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MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

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

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

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

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

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

(Signed) *"David LeMay"*

David LeMay, MBA
President and Chief Executive Officer

(Signed) *"Daryl E. Sands"*

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

March 6, 2018

Independent auditor's report

To the Shareholders of Stuart Olson Inc.

We have audited the accompanying consolidated financial statements of Stuart Olson Inc., which comprise the consolidated statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016, and the consolidated statements of earnings (loss) and comprehensive earnings (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2017 and 2016, a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stuart Olson Inc. as at December 31, 2017 December 31, 2016 and January 1, 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with International Financial Reporting Standards.

Signed by Deloitte LLP

Chartered Professional Accountants
March 6, 2018
Calgary, Alberta

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STUART OLSON INC.
Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)
For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars, except share and per share amounts)

	Note	December 31, 2017	December 31, 2016 [1]
Contract revenue	7	**$ 1,017,311**	$ 913,546
Contract costs		**913,371**	821,186
Contract income		**103,940**	92,360
Other income		**1,289**	869
Finance income	8	**36**	69
Administrative costs		**(83,061)**	(86,541)
Finance costs	8	**(8,875)**	(8,635)
Earnings (loss) before tax		**13,329**	(1,878)
Income tax recovery (expense)			
Current income tax		**1,378**	(10,773)
Deferred income tax		**(5,105)**	10,423
	11	**(3,727)**	(350)
Net earnings (loss)		**9,602**	(2,228)
Other comprehensive (loss) earnings			
Items that will not be reclassified to net earnings (loss)			
Defined benefit plan actuarial (loss) gain	12	**(972)**	889
Deferred tax recovery (expense) on other comprehensive (loss) earnings	11	**262**	(238)
		(710)	651
Total comprehensive earnings (loss)		**$ 8,892**	$ (1,577)
Earnings (loss) per share:			
Basic earnings (loss) per share	13	**$ 0.35**	$ (0.08)
Diluted earnings (loss) per share	13	**$ 0.35**	$ (0.08)
Weighted average common shares:			
Basic	13	**27,175,651**	26,761,994
Diluted	13	**27,175,651**	26,761,994

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

See accompanying notes to the consolidated financial statements.

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STUART OLSON INC.
Consolidated Statements of Financial Position
As at December 31, 2017, December 31, 2016 and January 1, 2016
(in thousands of Canadian dollars)

	Note	December 31, 2017	December 31, 2016 [1]	January 1, 2016 [1]
ASSETS				
Current assets				
Cash and cash equivalents	14	**$ 31,651**	$ 31,471	$ 33,667
Trade and other receivables	15	**249,476**	213,882	215,937
Inventory		**397**	999	1,638
Prepaid expenses		**3,445**	6,526	3,263
Costs in excess of billings	16	**49,739**	34,792	58,988
Income taxes recoverable		**4,352**	1,975	6,264
Current portion of long-term receivable		**-**	-	30
		339,060	289,645	319,787
Restricted cash		**-**	-	4,172
Service provider deposit	17	**-**	6,365	6,799
Long-term receivable and prepaid expenses		**1,360**	1,730	1,944
Deferred tax asset	11	**21,463**	25,410	24,085
Property and equipment	18	**17,450**	18,934	22,281
Goodwill	19	**214,024**	214,024	214,024
Intangible assets	20	**36,977**	46,079	53,708
		$ 630,334	$ 602,187	$ 646,800
LIABILITIES				
Current liabilities				
Trade and other payables	21	**$ 222,590**	$ 165,997	$ 178,373
Contract advances and unearned income	16	**73,470**	74,260	67,710
Current portion of provisions	22	**6,376**	5,423	7,705
Income taxes payable		**1,051**	5,391	7,278
Current portion of long-term debt	23	**2,488**	1,213	2,369
		305,975	252,284	263,435
Employee benefits	12(b)	**3,136**	2,735	4,680
Provisions	22	**1,199**	4,316	5,670
Long-term debt	23	**5,964**	32,772	46,565
Convertible debentures	24	**76,170**	74,270	72,529
Deferred tax liability	11	**20,401**	19,505	28,365
Share-based payments	25(d)	**8,516**	5,598	4,652
Other liabilities		**2,531**	2,902	1,517
		423,892	394,382	427,413
EQUITY				
Share capital	26(a)	**144,968**	142,687	140,457
Convertible debentures	24	**4,589**	4,589	4,589
Share-based payment reserve	25(a)	**11,309**	10,793	10,176
Contributed surplus		**12,228**	12,228	12,228
Retained earnings		**33,348**	37,508	51,937
		206,442	207,805	219,387
		$ 630,334	$ 602,187	$ 646,800

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.
See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:

(Signed) *"Albrecht W.A. Bellstedt"*

Albrecht W.A. Bellstedt
Chairperson

(Signed) *"Rod Graham"*

Rod Graham
Director

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STUART OLSON INC.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars)

	Note	Share Capital	Convertible Debentures	Share-Based Payment Reserve	Contributed Surplus	Retained Earnings [1]	Total Equity
Balance as at December 31, 2016		**$ 142,687**	**$ 4,589**	**$ 10,793**	**$ 12,228**	**$ 37,508**	**$ 207,805**
Net earnings						**9,602**	**9,602**
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						**(710)**	**(710)**
Total comprehensive earnings						**8,892**	**8,892**
Transactions recorded directly to equity							
Share-based compensation expense under stock option plan	25(a)			**516**			**516**
Dividends	26(a,b)	**2,281**				**(13,052)**	**(10,771)**
Balance as at December 31, 2017		**$ 144,968**	**$ 4,589**	**$ 11,309**	**$ 12,228**	**$ 33,348**	**$ 206,442**
Balance as at December 31, 2015		$ 140,457	$ 4,589	$ 10,176	$ 12,228	$ 51,937	$ 219,387
Net loss						(2,228)	(2,228)
Other comprehensive earnings:							
Defined benefit plan actuarial gain, net of tax						651	651
Total comprehensive loss						(1,577)	(1,577)
Transactions recorded directly to equity							
Share-based compensation expense under stock option plan	25(a)			617			617
Dividends	26(a,b)	2,230				(12,852)	(10,622)
Balance as at December 31, 2016		$ 142,687	$ 4,589	$ 10,793	$ 12,228	$ 37,508	$ 207,805

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

See accompanying notes to the consolidated financial statements.

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STUART OLSON INC.
Consolidated Statements of Cash Flow
For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars)

	Note	December 31, 2017	December 31, 2016 [1]
OPERATING ACTIVITIES			
Net earnings (loss)		$ **9,602**	$ (2,228)
Gain on disposal of assets		**(426)**	(29)
Depreciation and amortization	9	**14,945**	16,516
Impairment loss on property and equipment	18	**-**	177
Share-based compensation expense	25(e)	**6,319**	3,896
Defined benefit pension plan expense	12(b)	**1,268**	1,508
Finance costs	8	**8,875**	8,635
Income tax expense	11	**3,727**	350
Income tax recovery recorded in contract costs		**(926)**	(467)
Change in long-term receivable and prepaid expenses		**270**	139
Change in provisions	22	**(2,164)**	(3,636)
Change in other long-term liabilities		**(371)**	1,385
Change in non-cash working capital balances	27	**7,577**	18,494
Payment of share-based payment liability		**(1,571)**	(3,073)
Contributions to defined benefit pension plan	12(b)	**(1,839)**	(2,564)
Interest paid		**(6,414)**	(6,390)
Income taxes paid		**(4,420)**	(7,905)
Net cash generated in operating activities		**34,452**	24,808
INVESTING ACTIVITIES			
Change in long-term receivable		**100**	105
Proceeds on disposal of assets		**712**	884
Additions to intangible assets	20	**(722)**	(2,289)
Additions to property and equipment		**(2,205)**	(4,267)
Net cash used in investing activities		**(2,115)**	(5,567)
FINANCING ACTIVITIES			
Change in service provider deposit	17	**6,365**	434
Proceeds of long-term debt		**305,355**	341,500
Repayment of long-term debt		**(333,160)**	(356,968)
Dividend paid	26(b)	**(10,717)**	(10,575)
Net cash used in financing activities		**(32,157)**	(25,609)
Increase (decrease) in cash and cash equivalents during the year		**180**	(6,368)
Cash and cash equivalents, beginning of the year		**31,471**	37,839
Cash and cash equivalents, end of the year		$ **31,651**	$ 31,471

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars, except share and per share amounts)

1. REPORTING ENTITY

Stuart Olson Inc. was incorporated on August 31, 1981 under the Companies Act of Alberta and was continued under the Business Corporations Act (Alberta) on July 30, 1985. The principal activities of Stuart Olson Inc. and its subsidiaries (collectively, the Corporation) are to provide general contracting and electrical building systems contracting in the public and private construction markets, as well as general contracting, 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 within Canada.

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

These consolidated financial statements were approved by the Corporation's Board of Directors on March 6, 2018.

