,506
Current portion of provisions	17	1,976	2,616
Income taxes payable		1,547	5,686
Current portion of long-term debt	18	1,860	391
Current portion of convertible debentures	19	85,604	84,828
		447,278	447,223
Employee benefits	10	6,392	6,341
Provisions	17	13,012	4,913
Long-term debt	18	2,956	817
Convertible debentures	19	71,327	70,932
Deferred tax liability		30,569	30,382
Share-based payments	20(d)	5,200	6,382
		576,734	566,990
EQUITY			
Share capital	21(a)	138,930	131,724
Preferred share reserve		5,128	5,128
Convertible debentures	19	11,689	11,689
Share-based payment reserve	20(a)	9,525	9,341
Retained earnings		56,345	58,739
		221,617	216,621
		$ 798,351	$ 783,611

See accompanying notes to the consolidated financial statements.

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STUART OLSON INC.
Condensed Consolidated Statements of Changes in Equity
For the three month periods ended March 31, 2015 and 2014
(in thousands of Canadian dollars)
(unaudited)

	Note	Share Capital	Preferred Share Reserve	Convertible Debentures	Share-Based Payment Reserve [1]	Retained Earnings [1]	Total Equity
Balance at December 31, 2014		$ 131,724	$ 5,128	$ 11,689	$ 9,341	$ 58,739	$ 216,621
Net earnings						976	976
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						(220)	(220)
Total comprehensive earnings						756	756
Transactions recorded directly to equity							
Common shares issued under stock option plan	21(a), 20(a)				184		184
Common shares issued related to acquisition	4	6,631					6,631
Dividends	21(a,b)	575				(3,150)	(2,575)
Balance at March 31, 2015		$ 138,930	$ 5,128	$ 11,689	$ 9,525	$ 56,345	$ 221,617
Balance at December 31, 2013		$ 129,134	$ 5,128	$ 7,100	$ 8,594	$ 87,002	$ 236,958
Net loss						(614)	(614)
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						(877)	(877)
Total comprehensive loss						(1,491)	(1,491)
Transactions recorded directly to equity							
Common shares issued under stock option plan		486			102		588
Dividends		425				(2,986)	(2,561)
Balance at March 31, 2014		$ 130,045	$ 5,128	$ 7,100	$ 8,696	$ 82,525	$ 233,494

[1] This table includes both continuing and discontinued operations.
See accompanying notes to the consolidated financial statements.

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STUART OLSON INC.
Condensed Consolidated Statements of Cash Flow
For the three month periods ended March 31, 2015 and 2014
(in thousands of Canadian dollars)
(unaudited)

	Note	March 31, 2015 [1]	March 31, 2014 [1]
OPERATING ACTIVITIES			
Net earnings (loss)		**$ 976**	$ (614)
Depreciation and amortization	7	**5,173**	5,856
Gain on disposal of assets		**(69)**	(44)
Share-based compensation (recovery) expense	20(e)	**(1,149)**	1,692
Income tax expense (recovery)		**383**	(92)
Finance costs		**4,119**	2,920
Contributions to employee benefits		**(244)**	(277)
Payment of share-based payment liability		**(25)**	(45)
Change in provisions		**(104)**	1,338
Change in non-cash working capital balances	22	**32,900**	(28,959)
Cash generated (used) in operating activities		**41,960**	(18,225)
Interest paid		**(2,755)**	(2,058)
Income taxes paid		**(5,927)**	(3,831)
Net cash generated (used) in operating activities		**33,278**	(24,114)
INVESTING ACTIVITIES			
Acquisition of Studon	4	**(62,335)**	-
Additions to long-term receivable		**-**	(223)
Proceeds on disposal of assets		**291**	421
Additions to intangible assets	16	**(382)**	(293)
Additions to property and equipment	14	**(460)**	(1,005)
Net cash used in investing activities		**(62,886)**	(1,100)
FINANCING ACTIVITIES			
Change in service provider deposit		**(518)**	874
Proceeds of long-term debt		**2,000**	147,000
Repayment of long-term debt		**(9,701)**	(126,333)
Transaction fees on convertible debenture	19	**(4)**	-
Issuance of common shares		**-**	328
Dividend paid	21(b)	**(2,431)**	(2,551)
Net cash (used) generated in financing activities		**(10,654)**	19,318
Decrease in cash and cash equivalents during the period		**(40,262)**	(5,896)
Cash and cash equivalents, beginning of the period		**104,113**	36,236
Cash and cash equivalents, end of the period		**$ 63,851**	$ 30,340

[1] This table includes both continuing and discontinued operations.

See accompanying notes to the consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the three month periods ended March 31, 2015 and 2014
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

1. REPORTING ENTITY

Stuart Olson Inc., formerly The Churchill Corporation, changed its name and was rebranded on May 22, 2014. The entity was incorporated on August 31, 1981 under the Companies Act of Alberta and was continued under the Business Corporations Act (Alberta) on July 30, 1985. The principal activities of Stuart Olson Inc. and its subsidiaries (collectively, the "Corporation") are to provide building construction, commercial electrical and data systems contracting, industrial insulation contracting, industrial electrical and instrumentation contracting, and related services within Canada.

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements were approved by the Corporation's Board of Directors on May 5, 2015.

(b) Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Corporation for the period ended December 31, 2014. The disclosure contained in these condensed consolidated interim financial statements does not include all the requirements in IAS 1, "Presentation of Financial Statements." Accordingly, these interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the period ended December 31, 2014.

3. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

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

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

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

(b) IFRS 9 – *Financial instruments*

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

4. ACQUISITION

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

The total purchase price of $76,529 is composed of three components, being cash of $62,335, common shares of the Corporation valued at $6,631 and a preliminary estimate of the contingent consideration through earn-out payments over the next three years of $7,563.

