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Q1 2016 Management's Discussion and Analysis

May 3, 2016

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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, 2016, dated May 3, 2016, should be read in conjunction with the March 31, 2016 Condensed Consolidated Interim Financial Statements and related notes thereto, the December 31, 2015 Audited Consolidated Annual Financial Statements and related notes thereto, and the December 31, 2015 MD&A. Additional information relating to Stuart Olson 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 2015 and 2014, is presented in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted.

Certain measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-IFRS measures. These non-IFRS measures are commonly used in the construction industry, and by management ("Management") of Stuart Olson Inc. as alternative methods for assessing operating results and to provide a consistent basis of comparison between periods. These measures are not in accordance with IFRS, and do not have any standardized meaning. Therefore, the non-IFRS measures in this MD&A are unlikely to be comparable to similar measures used by other entities. Non-IFRS measures include: contract income margin; work-in-hand; backlog; active backlog; book-to-bill ratio; working capital; adjusted free cash flow; adjusted free cash flow (FCF) per share; adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA); adjusted EBITDA margin; earnings before tax (EBT); long-term indebtedness; indebtedness to capitalization; and net long term indebtedness to adjusted EBITDA. Further information regarding these measures can be found in the Non-IFRS Measures section of this MD&A.

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

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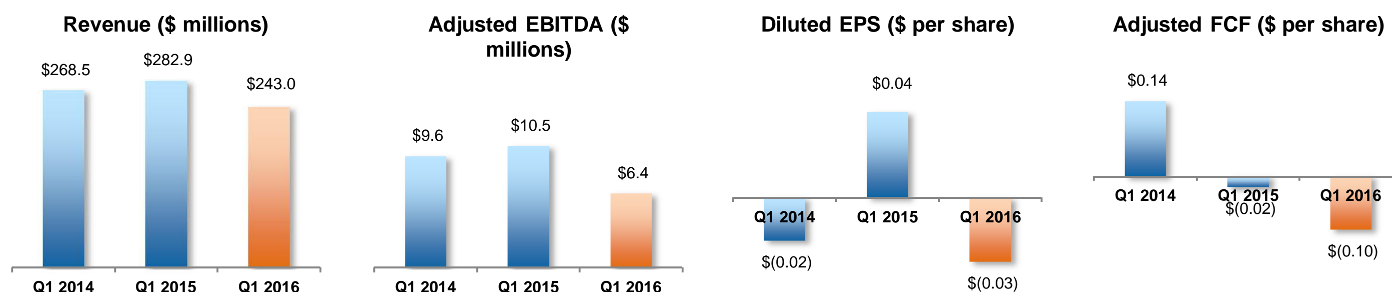
FIRST QUARTER 2016 OVERVIEW



- We ended Q1 2016 with a $2.2 billion backlog, the highest in Stuart Olson history. Our record backlog includes a diverse mix of public, private and industrial projects across Western Canada, Ontario and the Northwest Territories, and is predominantly made up of low-risk contract arrangements.
- As previously announced, we were awarded a five-year master services agreement (MSA) in the first quarter of 2016. This MSA is valued at approximately $500.0 million and relates to the provision of maintenance, repair and operations (MRO) services to a longstanding oil sands customer in Alberta. Under the terms of the multi-site, multi-use contract, we will deliver a bundled service offering, drawing on the expertise of a diverse range of our Industrial Group service providers.
- Revenue for the first quarter was $243.0 million, compared to $282.9 million in Q1 2015. The year-over-year change reflects lower Buildings Group revenue, partially offset by increased revenue from the Industrial Group and Commercial Systems Group.
- Underlying operational performance improved and contract income margin increased to 9.6% from 8.8%, however first quarter contract income declined 6.4% to $23.3 million. The non-cash impact of a $2.6 million reversal of intersegment eliminations in Q1 2016, as compared to the positive $1.3 million generated from intersegment eliminations in Q1 2015, was the key factor in the year-over-year change in quarterly contract income.
- We generated first quarter adjusted EBITDA[1] of $6.4 million (adjusted EBITDA margin of 2.6%), compared to $10.5 million (adjusted EBITDA margin of 3.7%) in Q1 2015. Lower contract income and a $1.5 million non-cash impact on share-based compensation expense were the key factors in this change. The latter expense resulted from a 20.4% increase in our share price over the course of Q1 2016. By comparison, we recorded a $2.3 million share-based compensation recovery in Q1 2015 driven by a 29.5% decline in share price. Excluding the impact of non-cash intersegment eliminations and the marking-to-market of share-based compensation from both periods, first quarter adjusted EBITDA was $10.4 million, $3.6 million higher than what we achieved on a consistent basis in the same period last year.
- We reported a first quarter net loss of $0.9 million (diluted loss per share of $0.03), compared to net earnings of $1.0 million (diluted earnings per share of $0.04) in Q1 2015. The decrease in net earnings primarily reflects the lower adjusted EBITDA, partially offset by reduced financing costs.
- Our financial flexibility remained strong with a net debt to adjusted EBITDA ratio of 1.8x, and a dividend payout ratio of 33.7% of last twelve month adjusted free cash flow. We also had a cash balance of $42.8 million and additional borrowing capacity of approximately $104.4 million at March 31, 2016.
- On May 3, 2016, our Board of Directors ("Board") declared a quarterly 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 14, 2016 to shareholders of record on June 30, 2016.
- In the first quarter of 2016, Bob Myles joined Stuart Olson as Group Chief Operating Officer, Industrial.

[1] We initiated the use of adjusted EBITDA in this MD&A to better reflect operating performance, as a valuation metric for investors and as a measure of Stuart Olson's ability to incur and service debt. Our calculation of adjusted EBITDA excludes unusual items, including restructuring charges and charges related to investing decisions that do not reflect our ongoing operations and, we believe, should not be reflected in a metric used for valuation and debt servicing purposes. Please see the "Non-IFRS Measures" section for our calculation of adjusted EBITDA.

OUTLOOK

We anticipate that 2016 consolidated revenue will be slightly lower than the level achieved in 2015. Due to project timing, first half revenue is expected to be lower and second half revenue is expected to be higher than in 2015. Our revenue outlook is supported by our strong $2.2 billion backlog, which provides line of sight to activity levels for 2016 and into 2017, and reflects our access to many different segments and geographic markets within the Canadian construction market. Both the Buildings Group and Commercial Systems Group are executing backlogs dominated by public projects across multiple provinces. The Industrial Group, meanwhile, has been successful in winning significant new business within Alberta and beyond. We balance this outlook with the potential for unknown impacts from the current "lower-for-longer" commodity pricing environment.

Adjusted EBITDA and adjusted EBITDA margin are expected to modestly decline in 2016, reflecting the continuation of challenging economic conditions in the Alberta market and an increased proportion of lower-risk, and correspondingly lower-margin, MRO projects within our Industrial Group. Our adjusted EBITDA outlook also reflects the reversal in the last three quarters of the year of intercompany eliminations that favourably impacted 2015 results.

Industrial Group Outlook

We expect 2016 revenue for the Industrial Group to be consistent with 2015, supported by our large and growing base of recurring oil sands MRO work. We significantly strengthened our MRO base in 2015 and early 2016 with the addition of new and extended MSA agreements with oil sands customers, including the $500.0 million multi-year MSA announced with a key longstanding customer in February 2016. This latter agreement includes a major turnaround project in 2016. Our outlook for the Industrial Group is further supported by our execution of large industrial projects outside of Alberta, including a power distribution project in Manitoba and the expected completion of the mining project in the Northwest Territories in 2016.

Industrial Group adjusted EBITDA and adjusted EBITDA margin as a percentage of revenue are expected to be weaker year-over-year as a result of competitive market pressures in Alberta and an increased proportion of our revenue coming from lower-risk cost-reimbursable MRO projects.

We expect to execute approximately $185.3 million of the Industrial Group's March 31, 2016 backlog in the year. New contract awards, additional short-duration projects and scope changes are expected to supplement the Industrial Group's 2016 revenue from year-end backlog.

Buildings Group Outlook

We expect the Buildings Group to achieve higher adjusted EBITDA and adjusted EBITDA margin in 2016 on slightly lower revenue compared to 2015. Our outlook reflects the strategic shift undertaken in 2015 by the Buildings Group to discontinue industrial sector projects and to re-focus efforts on its core strengths in the public and private construction markets. The Buildings Group's 2016 revenue will be supported by predominantly public projects in multiple provinces, including the group's growing activity in Ontario. The higher adjusted EBITDA expectations primarily reflect the favourable shift in project mix, and to a lesser extent, a change in project stage of completion with several larger public projects scheduled to reach completion in 2016.

We expect to execute approximately $371.3 million of the Buildings Group's March 31, 2016 backlog during 2016. Longer term, we see a continued strong pipeline of public projects arising from increased infrastructure spending at both the provincial and federal levels across Canada.

Commercial Systems Group Outlook

Commercial Systems Group 2016 revenue, adjusted EBITDA and adjusted EBITDA margins are expected to be slightly lower than in 2015, reflecting the competitive market environment in Alberta.

During 2016, the Commercial Systems Group expects to execute approximately $90.7 million of its March 31, 2016 backlog. New awards, short-duration projects, building maintenance and tenant improvement work on existing projects are expected to supplement the secured revenue in backlog to be executed in the year.