(b) Functional and presentation currency

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

(c) Basis of measurement

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

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

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

(d) Use of estimates and judgments

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

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

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

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

- Convertible debentures – judgments applied to determine the classification of debt and equity components of convertible debentures (Note 24); judgments applied in the selection of comparable marketable debentures used in the calculation of the fair value of the liability component of convertible debentures (Note 28(a)); and
- Income taxes – judgments applied to determine the likelihood of future taxable profits that will be sufficient to permit the recovery of deferred income tax assets (Note 11); judgments exercised in the assessment of continually changing tax interpretations, regulations and legislations.

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

- Revenue recognition – estimates used to determine percentage of completion for construction contracts, specifically related to estimated costs to complete included in the various construction projects (Note 7). In addition, estimates are used to determine variations, claims and incentives included in contract values;
- Estimates used to determine costs in excess of billings and contract advances (Note 16);
- Estimates used to determine allowance for doubtful accounts (Notes 15 and 28(b)(i));
- Measurement of defined benefit pension obligations (Note 12);
- Property and equipment – estimates related to the useful lives and residual values of assets (Note 18);
- Estimates in impairment of property and equipment, goodwill and intangible assets (Notes 18, 19 and 20);
- Provisions – estimates associated with amounts and timing (Note 22); and
- Assumptions used in share-based payment arrangements (Note 25).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Effective January 1, 2017, the Corporation adopted the amendments in IAS 7 – *Statement of Cash Flows* that require additional disclosure about movements in liabilities arising from financing activities. The new disclosure requirements are provided in Note 23(c).

(a) Principles of consolidation

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

Joint arrangements

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

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

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

(b) Revenue recognition

(i) Construction contracts

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

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

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

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

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

(ii) Service contracts

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

(iii) Sale of goods

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

(c) Income taxes

Current and deferred tax are recognized in profit or loss except to the extent that it relates to assets acquired and liabilities assumed in a business combination or items recognized directly in equity or other comprehensive earnings.

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

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

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

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

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

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

(d) Employee benefits

(i) Short-term employee benefits

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

Short-term compensation includes an annual discretionary employee cash bonus. A liability is recognized for the amount expected to be paid under short-term cash bonuses.

(ii) Post-employment benefits

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

The Corporation maintains two registered pension plans. Each plan includes a defined contribution (DC) provision and a non-contributory defined benefit (DB) provision. The DB provision covers salaried employees for two of the operating segments. Annual employer contributions to the DB provision of each plan, which are actuarially determined by an independent actuary, are made on the basis of being not less than the minimum amounts required by provincial pension supervisory authorities.

Unlike the DB provision, there is no obligation recorded for the DC provision. The DC contributions made by the Corporation are measured on an undiscounted basis and are expensed as the related services are provided.

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

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

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

(iii) Share-based payments

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

The fair value of the amount payable to employees and Directors in respect of Medium Term Incentive Plans (MTIPs) and Deferred Share Units (DSUs), for which the participants are eligible to receive an equivalent cash value of the common shares at a future date, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees provide the related service and Directors become entitled to payment. The liability is remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as compensation expense in profit or loss. Information about vesting conditions for share-based payments is disclosed in Note 25.

(e) Earnings per share

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

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

(f) Financial instruments

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

(i) Financial assets

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

Derivative instruments are recorded in the consolidated statements of financial position at fair value with both realized and unrealized changes in fair value recognized immediately in other income in the consolidated statements of earnings (loss). As at December 31, 2017, the Corporation did not have any outstanding financial derivatives.

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Available-for-sale financial assets

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

(ii) Financial liabilities

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

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

The Corporation has the following financial assets and liabilities:

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

(iii) Compound financial instruments

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

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

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

(g) Cash and cash equivalents

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

(h) Restricted cash

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

(i) Inventory

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

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

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

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

(k) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Depreciation

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

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

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

Asset	Basis	Useful Life
Land improvements	Straight line	30 years
Buildings and improvements	Straight line	10 to 25 years
Leasehold improvements	Straight line	Lesser of estimated useful life or lease term
Construction equipment	Straight line	5 to 20 years
Automotive equipment	Straight line	5 years
Office furniture and equipment	Straight line	3 to 5 years
Computer hardware	Straight line	1 to 4 years

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

(l) Goodwill

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

(m) Intangible assets

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

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

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

(n) Impairment

(i) Financial assets

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

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

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

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

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

(ii) Non-financial assets

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

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

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

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

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

(o) Provisions

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

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

The Corporation has several classes of provisions, including:

(i) Warranties

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

(ii) Restructuring costs

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

(iii) Claims and disputes

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

(iv) Subcontractor default

Subcontractor default provisions relate to management's best estimate of exposures and costs associated with prior or existing subcontractor performance and the risk of potential default. Management conducts a thorough review of the liability every reporting period and takes into consideration the Corporation's experience to date with those subcontractors, some of which are enrolled in its subcontractor default insurance program, and the changes to factors that tend to affect the construction sector. The current portion of the subcontractor default liability represents the risk related to payments required in order to resolve a subcontractor default issue.

(v) Onerous contracts

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

(p) Leases

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

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

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

(q) Changes to significant accounting policies

Effective January 1, 2017, the Corporation changed its accounting policy for the elimination of intersegment revenue and expenses on consolidation. Previously, on projects where one or more of the Corporation's reporting segments worked together, the Corporation eliminated the amount of cost incurred by the prime contractor segment and the revenue recognized by the subcontractor segment, based on the prime contractor's assessment of subcontractor percentage of completion. As a result of internal differences between the prime contractor's estimated percentage of completion for the project as a whole and the subcontractor's estimated percentage of completion for its portion of the project, the previous accounting policy often resulted in temporary profit and/or loss arising on elimination, which would reverse in later periods.

The new policy provides a more precise determination of intersegment eliminations so that equivalent amounts of project revenue and costs, based on the subcontractor's estimated percentage of completion for its portion of the project, are eliminated, resulting in $nil or minimal impact on the consolidated contract income for each period. The inputs required under the new policy can be reliably measured using internal project information and this change increases the predictive value of intersegment eliminations by reducing volatility in contract income and net earnings between periods.

The change in accounting policy is not material and has been applied retrospectively, resulting in the following restatements to the Corporation's consolidated financial statements:

(i) Consolidated statements of earnings (loss)

		December 31, 2016
Increase in contract revenue	$	3,924
Increase in other income		17
Increase in deferred income tax expense		(1,315)
Increase in net earnings	$	2,626
Increase in basic and diluted earnings per share	$	0.10

(ii) Consolidated statements of financial position

		December 31, 2016		January 1, 2016
ASSETS				
Increase in accounts receivable	$	12	$	-
LIABILITIES				
Increase in contract advances and unearned revenue	$	(4,083)	$	(8,012)
Decrease in deferred tax liability		1,102		2,417
EQUITY				
Decrease to retained earnings	$	2,969	$	5,595

(iii) Consolidated statements of cash flow

		December 31, 2016
OPERATING ACTIVITIES		
Increase in net earnings	$	2,626
Increase in income tax expense		1,315
Decrease in the change in non-cash working capital balances		(3,941)
Net cash generated in operating activities	$	-

4. STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

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

In May 2014, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly issued IFRS 15, which supersedes IAS 11 – *Construction Contracts* and IAS 18 – *Revenue*, and related interpretations. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Corporation expects to be entitled in exchange for those goods or services by applying the following five steps: (i) Identify the contract with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is required to retrospectively apply IFRS 15 to all contracts that are not complete on the date of initial application and has the option to adopt using either:

- Full retrospective approach – restate all prior periods presented and recognize the cumulative effect of initial application of IFRS 15 to the opening balance of equity at the beginning of the earliest period presented; or
- Modified retrospective approach – retain prior period figures as reported under the previous standards and recognize the cumulative effect of initial application of IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application.

The Corporation expects to adopt IFRS 15 using the full retrospective approach and is assessing the impact of the adoption of this standard on the classification and timing of revenue recognition, the measurement of contract costs, and the recognition of contract assets (costs in excess of billings) and contract liabilities (contract advances and unearned revenue).

The Corporation expects that the adoption of this standard will have a significant impact on the level of additional disclosures required, which include:

- Disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Corporation is still evaluating the appropriate categories for this requirement but expects that the information may be presented differently from what is currently required under IFRS 8 – *Operating Segments* (Note 5). Disaggregation by contract type (construction management, cost-plus, design-build or tendered/hard-bid) or by type of customer (public, private or industrial) may be appropriate;
- Transaction price, including estimates of variable consideration resulting from penalties, claims or incentives, allocated to the remaining performance obligations that are unsatisfied at the end of the reporting period and the timing of when the Corporation expects to recognize these as revenue. For construction management and tendered/hard-bid contracts, the Corporation would disclose its most recent estimate of the total transaction price based on the value stated in the original contract, adjusted for any contract modifications. For cost-plus contracts (time and materials), the Corporation would be required to disclose the transaction price to the extent that it can reasonably estimate the amount of fixed and variable consideration it has secured from these contracts as at the end of each reporting period; and
- Enhanced continuities and detailed explanations to describe the relationship between significant changes in the contract asset and contract liability balances and the satisfaction of performance obligations during each reporting period.