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

The preliminary estimate of the contingent consideration represents a maximum payment of $22,298 through earn-out payments over fiscal 2015, 2016 and 2017. The earn-out payments are based on Studon's annual EBITDA exceeding a threshold of $16,799, with the threshold being increased by 50% for every dollar that Studon's prior year EBITDA is less than $16,779.

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

Cost of acquisition		
Cash	$	62,335
Shares issued[1]		6,631
Contingent consideration[2]		7,563
	$	**76,529**

[1] A discount was applied to the fair market value of the common shares, due to the restrictions and minimum holding periods imposed on the shares issued.

[2] Classified under long-term provisions on the condensed consolidated statements of financial position.

Identifiable assets acquired and liabilities assumed		
Trade and other receivables	$	20,207
Income tax receivable		1,725
Costs in excess of billings		7,189
Inventory		647
Prepaid expenses and deposits		116
Property and equipment		4,610
Intangible assets		23,353
Goodwill		39,030
Bank indebtedness and finance lease obligations		(10,641)
Trade and other payables		(1,679)
Accrued liabilities		(1,498)
Deferred income taxes		(6,530)
	$	**76,529**

From the date of acquisition to March 31, 2015, Studon's revenues and earnings totaled $19,171 and $276, respectively. If the date of the acquisition had been January 1, 2015, pro forma consolidated revenues and earnings of the Corporation would remain the same as those reported in the condensed consolidated statements of earnings (loss) for the three month period ended March 31, 2015.

Goodwill and Intangible Assets

The $39,030 of goodwill recognized as part of the acquisition is mainly attributed to revenue growth, future market development, the assembled workforce and the synergies achieved from the integration of Studon into existing construction and industrial services. These benefits are not recognized separately from goodwill as the future economic benefits arising from them cannot be reliably measured. The $23,353 of identifiable intangible assets acquired includes tradename, backlog and customer relationships.

The fair value of the contingent consideration, working capital adjustments and value of the assets and liabilities were not finalized by May 5, 2015, and therefore are preliminary figures. Any future changes in these amounts will affect the recorded cost of the acquisition and assets and liabilities acquired.

5. SEGMENTS

The Corporation operates as a construction and maintenance services provider, primarily in Western Canada. The Corporation divides its operations into four reporting segments and reports its results under the categories of: Buildings Group (formerly General Contracting), Industrial Group (formerly Industrial Services), Commercial Systems Group and Corporate Group (formerly Corporate and Other). On January 6, 2015, the Corporation acquired Studon (Note 4) and its results are reported as part of the Industrial Group segment. The accounting policies and practices for each of the segments are the same as those described in Note 3 of the audited annual consolidated financial statements for the period ended December 31, 2014. Segment capital expenditures are the total cost incurred during the period to acquire property and equipment and intangible assets.

A significant customer is one that represents 10% or more of contract revenue earned during the period. For the three month period ended March 31, 2015, the Corporation had revenue of $43,247 from one significant customer of the Buildings Group (March 31, 2014 – $29,851 from one significant customer of the Buildings Group), and no significant customers from the Industrial Group (March 31, 2014 – $29,097 from one significant customer of the Industrial Group).

Three month period ended March 31, 2015	**Buildings Group**	**Industrial Group**	**Commercial Systems Group**	**Corporate Group**	**Intersegment Eliminations**	**Total**
Contract revenue	**$ 153,307**	**$ 82,328**	**$ 56,949**	**$ -**	**$ (9,721)**	**$ 282,863**
EBITDA [1]	**1,584**	**4,165**	**4,552**	**(1,007)**	**1,288**	**10,582**
Depreciation and amortization	**567**	**2,268**	**444**	**1,841**	**53**	**5,173**
Gain on sale of assets	**(20)**	**(43)**	**(6)**	**-**	**-**	**(69)**
Finance costs	**-**	**80**	**-**	**4,039**	**-**	**4,119**
Earnings (loss) from continuing operations before tax	**$ 1,037**	**$ 1,860**	**$ 4,114**	**$ (6,887)**	**$ 1,235**	**$ 1,359**
Income tax expense						**(383)**
Net earnings from continuing operations						**$ 976**
Goodwill and intangible assets	**$ 123,715**	**$ 68,913**	**$ 73,844**	**$ 17,937**	**$ -**	**$ 284,409**
Capital and intangible expenditures	**$ 30**	**$ 920**	**$ 78**	**$ 354**	**$ -**	**$ 1,382**
Total assets	**$ 399,383**	**$ 191,330**	**$ 142,757**	**$ 427,746**	**$ (362,865)**	**$ 798,351**
Total liabilities	**$ 282,539**	**$ 74,110**	**$ 62,872**	**$ 186,044**	**$ (28,831)**	**$ 576,734**

Three month period ended March 31, 2014 [2]	**Buildings Group**	**Industrial Group**	**Commercial Systems Group**	**Corporate Group**	**Intersegment Eliminations**	**Total**
Contract revenue	$ 134,077	$ 84,562	$ 60,098	$ -	$ (10,241)	$ 268,497
EBITDA [1]	2,792	6,445	4,870	(4,460)	(709)	8,938
Depreciation and amortization	1,309	624	404	1,738	53	4,128
Loss (gain) on sale of assets	(3)	7	(16)	-	-	(12)
Finance costs	-	15	-	2,822	-	2,837
Earnings (loss) from continuing operations before tax	$ 1,486	$ 5,799	$ 4,482	$ (9,020)	$ (762)	$ 1,985
Income tax expense						(687)
Net earnings from continuing operations						$ 1,298
Goodwill and intangible assets	$ 125,684	$ 7,791	$ 76,680	$ 19,170	$ -	$ 229,325
Capital and intangible expenditures	$ 373	$ 3	$ 314	$ 267	$ -	$ 957
Total assets	$ 337,238	$ 174,455	$ 124,331	$ 413,481	$ (329,887)	$ 719,618
Total liabilities	$ 211,153	$ 60,208	$ 51,119	$ 180,282	$ (16,638)	$ 486,124

[1] The Corporation defines EBITDA as net earnings/loss from continuing operations before interest expense, income taxes, capital asset depreciation and amortization, impairment charges, and gains/losses on assets, liabilities and investment dispositions. While EBITDA is a common financial measure widely used by investors to facilitate an "enterprise level" valuation of an entity, it does not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate it differently.
[2] Certain comparative amounts have been restated, refer to Note 9. Broda Construction Inc. previously operated under the Industrial Group.