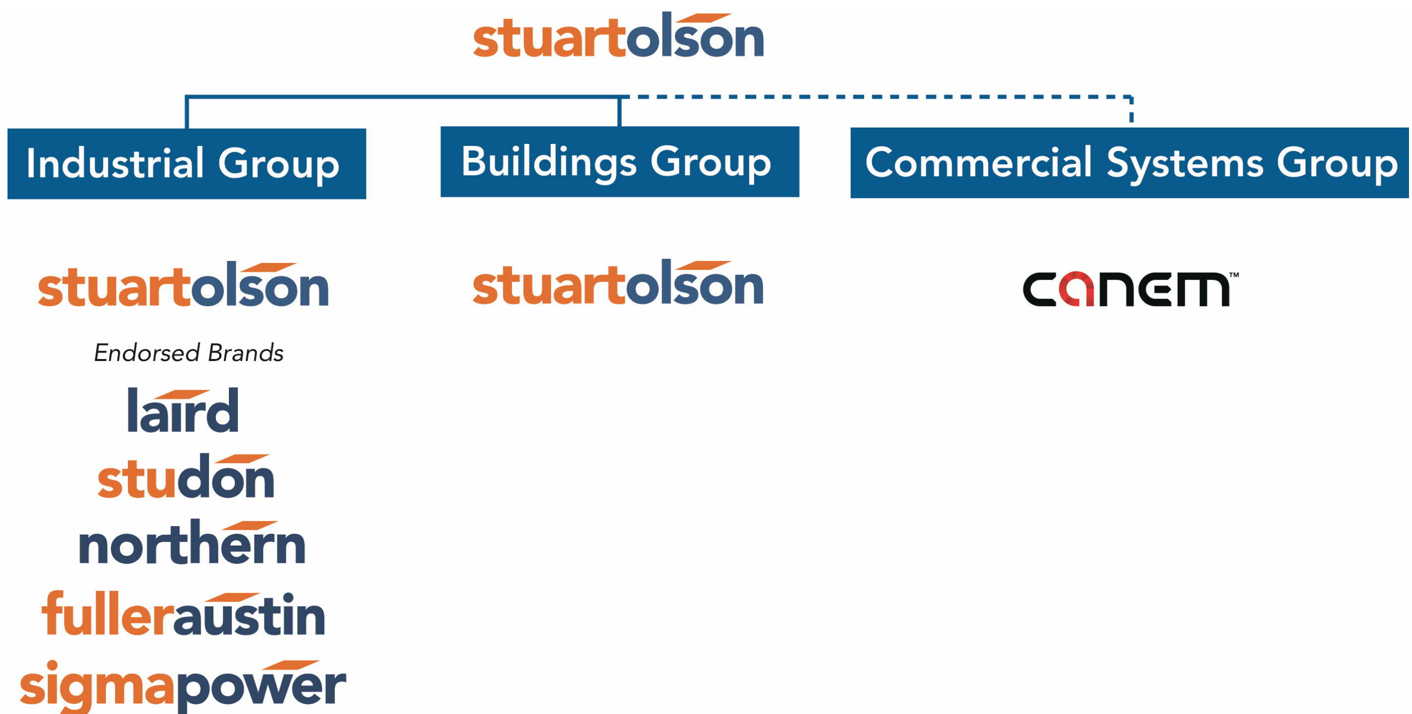
RISKS

Various factors could cause our actual results to differ materially from the results anticipated by management. The factors are described in more detail throughout 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 private, public and industrial construction services to a diverse range of customers in Western Canada, Ontario and the Northwest Territories.

The branding of our three business groups is organized as follows:



Industrial Group

The Industrial Group operates under the general contracting brand of Stuart Olson and under our endorsed brands of Laird, Studon, Northern, Fuller Austin and Sigma Power. The Industrial Group serves clients in a wide range of industrial sectors including oil and gas, petrochemical, refining, mining, pulp and paper and power generation. With Industrial Group offices and projects across Western Canada, Ontario and the Northwest Territories, we have developed a national platform to deliver industrial services.

Originally organized as separate service companies, the Industrial Group increasingly operates as an integrated industrial contractor, capable of self-performing larger projects in the industrial construction and MRO space. The Industrial Group provides full service general contracting, including mechanical, process insulation, metal siding and cladding, heating, ventilating and air conditioning (HVAC), asbestos abatement, electrical and instrumentation, high voltage testing and commissioning, as well as power line construction and maintenance services.

Buildings Group

Our Buildings Group provides services to clients in the private and public sectors. It operates projects and branch offices across Western Canada and 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 and high technology facilities. The Buildings Group focuses on alternative methods of project delivery such as integrated project team 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 and negotiate larger 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.

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 with offices and projects in Manitoba, Alberta and British Columbia. 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, complex projects that contain both data and electrical components, or that require extensive logistical expertise. Canem's strategy is to deliver 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.

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RESULTS OF OPERATIONS

Consolidated Results

	Three months ended March 31	
$millions, except percentages and per share amounts	**2016**	**2015[2]**
Contract revenue	**243.0**	282.9
Contract income	**23.3**	24.9
Contract income margin[1]	***9.6%***	*8.8%*
Administrative costs	**22.4**	19.8
Adjusted EBITDA[1]	**6.4**	10.5
Adjusted EBITDA margin[1]	***2.6%***	*3.7%*
Net (loss) earnings	**(0.9)**	1.0
(Loss) earnings per share		
Basic (loss) earnings per share	**(0.03)**	0.04
Diluted (loss) earnings per share	**(0.03)**	0.04
Dividends declared per share	**0.12**	0.12
Adjusted free cash flow[1]	**(2.7)**	(0.5)
Adjusted free cash flow per share[1]	**(0.10)**	(0.02)

$millions	**Mar. 31, 2016**	**Dec. 31, 2015**
Backlog[1]	**2,228.5**	1,960.9
Working capital[1]	**57.7**	64.4
Long-term debt (excluding current portion)	**42.2**	46.6
Convertible debentures (excluding equity portion)	**73.0**	72.5
Total assets	**651.5**	646.8

Notes: (1) “Contract income margin”, “adjusted EBITDA”, “adjusted EBITDA margin”, “adjusted free cash flow”, “adjusted free cash flow per share”, “backlog” and “working capital” are non-IFRS measures. Refer to “Non-IFRS Measures” for definitions of these terms.
(2) Adjusted EBITDA for the three months ended March 31, 2015 is presented as calculated based on our current definition. Please refer to the “Non-IFRS Measures” section for more information on our definition and the calculation.

For the three months ended March 31, 2016, we generated consolidated contract revenue of $243.0 million, 14.1% lower than the $282.9 million recorded in the same period in 2015. While revenue from the Industrial Group increased by $10.8 million or 13.1% and Commercial Systems Group revenue improved by $1.1 million or 1.9% year-over-year, these gains were offset by a $55.5 million or 36.2% decrease in Buildings Group revenue.

First quarter contract income of $23.3 million decreased by $1.6 million or 6.4% from the $24.9 million generated during the same period in 2015, despite stronger underlying operational performance. Contract income from the Buildings Group increased by $2.2 million or 31.9% and contract income from the Commercial Systems Group grew by $0.8 million or 10.5%. These gains were fully offset by a $3.9 million or 300.0% year-over-year decrease in contract income relating to the timing of intersegment eliminations. Intersegment eliminations occur when two or more of our business groups work together on a project. Over the life of the project, the impact of the eliminations to contract income will net to nil; however, the impact of eliminations may be temporarily significant from period-to-period depending on a number of factors. These factors include the number of intercompany projects under construction, the scale of the projects, contract terms and project stage of completion. The change in contract income also reflects a $0.7 million or 7.7% decrease in contract income from the Industrial Group.

Contract income as a percentage of revenue improved to 9.6% from 8.8%.

First quarter 2016 administrative costs increased year-over-year to $22.4 million, from $19.8 million. This change reflects increased costs of $3.1 million or 106.9% in the Corporate Group, partially offset by administrative cost savings of $0.3 million or 8.3% in the Commercial Systems Group and $0.2 million or 2.8% in the Industrial Group.

Adjusted EBITDA for the three months ended March 31, 2016 decreased by $4.1 million or 39.0% to $6.4 million, from $10.5 million in the first quarter of 2015. Adjusted EBITDA margin decreased to 2.6% from 3.7% in the same period last year. The year-over-year change in adjusted EBITDA primarily reflects the lower contract income attributable to intersegment eliminations and the $1.5 million non-cash impact on our share-based compensation expense resulting from a 20.4% increase in our share price over the course of Q1 2016, as compared to a recovery of $2.3 million in Q1 2015 driven by a 29.5% decline in share price. Normalizing for the impact of non-cash intersegment eliminations and the marking-to-market of share-based compensation, first quarter adjusted EBITDA was $10.4 million, an improvement of $3.6 million from the 2015 period.

The consolidated net loss of $0.9 million in Q1 2016 represents a $1.9 million decline from net earnings of $1.0 million in Q1 2015. The primary contributor to this decline was lower adjusted EBITDA, partially offset by reduced finance costs.

Adjusted free cash flow in the first quarter of 2016 was an outflow of $2.7 million (outflow of $0.10 per share), a decline of $2.2 million from an outflow of $0.5 million (outflow of $0.02 per share) in Q1 2015. The year-over-year change reflects an increase in cash payments in the first quarter of 2016 to settle final 2015 tax balances.