During the year, the Corporation completed the evaluation of its systems, processes and controls, identified areas where modifications were required and implemented changes necessary to ensure the Corporation is ready to comply with the new requirements.

(b) IFRS 9 – *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 – *Financial Instruments: Recognition and Measurement.* IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single principle based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. IFRS 9 introduces a new expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation's current policies and procedures surrounding the identification of credit risk and the recognition of credit losses are sufficient to comply with the requirements of this standard. The Corporation does not expect this standard to have any other material impact to its consolidated financial statements.

(c) IFRS 2 – *Share-based Payment*

On June 20, 2016, the IASB issued amendments to IFRS 2 – *Share-based Payment*, providing clarification on the classification and measurement of certain types of share-based payment transactions. The amendments to IFRS 2 clarify that the accounting for the effects of vesting and non-vesting conditions on cash-settled share-based payments should follow the same approach as for equity-settled share-based payments. The amendments to IFRS 2 are effective for annual periods beginning on or after January 1, 2018. The amendments impact the Corporation's disclosure surrounding Performance Share Units (PSUs) outstanding, adjusting the number of units disclosed to factor in performance conditions that modify the vested value. Presently, these units are disclosed based on actual units granted, excluding the impact of performance modifiers. Refer to Note 25(b) for further details on PSUs. The Corporation does not expect this standard to have any other material impact to its consolidated financial statements.

(d) IFRS 16 – *Leases*

On January 13, 2016, the IASB issued IFRS 16 to replace IAS 17 – *Leases*. IFRS 16 will bring most leases onto the consolidated statements of financial position 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. While the Corporation continues to assess all potential impacts and transition provisions of this standard, it believes that the most significant impact will relate to the accounting for operating leases associated with yard space, office space, automotive and construction equipment. At this time, a quantitative estimate of the effect of the new standard has not been determined, but the Corporation anticipates a material impact to its statements of financial position due to the recognition of the present value of unavoidable future lease payments as lease assets and lease liabilities. The measurement of the total lease expense over the term of the lease is unaffected by the new standard; however, the required presentation on the consolidated statements of earnings (loss) will result in lease expenses being presented as depreciation of leased assets and finance costs instead of being fully recognized as administrative costs.

5. SEGMENTS

The Corporation operates as a construction and maintenance services provider. 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. Segment capital expenditures are the total costs incurred during the year to acquire property and equipment and intangible assets.

Industrial Group – The Industrial Group operates under the general contracting brand of Stuart Olson and under the endorsed brands of Laird, Studon, Northern, Fuller Austin, Stuart Olson Water and Sigma Power. The Industrial Group offers services to clients in a wide range of industrial sectors including oil and gas, petrochemical, refining, water and waste water, pulp and paper, mining and power. The Industrial Group provides full-service general contracting, including mechanical, process insulation, industrial 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 – The Buildings Group operates through branch offices in Western Canada and Ontario. Projects undertaken by the Buildings Group include the construction, expansion and renovation of buildings for private and public sector clients in the commercial, light industrial and institutional sectors.

Commercial Systems Group – The Commercial Systems Group operates under the Canem brand and provides its services throughout Western Canada and Ontario. It designs, builds and installs a building's core electrical infrastructure. It also provides the services and systems that support information management, building systems integration, energy management, green data centres, security and risk management and lifecycle services. Additionally, the Commercial Systems Group provides ongoing maintenance and on-call service to customers, and manages regional and national multi-site installations and roll outs.

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

A significant customer is one that represents 10% or more of contract revenue earned during the year. For the year ended December 31, 2017, the Corporation did not have any significant customers (2016 – revenue of $97,982 from one significant customer of the Buildings Group).

For the year ended December 31, 2017	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations	Total
Contract revenue (Note 7)	$ 335,214	$ 540,813	$ 186,809	$ -	$ (45,525)	$ 1,017,311
Costs, excluding depreciation, amortization and restructuring costs	312,127	520,744	173,846	21,553	(45,525)	982,745
Depreciation and amortization (Note 9)	4,439	1,251	1,420	7,624	211	14,945
Restructuring costs (recovery)	886	(2,441)	319	(22)	-	(1,258)
Other income	(440)	(570)	(205)	(74)	-	(1,289)
Finance income (Note 8)	(7)	(9)	-	(20)	-	(36)
Finance costs (Note 8)	71	5	-	8,799	-	8,875
Earnings (loss) before tax	$ 18,138	$ 21,833	$ 11,429	$ (37,860)	$ (211)	$ 13,329
Income tax expense						(3,727)
Net earnings						$ 9,602
Gain on sale of assets	$ (284)	$ (97)	$ (45)	$ -	$ -	$ (426)
Goodwill and intangible assets	$ 52,890	$ 118,667	$ 65,600	$ 13,844	$ -	$ 251,001
Capital and intangible expenditures	$ 2,002	$ 474	$ 1,062	$ 1,100	$ -	$ 4,638
Total assets	$ 222,409	$ 335,148	$ 145,603	$ 278,963	$ (351,789)	$ 630,334
Total liabilities	$ 68,824	$ 209,210	$ 54,128	$ 106,461	$ (14,731)	$ 423,892

For the year ended December 31, 2016	Industrial Group	Buildings Group	Commercial Systems Group	Corporate Group	Intersegment Eliminations [(1)]	Total
Contract revenue (Note 7)	$ 296,416	$ 439,168	$ 198,759	$ -	$ (20,797)	$ 913,546
Costs, excluding depreciation, amortization and restructuring costs	282,633	422,038	186,950	12,114	(20,797)	882,938
Depreciation and amortization (Note 9)	5,792	1,752	1,465	7,293	214	16,516
Impairment loss on property and equipment (Note 18)	-	177	-	-	-	177
Restructuring costs	2,299	4,158	1,370	269	-	8,096
Other income	(208)	(180)	(361)	(120)	-	(869)
Finance income (Note 8)	(10)	(21)	-	(38)	-	(69)
Finance costs (Note 8)	131	-	18	8,486	-	8,635
Earnings (loss) before tax	$ 5,779	$ 11,244	$ 9,317	$ (28,004)	$ (214)	$ (1,878)
Income tax expense						(350)
Net loss						$ (2,228)
(Gain) loss on sale of assets	$ (33)	$ 19	$ (36)	$ 21	$ -	$ (29)
Goodwill and intangible assets	$ 54,967	$ 120,508	$ 68,557	$ 16,071	$ -	$ 260,103
Capital and intangible expenditures	$ 729	$ 482	$ 2,710	$ 2,651	$ -	$ 6,572
Total assets	$ 188,942	$ 316,510	$ 126,995	$ 321,008	$ (351,268)	$ 602,187
Total liabilities	$ 41,745	$ 197,873	$ 39,606	$ 129,522	$ (14,364)	$ 394,382

[(1)] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

6. JOINT ARRANGEMENTS

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

Name of Joint Operation	Principal Activity	Place of Incorporation or Operation	Proportion of Ownership Interest
Acciona Stuart Olson Joint Venture	Building Construction	British Columbia	50%
Kwanlin Dun First Nation - Yukon Corrections Institution JV	Building Construction	Yukon	90%
Kwanlin Dun First Nation - Whitehorse Cultural Centre JV	Building Construction	Yukon	51%
Stuart Olson/Nunavut Ltd.	Industrial Construction	Nunavut	40%
Canem/Plan Group Joint Venture	Electrical Contracting	Alberta	50%

During the year ended December 31, 2017, the Corporation entered into a joint operation, Canem/Plan Group Joint Venture.

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

	December 31, 2017	December 31, 2016
Current assets	$ 1,840	$ 10
Current liabilities	2,537	636
Contract revenue	$ 270	$ -
Contract costs and expenses	340	322
Cash flow generated (used) in operating activities	$ 18	$ (86)

7. REVENUE

	December 31, 2017	December 31, 2016 [1]
Construction contract revenue	$ 849,160	$ 750,612
Service contract revenue	167,901	162,847
Sale of goods	250	87
Total revenue	$ 1,017,311	$ 913,546

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

8. FINANCE INCOME AND COSTS

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

	December 31, 2017	December 31, 2016
Finance income on cash and cash equivalents	$ 27	$ 58
Finance income on loans and receivables	7	11
Other	2	-
Finance income	$ 36	$ 69
Finance costs on revolving credit facility	$ 1,507	$ 1,410
Other finance costs	77	150
Amortization of deferred financing fees on revolving credit facility	561	504
Finance costs on convertible debentures	4,830	4,830
Accretion on convertible debentures	1,221	1,119
Amortization of deferred financing fees on convertible debentures	679	622
Finance costs	$ 8,875	$ 8,635

9. DEPRECIATION AND AMORTIZATION

		December 31, 2017		December 31, 2016
Depreciation of property and equipment	**$**	**5,121**	$	6,686
Amortization of intangible assets		**9,824**		9,830
Total depreciation and amortization expense	**$**	**14,945**	$	16,516

Of the depreciation of property and equipment during the year ended December 31, 2017, $2,315 (2016 – $3,146) has been included in contract costs and the remainder in administrative costs in the consolidated statements of earnings (loss). Amortization of intangible assets is included in administrative costs in the consolidated statements of earnings (loss).

10. PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

		December 31, 2017		December 31, 2016
Short-term employee benefits	**$**	**307,607**	$	294,033
Employee share purchase plan expenses		**2,684**		2,836
Employee retirement matching contributions		**3,626**		3,043
Defined benefit and defined contribution pension plan expense		**1,653**		1,915
Equity-settled share-based payment transactions		**516**		617
Cash-settled share-based payment transactions		**4,152**		2,442
Total personnel expenses and employee benefits	**$**	**320,238**	$	304,886

For the year ended December 31, 2017, personnel expenses and employee benefits of $276,230 were included in contract costs (2016 – $264,137) and $44,008 in administrative costs (2016 – $40,749). Short-term employee benefits consist primarily of salaries and bonuses.

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

		December 31, 2017		December 31, 2016
Short-term benefits	**$**	**3,564**	$	2,173
Share-based payments [1]		**2,148**		1,325
	$	**5,712**	$	3,498

[1] Share-based payments include equity-settled and cash-settled share-based payments.

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

11. INCOME TAXES

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

	December 31, 2017	December 31, 2016 [1]
Current income tax recovery (expense)		
Current year	**$ 1,426**	$ (10,542)
Adjustment relating to prior years	**(48)**	(231)
	1,378	(10,773)
Deferred income tax (expense) recovery		
Origination and reversal of temporary differences	**(5,295)**	10,598
Impact of changes in tax rates	**78**	5
Adjustment relating to prior years	**112**	(180)
	(5,105)	10,423
Income tax expense	**$ (3,727)**	$ (350)

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

Reconciliation of effective tax rate:

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

	December 31, 2017	December 31, 2016 [1]
Net earnings (loss) before tax	**$ 13,329**	$ (1,878)
Income tax (expense) recovery at statutory rate of 26.9% (2016 – 26.9%)	**(3,586)**	505
Statutory and other rate differences	**78**	5
Non-deductible expenses	**(356)**	(404)
Non-taxable accounting income	**69**	59
Other	**68**	(515)
Income tax expense	**$ (3,727)**	$ (350)

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

The Corporation's statutory tax rate of 26.9% in 2017 and 2016 is the combined Canadian federal and provincial tax rates in the jurisdictions in which the Corporation operates.

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

	December 31, 2017	December 31, 2016 [1]
Deferred tax assets		
Tax loss carry forwards	**$ 15,345**	$ 18,487
Equipment and other assets	**1,054**	1,189
Intangible assets	**-**	29
Pension and other compensation	**(72)**	(33)
Unbilled work-in-progress and holdback receivables	**2,641**	3,197
Provisions	**1,753**	2,221
Other	**742**	320
	21,463	25,410
Deferred tax liabilities		
Tax loss carry forwards	**2,949**	589
Equipment and other assets	**162**	652
Intangible assets	**(9,672)**	(11,984)
Pension and other compensation	**3,980**	2,663
Unrecognized deductible temporary differences	**(589)**	(589)
Unbilled work-in-progress and holdback receivables	**(16,907)**	(9,723)
Provisions	**289**	282
Other	**(613)**	(1,395)
	(20,401)	(19,505)
Net deferred income tax asset	**$ 1,062**	$ 5,905

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

All deferred tax asset positions recognized by the Corporation are supported by either the reversal of existing taxable temporary differences or forecasted future taxable earnings in excess of the deductible temporary difference.

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

2017	Asset (liability) January 1, 2017	(Expense) recovery recognized in profit or loss	Recovery recognized in OCI	Asset (liability) December 31, 2017
Tax loss carry forwards	**$ 19,076**	**$ (782)**	**$ -**	**$ 18,294**
Equipment and other assets	**1,841**	**(625)**	**-**	**1,216**
Intangible assets	**(11,955)**	**2,283**	**-**	**(9,672)**
Pension and other compensation	**2,630**	**1,016**	**262**	**3,908**
Unrecognized deductible temporary differences	**(589)**	**-**	**-**	**(589)**
Unbilled work-in-progress and holdback receivables	**(6,526)**	**(7,740)**	**-**	**(14,266)**
Provisions	**2,503**	**(461)**	**-**	**2,042**
Other	**(1,075)**	**1,204**	**-**	**129**
	$ 5,905	**$ (5,105)**	**$ 262**	**$ 1,062**

2016 [1]	Asset (liability) January 1, 2016	(Expense) recovery recognized in profit or loss	Expense recognized in OCI	Asset (liability) December 31, 2016
Tax loss carry forwards	$ 19,823	$ (747)	$ -	$ 19,076
Equipment and other assets	936	905	-	$ 1,841
Intangible assets	(14,024)	2,069	-	$ (11,955)
Pension and other compensation	3,226	(358)	(238)	$ 2,630
Unrecognized deductible temporary differences	(589)	-	-	$ (589)
Unbilled work-in-progress and holdback receivables	(16,458)	9,932	-	$ (6,526)
Provisions	3,590	(1,087)	-	$ 2,503
Other	(784)	(291)	-	$ (1,075)
	$ (4,280)	$ 10,423	$ (238)	$ 5,905

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

The Corporation has accumulated net capital losses for income tax purposes of $21,511 (2016 – $21,511) which may be carried forward indefinitely to reduce future capital gains. The value of these losses has not been recognized in these consolidated financial statements.

The Corporation has accumulated non-capital losses for income tax purposes of $66,885 (2016 – $70,092), which expire as follows:

Expiration of accumulated non-capital losses:	
2026	$ 199
2027	426
2028	225
2029	162
2030	966
2031	12,999
2032	5,977
2033	6,218
2034	22,625
2035	4,406
2036	2,402
2037	10,280
	$ 66,885

The Corporation has unrecognized non-capital loss carryforwards of $1,174 (2016 – $1,180) for which no deferred income tax asset has been recognized, which remain available to reduce future taxable income.

12. EMPLOYEE BENEFITS

(a) Short-term employee benefits

Contributions made by the Corporation during the year ended December 31, 2017 to the company sponsored Employee Share Purchase Plan (ESPP) were $2,684 (2016 – $2,836) (Note 10).

(b) Post-employment benefits

Registered Retirement Savings Plan (RRSP)

Contributions made by the Corporation during the year ended December 31, 2017 to the company sponsored RRSP were $3,626 (2016 – $3,043) (Note 10).

Defined Contribution Pension Plans (DC)

The total expense recognized in the consolidated statements of earnings (loss) and comprehensive earnings (loss) during the year ended December 31, 2017 of $431 (2016 – $465) represents contributions paid to these plans by the Corporation at rates specified in the rules of the plans.

Defined Benefit Pension Plans (DB)

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

Future benefits:

	December 31, 2017	December 31, 2016
Wholly or partially funded defined benefit obligation	**$ 37,753**	$ 36,240
Fair value of plan assets	**34,617**	33,505
Recognized liability for defined benefit obligations	**$ 3,136**	$ 2,735

Fair market value of plan assets:

	December 31, 2017	December 31, 2016
Equity securities	**$ 24,920**	$ 24,188
Debt securities	**9,570**	9,193
Short-term	**127**	124
	$ 34,617	$ 33,505

Reconciliation of amounts in the consolidated financial statements:

	December 31, 2017	December 31, 2016
Accrued benefit obligation		
Balance, beginning of the year	**$ 36,240**	$ 35,885
Employer current service cost	**471**	755
Employee contributions	**29**	89
Interest cost on the defined benefit obligation	**1,363**	1,442
Benefit payments	**(2,106)**	(2,321)
Actuarial gain due to experience adjustments	**(38)**	(266)
Actuarial loss due to changes in financial assumptions	**1,794**	656
Balance, end of the year	**$ 37,753**	$ 36,240

	December 31, 2017	December 31, 2016
Fair value of plan assets		
Balance, beginning of the year	**$ 33,505**	$ 31,205
Employer contributions	**1,839**	2,564
Employee contributions	**29**	89
Interest income on plan assets	**1,285**	1,261
Actuarial gain on plan assets, excluding interest income	**784**	1,279
Benefit payments	**(2,106)**	(2,321)
Administration costs	**(719)**	(572)
Balance, end of the year	**$ 34,617**	$ 33,505

	December 31, 2017	December 31, 2016
Net pension liability	**$ 3,136**	$ 2,735
Funded status - deficit	**$ 3,136**	$ 2,735

For the year ended December 31, 2017, an amount of $1,268 (2016 – $1,508) was recorded in administrative costs in net earnings (loss), and a loss of $972 (2016 – gain of $889), before tax, was recorded in other comprehensive (loss) earnings in relation to the DB plans. This loss relates to a decrease in the discount rate assumption, which gave rise to a loss on the DB obligation, partially offset by better than expected returns on the plan assets over the year and an aggregate gain resulting from the impact of membership movements within the plans.