6. REVENUE

		March 31, 2015		March 31, 2014 [(1)]
Construction contract revenue	**$**	**256,391**	$	248,318
Service contract revenue		**26,278**		19,968
Sale of goods		**194**		211
Total revenue	**$**	**282,863**	$	268,497

(1) Certain comparative amounts have been restated, refer to Note 9.

7. DEPRECIATION AND AMORTIZATION

		March 31, 2015		March 31, 2014 [(1)]
Depreciation of property and equipment	**$**	**2,106**	$	2,324
Amortization of intangible assets		**3,067**		1,804
Total depreciation and amortization expense	**$**	**5,173**	$	4,128

(1) Certain comparative amounts have been restated, refer to Note 9. Included in discontinued operations is $1,728 of depreciation and amortization for the three month period ended March 31, 2014.

Of the depreciation of property and equipment during the three month period ended March 31, 2015, $1,182 (March 31, 2014 - $893) has been included in contract costs and the remainder in administrative costs in the condensed consolidated statements of earnings (loss). Amortization of intangible assets is included in administrative costs in the condensed consolidated statements of earnings (loss).

8. PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

		March 31, 2015		March 31, 2014 [(1)]
Short-term employee benefits	**$**	**92,081**	$	97,910
Employee share purchase plan expenses		**780**		763
Employee retirement matching contributions		**807**		820
Defined benefit and defined contribution pension plan expense		**695**		376
Equity-settled share-based payment transactions		**184**		239
Cash-settled share-based payment transactions		**(584)**		517
Total personnel expenses and employee benefits	**$**	**93,963**	$	100,625

(1) Certain comparative amounts have been restated, refer to Note 9.

Of the personnel expenses and employee benefits in the table above, $84,628 was included in contract costs (March 31, 2014 - $89,034) and $9,335 in administrative costs (March 31, 2014 - $11,591) for the three month period ended March 31, 2015. Short-term employee benefits consist primarily of salaries and bonuses.

9. DISCONTINUED OPERATIONS

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

There were no transactions in discontinued operations during the three month period ended March 31, 2015. Net loss from discontinued operations for the three month period ended March 31, 2014 was as follows:

		March 31, 2014
Contract revenue	$	6,064
Contract costs		7,755
Contract loss		(1,691)
Other income		40
Finance income		6
Administrative costs		(963)
Finance costs		(83)
Loss from discontinued operations		(2,691)
Income tax recovery		779
Net loss on disposal of discontinued operations		-
Net loss from discontinued operations	$	(1,912)

Cash flows from discontinued operations for the three month period ended March 31, 2014 is as follows:

		March 31, 2014
Operating cash flows	$	(2,219)
Investing cash flows	$	(48)
Financing cash flows	$	2,129

10. EMPLOYEE BENEFITS

		March 31, 2015		December 31, 2014
Balance, beginning of the period	**$**	**6,341**	$	3,639
Expense recognized in profit or loss		**324**		1,018
Loss recognized in other comprehensive loss		**295**		4,293
Company contributions		**(568)**		(2,609)
Balance, end of the period	**$**	**6,392**	$	6,341

The loss recognized in other comprehensive loss for the three month period ended March 31, 2015 resulted from a decrease in the discount rate from 3.90% at December 31, 2014 to 3.60% at March 31, 2015, which was partially offset by the plan assets earning more than expected during the period.

11. EARNINGS PER SHARE

(a) Basic earnings (loss) per share

	March 31, 2015	March 31, 2014
Net earnings from continuing operations	**$ 976**	$ 1,298
Net loss from discontinued operations	**-**	(1,912)
Net earnings (loss) - basic	**$ 976**	$ (614)
Issued common shares, beginning of the period	**25,054,310**	24,797,163
Effect of shares issued related to a Dividend Reinvestment Plan ("DRIP")	**74,746**	42,093
Effect of shares issued on exercise of stock options	**-**	28,203
Effect of shares issued related to acquisition	**1,041,799**	-
Weighted average number of common shares for the period - basic	**26,170,855**	24,867,459
Basic earnings per share, continuing operations	**$ 0.04**	$ 0.05
Basic loss per share, discontinued operations	**-**	(0.07)
Basic earnings (loss) per share	**$ 0.04**	$ (0.02)

(b) Diluted earnings per share

	March 31, 2015	March 31, 2014
Net earnings from continuing operations - diluted	**$ 976**	$ 1,298
Weighted average number of common shares - basic	**26,170,855**	24,867,459
Incremental shares - stock options	**-**	182,327
Weighted average number of common shares for the period - diluted, continuing operations	**26,170,855**	25,049,786
Diluted earnings per share, continuing operations	**$ 0.04**	$ 0.05

As the Corporation incurred a net loss from discontinued operations for the three month period ended March 31, 2014, the basic and diluted weighted average number of common shares and the resulting basic and diluted loss per share from discontinued operations are the same amount.

For the three month period ended March 31, 2015, the number of options excluded from the diluted weighted average number of common shares calculation was 1,584,434 (March 31, 2014 − 792,312), as their effect would have been anti-dilutive.