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Consolidated Backlog

$millions, except percentages	**Mar. 31, 2016**	**Dec. 31, 2015**
Industrial Group	**808.0**	493.5
Buildings Group	**1,293.0**	1,334.0
Commercial Systems Group	**127.5**	133.4
Consolidated backlog	**2,228.5**	1,960.9
Construction management	**50.2%**	57.9%
Cost-plus	**35.5%**	28.2%
Design-build	**4.0%**	5.3%
Tendered (hard bid)	**10.3%**	8.6%

Consolidated backlog as at March 31, 2016 was $2,228.5 million, an increase of $267.6 million or 13.6% from backlog of $1,960.9 million as at December 31, 2015. As at March 31, 2016, backlog consisted of work-in-hand of $894.6 million (December 31, 2015 - $897.2 million) and active backlog of $1,333.9 million (December 31, 2015 - $1,063.7 million). Approximately 50.2% of the backlog consists of construction management (CM) contracts, 35.5% cost-plus arrangements, 4.0% design-build contracts and 10.3% tendered (hard-bid) work. New contract awards and net increases in contract value of $248.1 million were added to work-in-hand in the first quarter 2016.

Our book-to-bill ratio for the first quarter of 2016 was 2.10 to 1.0. Backlog significantly exceeded revenue in the quarter primarily as a result of the large five-year MSA awarded to the Industrial Group, which added $400.0 million to backlog in the first quarter of 2016. The remaining $100.0 million balance of the total $500.0 million MSA award was added to backlog in the fourth quarter of 2015.

RESULTS OF OPERATIONS BY BUSINESS GROUP

Industrial Group Results

	Three months ended March 31	
$millions, except percentages	**2016**	**2015[3]**
Contract revenue	**93.1**	82.3
Contract income	**8.4**	9.1
Contract income margin[1]	***9.0%***	*11.1%*
Administrative costs	**7.0**	7.2
Adjusted EBITDA[1]	**4.0**	4.2
Adjusted EBITDA margin[1]	***4.3%***	*5.1%*
EBT[1]	**1.4**	1.9
Backlog[1][2]	**808.0**	493.5

Notes: (1) "Contract income margin", "adjusted EBITDA", "adjusted 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, 2015.
(3) Adjusted EBITDA for the three months ended March 31, 2015 is presented as calculated based on our current definition. Please refer to the "Non-IFRS Measures" section for more information on our definition and the calculation.

For the three months ended March 31, 2016, Industrial Group revenue increased by 13.1% to $93.1 million, from $82.3 million during the same period in 2015. The $10.8 million improvement primarily reflects increased activity on the group's Northwest Territories mining project, partially offset by a year-over-year reduction in Alberta oil sands activity.

The Industrial Group reported first quarter 2016 contract income of $8.4 million, a $0.7 million or 7.7% decline from the $9.1 million achieved during the same period in 2015. As a percentage of revenue, first quarter contract income margin decreased to 9.0% from 11.1% in Q1 2015. The lower margin reflects an increased proportion of lower-risk cost reimbursable work in the current project mix and the impact of oil sands project owners seeking supplier cost reductions.

Adjusted EBITDA from the Industrial Group was $4.0 million (4.3% adjusted EBITDA margin) in the first quarter of 2016, compared to $4.2 million (5.1% adjusted EBITDA margin) during the same period in 2015. The $0.2 million or 4.8% decrease primarily reflects the lower contract income, partially offset by administrative cost savings. Excluded from the calculation of adjusted EBITDA are one-time restructuring costs of $1.0 million, primarily recorded as administrative costs. These costs were incurred as part of the closing of a fabrication shop and the reorganization of the Industrial Group senior management team as the group works to maintain a lean and adaptable cost structure appropriate for the current unstable market conditions in Alberta.

The Industrial Group reported first quarter EBT of $1.4 million, a decrease of $0.5 million or 26.3% from $1.9 million in 2015. The year-over-year change was primarily due to the lower contract income, partially offset by administrative cost savings.

Backlog

As at March 31, 2016, Industrial Group backlog increased to a record level of $808.0 million, from a backlog of $493.5 million at December 31, 2015. The $314.5 million or 63.7% increase was primarily due to the addition of $400.0 million of backlog related to the $500.0 million five-year MSA award in the quarter to provide MRO services to a longstanding oil sands customer in Alberta. The remaining $100.0 million of this $500.0 million award was subject to a purchase order issued to us in the previous year for work to be undertaken in 2016, and was included in backlog at the end of 2015. As at March 31, 2016, 86.2% of the Industrial Group's backlog was composed of cost-plus projects and 13.8% was tendered (hard-bid) projects. The March 31, 2016 backlog consisted of $317.2 million of work-in-hand and $490.8 million of active backlog, compared to $328.2 million of work-in-hand and $165.3 million of active backlog at December 31, 2015. With respect to work-in-hand, the Industrial Group contracted $83.8 million of new awards during the quarter and executed $93.1 million of contract revenue.

Buildings Group Results

	Three months ended March 31	
$millions, except percentages	**2016**	**2015[3]**
Contract revenue	**97.8**	153.3
Contract income	**9.1**	6.9
Contract income margin[1]	***9.3%***	*4.5%*
Administrative costs	**6.1**	6.0
Adjusted EBITDA[1]	**3.6**	1.6
Adjusted EBITDA margin[1]	***3.7%***	*1.0%*
EBT[1]	**3.0**	1.0
Backlog[1][2]	**1,293.0**	1,334.0

Notes: (1) "Contract income margin", "adjusted EBITDA", "adjusted 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, 2015.
(3) Adjusted EBITDA for the three months ended March 31, 2015 is presented as calculated based on our current definition. Please refer to the "Non-IFRS Measures" section for more information on our definition and the calculation.

For the three months ended March 31, 2016, the Buildings Group generated revenue of $97.8 million, a decrease of $55.5 million or 36.2% from $153.3 million in the same period in 2015. The primary factors in this decrease were the completion in 2015 of projects in British Columbia and Manitoba that provided significant revenue in the first quarter of 2015, the planned wind-down of the Buildings Group's industrial project activity in 2015, a number of projects being in pre-construction phases as a result of timing, and delays in planned new infrastructure projects being awarded by the Alberta and federal governments.

Contract income increased to $9.1 million in the first quarter of 2016, from $6.9 million during the same period in 2015. The $2.2 million or 31.9% improvement reflects higher contract income margin, which climbed to 9.3% from 4.5% year-over-year. The improvement in margin reflects additional profit realized on a couple of significant projects nearing completion in Q1 2016. It also reflects the group's strategic move away from higher-risk industrial projects, which generated negative margin during the period in 2015.

The Buildings Group generated first quarter adjusted EBITDA of $3.6 million (3.7% adjusted EBITDA margin), compared to $1.6 million (1.0% adjusted EBITDA margin) in the same period in 2015. The $2.0 million or 125.0% increase primarily reflects the higher contract income.

EBT improved to $3.0 million in the first quarter of 2016, from $1.0 million in Q1 2015. This $2.0 million or 200.0% improvement reflects the increase in adjusted EBITDA.

Backlog

As at March 31, 2016, the Buildings Group's backlog was $1,293.0 million, compared to $1,334.0 million at December 31, 2015. The $41.0 million or 3.1% decrease primarily reflects reduced public and private backlog in Alberta and British Columbia. As at March 31, 2016, 85.1% of the Buildings Group's backlog was composed of CM assignments, 7.4% was cost-plus projects, 6.8% was design-build contracts and 0.7% was tendered (hard-bid) projects. The March 31, 2016 backlog consisted of $470.1 million of work-in-hand and $822.9 million of active backlog, compared to $447.6 million of work-in-hand and $886.3 million of active backlog as at December 31, 2015. With respect to work-in-hand, the segment secured $120.3 million of new awards and project scope increases during the quarter, and executed $97.8 million of contract revenue.

Commercial Systems Group Results

	Three months ended March 31	
$millions, except percentages	**2016**	**2015[3]**
Contract revenue	**58.0**	56.9
Contract income	**8.4**	7.6
Contract income margin[1]	***14.5%***	*13.4%*
Administrative costs	**3.3**	3.6
Adjusted EBITDA[1]	**5.5**	4.6
Adjusted EBITDA margin[1]	***9.5%***	*8.1%*
EBT[1]	**5.2**	4.1
Backlog[1][2]	**127.5**	133.4

Notes: (1) "Contract income margin", "adjusted EBITDA", "adjusted 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, 2015.
(3) Adjusted EBITDA for the three months ended March 31, 2015 is presented as calculated based on our current definition. Please refer to the "Non-IFRS Measures" section for more information on our definition and the calculation.

For the three months ended March 31, 2016, revenue from the Commercial Systems Group increased to $58.0 million, from $56.9 million in Q1 2015. The $1.1 million or 1.9% increase reflects higher activity levels on certain projects.

First quarter contract income from the Commercial Systems Group increased $0.8 million or 10.5% to $8.4 million from $7.6 million in Q1 2015. As a percentage of revenue, contract income margin increased to 14.5% from 13.4%, reflecting year-over-year changes in project stage of completion.

First quarter administrative costs decreased to $3.3 million, from $3.6 million. Cost reduction measures were the key factor in this $0.3 million or 8.3% improvement.

Adjusted EBITDA from the Commercial Systems Group increased to $5.5 million (9.5% adjusted EBITDA margin) in the first quarter of 2016, from $4.6 million (8.1% adjusted EBITDA margin) last year. The improvement in adjusted EBITDA and adjusted EBITDA margin primarily reflects increased contract income margin.