Actuarial assumptions:

	December 31, 2017	December 31, 2016
Discount rate on net benefit obligations	**3.4%**	3.8%
Rate of compensation increase	**3.0%**	3.0%
Inflation rate	**2.0%**	2.0%

The discount rate used to establish the pension obligation is based on AA-rated Canadian corporate bond yields at the measurement date. A change of 100 basis points in the discount rate at the reporting date would have increased or decreased the accrued benefit obligation by $5,204 (2016 – $4,968).

13. EARNINGS PER SHARE

(a) Basic earnings (loss) per share

	December 31, 2017	December 31, 2016 [1]
Net earnings (loss) - basic	**$ 9,602**	$ (2,228)
Issued common shares, beginning of the year	**26,921,371**	26,532,482
Effect of shares issued related to DRIP	**254,280**	229,512
Weighted average number of common shares for the year - basic	**27,175,651**	26,761,994
Basic earnings (loss) per share	**$ 0.35**	$ (0.08)

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

(b) Diluted earnings (loss) per share

For the year ended December 31, 2017, the number of stock options excluded from the diluted weighted average number of common shares calculation was 2,173,088 (2016 – 1,995,134), as their effect would have been anti-dilutive.

For the year ended December 31, 2017, there were no incremental shares related to convertible debentures included in the diluted weighted average number of common shares calculation, as the impact of the normalization of earnings (interest, accretion and amortization add-back) outweighed the effect of the related incremental shares and therefore the convertible debentures were anti-dilutive (2016 – no incremental shares included as the impact of potential common shares are anti-dilutive when the Corporation is in a net loss position). As such, the diluted weighted average number of common shares and resulting diluted earnings (loss) per share, for both years, are the same amounts as calculated under basic earnings (loss) per share.

14. CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance is comprised entirely of cash. Included in the cash and cash equivalents balance as at December 31, 2017 is $27 (2016 – $10) held in the bank accounts of joint operations and $1,225 of restricted cash held in trust (2016 – $1,737).

15. TRADE AND OTHER RECEIVABLES

	December 31, 2017	December 31, 2016 [(1)]
Trade receivables	$ **159,949**	$ 138,906
Allowance for doubtful accounts (Note 28)	**(344)**	(1,013)
Net trade receivables	**159,605**	137,893
Construction holdbacks, due within one business cycle	**87,630**	65,761
Other receivables	**2,241**	10,228
	$ **249,476**	$ 213,882

[(1)] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

The average credit period is 42 days for maintenance contracts and 61 days for significant construction contracts.

As at December 31, 2017, holdbacks of $87,630 (2016 – $65,761) are recoverable within the normal operating cycle of the Corporation ranging from 30 days to three years, depending on the nature of services being provided. The range is dependent on the type of project and duration of the work.

16. CONSTRUCTION AND NON-CONSTRUCTION CONTRACTS

Contracts in progress:

		December 31, 2017		December 31, 2016 [1]
Construction costs incurred plus recognized profits less recognized losses to date	$	2,975,238	$	2,822,644
Less: progress billings		(3,004,826)		(2,866,241)
Net contract advances and unearned income on construction contracts		(29,588)		(43,597)
Non-construction costs incurred plus recognized profits less recognized losses to date	$	196,501	$	187,701
Less: progress billings		(190,644)		(183,572)
Net costs in excess of billings on non-construction contracts		5,857		4,129
Total net contract position	$	(23,731)	$	(39,468)

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

Recognized and included in the consolidated statements of financial position:

		December 31, 2017		December 31, 2016 [1]
Costs in excess of billings - Construction contracts	$	41,955	$	29,039
Costs in excess of billings - Non-construction contracts		7,784		5,753
Total costs in excess of billings		49,739		34,792
Contract advances and unearned income - Construction contracts	$	(71,543)	$	(72,636)
Contract advances and unearned income - Non-construction contracts		(1,927)		(1,624)
Total contract advances and unearned income		(73,470)		(74,260)
Total net contract position	$	(23,731)	$	(39,468)

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

As at December 31, 2017, holdbacks for contract work amounted to $87,630 (2016 – $65,761).

17. SERVICE PROVIDER DEPOSIT

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

In March 2017, the balance of funds held in trust by Zurich were transferred back to the Corporation in full, resulting in a $nil balance in the service provider deposit for the year ended December 31, 2017. No changes to the functionality of the program resulted from the transfer. For the year ended December 31, 2016, total funds held by Zurich amounted to $8,865, of which $2,500 was included in trade and other receivables as the current portion and the remaining $6,365 was classified as non-current in the consolidated statements of financial position.

18. PROPERTY AND EQUIPMENT

During the year ended December 31, 2017, the Corporation entered into a sale and leaseback transaction. The transaction was a financing arrangement related to existing automotive equipment of the Corporation, with $366 of new automotive equipment capitalized as a result of the assignment of leases previously recognized as operating. Refer to Note 23(b) for a description of the long-term debt recognized as part of this transaction.

Included in construction and automotive equipment as at December 31, 2017 is $12,610 (2016 – $3,212) of assets relating to finance leases and $8,626 (2016 – $1,746) of accumulated depreciation, for a net carrying value of $3,984 (2016 – $1,466). These assets are pledged as security for the finance lease obligations disclosed in Note 23(b).

The Corporation did not record impairment losses in 2017. During the year ended December 31, 2016, the Corporation recorded an impairment loss of $177 related to Leasehold Improvements and Office Furniture due to branch office subleasing activity in Western Canada.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars, except share and per share amounts)

2017	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
Cost								
Balance as at December 31, 2016	$ 566	$ 3,041	$ 17,365	$ 26,792	$ 5,166	$ 4,942	$ -	$ 57,872
Additions, including finance leases	-	-	912	2,304	470	114	116	3,916
Disposals	(107)	(140)	(26)	(2,850)	-	(99)	-	(3,222)
Reclassifications and transfers	-	(559)	-	(2,648)	5	-	-	(3,202)
Balance as at December 31, 2017	$ 459	$ 2,342	$ 18,251	$ 23,598	$ 5,641	$ 4,957	$ 116	$ 55,364
Accumulated depreciation								
Balance as at December 31, 2016	$ -	$ 1,495	$ 8,988	$ 20,058	$ 4,560	$ 3,837	$ -	$ 38,938
Depreciation expense	-	-	1,878	2,281	373	589	-	5,121
Disposals	-	(121)	(22)	(2,696)	-	(99)	-	(2,938)
Reclassifications and transfers	-	(559)	-	(2,648)	-	-	-	(3,207)
Balance as at December 31, 2017	$ -	$ 815	$ 10,844	$ 16,995	$ 4,933	$ 4,327	$ -	$ 37,914
Carrying amounts as at December 31, 2017	$ 459	$ 1,527	$ 7,407	$ 6,603	$ 708	$ 630	$ 116	$ 17,450

2016	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
Cost								
Balance as at December 31, 2015	$ 566	$ 3,041	$ 16,303	$ 32,851	$ 5,597	$ 5,453	$ -	$ 63,811
Additions, including finance leases	-	-	2,675	765	375	468	-	4,283
Disposals	-	-	(1,535)	(6,757)	(741)	(963)	-	(9,996)
Reclassifications and transfers	-	-	(78)	(67)	(65)	(16)	-	(226)
Balance as at December 31, 2016	$ 566	$ 3,041	$ 17,365	$ 26,792	$ 5,166	$ 4,942	$ -	$ 57,872
Accumulated depreciation and impairment losses								
Balance as at December 31, 2015	$ -	$ 1,491	$ 8,636	$ 22,626	$ 4,871	$ 3,906	$ -	$ 41,530
Depreciation expense	-	4	1,584	3,684	403	1,011	-	6,686
Disposals	-	-	(1,314)	(6,184)	(649)	(1,083)	-	(9,230)
Impairment losses recognized in the year	-	-	160	-	-	17	-	177
Reclassifications and transfers	-	-	(78)	(68)	(65)	(14)	-	(225)
Balance as at December 31, 2016	$ -	$ 1,495	$ 8,988	$ 20,058	$ 4,560	$ 3,837	$ -	$ 38,938
Carrying amounts as at December 31, 2016	$ 566	$ 1,546	$ 8,377	$ 6,734	$ 606	$ 1,105	$ -	$ 18,934

19. GOODWILL

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

	December 31, 2017	December 31, 2016
Industrial Group	**$ 42,323**	$ 42,323
Buildings Group	**114,078**	114,078
Commercial Systems Group	**57,623**	57,623
	$ 214,024	$ 214,024

During the fourth quarter of 2017, the Corporation performed its annual goodwill impairment test. The calculated business enterprise value for each of the CGUs incorporated the financial projections set out in the respective CGU's strategic plans. The annual impairment review resulted in no impairment charge in the current year.