There were no incremental shares related to the convertible debentures included in the weighted average calculation for the three month periods ended March 31, 2015 and 2014, as the impact of the normalization of earnings (interest, accretion and amortization add-back) outweighed the effect of the related incremental shares and therefore the convertible debentures were anti-dilutive.

12. TRADE AND OTHER RECEIVABLES

	March 31, 2015	December 31, 2014
Trade receivables	**$ 220,745**	$ 219,388
Construction holdbacks, due within one business cycle	**125,406**	115,313
Allowance for doubtful accounts (Note 23)	**(2,255)**	(2,140)
Other receivables	**2,748**	4,435
	$ 346,644	$ 336,996

The average credit period is 27 days for maintenance contracts and 63 days for significant construction contracts.

At March 31, 2015, holdbacks of $125,406 (December 31, 2014 - $115,313) are recoverable within the normal operating cycle of the Corporation ranging from 30 days to three years, depending on the nature of services being provided. The range is dependent on the type and size of the project and duration of the work.

13. CONSTRUCTION AND NON-CONSTRUCTION CONTRACTS

Contracts in progress:

	March 31, 2015	December 31, 2014
Construction costs incurred plus recognized profits less recognized losses to date	**$ 3,770,294**	$ 4,617,699
Less: progress billings	**(3,835,846)**	(4,658,402)
Net over billings on construction contracts	**(65,552)**	(40,703)
Non-construction costs incurred plus recognized profits less recognized losses to date	**$ 178,666**	$ 159,114
Less: progress billings	**(174,087)**	(153,098)
Net under billings on non-construction contracts	**4,579**	6,016
Total net contract position	**$ (60,973)**	$ (34,687)

Recognized and included in the condensed consolidated statements of financial position:

		March 31, 2015		December 31, 2014
Costs in excess of billings - Construction contracts	**$**	**32,844**	$	48,667
Costs in excess of billings - Non-construction contracts		**5,848**		6,152
Total costs in excess of billings		**38,692**		54,819
Contract advances and unearned income - Construction contracts	**$**	**(98,396)**	$	(89,370)
Contract advances and unearned income - Non-construction contracts		**(1,269)**		(136)
Total contract advances and unearned income		**(99,665)**		(89,506)
Total net contract position	**$**	**(60,973)**	$	(34,687)

At March 31, 2015, holdbacks for contract work amounted to $125,406 (December 31, 2014 - $115,313). Advances received from customers for contract work amounted to $99,665 (December 31, 2014 - $89,506).

14. PROPERTY AND EQUIPMENT

Included in construction and automotive equipment is $6,909 (December 31, 2014 - $1,467) of assets relating to finance leases and $2,427 (December 31, 2014 - $404) of accumulated depreciation, for a net carrying value of $4,482 (December 31, 2014 - $1,063).

Assets with a carrying value of $4,482 (December 31, 2014 - $1,063) are pledged as security for the finance lease obligations disclosed in Note 18.

During the period ended December 31, 2014, the Corporation disposed of assets as part of the sale of Broda (Note 9) related to Buildings and Improvements, Construction and Automotive Equipment, Computer Hardware and Office Furniture and Equipment with carrying values of $290, $41,292, $470, $2 and $278, respectively.

Notes to the Condensed Consolidated Financial Statements

For the three month periods ended March 31, 2015 and 2014
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

2015	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
Cost								
Balance at December 31, 2014	**$ 566**	**$ 3,041**	**$ 14,659**	**$ 31,398**	**$ 5,949**	**$ 5,696**	**$ 484**	**$ 61,793**
Additions, including finance leases	**-**	**-**	**63**	**923**	**8**	**6**	**-**	**1,000**
Disposals	**-**	**-**	**-**	**(510)**	**-**	**-**	**-**	**(510)**
Acquisitions (Note 4)	**-**	**-**	**635**	**3,657**	**118**	**200**	**-**	**4,610**
Reclassifications and transfers	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**11**
Balance at March 31, 2015	**$ 566**	**$ 3,041**	**$ 15,357**	**$ 35,479**	**$ 6,075**	**$ 5,902**	**$ 484**	**$ 66,904**
Accumulated Depreciation and impairment losses								
Balance at December 31, 2014	**$ -**	**$ 1,487**	**$ 5,742**	**$ 21,342**	**$ 5,270**	**$ 3,722**	**$ -**	**$ 37,563**
Depreciation expense	**-**	**1**	**569**	**1,192**	**100**	**244**	**-**	**2,106**
Disposals	**-**	**-**	**-**	**(287)**	**-**	**-**	**-**	**(287)**
Reclassifications and transfers	**-**	**-**	**-**	**113**	**-**	**-**	**-**	**113**
Balance at March 31, 2015	**$ -**	**$ 1,488**	**$ 6,311**	**$ 22,360**	**$ 5,370**	**$ 3,966**	**$ -**	**$ 39,495**
Carrying amounts at March 31, 2015	**$ 566**	**$ 1,553**	**$ 9,046**	**$ 13,119**	**$ 705**	**$ 1,936**	**$ 484**	**$ 27,409**

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

15. GOODWILL

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

	March 31, 2015	December 31, 2014
Buildings Group	**$ 114,078**	$ 114,078
Industrial Group	**46,345**	7,315
Commercial Systems Group	**57,623**	57,623
	$ 218,046	$ 179,016

Goodwill arose as a result of multiple past acquisitions. Goodwill associated with the Buildings Group and Commercial Systems Group CGUs arose from the Seacliff Construction Corp. acquisition in 2010. Additional goodwill was attributed to the Commercial Systems Group CGU through the McCaine Electric Ltd. acquisition in 2011. The Industrial Group's goodwill stems from the Laird acquisition of 2003 and the Studon acquisition on January 6, 2015. Goodwill recognized on all of these acquisitions was attributable mainly to the synergies achieved from the integration of acquired companies into existing construction, commercial and industrial services.