First quarter EBT of $5.2 million was $1.1 million or 26.8% higher than the $4.1 million achieved during the same period in 2015. The year-over-year improvement is largely attributable to the increase in adjusted EBITDA.

Backlog

Commercial Systems Group backlog was $127.5 million at March 31, 2016, compared to $133.4 million at December 31, 2015, a decline of $5.9 million or 4.4%. The decline in backlog is related to the timing of award approvals, which have slowed in Alberta, rather than an absence of new projects. As at March 31, 2016, the group's backlog was composed of 14.8% CM and cost-plus projects, 0.4% design-build projects, and 84.8% tendered projects. The March 31, 2016 backlog consisted of $107.3 million of work-in-hand and $20.2 million of active backlog compared to $121.4 million of work-in-hand and $12.1 million of active backlog at December 31, 2015. With respect to work-in-hand, the group secured $44.0 million of new awards and increases in contract value during the quarter and executed $58.0 million of construction activity.

Corporate Group Results

	Three months ended March 31	
$millions	**2016**	**2015**[(2)]
Administrative costs	**6.0**	2.9
Finance costs	**2.1**	4.0
Adjusted EBITDA[(1)]	**(4.2)**	(1.1)
EBT[(1)]	**(8.1)**	(6.9)

Note: (1) "Adjusted EBITDA" and "EBT" are non-IFRS measures. Refer to "Non-IFRS Measures" for the definition of the term.
(2) Adjusted EBITDA for the three months ended March 31, 2015 is presented as calculated based on our current definition. Please refer to the "Non-IFRS Measures" section for more information on our definition and the calculation.

For the three months ended March 31, 2016, Corporate Group administrative costs increased to $6.0 million, from $2.9 million in the first quarter of 2015. The $3.1 million or 106.9% increase is primarily related to a $1.5 million expense related to the 20.4% rise in our share price in the quarter and its impact on share-based compensation expense, as compared to the $2.3 million recovery related to the 29.5% decline in our share price in Q1 2015 that reduced share-based compensation expense. This was partially offset by a year-over-year change in the timing of incentive plan accruals.

The Corporate Group's finance costs decreased to $2.1 million in the first quarter of 2016, from $4.0 million during the same period last year. The $1.9 million or 47.5% improvement reflects reduced interest costs related to having just one set of convertible debentures outstanding in Q1 2016, as compared to having two sets of convertible debentures outstanding in Q1 2015.

Corporate Group adjusted EBITDA declined to a loss of $4.2 million in Q1 2016, from a loss of $1.1 million in Q1 2015. The $3.1 million or 281.8% variation reflects the increase in administrative costs. The Corporate Group incurred a first quarter 2015 loss before tax of $8.1 million, compared to a loss before tax of $6.9 million in the comparable period in 2015. The year-over-year decline was due to increased administrative costs, partially offset by a reduction in finance costs.

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ACQUISITION OF STUDON

On January 6, 2015, we acquired all of the issued and outstanding shares of Studon. Our reported results for the Industrial Group and consolidated Stuart Olson include Studon's results from the acquisition date. For further information on the acquisition of Studon, please refer to *Note 4* of our March 31, 2016 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 ("Revolver").

Current cash and cash equivalents at March 31, 2016 were $42.8 million, compared to $33.7 million at December 31, 2015. This $9.1 million increase from year-end 2015 is primarily the result of the resolution and collection in the first quarter of 2016 of a number of older significant account receivable balances, and the inclusion of restricted cash in current cash and cash equivalents (classified as a long-term asset at the end of 2015).

As at March 31, 2016, we had additional borrowing capacity under our Revolver of $104.4 million, as compared to available capacity of $106.2 million at December 31, 2015. The $1.8 million reduction reflects a slight decline in our last twelve month EBITDA (calculated in accordance with the definition of EBITDA as set out in the Revolver agreement), partially offset by a lower balance drawn on our Revolver.

Debt and Capital Structure

Long-term indebtedness, including the current portion of long-term debt and convertible debentures, declined to $127.2 million at March 31, 2016, from $131.7 million at December 31, 2015. The $4.5 million decrease is due in part to the collection in the first quarter of 2016 of a number of significant older accounts receivable balances that were outstanding at year-end 2015. Long-term indebtedness consists of $80.5 million (December 31, 2015 - $80.5 million) principal value at maturity of outstanding convertible debentures and the principal value of long-term debt of $46.7 million (December 31, 2015 - $51.2 million) before the deduction of deferred financing fees.

The current portion of long-term debt was $2.3 million as at March 31, 2016 (December 31, 2015 - $2.4 million).

We monitor our capital structure through the use of indebtedness to capitalization and net long-term indebtedness to adjusted EBITDA metrics. Indebtedness to capitalization at March 31, 2016 was 37%, which is consistent with the metric as at December 31, 2015 and is in line with our long-term targeted range of 20% to 40%.

As at March 31, 2016, our net long-term indebtedness to adjusted EBITDA ratio was 1.8x, which is unchanged from December 31, 2015, and is below the targeted three-to-five year planning range of 2.0x to 3.0x.

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As at March 31, 2016, we were in full compliance with our Revolver covenants.

Ratio	Covenant	Actual as at Mar. 31, 2016
Interest coverage	>3.00:1.00	4.61
Total debt to EBITDA[(1)]	<3.00:1.00	0.88

Notes: (1) Total debt and EBITDA are calculated in accordance with their definitions in our Revolver agreement.

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

Summary of Cash Flows

	Three months ended March 31	
$millions	2016	2015
Operating activities	13.3	33.3
Investing activities	(0.7)	(62.9)
Financing activities	(7.6)	(10.6)
Increase (decrease) in cash	5.0	(40.2)
Cash and cash equivalents, beginning of period[(1)]	37.8	104.1
Cash and cash equivalents, end of period[(1)]	42.8	63.9

Note: (1) Cash and cash equivalents includes restricted cash. Please refer to *Note 8* of the March 31, 2016 Condensed Consolidated Interim Financial Statements.

For the quarter ended March 31, 2016, cash generated from operating activities was $13.3 million as compared to cash generated of $33.3 million in Q1 2015, a year-over-year decrease of $20.0 million. The decrease was driven primarily by a $17.8 million decline in the “change in non-cash working capital balances” year-over-year. This decline is due to the conversion of significant non-cash working capital to cash in Q1 2015 corresponding with a drop in Industrial Group activity levels and the wind-up in 2015 of the Buildings Group industrial projects.

Cash used by investing activities amounted to $0.7 million in 2015, from $62.9 million in Q1 2015, a net change of $62.2 million. This decline in cash used by investing activities reflects the $62.3 million of cash consideration to complete the Studon acquisition in Q1 2015.

Cash used by financing activities totalled $7.6 million in the first quarter of 2016, as compared to $10.6 million of cash used by financing activities in Q1 2015. The $3.0 million decrease in cash used by financing activities primarily reflects the repayment of $7.1 million in the first quarter of 2015 of long-term debt assumed as part of the acquisition of Studon in 2015, partially offset by the use of cash to fund repayments of our Revolver in the first quarter of 2016.

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 comprised 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, including property, equipment and intangible assets, are associated with our need to maintain and support existing operations. For 2016, we are continuing to restrict capital spending to only those assets we are contractually committed to acquire or that are needed in order to execute our backlog of work. We expect to keep capital expenditures for 2016 within a range of $6.5 million to $8.0 million as we continue to monitor and assess the health of the Western Canadian construction market in a low commodity price environment. Cash capital expenditures, net of tenant inducement cash receipts, are expected to be $5.0 million to $6.5 million in 2016.

Working Capital

As at March 31, 2016, we had working capital of $57.7 million, compared to $64.4 million at December 31, 2015. The $6.7 million decrease primarily reflects a reduction in non-cash working capital as we resolved and collected a number of aged receivables and applied these funds to the repayment of balances drawn under the Revolver. This was partially offset by additional cash received at the end of Q1 2016 that was not yet applied to reduce our balance on the Revolver, as well as by first quarter payments made to settle our final 2015 tax balances.

On the basis of our current cash and cash equivalents, our ability to generate cash from operations and the undrawn portion of our Revolver, 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 16* of the March 31, 2016 Condensed Consolidated Interim Financial Statements.

Contractual Obligations

The following are our contractual financial obligations as at March 31, 2016. Interest payments on the Revolver have not been included in the table below as they are subject to variability based upon outstanding balances at various points throughout the year. Further information is included in *Note 15(b)(iii)* of the March 31, 2016 Condensed Consolidated Interim Financial Statements.

$thousands	**Carrying amount**	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Trade and other payables	**$ 186,670**	$ 186,670	$ 186,670	$ nil	$ nil	$ nil
Provisions including current portion	**12,369**	13,245	11,010	889	356	990
Convertible debentures (debt portion)	**72,964**	99,820	4,830	9,660	85,330	nil
Long-term debt including current portion	**44,529**	46,846	2,438	454	43,954	nil
Operating lease commitments	**nil**	60,910	8,404	13,965	13,964	24,577
	$ 316,532	$ 407,491	$ 213,352	$ 24,968	$ 143,604	$ 25,567

Scheduled long-term debt principal repayments due within one year of March 31, 2016 were $2.3 million (December 31, 2015 - $2.4 million).

Share Data

As at March 31, 2016, we had 26,635,711 common shares issued and outstanding and 2,086,193 options convertible into common shares (December 31, 2015 - 26,532,482 common shares and 1,715,118 options). Please refer to *Note 12* and *Note 13* of the Condensed Consolidated Interim Financial Statements for further detail. On April 14, 2016, we issued 87,198 shares pursuant to our Dividend Reinvestment Plan ("DRIP"). The details pertaining to our DRIP are available on our website. As at May 3, 2016, we had 26,722,909 common shares issued and outstanding and 2,086,193 options convertible into common shares.