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

Key assumptions

The key assumptions in the value-in-use calculations to determine the recoverable amounts by CGU have been prepared using a four-year discounted cash flow analysis with a terminal value. The financial projections used for the discounted cash flow analysis were derived from the Corporation's December 2017 strategic plan.

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

The terminal value was calculated using an after-tax discount rate of 11% (2016 – 11%) and a steady annual growth rate of 2% (2016 – 2%) in the terminal year. The same discount rate was used in each of the Corporation's CGUs given that each entity has access to the same source of debt and each CGU is ultimately governed by management at the parent Corporation. In addition, entity specific risks were separately factored into each CGU forecast. They take into consideration market rates of return, capital structure, company size, industry risk and the after-tax cost of debt and equity.

Sensitivity of assumptions

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

20. INTANGIBLE ASSETS

2017	ERP Assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Assets under Construction	Total
Cost						
Balance as at December 31, 2016	$ 27,112	$ 25,400	$ 68,093	$ 5,389	$ 761	$ 126,755
Additions	200	-	-	124	398	722
Reclassifications and transfers	-	-	(2,510)	874	(874)	(2,510)
Balance as at December 31, 2017	$ 27,312	$ 25,400	$ 65,583	$ 6,387	$ 285	$ 124,967
Accumulated amortization						
Balance as at December 31, 2016	$ 12,008	$ 23,777	$ 40,220	$ 4,671	$ -	$ 80,676
Amortization expense	2,715	855	5,952	302	-	9,824
Reclassifications and transfers	-	-	(2,510)	-	-	(2,510)
Balance as at December 31, 2017	$ 14,723	$ 24,632	$ 43,662	$ 4,973	$ -	$ 87,990
Carrying amounts as at December 31, 2017	$ 12,589	$ 768	$ 21,921	$ 1,414	$ 285	$ 36,977

2016	ERP Assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Assets under Construction	Total
Cost						
Balance as at December 31, 2015	$ 26,157	$ 25,400	$ 68,093	$ 5,076	$ -	$ 124,726
Additions	1,134	-	-	394	761	2,289
Disposals	(179)	-	-	(81)	-	(260)
Balance as at December 31, 2016	$ 27,112	$ 25,400	$ 68,093	$ 5,389	$ 761	$ 126,755
Accumulated amortization						
Balance as at December 31, 2015	$ 9,689	$ 22,920	$ 34,086	$ 4,323	$ -	$ 71,018
Amortization expense	2,427	857	6,134	412	-	9,830
Disposals	(108)	-	-	(64)	-	(172)
Balance as at December 31, 2016	$ 12,008	$ 23,777	$ 40,220	$ 4,671	$ -	$ 80,676
Carrying amounts as at December 31, 2016	$ 15,104	$ 1,623	$ 27,873	$ 718	$ 761	$ 46,079

21. TRADE AND OTHER PAYABLES

	December 31, 2017	December 31, 2016
Trade payables	$ 119,352	$ 93,563
Holdbacks and accrued liabilities	82,528	57,973
Short-term employee benefits	12,884	7,037
Dividend payable	3,285	3,231
Other	4,541	4,193
	$ 222,590	$ 165,997

The Corporation's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28 – Financial Instruments.

22. 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 as at December 31, 2015	$ 6,147	$ 26	$ 1,607	$ 4,581	$ 1,014	$ 13,375
Provisions made	1,406	1,008	518	2,813	4,024	9,769
Provisions used	(114)	(726)	(873)	(7,001)	(564)	(9,278)
Provisions reversed	(3,948)	-	(316)	-	-	(4,264)
Unwinding of discount	-	-	-	-	137	137
Balance as at December 31, 2016	$ 3,491	$ 308	$ 936	$ 393	$ 4,611	$ 9,739
Balance as at December 31, 2016	**$ 3,491**	**$ 308**	**$ 936**	**$ 393**	**$ 4,611**	**$ 9,739**
Provisions made	**6,472**	**-**	**849**	**1,899**	**862**	**10,082**
Provisions used	**(373)**	**(75)**	**(1,204)**	**(1,341)**	**(1,453)**	**(4,446)**
Provisions reversed	**(5,520)**	**(47)**	**(30)**	**-**	**(2,511)**	**(8,108)**
Unwinding of discount	**-**	**-**	**-**	**-**	**308**	**308**
Balance as at December 31, 2017	**$ 4,070**	**$ 186**	**$ 551**	**$ 951**	**$ 1,817**	**$ 7,575**

The Corporation's continued efforts to consolidate leased office spaces during the year ended December 31, 2017 resulted in the reversal of an onerous lease contract recognized in 2016 related to vacant office space that was subsequently occupied in 2017. This reorganization of the Corporation's facility spaces also resulted in additional onerous lease contracts being provided for during the year related to office spaces that were vacated.

During the year ended December 31, 2016, the Corporation undertook restructuring initiatives to improve operational efficiencies in a challenging economic environment. These restructuring initiatives included the realignment of its operating structure, as well as the termination and consolidation of leased office spaces. The restructuring of leased office space resulted in the recognition of onerous lease contracts that represent the costs required to fulfill the contract, net of management's best estimate of any amounts that the Corporation will recover based on ongoing sublease efforts.

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

	December 31, 2017	December 31, 2016
Current portion of provisions	**$ 6,376**	$ 5,423
Long-term provisions	**1,199**	4,316
Total provisions	**$ 7,575**	$ 9,739

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

	Warranties	Restructuring Costs	Claims and Disputes	Subcontractor Default	Onerous Contract	Total
2018	$ 4,070	$ 186	$ 480	$ 951	$ 830	$ 6,517
2019	-	-	36	-	393	429
2020	-	-	35	-	305	340
2021	-	-	-	-	177	177
2022	-	-	-	-	182	182
Thereafter	-	-	-	-	787	787
	$ 4,070	**$ 186**	**$ 551**	**$ 951**	**$ 2,674**	**$ 8,432**

23. LONG-TERM DEBT

	December 31, 2017	December 31, 2016
Current portion of long-term debt		
Finance lease obligations	**$ 2,488**	$ 1,213
	$ 2,488	$ 1,213
Non-current		
Revolving credit facility	**$ 1,867**	$ 32,598
Finance lease obligations	**4,097**	174
	$ 5,964	$ 32,772

The increase in finance lease obligations was primarily a result of a sale and leaseback of the Corporation's existing automotive equipment that was entered into in December 2017. This financing arrangement resulted in cash proceeds of $4,054, and additions to long-term debt of $4,420. Refer to Note 18 for finance lease property and equipment additions recognized as part of this transaction.

(a) Revolving credit facility

The revolving credit facility (Revolver) consists of a $150,000 credit facility syndicated by six lenders and a $25,000 operating facility provided by one of the co-lead lenders. The combined Revolver provides the Corporation with a maximum available borrowing capacity of $175,000. The maturity date of the Revolver is July 16, 2021.

The operating facility of $25,000 allows the Corporation to enter into an overdraft position. As at December 31, 2017, there was no drawdown on the operating facility.

The Revolver is subject to the financial covenants described below. On July 20, 2017, an amendment was made to the debt to EBITDA ratio while the interest coverage ratio remained the same.

- Interest coverage – Represents the ratio of EBITDA to interest expense for the 12 months ending as at the end of the fiscal quarter. For the purposes of the Revolver, EBITDA is defined as earnings or loss before interest, income taxes, depreciation and amortization, non-cash gains and losses from financial instruments, non-cash share-based compensation and any other non-cash items deducted in the calculation of net earnings, with an allowable add back related to cash-settled restructuring charges. The ratio shall not be less than 2.50:1.00 for fiscal quarters ending December 31, 2017 and March 31, 2018. For fiscal quarters after March 31, 2018, the interest coverage ratio shall not be less than 3.00:1.00.

- Debt to EBITDA – Debt represents total indebtedness and total obligations of the Corporation and its subsidiaries, excluding convertible debentures. The Corporation's debt to EBITDA ratio cannot exceed 3.25:1.00 (previously 3.00:1.00, with a temporary increase to 3.25:1.00 for a period of two quarters following the completion of a material acquisition).

These covenants are measured each quarter on March 31, June 30, September 30 and December 31. The Corporation was in full compliance with its covenants as at December 31, 2017 and December 31, 2016.

The maturity date of the Revolver is July 16, 2021, and there is no current portion of long-term debt related to the facility. The facility is supported by a comprehensive security package that includes all present and after acquired assets of the Corporation. Interest is charged at a rate per annum equal to the Canadian prime rate, LIBOR rate or Bankers' Acceptance rate as applicable and in effect during the interest period, plus additional interest based on a pricing rate schedule. The additional interest per the pricing rate schedule depends upon the debt to EBITDA ratio and ranges from a low of 75 basis points for Canadian prime rate loans to a high of 275 basis points for LIBOR and Bankers' Acceptances. The facility contains provisions for stamping fees on Bankers' Acceptances and LIBOR loans, and standby fees on unutilized credit lines that vary depending on certain consolidated financial ratios. Total finance costs on the credit facility for the year ended December 31, 2017 were $2,068 (2016 – $1,914). These finance costs represent the interest paid on the debt and amortization of the deferred financing charges of $561 for the year ended December 31, 2017 (2016 – $504) (Note 8).