Goodwill is tested for impairment by allocating it to the operating segments, as this is the lowest level at which goodwill is monitored. Goodwill is tested annually for impairment during the fourth quarter or more frequently if it is warranted by changes in events and circumstances that indicate goodwill is potentially impaired.

During the quarter, management assessed the existence of impairment indicators arising from both external and internal sources of information. Management's evaluation of potential indicators resulted in no impairment testing for the current period.

16. INTANGIBLE ASSETS

The acquisition of Studon on January 6, 2015 resulted in an increase to intangible assets of $23,353 (Note 4). The method of amortization for these intangible assets are the same as those described in Note 3(m) of the audited annual consolidated financial statements for the period ended December 31, 2014.

2015	ERP Assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Assets under Construction	Total
Cost						
Balance at December 31, 2014	**$ 25,242**	**$ 20,600**	**$ 54,423**	**$ 5,098**	**$ 17**	**$ 105,380**
Additions - externally acquired	**368**	**-**	**-**	**14**	**-**	**382**
Acquisitions (Note 4)	**80**	**6,500**	**16,770**	**3**	**-**	**23,353**
Reclassifications and transfers	**17**	**-**	**-**	**-**	**(17)**	**-**
Balance at March 31, 2015	**$ 25,707**	**$ 27,100**	**$ 71,193**	**$ 5,115**	**$ -**	**$ 129,115**
Accumulated amortization						
Balance at December 31, 2014	**$ 7,222**	**$ 20,600**	**$ 27,730**	**$ 4,133**	**$ -**	**$ 59,685**
Amortization expense	**556**	**748**	**1,615**	**148**	**-**	**3,067**
Balance at March 31, 2015	**$ 7,778**	**$ 21,348**	**$ 29,345**	**$ 4,281**	**$ -**	**$ 62,752**
Carrying amounts at March 31, 2015	**$ 17,929**	**$ 5,752**	**$ 41,848**	**$ 834**	**$ -**	**$ 66,363**

2014	ERP Assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Assets under Construction	Total
Cost						
Balance at December 31, 2013	$ 24,908	$ 20,600	$ 54,423	$ 4,485	$ -	$ 104,416
Additions - externally acquired	620	-	-	921	17	1,558
Disposals	(73)	-	-	(308)	-	(381)
Reclassifications and transfers	-	-	-	-	12	12
Derecognition of assets	(213)	-	-	-	(12)	(225)
Balance at December 31, 2014	$ 25,242	$ 20,600	$ 54,423	$ 5,098	$ 17	$ 105,380
Accumulated amortization						
Balance at December 31, 2013	$ 5,080	$ 20,600	$ 22,949	$ 3,977	$ -	$ 52,606
Amortization expense	2,156	-	4,781	368	-	7,305
Disposals	(14)	-	-	(212)	-	(226)
Balance at December 31, 2014	$ 7,222	$ 20,600	$ 27,730	$ 4,133	$ -	$ 59,685
Carrying amounts at December 31, 2014	$ 18,020	$ -	$ 26,693	$ 965	$ 17	$ 45,695

17. PROVISIONS

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

	Warranties	Restructuring Costs	Claims and Disputes	Subcontractor Default	Onerous Contract	Deferred Contingent Consideration (Note 4)	Total
Balance at December 31, 2014	$ 1,080	$ 193	$ 2,015	$ 3,672	$ 569	$ -	**$ 7,529**
Provisions made during the period	212	-	-	839	-	7,563	**8,614**
Provisions used during the period	(97)	(45)	(400)	(110)	-	-	**(652)**
Provisions reversed in the period	(220)	-	(278)	-	(5)	-	**(503)**
Balance at March 31, 2015	**$ 975**	**$ 148**	**$ 1,337**	**$ 4,401**	**$ 564**	**$ 7,563**	**$ 14,988**

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

	March 31, 2015	December 31, 2014
Current portion of provisions	**$ 1,976**	$ 2,616
Long-term provisions	**13,012**	4,913
Total provisions	**$ 14,988**	$ 7,529

18. LONG-TERM DEBT

	March 31, 2015	December 31, 2014
Current portion of long-term debt		
Finance lease obligations	**1,860**	391
	$ 1,860	$ 391
Non-current		
Revolving credit facility	**$ 293**	$ 115
Finance lease obligations	**2,663**	702
	$ 2,956	$ 817

For the three month period ended March 31, 2015, the Corporation held finance leases relating to automotive equipment that mature between April 2015 and January 2019, and bear interest at rates between 0.0% and 11.5%, with a weighted average effective interest rate on the contracts of 7.8% per annum. The increase in finance leases and related interest rates was a result of the acquisition of Studon on January 6, 2015 (Note 4). Finance lease obligations are secured by automotive equipment with a net book value of $4,482 (Note 14) and the lessors' title to the lease assets. The Corporation has the option to purchase the equipment under lease at the conclusion of the lease agreements.

The finance lease obligations for the period ended December 31, 2014 were related to automotive equipment that matured between January 2015 and October 2017, bore interest rates between 0.0% and 7.4%, with a weighted average effective interest rate on the contracts of 5.2% per annum, and were secured by automotive equipment with a net book value of $1,063 (Note 14).