The $80.5 million of 6.0% convertible debentures issued in September 2014 are convertible into 5,689,046 common shares, based on a conversion price of $14.15 per share.

At March 31, 2016, shareholders' equity was $221.0 million, compared to $225.0 million at December 31, 2015. This $4.0 million decrease reflects $3.2 million of dividends declared, a first quarter net loss of $0.9 million and a $0.6 million year-to-date defined benefit plan actuarial loss, net of tax. This was partially offset by $0.5 million related to shares issued pursuant to the DRIP and $0.2 million related to share option expense.

DIVIDENDS

Declaration of Common Share Dividend

On May 3, 2016, 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 14, 2016 to shareholders of record on June 30, 2016. The declaration of this dividend reflects the Board's 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, 2016.

RELATED PARTY TRANSACTIONS

For the three-month period ended March 31, 2016, we incurred facility costs of $0.1 million (March 31, 2015 - $0.1 million) 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, 2016 and 2015.

QUARTERLY FINANCIAL INFORMATION

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

	2016 Quarter Ended:	2015 Quarter Ended:				2014 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	**243.0**	**283.1**	**281.7**	**303.7**	282.9	364.5	350.4	322.9
Adjusted EBITDA[1]	**6.4**	**12.0**	**15.8**	**12.9**	10.5	13.4	10.8	9.8
Net (loss) earnings from continuing operations	**(0.9)**	**2.1**	**6.4**	**1.7**	1.0	1.2	2.8	1.8
Net (loss) from discontinued operations	**nil**	**nil**	**nil**	**nil**	nil	(0.7)	(15.7)	(1.8)
Net (loss) earnings	**(0.9)**	**2.1**	**6.4**	**1.7**	1.0	0.5	(12.9)	nil
Net (loss) earnings per common share								
Basic from continuing operations	**(0.03)**	**0.08**	**0.24**	**0.06**	0.04	0.05	0.11	0.07
Basic (loss) earnings per share	**(0.03)**	**0.08**	**0.24**	**0.06**	0.04	0.02	(0.52)	nil
Diluted from continuing operations	**(0.03)**	**0.08**	**0.18**	**0.06**	0.04	0.05	0.11	0.07
Diluted (loss) earnings per share	**(0.03)**	**0.08**	**0.18**	**0.06**	0.04	0.02	(0.52)	nil

Notes: (1) Adjusted EBITDA is a non-IFRS measure, please refer to the "Non-IFRS Measures" section for the definition.
(2) Amounts have been restated as a result of the reclassification of Broda to discontinued operations. See the "Discontinued Operations" *Note 14* of our December 31, 2015 Audited Consolidated Annual Financial Statements.

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 adjusted EBITDA increased modestly 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 improved in the first quarter of 2015 as a result of a Q4 2014 loss from discontinued operations that did not repeat in the first quarter of 2015.

Financial results for the second quarter of 2015 increased compared to the first quarter of 2015, principally due to seasonal increases in revenue and margin for the Industrial Group, margin improvement for the Buildings Group and an increase in profit associated with intersegment eliminations.

Third quarter 2015 revenue declined compared to the second quarter of 2015 due to lower activity levels for our Commercial Systems Group and Buildings Group related to project timing and weaker market conditions in Alberta. Notwithstanding the decline in revenue, adjusted EBITDA and earnings improved quarter-over-quarter as a result of improved margin earned by each of our groups.

Modest revenue increases for our Industrial Group and Commercial Systems Group in the fourth quarter of 2015 as compared to the third quarter were partially offset by a reduction in Buildings Group activity. Fourth quarter adjusted EBITDA and contract income declined primarily as a result of a shift in intercompany eliminations. Profit recorded in Q3 2015 as a result of intercompany projects reversed in the fourth quarter as these projects moved into later stages of completion.

Revenue decreased in the first quarter of 2016 compared to the fourth quarter of 2015, driven primarily by seasonal declines in activity levels for our Industrial Group and the completion of a major project for our Buildings Group in Manitoba that provided significant revenue in Q4 2015. First quarter adjusted EBITDA and contract income results were negatively affected by the timing of intersegment eliminations, and adjusted EBITDA was further impacted by the increase in our share price and the associated effect on share-based compensation expense (quarter-over-quarter net impact of $1.2 million).

For a more detailed discussion and analysis of quarterly results prior to March 31, 2016, please review our 2015 and 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 Audited Consolidated Annual Financial Statements and notes thereto, are contained in the 2015 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, 2016 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 Revolver, 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 March 31, 2016 Condensed Consolidated Statements of (Loss) Earnings and Comprehensive (Loss) Earnings, and is net of any recoveries that were provided for in a prior period. Allowance for doubtful accounts as at March 31, 2016 was $1.4 million (December 31, 2015 - $2.6 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, 2016, we had $18.1 million of trade receivables (December 31, 2015 - $27.4 million) which were greater than 90 days past due, with $16.7 million not provided for as at March 31, 2016 (December 31, 2015 - $24.9 million). Management has no concerns regarding the credit quality and collectability of these accounts as the concentration of credit risk is limited due to its large and unrelated customer base. The improvement from year-end 2015 is primarily the result of the resolution and collection in the first quarter of a number of significant balances that were outstanding at December 31, 2015. Trade receivables are included in trade and other receivables on the 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, 2016, 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 $0.3 million (December 31, 2015 - $0.3 million) related to financial assets and $0.3 million (December 31, 2015 - $0.4 million) 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 15* of the March 31, 2016 Condensed Consolidated Interim Financial Statements for further detail.

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 Chief Executive Officer (CEO) and Chief Financial Officer (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 comprised 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, 2016. 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, 2016.

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. Absolute assurance cannot be provided that all misstatements have been detected because of inherent limitations in all control systems. 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, 2016, 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, 2016 and ending on March 31, 2016 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", "adjusted EBITDA", "adjusted EBITDA margin", "EBT", "adjusted free cash flow", "adjusted free cash flow per share", "Indebtedness", "Indebtedness to Capitalization" and "Net Long-Term Indebtedness to adjusted 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, 2016**	**Dec. 31, 2015**
Work-in-hand	**894.6**	897.2
Active backlog	**1,333.9**	1,063.7
Consolidated backlog	**2,228.5**	1,960.9

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 the impact of backlog additions from acquisitions and 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, 2016**	**Dec. 31, 2015**
Current assets	**332.8**	319.8
Current liabilities	**(275.1)**	(255.4)
Working capital	**57.7**	64.4

Adjusted EBITDA and EBT

We define EBT as earnings/loss from continuing operations before income taxes.

We define adjusted EBITDA as net earnings/loss from continuing operations before finance costs, finance income, income taxes, capital asset depreciation and amortization, impairment charges, restructuring costs, costs or recoveries relating to investing activities and gains/losses on assets, liabilities and investment dispositions.

EBITDA is a common financial measure used by investors, analysts and lenders as an indicator of operating performance, as well as a valuation metric and as a measure of a company's ability to incur and service debt. Our calculation of adjusted EBITDA excludes unusual items, including restructuring charges and charges related to investing decisions that do not reflect ongoing operations, and that we believe should not be reflected in a metric used for valuation and debt servicing evaluation purposes.

While EBITDA and adjusted EBITDA are common financial measures widely used by investors to facilitate an "enterprise level" valuation of an entity, they do not have a standardized definition prescribed by IFRS and therefore, other issuers may calculate EBITDA or adjusted EBITDA differently. The following is a reconciliation of our net earnings to EBT and adjusted EBITDA for each of the periods presented in this MD&A.

	2016 Quarter Ended:	**2015 Quarter Ended:**				**2014 Quarter Ended:**		
$millions	**Mar. 31**	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30
Net (loss) earnings from continuing operations	**(0.9)**	2.1	6.4	1.7	1.0	1.2	2.8	1.8
Add: Income tax (recovery) expense	**(0.2)**	1.4	0.9	2.2	0.4	1.2	1.0	1.2
EBT	**(1.1)**	3.5	7.3	3.9	1.4	2.4	3.8	3.0
Add: Depreciation and amortization	**4.3**	4.7	5.1	5.2	5.2	3.5	3.6	3.6
Impairment	**nil**	1.2	4.0	nil	nil	2.3	nil	0.3
Finance costs	**2.2**	2.1	2.4	4.0	4.1	3.8	3.3	2.9
Finance income	**nil**	nil	nil	(0.3)	(0.1)	(0.2)	nil	(0.1)
(Recovery) cost relating to investing activities	**nil**	nil	(2.9)	nil	nil	1.7	nil	nil
Restructuring costs	**1.0**	0.6	nil	nil	nil	nil	nil	nil
Gain (loss) on disposal of assets	**nil**	(0.1)	(0.1)	0.1	(0.1)	(0.1)	0.1	0.1
Adjusted EBITDA	**6.4**	12.0	15.8	12.9	10.5	13.4	10.8	9.8

Adjusted EBITDA Margin

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

Adjusted Free Cash Flow

We define adjusted free cash flow as cash generated/used in operating activities less cash expenditures of intangible, property and equipment assets (excluding business acquisitions), adjusted to exclude the impact of changes in non-cash working capital balances. Adjusted free cash flow per share is calculated as adjusted free cash flow divided by the basic weighted average number of shares outstanding for each period.