(b) Finance lease obligations

For the year ended December 31, 2017, the Corporation held finance leases relating to automotive equipment that mature between January 2018 and December 2022, and bear interest at rates between 3.6% and 10.7%, with a weighted average effective interest rate on the contracts of 4.6% per annum (2016 – 6.3%). Finance lease obligations are secured by automotive equipment with a net book value of $3,984 (2016 – $1,466) and the lessors' title to the leased assets (Note 18). The Corporation has the option to purchase the equipment under lease at the conclusion of the lease agreements.

	Future Minimum Lease Payments		Present Value of Minimum Lease Payments	
	December 31, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Not later than 1 year	**$ 2,691**	$ 1,255	**$ 2,488**	$ 1,213
More than 1 year but not later than 5 years	**4,300**	183	**4,097**	174
	$ 6,991	$ 1,438	**$ 6,585**	$ 1,387

	Interest	
	December 31, 2017	December 31, 2016
Not later than 1 year	**$ 203**	$ 42
More than 1 year but not later than 5 years	**203**	9
	$ 406	$ 51

(c) Changes in liabilities arising from financing activities

The table below details changes in the Corporation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation's consolidated statements of cash flows as cash flows from financing activities.

			Non-Cash Changes			
	Opening Balance January 1, 2017	Financing Cash Flows	New Finance Leases	Accretion and Amortization	Other - Declaration of Dividend	Ending Balance December 31, 2017
Revolving credit facility	$ 32,598	$ (31,292)	-	561	-	**1,867**
Finance lease obligations	1,387	3,487	1,711	-	-	**6,585**
Convertible debentures, debt component	74,270	-	-	1,900	-	**76,170**
Convertible debentures, equity component	4,589	-	-	-	-	**4,589**
Dividend payable	3,231	(10,717)	-	-	10,771	**3,285**
	$ 116,075	**$ (38,522)**	**$ 1,711**	**$ 2,461**	**$ 10,771**	**$ 92,496**

24. CONVERTIBLE DEBENTURES

	December 31, 2017	December 31, 2016
Debt component, beginning of the year	**$ 74,270**	$ 72,529
Accretion on convertible debentures	**1,221**	1,119
Amortization of deferred financing fees	**679**	622
Debt component, end of the year	**$ 76,170**	$ 74,270
Equity component, end of the year	**$ 4,589**	$ 4,589

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

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

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

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

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

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

25. SHARE-BASED PAYMENTS

(a) Stock options

Movement during the years:

	December 31, 2017		December 31, 2016	
	Number of Stock Options	**Weighted Average Exercise Price**	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of the year	**1,995,134**	**$ 8.15**	1,715,118	$ 10.33
Granted	**582,721**	**5.90**	563,498	5.80
Forfeited	**-**	**-**	(61,059)	11.42
Expired	**(404,767)**	**13.40**	(222,423)	18.12
Outstanding, end of the year	**2,173,088**	**$ 6.57**	1,995,134	$ 8.15

The options outstanding for the year ended December 31, 2017 have an exercise price in the range of $5.77 to $9.94 (2016 – $5.77 to $15.48) and lives of between 5 and 10 years (2016 – 5 and 10 years).

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

Option Series	Options Outstanding	Expiry Date	Exercise Price	Fair Value At Grant Date	Options Exercisable
Issued on January 2, 2013	33,524	02-Jan-18	8.64	2.30	33,524
Issued on April 1, 2013	173,943	01-Apr-18	7.50	2.52	173,943
Issued on April 1, 2013	295,723	01-Apr-23	7.50	2.52	295,723
Issued on September 13, 2014	23,050	13-Sep-19	9.94	3.08	23,050
Issued on September 13, 2014	146,874	13-Sep-24	9.94	3.08	146,874
Issued on April 1, 2015	53,359	01-Apr-20	5.77	1.41	35,573
Issued on April 1, 2015	228,967	01-Apr-25	5.77	1.41	152,645
Issued on May 19, 2015	71,429	19-May-25	6.07	1.40	47,619
Issued on March 8, 2016	75,266	08-Mar-21	5.80	0.98	25,089
Issued on March 8, 2016	488,232	08-Mar-26	5.80	0.98	162,744
Issued on April 1, 2017	582,721	01-Apr-27	5.90	0.87	-
As at December 31, 2017	**2,173,088**				**1,096,784**

Inputs for measurement of grant date fair value

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

Option Series	Weighted Average Share Price	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Risk-Free Interest Rate	Forfeiture Rate
Issued in 2016							
March 8, 2016	5.80	5.80	44.13%	10	8.21%	0.95%	10.00%
Issued in 2017							
April 1, 2017	5.90	5.90	38.41%	10	7.83%	1.31%	10.00%

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

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

	December 31, 2017	December 31, 2016
Balance, beginning of the year	**$ 10,793**	$ 10,176
Share-based compensation expense	**516**	617
Balance, end of the year	**$ 11,309**	$ 10,793

(b) MTIPs

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

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

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

The RSUs and PSUs granted in April 2017 differ from previous grants in that additional units are granted each time the Corporation pays a common share dividend.

The Corporation will settle the BRSUs, RSUs and PSUs (collectively, the MTIPs) in cash within 20 business days after vesting. The original cost of the MTIPs is equal to the fair market value at the date of grant. Changes to the amount of the liability due to fair value changes after the initial grant date are recognized as a compensation expense in the period in which the changes occur.

Movement of units during the years:

	BRSUs	RSUs	PSUs
Outstanding as at December 31, 2015	198,910	672,219	720,822
Granted	-	279,594	298,700
Forfeited	(10,616)	(76,324)	(47,677)
Vested and paid	(136,209)	(130,890)	(254,553)
Outstanding as at December 31, 2016	52,085	744,599	717,292
Outstanding as at December 31, 2016	**52,085**	**744,599**	**717,292**
Granted	**-**	**460,246**	**320,783**
Forfeited	**(567)**	**(21,812)**	**-**
Vested and paid	**(51,518)**	**(198,855)**	**(158,129)**
Outstanding as at December 31, 2017	**-**	**984,178**	**879,946**

The RSUs and PSUs issued on April 1, 2015, 2016 and 2017 at a fair value at grant date of $5.73, $6.79 and $5.77 have a vesting date of April 1, 2018, 2019 and 2020, respectively.

In April 2017, the remaining 50% of the BRSUs issued on April 1, 2014 and the RSUs issued on April 1, 2014 vested at a weighted average price of $5.80. The PSUs issued on April 1, 2014 also vested in April 2017 at a weighted average share price of $5.74 and a payout ratio of 20%.

(c) DSUs

The Corporation has a DSU plan under which participants were previously entitled to contribute a portion of their earnings. As of January 1, 2013, employees were no longer able to contribute under the DSU plan. DSUs are units which provide the holder the right to receive a cash payment equal to the five-day weighted average of the value of the common shares at the payout date. DSUs are cash settled only when an employee or Director ceases to be an employee or Director. The terms of the plan allow for discretionary grants by the Board of Directors. Discretionary grants vest immediately. As DSUs are awarded, a liability is established and compensation expense is recognized upon grant. Changes in the amount of the liability due to fair value changes after the initial grant date are recognized as a compensation expense in the period in which the changes occur. DSUs are also adjusted for the Dividend Reinvestment Plan (DRIP) as they are paid (refer to Note 26(b) for details on the DRIP).

Movement of units during the years:

	December 31, 2017	December 31, 2016
Outstanding, beginning of the year	**561,804**	472,573
Granted	**147,339**	150,949
Settled	**-**	(61,718)
Outstanding, end of the year	**709,143**	561,804

(d) Share-based payment liability

	December 31, 2017	December 31, 2016
Carrying amount of liabilities for cash-settled arrangements		
Current portion	**$ 2,825**	$ 1,431
Long-term portion	**8,516**	5,598
Total carrying amount	**$ 11,341**	$ 7,029
Total intrinsic value of liability for vested benefits	**$ 5,006**	$ 3,292

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 $8,516 as at December 31, 2017 (2016 – $5,598) is classified as share-based payments in the consolidated statements of financial position. The total intrinsic value reflects all of the outstanding DSUs and vested MTIPs as at December 31, 2017.

(e) Share-based compensation expense

	December 31, 2017	December 31, 2016
Share-based compensation expense on stock options	**$ 516**	$ 617
Effects of changes in fair value and accretion of MTIP grants	**4,152**	2,442
Effects of changes in fair value and grants for DSUs	**1,651**	837
	$ 6,319	$ 3,896

26. SHARE CAPITAL

(a) Common shares and preferred shares

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

	December 31, 2017		December 31, 2016	
	Shares	**Share Capital**	Shares	Share Capital
Common Shares				
Issued, beginning of the year	**26,921,371**	**$ 142,687**	26,532,482	$ 140,457
DRIP	**449,356**	**2,281**	388,889	2,230
Issued, end of the year	**27,370,727**	**$ 144,968**	26,921,371	$ 142,687

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

(b) Common shares and dividends

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

The Corporation declared its twenty-seventh quarterly dividend of $0.12 per share, which was paid on January 16, 2018 to shareholders of record on December 29, 2017.