19. CONVERTIBLE DEBENTURES

	Series I		Series II	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Principal amount - debt component, beginning of the period	**$ 84,828**	$ 81,855	**$ 70,932**	$ -
Issuance of convertible debentures	**-**	-	**-**	74,076
Financing fees	**-**	-	**(4)**	(3,571)
Accretion on convertible debentures	**596**	2,289	**258**	275
Amortization of deferred financing fees	**180**	684	**141**	152
Principal amount - debt component, end of the period	**$ 85,604**	$ 84,828	**$ 71,327**	$ 70,932
Principal amount - equity component, beginning of the period	**$ 7,100**	$ 7,100	**$ 4,589**	$ -
Issuance of convertible debentures	**-**	**-**	**-**	6,424
Financing fees [(1)]	**-**	**-**	**-**	(230)
Deferred income tax	**-**	-	**-**	(1,605)
Principal amount - equity component, end of the period	**$ 7,100**	$ 7,100	**$ 4,589**	$ 4,589

(1) Financing fees are net of deferred income tax of $76.

At March 31, 2015, the principal amount of the debt component of all convertible debentures outstanding is $156,931 (December 31, 2014 - $155,760), of which $85,604 (December 31, 2014 - $84,828) is classified as a current liability. The maturity date of the Series I debentures is June 30, 2015.

The table below summarizes the key terms of each convertible debenture series outstanding:

	Series I	Series II
Issue date	June 15, 2010	September 19, 2014
Maturity date	June 30, 2015	December 31, 2019
Distribution rate	6.00%	6.00%
Conversion price	$ 18.61	$ 14.15

20. SHARE-BASED PAYMENTS

(a) Stock options

Movement during the periods:

	March 31, 2015		December 31, 2014	
	Number of Stock Options	**Weighted Average Exercise Price**	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of the period	**1,682,042**	**$ 11.95**	1,838,117	$ 12.29
Granted	**-**	**-**	203,557	9.94
Forfeited	**-**	**-**	(151,629)	16.02
Exercised	**-**	**-**	(110,919)	7.83
Expired	**(97,608)**	**19.74**	(97,084)	12.44
Outstanding, end of the period	**1,584,434**	**$ 11.48**	1,682,042	$ 11.95

The options outstanding for the periods ended March 31, 2015 and December 31, 2014 have an exercise price in the range of $7.50 to $19.32 and lives of between 5 and 10 years.

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

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

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 9,341**	$ 8,594
Stock compensation expense from continuing operations	**184**	1,057
Stock compensation expense from discontinued operations	**-**	55
Stock options exercised	**-**	(365)
Balance, end of the period	**$ 9,525**	$ 9,341

(b) Medium Term Incentive Plan ("MTIP")

Movement of units during the periods:

	Bridging Restricted Share Units ("BRSU")	Restricted Share Units ("RSU")	Performance Share Units ("PSU")
Units outstanding at December 31, 2014	324,293	360,366	581,463
Forfeited	(2,513)	(289)	-
Vested	-	-	(125,353)
Vested and paid	(1,021)	(1,334)	-
Units outstanding at March 31, 2015	**320,759**	**358,743**	**456,110**

On March 15, 2015, the PSUs issued in 2012 vested at a weighted average price of $6.13 and a payout ratio of 30%. In April 2015, 20% of the BRSUs issued on April 1, 2014 and 30% of the BRSUs issued on April 1, 2013 vested at a weighted average price of $6.01.

(c) Deferred Share Units ("DSU")

Movement of units during the periods:

Number of DSUs	**March 31, 2015**	December 31, 2014
Outstanding, beginning of the period	**433,248**	363,550
Granted	**42,161**	107,919
Settled	**-**	(38,221)
Outstanding, end of the period	**475,409**	433,248

(d) Share-based payment liability

	March 31, 2015	December 31, 2014
Carrying amount of liabilities for cash-settled arrangements		
Current portion	**$ 745**	$ 889
Long-term portion	**5,200**	6,382
Total carrying amount	**$ 5,945**	$ 7,271
Total intrinsic value of liability for vested benefits	**$ 2,793**	$ 3,315

Included in trade and other payables is the current portion of the MTIPs to be paid out within the next 12 months. The long-term portion of MTIPs and DSUs of $5,200 at March 31, 2015 (December 31, 2014 − $6,382) is classified as share-based payments on the condensed consolidated statements of financial position. The total intrinsic value reflects all of the outstanding DSUs and vested MTIPs as at March 31, 2015.

(e) Share-based compensation expense

	March 31, 2015	March 31, 2014 [1]
Share compensation expense on stock options	$ 184	$ 239
Effects of changes in fair value and accretion of MTIP grants	(584)	517
Effects of changes in fair value and grants for DSUs	(749)	904
	$ (1,149)	$ 1,660

[1] Certain comparative amounts have been restated, refer to Note 9. The total share-based compensation expense for both continuing and discontinued operations for the three month period ended March 31, 2014 is $1,692.

21. SHARE CAPITAL

(a) Common shares and preferred shares

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

	March 31, 2015		December 31, 2014	
	Shares	Share Capital	Shares	Share Capital
Common Shares				
Issued, beginning of the period	25,054,310	$ 131,724	24,797,163	$ 129,134
Dividend reinvestment plan	88,515	575	146,228	1,356
Issued during the period	1,103,081	6,631	110,919	1,234
Issued, end of the period	26,245,906	$ 138,930	25,054,310	$ 131,724

On January 6, 2015, the Corporation issued 1,103,081 common shares at a share price of $6.01 as part of the Studon acquisition (Note 4).

(b) Common shares and dividends

As at March 31, 2015, trade and other payables included $3,150 (December 31, 2014 - $3,007) related to the dividend payable on April 15, 2015, of which $504 (December 31, 2014 - $575) is to be reinvested in common shares under the DRIP and the remainder paid in cash.