Management uses adjusted free cash flow as a measure of our operating performance, reflecting the amount of cash flow from operations that is available after capital expenditures that is available to pay dividends, repay debt, repurchase shares or reinvest in the business. Adjusted free cash flow is particularly useful to management because it isolates both non-cash working capital invested during periods of growth and working capital converted to cash during seasonal declines in activity.

The following is a reconciliation of adjusted free cash flow and per share amounts for each of the periods presented in this MD&A.

	Three months ended March 31	
$millions, except per share data and number of shares	**2016**	**2015**
Net cash generated in operating activities	**13.3**	33.3
Less: Cash additions to intangible assets	**(0.3)**	(0.4)
Cash additions to property and equipment	**(0.5)**	(0.5)
Cash (used) generated by changes in non-cash working capital balances	**(15.2)**	(32.9)
Adjusted free cash flow	**(2.7)**	(0.5)
Adjusted free cash flow per share	**(0.10)**	(0.02)
Basic shares outstanding	**26,620,965**	26,170,855

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 Adjusted EBITDA

Net long-term indebtedness to adjusted 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 last twelve month adjusted 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 2016;
- 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, new contract awards and industrial maintenance work;
- 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;
- Our estimate of the value of the five-year MSA to provide MRO services to a longstanding oil sands customer;
- 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 reaction of oil sands owners to the recent decrease in oil prices;
- 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.

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Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2016 and 2015
(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 three month periods ended March 31, 2016 and 2015.

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STUART OLSON INC.

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

For the three month periods ended March 31, 2016 and 2015
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

	Note		March 31, 2016		March 31, 2015
Contract revenue		**$**	**242,961**	$	282,863
Contract costs			**219,617**		257,933
Contract income			**23,344**		24,930
Other income			**112**		225
Finance income			**27**		80
Administrative costs			**(22,394)**		(19,757)
Finance costs			**(2,172)**		(4,119)
(Loss) earnings before tax			**(1,083)**		1,359
Income tax (expense) recovery					
Current income tax			**(4,006)**		(2,806)
Deferred income tax			**4,206**		2,423
			200		(383)
Net (loss) earnings			**(883)**		976
Other comprehensive loss					
Items that will not be reclassified to net (loss) earnings					
Defined benefit plan actuarial loss			**(841)**		(295)
Deferred tax recovery on other comprehensive loss			**225**		75
			(616)		(220)
Total comprehensive (loss) earnings		**$**	**(1,499)**	$	756
(Loss) earnings per share:					
Basic (loss) earnings per share	7	**$**	**(0.03)**	$	0.04
Diluted (loss) earnings per share	7	**$**	**(0.03)**	$	0.04
Weighted average common shares:					
Basic	7		**26,620,965**		26,170,855
Diluted	7		**26,620,965**		26,170,855

See accompanying notes to the condensed consolidated financial statements.

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STUART OLSON INC.
Condensed Consolidated Statements of Financial Position
As at March 31, 2016 and December 31, 2015
(in thousands of Canadian dollars)
(unaudited)

	Note	March 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	8	$ 42,776	$ 33,667
Trade and other receivables	9	232,464	215,937
Inventory		1,275	1,638
Prepaid expenses		3,096	3,263
Costs in excess of billings	10	49,141	58,988
Income taxes recoverable		4,007	6,264
Current portion of long-term receivable		30	30
		332,789	319,787
Restricted cash	8	-	4,172
Service provider deposit		7,287	6,799
Long-term receivable and prepaid expenses		1,869	1,944
Deferred tax asset		23,184	24,085
Property and equipment		20,856	22,281
Goodwill		214,024	214,024
Intangible assets		51,530	53,708
		$ 651,539	$ 646,800
LIABILITIES			
Current liabilities			
Trade and other payables		$ 186,670	$ 178,373
Contract advances and unearned income	10	73,075	59,698
Current portion of provisions	11	11,010	7,705
Income taxes payable		1,987	7,278
Current portion of long-term debt		2,322	2,369
		275,064	255,423
Employee benefits		5,359	4,680
Provisions	11	1,359	5,670
Long-term debt		42,207	46,565
Convertible debentures		72,964	72,529
Deferred tax liability		25,451	30,782
Share-based payments	12(d)	6,262	4,652
Other liabilities		1,901	1,517
		430,567	421,818
EQUITY			
Share capital	13(a)	140,993	140,457
Convertible debentures		4,589	4,589
Share-based payment reserve	12(a)	10,325	10,176
Contributed surplus		12,228	12,228
Retained earnings		52,837	57,532
		220,972	224,982
		$ 651,539	$ 646,800

See accompanying notes to the condensed 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, 2016 and 2015
(in thousands of Canadian dollars)
(unaudited)

	Note	Share Capital	Convertible Debentures	Share-Based Payment Reserve	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2015		**$ 140,457**	**$ 4,589**	**$ 10,176**	**$ 12,228**	**$ 57,532**	**$ 224,982**
Net loss						**(883)**	**(883)**
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						**(616)**	**(616)**
Total comprehensive loss						**(1,499)**	**(1,499)**
Transactions recorded directly to equity							
Share-based compensation expense under stock option plan	12(a)			**149**			**149**
Dividends	13(a,b)	**536**				**(3,196)**	**(2,660)**
Balance at March 31, 2016		**$ 140,993**	**$ 4,589**	**$ 10,325**	**$ 12,228**	**$ 52,837**	**$ 220,972**
Balance at December 31, 2014		$ 131,724	$ 11,689	$ 9,341	$ 5,128	$ 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							
Share-based compensation expense under stock option plan				184			184
Common shares issued related to acquisition	4	6,631					6,631
Dividends		575				(3,150)	(2,575)
Balance at March 31, 2015		$ 138,930	$ 11,689	$ 9,525	$ 5,128	$ 56,345	$ 221,617

See accompanying notes to the condensed consolidated financial statements.

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STUART OLSON INC.
Condensed Consolidated Statements of Cash Flow
For the three month periods ended March 31, 2016 and 2015
(in thousands of Canadian dollars)
(unaudited)

	Note	March 31, 2016	March 31, 2015
OPERATING ACTIVITIES			
Net (loss) earnings		**$ (883)**	$ 976
Gain on disposal of assets		**(26)**	(69)
Depreciation and amortization		**4,274**	5,173
Share-based compensation expense	12(e)	**2,285**	(1,149)
Defined benefit pension plan expense		**315**	324
Finance costs		**2,172**	4,119
Income tax (recovery) expense		**(200)**	383
Change in long-term prepaid expenses		**75**	-
Change in provisions		**(1,006)**	(104)
Change in other long-term liabilities		**384**	-
Change in non-cash working capital balances	14	**15,146**	32,900
Cash generated in operating activities		**22,536**	42,553
Payment of share-based payment liability		**(161)**	(25)
Contributions to defined benefit pension plan		**(477)**	(568)
Interest paid		**(1,609)**	(2,755)
Income taxes paid		**(7,038)**	(5,927)
Net cash generated in operating activities		**13,251**	33,278
INVESTING ACTIVITIES			
Acquisition of Studon	4	**-**	(62,335)
Proceeds on disposal of assets		**72**	291
Additions to intangible assets		**(267)**	(382)
Additions to property and equipment		**(495)**	(460)
Net cash used in investing activities		**(690)**	(62,886)
FINANCING ACTIVITIES			
Change in service provider deposit		**(488)**	(518)
Proceeds of long-term debt		**79,000**	2,000
Repayment of long-term debt		**(83,488)**	(9,701)
Transaction fees on convertible debentures		**-**	(4)
Dividend paid	13(b)	**(2,648)**	(2,431)
Net cash used in financing activities		**(7,624)**	(10,654)
Increase (decrease) in cash and cash equivalents during the period		**4,937**	(40,262)
Cash and cash equivalents[1], beginning of the period		**37,839**	104,113
Cash and cash equivalents[1], end of the period		**$ 42,776**	$ 63,851

See accompanying notes to the condensed consolidated financial statements.

[1] Cash and cash equivalents includes restricted cash (Note 8).

Notes to the Consolidated Financial Statements

For the three month periods ended March 31, 2016 and 2015
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

1. REPORTING ENTITY

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

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed consolidated interim financial statements have been 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 3, 2016.

(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, 2015. The disclosure contained in these condensed consolidated interim financial statements does not include all of 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, 2015.

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 at the time the financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

(c) IFRS 16 – *Leases*

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

4. ACQUISITION

The Corporation did not acquire any businesses during the three month period ended March 31, 2016.

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

The total purchase price of $71,901 is composed of three components, being cash of $62,335, common shares of the Corporation valued at $6,631 and an estimate of the contingent consideration through earn-out payments over the next three years of $2,935. The purchase price allocation was finalized at December 31, 2015.

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

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

During the third quarter of 2015, management assessed and reduced its estimate of the contingent consideration payable by $2,935 due to the impact of the continued weakness in commodity prices on the demand for services provided by Studon. In addition, management recognized an impairment loss of $4,000 with respect to specific intangible assets acquired that were impacted by current economic conditions. The net impact of the change in contingent consideration payable and the impairment loss of $1,065 and the deferred income tax recovery of $1,080 was included in administrative costs and deferred income tax recovery, respectively, in the annual audited consolidated statements of earnings (loss) for the period ended December 31, 2015.