The Corporation has a DRIP that allows eligible shareholders to direct cash dividends payable on their common shares of the Corporation to be reinvested in additional common shares. The portion of shares related to the DRIP, as determined by the share transfer agent, is calculated using the dividend per share for all DRIP shares divided by 95% of the weighted average market price of all common shares traded on the Toronto Stock Exchange for the 10 trading days preceding the dividend payment date. This value is recorded as a payable in that period with the offset recorded to retained earnings. Once the dividend is paid, the amount of DRIP shares issued is recorded as an increase to share capital with a decrease to the dividend payable. DSU holders' accounts are adjusted for the Corporation's declared dividends.

As at December 31, 2017, trade and other payables included $3,285 (2016 – $3,231) related to the dividend payable on January 16, 2018, of which $616 (2016 – $553) is to be reinvested in common shares under the DRIP and the remainder paid in cash.

	December 31, 2017		December 31, 2016	
	Per Share	**Total**	Per Share	Total
Dividend payable, beginning of the year	**$ 0.12**	**$ 3,231**	$ 0.12	$ 3,184
Total dividends declared during the year	**0.48**	**13,052**	0.48	12,852
Total dividends paid during the year [1]	**(0.48)**	**(12,998)**	(0.48)	(12,805)
Dividend payable, end of the year	**$ 0.12**	**$ 3,285**	$ 0.12	$ 3,231

[1] Includes DRIP non-cash payments totaling $2,281 (2016 – $2,230) which are recorded through share capital.

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

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

	December 31, 2017	December 31, 2016 [1]
Trade and other receivables	**$ (35,594)**	$ 2,055
Inventory	**602**	639
Prepaid expenses	**3,081**	(3,263)
Costs in excess of billings	**(14,947)**	24,196
Trade and other payables	**55,225**	(11,683)
Contract advances and unearned income	**(790)**	6,550
	$ 7,577	$ 18,494

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

28. FINANCIAL INSTRUMENTS

(a) Carrying values and fair values

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

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

Fair value hierarchy

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

(b) Financial risk management

(i) Credit risk

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

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

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

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

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

	December 31, 2017	December 31, 2016
Balance, beginning of the year	**$ 1,013**	$ 2,558
Impairment losses recognized on receivables	**479**	723
Amounts written off during the year as uncollectible	**(943)**	(849)
Amounts recovered during the year	**(177)**	(1,419)
Impairment losses reversed	**(28)**	-
Balance, end of the year	**$ 344**	$ 1,013

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

	December 31, 2017	December 31, 2016 [(1)]
Current	**$ 80,201**	$ 78,030
1-60 days past due	**55,184**	42,253
61-90 days past due	**4,236**	4,608
More than 90 days past due	**20,328**	14,015
	$ 159,949	$ 138,906

(1) Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

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. As at December 31, 2017, the Corporation had $20,328 of trade receivables (2016 – $14,015) which were greater than 90 days past due with $19,984 not provided for (2016 – $13,002). 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 in the consolidated statements of financial position.

(ii) Interest rate risk

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

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

	December 31, 2017	December 31, 2016
Fixed rate instruments		
Financial liabilities	**$ 76,170**	$ 74,270
Variable rate instruments		
Financial assets	**$ 31,651**	$ 31,471
Financial liabilities	**$ 8,452**	$ 33,985

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

For the year ended December 31, 2017, a change of 100 basis points in interest rates would have increased or decreased equity and profit or loss by $231 related to financial assets and by $62 related to financial liabilities (2016 – $230 and $248, respectively). As at December 31, 2017, the impact to profit or loss from a change in interest rates related to financial assets would be partially offset by the impact related to financial liabilities.

(iii) Liquidity risk

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

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

The following are the contractual obligations, including interest payments as at December 31, 2017, in respect of the financial obligations of the Corporation. Interest payments on the Revolver have not been included in the table below since they are subject to variability based upon outstanding balances at various points throughout the year.

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Trade and other payables	**$ 222,590**	$ 222,590	$ 222,590	$ -	$ -	$ -
Provisions, including current portion	**7,575**	8,432	6,517	769	359	787
Convertible debentures (debt portion)	**76,170**	90,160	4,830	85,330	-	-
Long-term debt, including current portion	**8,452**	10,991	2,691	2,150	6,150	-
Operating lease commitments	**-**	52,308	8,618	12,911	12,911	17,868
	$ 314,787	$ 384,481	$ 245,246	$ 101,160	$ 19,420	$ 18,655

29. 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.

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

	December 31, 2017	December 31, 2016 [1]
Long-term indebtedness:		
Long-term debt, principal amount [2]	**$ 10,585**	$ 36,387
Convertible debentures, principal amount [3]	**80,500**	80,500
Total long-term indebtedness	**91,085**	116,887
Total equity	**206,442**	207,805
Total capitalization	**$ 297,527**	$ 324,692
Indebtedness to capitalization percentage	**31%**	36%

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

[2] Principal amount of current and non-current long-term debt before the deduction of deferred financing fees.

[3] Includes the maturity value of the convertible debentures issued in 2014 (Note 24).

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016
(in thousands of Canadian dollars, except share and per share amounts)

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. As at December 31, 2017, the net long-term indebtedness to adjusted EBITDA was 1.7 (2016 – 2.7), calculated on a last 12 month basis as follows:

	December 31, 2017	December 31, 2016 [1]
Total long-term indebtedness [2]	**$ 91,085**	$ 116,887
Less: Cash on hand [3]	**(31,651)**	(31,471)
Net long-term indebtedness for the last 12 months	**$ 59,434**	$ 85,416
Net earnings (loss)	**$ 9,602**	$ (2,228)
Add:		
Finance income	**(36)**	(69)
Finance costs	**8,875**	8,635
Depreciation and amortization	**14,945**	16,516
Income tax expense	**3,727**	350
Impairment loss on property and equipment	**-**	177
Restructuring (recovery) costs	**(1,258)**	8,096
Equity-settled share-based compensation expense	**516**	617
Gain on sale of assets	**(426)**	(29)
Adjusted EBITDA for the last 12 months [4]	**$ 35,945**	$ 32,065
Net long-term indebtedness to adjusted EBITDA ratio	**1.7**	2.7

[1] Certain comparative amounts have been restated as a result of a change in accounting policy. Refer to Note 3 for further discussion.

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

[3] Cash on hand includes restricted cash.

[4] While adjusted EBITDA is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity, it does not have a standardized definition prescribed by IFRS, and therefore other issuers may calculate adjusted EBITDA differently.

The Corporation monitors its capital requirements through a rolling forecast of operating results and the related financial position. In addition, the Corporation establishes and reviews operating and capital budgets and cash flow forecasts in order to manage overall capital with respect to financial covenants. The Corporation’s Revolver is subject to the financial covenants described in Note 23(a).

30. PRINCIPAL SUBSIDIARIES

Details of the Corporation's principal operating subsidiaries as at December 31, 2017 are as follows:

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

31. 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. There were no transactions between the Corporation and other related parties for the years ended December 31, 2017 and December 31, 2016.

32. OPERATING LEASE AGREEMENTS

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

	December 31, 2017	December 31, 2016
Not later than 1 year	**$ 8,618**	$ 8,705
Later than 1 year and not later than 5 years	**25,822**	28,741
Later than 5 years	**17,868**	21,844
	$ 52,308	$ 59,290

Payments recognized as expense:

	December 31, 2017	December 31, 2016
Minimum lease payments	**$ 9,926**	$ 10,208
Sub-lease payments received	**(1,727)**	(1,594)
	$ 8,199	$ 8,614

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

33. CONTINGENCIES, COMMITMENTS AND GUARANTEES

(a) Contingencies

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

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

(b) Commitments and guarantees

The Corporation has made various donations in support of local communities. Over the next three years the Corporation has committed to pay $136 (2016 – $235), of which $97 (2016 – $115) is to be paid in the upcoming 12 month period.

The Corporation is a participant in joint operations for which it has provided joint and several guarantees, increasing the maximum potential payment to the full value of the work remaining under the contract.

Several parental guarantees have been issued in support of joint operations and significant projects being undertaken by the Corporation's operating segments.

(c) Letters of credit

The Corporation has provided several letters of credit in the amount of $8,287 in connection with various projects and joint arrangements (2016 – $3,136), of which $2,500 are financial letters of credit (2016 – $nil).

34. EVENTS AFTER THE REPORTING PERIOD

On March 6, 2018, the Corporation's Board of Directors 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 April 17, 2018 to shareholders of record on March 29, 2018.