	March 31, 2015		December 31, 2014	
	Per Share	Total	Per Share	Total
Dividend payable, beginning of the period	$ 0.12	$ 3,007	$ 0.12	$ 2,976
Total dividends declared during the period	0.12	3,150	0.48	11,986
Total dividends paid during the period [1]	(0.12)	(3,007)	(0.48)	(11,955)
Dividend payable, end of the period	$ 0.12	$ 3,150	$ 0.12	$ 3,007

[1] Includes DRIP non-cash payments totaling $575 (December 31, 2014 - $1,356) which are recorded through share capital.

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

	March 31, 2015	March 31, 2014
Trade and other receivables	**$ 10,559**	$ (35,981)
Inventory	**180**	(273)
Prepaid expenses	**(600)**	(876)
Costs in excess of billings	**25,878**	2,982
Trade and other payables	**(10,714)**	4,501
Contract advances and unearned income	**7,597**	688
	$ 32,900	$ (28,959)

23. FINANCIAL INSTRUMENTS

(a) Carrying values

	March 31, 2015	December 31, 2014
Financial assets:		
Cash and cash equivalents	**$ 63,851**	$ 104,113
Trade and other receivables	**346,644**	336,996
Service provider deposit	**6,067**	5,549
Long-term receivable, including current portion	**395**	395
Financial liabilities:		
Trade and other payables	**$ 256,626**	$ 264,196
Long-term debt, including current portion	**4,816**	1,208
Convertible debentures - debt component, including current portion	**156,931**	155,760

(b) Financial risk management

(i) Credit risk

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

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

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

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

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

	March 31, 2015	December 31, 2014
Balance at the beginning of the period	**$ 2,140**	$ 3,224
Impairment losses recognized on receivables	**171**	1,895
Amounts written off during the period as uncollectible	**(41)**	(744)
Amounts recovered during the period	**-**	(1,387)
Impairment losses reversed	**(15)**	(848)
Balance at the end of the period	**$ 2,255**	$ 2,140

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

	March 31, 2015	December 31, 2014
Current	**$ 128,538**	$ 116,326
1-60 days past due	**65,775**	75,911
61-90 days past due	**5,992**	5,845
More than 90 days past due	**20,440**	21,306
	$ 220,745	$ 219,388

In determining the quality of trade receivables, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Corporation had $20,440 of trade receivables (December 31, 2014 – $21,306) which were greater than 90 days past due with $18,185 not provided for as at March 31, 2015 (December 31, 2014 – $19,166). Of the total, $8,193 (40%) was concentrated in two customer accounts and of this amount $8,193 remained outstanding as at May 5, 2015. The two customers are considered to be credit-worthy and management is not concerned regarding collectability of these accounts. Trade receivables are included in trade and other receivables on the condensed consolidated statements of financial position.

(ii) Interest rate risk

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

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

	Carrying Amount	
	March 31, 2015	December 31, 2014
Fixed rate instruments		
Financial liabilities	**$ 156,931**	$ 155,760
Variable rate instruments		
Financial assets	**$ 63,851**	$ 104,113
Financial liabilities	**4,816**	1,208

Fixed rate sensitivity

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

Variable rate sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased or decreased equity and profit or loss by $479 (December 31, 2014 - $781) related to financial assets and by $36 (December 31, 2014 - $9) related to financial liabilities.

(iii) Liquidity risk

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

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

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

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Trade and other payables	**$ 256,626**	$ 256,626	$ 256,626	$ -	$ -	$ -
Provisions including current portion	**14,988**	18,453	1,976	11,692	119	4,666
Convertible debentures (debt portion)	**156,931**	193,488	93,668	9,660	90,160	-
Long-term debt including current portion	**4,816**	6,524	1,860	3,332	1,332	-
Lease commitments	**62,558**	62,558	6,959	13,065	13,064	29,470
	$ 495,919	$ 537,649	$ 361,089	$ 37,749	$ 104,675	$ 34,136

24. CAPITAL MANAGEMENT

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

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

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

The primary non-IFRS measures used by the Corporation to monitor its financial leverage are its ratios of long-term indebtedness to capitalization and net long-term indebtedness to EBITDA.

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

	March 31, 2015	December 31, 2014
Long-term indebtedness:		
Long-term debt, principal amount[1]	**$ 6,524**	$ 3,144
Convertible debentures, principal amount[2]	**166,750**	166,750
Total long-term indebtedness	**173,274**	169,894
Total equity	**221,617**	216,621
Total capitalization	**$ 394,891**	$ 386,515
Indebtedness to capitalization percentage	**44%**	44%

[1] Principal amount of current and non-current long-term debt before the deduction of deferred financing fees (Note 18 and Note 23).

[2] Includes the maturity value of the Series I and Series II convertible debentures of $86,250 and $80,500, respectively.

The Corporation targets a net long-term indebtedness to EBITDA ratio of 2.0x to 3.0x over a three to five-year planning horizon. At March 31, 2015, the net long-term indebtedness to EBITDA was 2.53x (March 31, 2014 – 3.51x) calculated on a last 12-month basis as follows:

		March 31, 2015[1]		March 31, 2014 [2]
Total long-term indebtedness[3]	**$**	**173,274**	$	161,991
Less: Cash on hand		**(63,851)**		(30,340)
Net long-term indebtedness	**$**	**109,423**	$	131,651
Net earnings from continuing operations	**$**	**6,823**	$	6,843
Add:				
Finance costs		**14,148**		11,674
Income tax expense		**3,766**		2,683
Depreciation and amortization		**15,928**		16,306
Impairment loss on property and equipment		**2,596**		-
Loss (gain) on sale of assets		**55**		(36)
EBITDA	**$**	**43,316**	$	37,470
Net long-term indebtedness to EBITDA ratio		**2.53x**		3.51x

[1] Includes the long-term indebtedness associated with the acquisition of Studon, but does not reflect the benefit of Studon's trailing 12-month EBITDA prior to the January 6, 2015 acquisition date. Including Studon's trailing 12-month EBITDA on a pro-forma basis, the net long-term indebtedness to EBITDA ratio is 1.92x.