Goodwill and Intangible Assets

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

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: Industrial Group, Buildings Group, Commercial Systems Group and Corporate Group. 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, 2015. Segment capital expenditures are the total costs 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, 2016, the Corporation had revenue of $31,342 from one significant customer of the Industrial Group (March 31, 2015 – no significant customers), and revenue of $26,976 from one significant customer of the Buildings Group (March 31, 2015 – $43,247 from one significant customer).

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Notes to the Consolidated Financial Statements

For the three month periods ended March 31, 2016 and 2015
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

Three month period ended March 31, 2016	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations	Total
Contract revenue	$ 93,058	$ 97,843	$ 58,025	$ -	$ (5,965)	$ 242,961
Adjusted EBITDA [1] [2]	4,003	3,583	5,509	(4,152)	(2,592)	6,351
Finance income	(10)	(8)	-	(9)	-	(27)
Finance costs	54	-	-	2,118	-	2,172
Depreciation and amortization	1,514	535	367	1,805	53	4,274
Restructuring costs	1,041	-	-	-	-	1,041
(Gain) loss on sale of assets	(31)	23	(18)	-	-	(26)
Earnings (loss) before tax	$ 1,435	$ 3,033	$ 5,160	$ (8,066)	$ (2,645)	$ (1,083)
Income tax recovery						200
Net loss						$ (883)
Goodwill and intangible assets	$ 56,696	$ 121,885	$ 70,847	$ 16,126	$ -	$ 265,554
Capital and intangible expenditures	$ 32	$ 65	$ 185	$ 480	$ -	$ 762
Total assets	$ 180,246	$ 311,360	$ 144,209	$ 364,669	$ (348,945)	$ 651,539
Total liabilities	$ 56,496	$ 191,408	$ 56,854	$ 142,380	$ (16,571)	$ 430,567

Three month period ended March 31, 2015	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations	Total
Contract revenue	$ 82,328	$ 153,307	$ 56,949	$ -	$ (9,721)	$ 282,863
Adjusted EBITDA [1] [2]	4,165	1,584	4,552	(1,087)	1,288	10,502
Finance income	-	-	-	(80)	-	(80)
Finance costs	80	-	-	4,039	-	4,119
Depreciation and amortization	2,268	567	444	1,841	53	5,173
Gain on sale of assets	(43)	(20)	(6)	-	-	(69)
Earnings (loss) before tax	$ 1,860	$ 1,037	$ 4,114	$ (6,887)	$ 1,235	$ 1,359
Income tax expense						(383)
Net earnings						$ 976
Goodwill and intangible assets	$ 68,913	$ 123,715	$ 73,844	$ 17,937	$ -	$ 284,409
Capital and intangible expenditures	$ 920	$ 30	$ 78	$ 354	$ -	$ 1,382
Total assets	$ 191,330	$ 399,383	$ 142,757	$ 427,746	$ (362,865)	$ 798,351
Total liabilities	$ 74,110	$ 282,539	$ 62,872	$ 186,044	$ (28,831)	$ 576,734

[1] While EBITDA and adjusted EBITDA are common financial measures widely used by investors to facilitate an "enterprise level" valuation of an entity, they do not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate EBITDA and adjusted EBITDA differently.

[2] The use of adjusted EBITDA was initiated during the three month period ended March 31, 2016. The Corporation defines adjusted EBITDA as net earnings/loss from continuing operations before finance income, finance costs, income taxes, capital asset depreciation and amortization, impairment charges, restructuring costs, costs or recoveries relating to investing activities and gains/losses on assets, liabilities and investment dispositions. Restructuring costs incurred during the three month period ended March 31, 2016 relate to the closing of a fabrication shop and the reorganization of the Industrial Group senior management team.

6. DEPRECIATION AND AMORTIZATION

Included within contract costs is depreciation of property and equipment in the amount of $1,031 for the three month period ended March 31, 2016 (March 31, 2015 - $1,182).

7. EARNINGS PER SHARE

(a) Basic (loss) earnings per share

	March 31, 2016	March 31, 2015
Net (loss) earnings - basic	**$ (883)**	$ 976
Issued common shares, beginning of the period	**26,532,482**	25,054,310
Effect of shares issued related to DRIP	**88,483**	74,746
Effect of shares issued related to acquisition	**-**	1,041,799
Weighted average number of common shares for the period - basic	**26,620,965**	26,170,855
Basic (loss) earnings per share	**$ (0.03)**	$ 0.04

(b) Diluted (loss) earnings per share

For the three month period ended March 31, 2016, 2,086,193 stock options were excluded and no incremental shares related to convertible debentures were included in the diluted weighted average number of common shares calculation, as the impact of potential common shares are considered anti-dilutive when the Corporation is in a net loss position. As such, the diluted weighted average number of common shares and resulting diluted loss per share are the same amounts as calculated under basic loss per share.

For the three month period ended March 31, 2015, 1,584,434 stock options were excluded and no incremental shares related to convertible debentures were included in the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive. As such, the diluted weighted average number of common shares and resulting diluted earnings per share are the same amounts as calculated under basic earnings per share.

8. RESTRICTED CASH

Included in the cash and cash equivalents balance at March 31, 2016 is $5,397 of restricted cash held in trust. The restricted cash balance of $4,172, disclosed as a noncurrent asset at December 31, 2015, has been reclassified as a current asset within cash and cash equivalents at March 31, 2016.

9. TRADE AND OTHER RECEIVABLES

		March 31, 2016		December 31, 2015
Trade receivables	$	**156,815**	$	148,129
Allowance for doubtful accounts (Note 15)		**(1,385)**		(2,558)
Net trade receivables		**155,430**		145,571
Construction holdbacks, due within one business cycle		**74,164**		66,472
Other receivables		**2,870**		3,894
	$	**232,464**	$	215,937

10. CONSTRUCTION AND NON-CONSTRUCTION CONTRACTS

Contracts in progress:

		March 31, 2016		December 31, 2015
Construction costs incurred plus recognized profits less recognized losses to date	$	**2,319,660**	$	4,277,440
Less: progress billings		**(2,353,222)**		(4,285,360)
Net over billings on construction contracts		**(33,562)**		(7,920)
Non-construction costs incurred plus recognized profits less recognized losses to date	$	**114,538**	$	276,184
Less: progress billings		**(104,910)**		(268,974)
Net under billings on non-construction contracts		**9,628**		7,210
Total net contract position	$	**(23,934)**	$	(710)

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

		March 31, 2016		December 31, 2015
Costs in excess of billings - Construction contracts	$	**38,470**	$	51,049
Costs in excess of billings - Non-construction contracts		**10,671**		7,939
Total costs in excess of billings		**49,141**		58,988
Contract advances and unearned income - Construction contracts	$	**(72,032)**	$	(58,969)
Contract advances and unearned income - Non-construction contracts		**(1,043)**		(729)
Total contract advances and unearned income		**(73,075)**		(59,698)
Total net contract position	$	**(23,934)**	$	(710)

At March 31, 2016, holdbacks for contract work amounted to $74,164 (December 31, 2015 - $66,472).

11. 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 Contracts	Total
Balance at December 31, 2015	$ 6,147	$ 26	$ 1,607	$ 4,581	$ 1,014	$ 13,375
Provisions made during the period	362	-	-	651	-	1,013
Provisions used during the period	-	(26)	(15)	(93)	(54)	(188)
Provisions reversed in the period	(982)	-	(868)	-	-	(1,850)
Unwinding of discount	-	-	-	-	19	19
Balance at March 31, 2016	**$ 5,527**	**$ -**	**$ 724**	**$ 5,139**	**$ 979**	**$ 12,369**

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

	March 31, 2016	December 31, 2015
Current portion of provisions	**$ 11,010**	$ 7,705
Long-term provisions	**1,359**	5,670
Total provisions	**$ 12,369**	$ 13,375

12. SHARE-BASED PAYMENTS

(a) Stock options

Movement during the periods:

		March 31, 2016		December 31, 2015
	Number of Stock Options	**Weighted Average Exercise Price**	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of the period	**1,715,118**	**$ 10.33**	1,682,042	$ 11.95
Granted	**563,498**	**5.80**	430,085	5.82
Forfeited	**-**	**-**	(244,401)	8.10
Expired	**(192,423)**	**19.32**	(152,608)	19.09
Outstanding, end of the period	**2,086,193**	**$ 8.28**	1,715,118	$ 10.33

The options outstanding for the three month period ended March 31, 2016 have an exercise price in the range of $5.77 to $15.48 (December 31, 2015 - $5.77 to $19.32) and lives of between 5 and 10 years (December 31, 2015 – 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, 2016	December 31, 2015
Balance, beginning of the period	**$ 10,176**	$ 9,341
Share-based compensation expense	**149**	835
Balance, end of the period	**$ 10,325**	$ 10,176

(b) Medium Term Incentive Plan (MTIP)

Movement of units during the periods:

	Bridging Restricted Share Units (BRSUs)	Restricted Share Units (RSUs)	Performance Share Units (PSUs)
Outstanding at December 31, 2015	198,910	672,219	720,822
Forfeited	(5,051)	(8,415)	-
Vested and paid	(3,379)	(19,599)	(18,467)
Outstanding at March 31, 2016	**190,480**	**644,205**	**702,355**

(c) Deferred Share Units (DSUs)

Movement of units during the periods:

Number of DSUs	March 31, 2016	December 31, 2015
Outstanding, beginning of the period	**472,573**	433,248
Granted	**36,238**	163,251
Settled	**-**	(123,926)
Outstanding, end of the period	**508,811**	472,573

(d) Share-based payment liability

		March 31, 2016		December 31, 2015
Carrying amount of liabilities for cash-settled arrangements				
Current portion	**$**	**2,462**	$	2,070
Long-term portion		**6,262**		4,652
Total carrying amount	**$**	**8,724**	$	6,722
Total intrinsic value of liability for vested benefits	**$**	**3,693**	$	2,812

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 $6,262 at March 31, 2016 (December 31, 2015 – $4,652) 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, 2016.

(e) Share-based compensation expense

		March 31, 2016		March 31, 2015
Share-based compensation expense on stock options	**$**	**149**	$	184
Effects of changes in fair value and accretion of MTIP grants		**1,366**		(584)
Effects of changes in fair value and grants for DSUs		**770**		(749)
	$	**2,285**	$	(1,149)

13. 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, 2016			December 31, 2015		
	Shares		**Share Capital**	Shares		Share Capital
Common Shares						
Issued, beginning of the period	**26,532,482**	**$**	**140,457**	25,054,310	$	131,724
Dividend Reinvestment Plan (DRIP)	**103,229**		**536**	375,091		2,102
Issued during the period	**-**		**-**	1,103,081		6,631
Issued, end of the period	**26,635,711**	**$**	**140,993**	26,532,482	$	140,457

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, 2016, trade and other payables included $3,196 (December 31, 2015 - $3,184) related to the dividend payable on April 14, 2016, of which $555 (December 31, 2015 - $537) is to be reinvested in common shares under the DRIP and the remainder paid in cash.

	March 31, 2016		December 31, 2015	
	Per Share	**Total**	Per Share	Total
Dividend payable, beginning of the period	**$ 0.12**	**$ 3,184**	$ 0.12	$ 3,007
Total dividends declared during the period	**0.12**	**3,196**	0.48	12,668
Total dividends paid during the period [1]	**(0.12)**	**(3,184)**	(0.48)	(12,491)
Dividend payable, end of the period	**$ 0.12**	**$ 3,196**	$ 0.12	$ 3,184

[1] Includes DRIP non-cash payments totaling $536 (December 31, 2015 - $2,102) which are recorded through share capital.

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

	March 31, 2016	March 31, 2015
Trade and other receivables	**$ (16,527)**	$ 10,559
Inventory	**363**	180
Prepaid expenses	**167**	(600)
Costs in excess of billings	**9,847**	25,878
Trade and other payables	**7,919**	(10,714)
Contract advances and unearned income	**13,377**	7,597
	$ 15,146	$ 32,900

15. FINANCIAL INSTRUMENTS

(a) Carrying values

	March 31, 2016	December 31, 2015
Financial assets:		
Cash and cash equivalents, including restricted cash	**$ 42,776**	$ 37,839
Trade and other receivables	**232,464**	215,937
Service provider deposit	**7,287**	6,799
Long-term receivable, including current portion	**355**	355
Financial liabilities:		
Trade and other payables	**$ 186,670**	$ 178,373
Long-term debt, including current portion	**44,529**	48,934
Convertible debentures - debt component	**72,964**	72,529

(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 on the condensed consolidated statements of (loss) earnings 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, 2016	December 31, 2015
Balance, beginning of the period	**$ 2,558**	$ 2,140
Impairment losses recognized on receivables	**315**	1,005
Amounts written off during the period as uncollectible	**(69)**	(587)
Amounts recovered during the period	**(1,419)**	-
Balance, end of the period	**$ 1,385**	$ 2,558

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, 2016	December 31, 2015
Current	**$ 94,319**	$ 67,647
1-60 days past due	**40,159**	48,810
61-90 days past due	**4,263**	4,224
More than 90 days past due	**18,074**	27,448
	$ 156,815	$ 148,129

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 $18,074 of trade receivables (December 31, 2015 – $27,448) which were greater than 90 days past due with $16,689 not provided for as at March 31, 2016 (December 31, 2015 – $24,890). Management is not concerned about the credit quality and collectability of these accounts, as the concentration of credit risk is limited due to its large and unrelated customer base. Trade receivables are included in trade and other receivables on the 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:

	March 31, 2016	December 31, 2015
Fixed rate instruments		
Financial liabilities	**$ 72,964**	$ 72,529
Variable rate instruments		
Financial assets	**$ 42,776**	$ 37,839
Financial liabilities	**$ 44,529**	$ 48,934

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 $313 (December 31, 2015 - $280) related to financial assets and by $326 (December 31, 2015 - $362) 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.

Notes to the Consolidated Financial Statements

For the three month periods ended March 31, 2016 and 2015
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

The following are the contractual obligations, including interest payments as at March 31, 2016, 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	**$ 186,670**	$ 186,670	$ 186,670	$ -	$ -	$ -
Provisions, including current portion	**12,369**	13,245	11,010	889	356	990
Convertible debentures (debt portion)	**72,964**	99,820	4,830	9,660	85,330	-
Long-term debt, including current portion	**44,529**	46,846	2,438	454	43,954	-
Operating lease commitments	**-**	60,910	8,404	13,965	13,964	24,577
	$ 316,532	$ 407,491	$ 213,352	$ 24,968	$ 143,604	$ 25,567

16. CAPITAL MANAGEMENT

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

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

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

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 adjusted EBITDA. Adjusted EBITDA is described in further detail in Note 5.

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, 2016	December 31, 2015
Long-term indebtedness:		
Long-term debt, principal amount [1]	**$ 46,704**	$ 51,237
Convertible debentures, principal amount [2]	**80,500**	80,500
Total long-term indebtedness	**127,204**	131,737
Total equity	**220,972**	224,982
Total capitalization	**$ 348,176**	$ 356,719
Indebtedness to capitalization percentage	**37%**	37%

[1] Principal amount of current and non-current long-term debt before the deduction of deferred financing fees.
[2] Includes the maturity value of the convertible debentures issued in 2014.

The Corporation targets a net long-term indebtedness to adjusted EBITDA ratio of 2.0 to 3.0 over a three to five-year planning horizon. At March 31, 2016, the net long-term indebtedness to adjusted EBITDA was 1.8 (March 31, 2015 – 2.5), calculated on a last 12-month basis as follows:

	March 31, 2016	March 31, 2015
Total long-term indebtedness [1]	**$ 127,204**	$ 173,274
Less: Cash on hand [2]	**(42,776)**	(63,851)
Net long-term indebtedness	**$ 84,428**	$ 109,423
Net earnings	**$ 9,336**	$ 6,823
Add:		
Finance income	**(461)**	(419)
Finance costs	**10,691**	14,148
Depreciation and amortization	**19,403**	15,928
Income tax expense	**4,263**	3,766
Impairment loss on property and equipment	**1,170**	2,596
Impairment loss on intangible assets	**4,000**	-
(Recovery) cost relating to investing activities	**(2,935)**	1,680
Restructuring costs	**1,672**	-
(Gain) loss on sale of assets	**(106)**	55
Adjusted EBITDA [3]	**$ 47,033**	$ 44,577
Net long-term indebtedness to adjusted EBITDA ratio	**1.8**	2.5

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

[2] Cash on hand includes restricted cash (Note 8).

[3] While EBITDA and adjusted EBITDA are common financial measures widely used by investors to facilitate an “enterprise level” valuation of an entity, they do not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate EBITDA and adjusted EBITDA differently.

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 annual audited consolidated financial statements for the period ended December 31, 2015. The covenants are measured each quarter on March 31, June 30, September 30 and December 31. The Corporation was in full compliance with its covenants at March 31, 2016 and December 31, 2015.

17. 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, 2016 of $116 (March 31, 2015 - $112) 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, 2016 and 2015.

18. 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 $168 (March 31, 2015 - $754), of which $56 (March 31, 2015 - $254) is to be paid in the upcoming 12 month period.

The Corporation has provided several letters of credit in the amount of $3,628 in connection with various projects and joint arrangements (December 31, 2015 - $3,690), of which $nil are financial letters of credit (December 31, 2015 - $nil).

19. EVENTS AFTER THE REPORTING PERIOD

On May 3, 2016, the Corporation's Board of Directors declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the *Income Tax Act* (Canada) and is payable July 14, 2016 to shareholders of record on June 30, 2016.

In April 2016 the Corporation issued RSUs and PSUs. The number of units issued for each respective type of award was 279,594 and 298,700 at a fair value at grant date of $6.79. The performance criteria and vesting conditions for these units are the same as those described in Note 3(f)(iii) and Note 28(b) of the audited annual consolidated financial statements for the period ended December 31, 2015.

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

Arthur Atkinson, PQS
Chief Operating Officer
Buildings Group

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

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

Al Miller
President
Canem Systems Ltd.

Bob Myles, P.Eng.
Chief Operating Officer
Industrial Group

Bill Pohl, B Mgmt., CA
Vice President, Finance

Directors

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

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

Chad Danard (1) (2)

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

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

David LeMay, MBA

Carmen R. Loberg (1) (3)

Ian M. Reid, B.Comm. (2) (3) (4)

(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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Calgary, Alberta

Principal Bank

The Toronto-Dominion Bank

Bonding and Insurance

Aon Reed Stenhouse Inc.
Federal Insurance Company
Liberty Mutual Insurance Company

Registrars and Transfer Agents

Inquiries regarding change of address, registered holdings, transfers, duplicate mailings and lost certificates should be directed to:

Common Shares

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Fax: 403 776-3916
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Website: www.canstockta.com
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