[2] Certain comparative amounts have been restated, refer to Note 9.

[3] As per the calculation in the indebtedness to capitalization percentage.

The Corporation monitors its capital through a rolling forecast of financial position and expected operating results. In addition, the Corporation establishes and reviews operating and capital budgets and cash flow forecasts in order to manage overall capital with respect to financial covenants. The Corporation's revolving credit facility is subject to the covenants described in Note 32 of the Corporation's audited annual consolidated financial statements for the period ended December 31, 2014. The covenants are measured each quarter on March 31, June 30, September 30 and December 31. The Corporation was in full compliance with its credit facility covenants at March 31, 2015 and December 31, 2014.

25. RELATED PARTY TRANSACTIONS

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

The Corporation incurred facility costs during the three month period ended March 31, 2015 of $112 (March 31, 2014 - $nil) for the rental of buildings that are partially owned indirectly by Don Sutherland, the president of Studon. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 - $nil).

The Corporation incurred facility costs during the three month period ended March 31, 2015 of $76 (March 31, 2014 – $80) for the rental of a building that is 50% owned by Schneider Investments Inc., a company owned by George Schneider, a Director of the Corporation. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 – $nil).

The Corporation incurred facility costs during the three month period ended March 31, 2015 of $nil (March 31, 2014 – $101) for the rental of a building owned by Broda Holdings (2009) Inc., a company owned by Gord Broda, the president of a former subsidiary of the Corporation. No amounts are included in trade payables as at March 31, 2015 (March 31, 2014 - $29). The Corporation reclassified these facility costs as discontinued operations in the condensed consolidated statements of earnings (loss).

On September 1, 2014, the Corporation completed the sale of Broda to TriWest Capital Partners and certain members of the senior management team of Broda, including the president, for gross cash proceeds of $38,829 (Note 9). Gord Broda had an indirect interest in the entity that acquired Broda. Chad Danard, a Director of the Corporation and a Managing Director of TriWest, did not participate in any discussions related to the Broda disposition.

26. OPERATING LEASE AGREEMENTS

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

Non-cancellable operating lease commitments:

	March 31, 2015	March 31, 2014 [1]
Not later than 1 year	**$ 6,959**	$ 7,619
Later than 1 year and not later than 5 years	**26,129**	24,303
Later than 5 years	**29,470**	32,230
	$ 62,558	$ 64,152

[1] Certain comparative amounts have been restated, refer to Note 9.

Payments recognized as expense:

	March 31, 2015	March 31, 2014 [1]
Minimum lease payments	**$ 2,157**	$ 2,249
Sub-lease payments received	**(308)**	(243)
	$ 1,849	$ 2,006

[1] Certain comparative amounts have been restated, refer to Note 9.

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

27. CONTINGENCIES, COMMITMENTS AND GUARANTEES

The Corporation has made various donations in support of local communities. Over the next three years the Corporation has committed to pay $754 (December 31, 2014 - $1,389), of which $254 (December 31, 2014 - $834) is to be paid in the upcoming 12 month period.

The Corporation has provided several letters of credit in the amount of $4,045 in connection with various projects and joint arrangements (December 31, 2014 - $4,357), of which $nil are financial letters of credit (December 31, 2014 - $nil).

28. EVENTS AFTER THE REPORTING PERIOD

On May 5, 2015, the Corporation's Board of Directors declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the *Income Tax Act* (Canada) and is payable July 15, 2015 to shareholders of record on June 30, 2015.

In April 2015 the Corporation issued stock options, RSUs and PSUs. The number of units issued for each respective type of award was 358,656, 395,803 and 359,763 at a fair value at grant date of $5.77 for the stock options and $5.73 for the RSUs and PSUs. The performance criteria and vesting conditions for the RSUs granted in April 2015 are the same as those described in Note 3(f)(iii) and Note 28(a) of the audited annual consolidated financial statements for the period ended December 31, 2014. The 2015 PSUs differ from the previous grants in that the performance criteria was revised to include an operational metric, which is the Corporation's aggregate cumulative EBITDA during the three year vesting period. At the time of vest, the payout can be 0% to 200% of the vested units, depending on the Corporation's performance based on a 50/50 split between the operational metric and the total shareholder return relative to its competitive group.

Corporate & Shareholder Information

Officers

David LeMay, MBA
President and Chief Executive Officer

Daryl Sands, B.Comm., CA
Executive Vice President, Finance and Chief Financial Officer

Allan Tarasuk, P.Eng., STS
President and Chief Operating Officer
Stuart Olson Industrial Inc.

Al Miller
President
Canem Systems Ltd.

Joette Decore, BSc., MBA
Vice President, Strategy and Corporate Development

Amy Gaucher, B.Comm., CA
Vice President, Finance

Evan Johnston, L.L.B., CFA
Vice President, General Counsel and Corporate Secretary

Directors

Albrecht W.A. Bellstedt, B.A., J.D., Q.C.
Chair

Richard T. Ballantyne, P. Eng. (1) (4)

Rod Graham, CFA, MBA (1) (4)

Wendy L. Hanrahan, CA (2) (3)

Carmen R. Loberg (1) (3)

Ian M. Reid, B.Comm. (2) (3)

George M. Schneider (2) (4)

Chad Danard (1) (2)

David LeMay, MBA

(1) Member of the Audit Committee

(2) Member of the Human Resources & Compensation Committee

(3) Member of the Corporate Governance & Nominating Committee

(4) Member of the Health, Safety & Environment Committee

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HSBC Bank Canada

Bonding and Insurance

Aon Reed Stenhouse Inc.
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Liberty Mutual Insurance Company

Registrars and Transfer Agents

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