TransForce

ACQUIRING
NEW STRENGTHS



2014 ANNUAL REPORT



TRANSFORCE OPENED THE DOOR TO NEW OPPORTUNITIES IN 2014 WITH THE MOST SIGNIFICANT ACQUISITIONS IN ITS HISTORY.

TRANSFORCE'S MISSION is to establish itself as a leader in the North American transportation and logistics industry through strategic, profitable acquisitions and partnerships. TransForce will create shareholder value by fostering a positive work environment to leverage the skills of its team of dedicated professionals and provide creative solutions tailored to specific customer needs.

FINANCIAL HIGHLIGHTS

IFRS	2014	2013	2012	2011	2010
OPERATING RESULTS (in millions of $)	**$**	$	$	$	$
Total revenue	**3,714.7**	3,109.6	3,140.3	2,690.5	2,002.3
Revenue before fuel surcharge	**3,262.5**	2,783.3	2,812.5	2,417.6	1,840.3
EBIT [1,2]	**275.5**	209.4	247.1	186.4	144.2
Net income [2]	**153.4**	101.7	154.2	102.2	102.7
Net cash from operating activities	**305.0**	235.8	309.6	236.2	199.2
Free cash flow [3]	**321.8**	223.1	256.0	202.7	162.6
FINANCIAL POSITION (in millions of $)					
Total assets	**3,438.6**	2,064.6	2,114.1	2,108.6	1,650.5
Long-term debt [4]	**1,617.7**	773.6	808.1	863.2	633.9
Shareholders' equity	**1,029.4**	790.8	727.4	684.6	618.5
PER SHARE DATA					
Earnings – Basic [2]	**1.54**	1.10	1.63	1.07	1.08
– Diluted [2]	**1.51**	1.08	1.55	1.06	1.07
Net cash from operating activities	**3.07**	2.55	3.27	2.48	2.09
Free cash flow	**3.24**	2.41	2.70	2.12	1.71
Book value	**10.06**	8.47	7.84	7.16	6.49
Dividend	**0.605**	0.535	0.505	0.445	0.40
FINANCIAL RATIOS					
EBIT margin [2] (as a % of revenue before fuel surcharge)	**8.4%**	7.5%	8.8%	7.7%	7.8%
Operating ratio (as a % of total revenue)	**92.6%**	93.3%	92.1%	93.1%	92.8%
Asset turnover	**1.35**	1.49	1.49	1.43	1.24
Return on equity [2]	**16.9%**	13.4%	21.8%	15.7%	17.6%
Long-term debt to equity [4]	**1.57**	0.98	1.11	1.26	1.02
Long-term debt to free cash flow [4]	**5.03**	3.47	3.16	4.26	3.90

(1) Profit for the period before finance income and costs and income tax expense
(2) Before impairment charges in 2013 and 2014
(3) Net cash from operating activities, less net additions to property and equipment
(4) Including current portion

TOTAL REVENUE
(in millions of $)



EBIT [1,2]
(in millions of $)

FREE CASH FLOW [3]
(in millions of $)



ACQUIRING NEW STRENGTHS

The evolution of TransForce represents a history of strategic acquisitions. Executed with consistent discipline in the interest of enhancing shareholder value, the acquisition program has increasingly deepened our talent base and extended our network strengths. Initiatives in 2014 included TransForce's largest acquisition to date.



Contrans

The Contrans acquisition, the largest in our history, significantly expanded TransForce's capability in Specialized Truckload and brought additional strengths to our management team.

Transport America

This Minnesota-based provider of Truckload services extended our geographical reach, brought blue chip customers, and provided a growth platform in the U.S.

Vitran

This highly respected provider of transportation services has enhanced TransForce's density in the Less-Than-Truckload market in Canada.

Clarke

The addition of Clarke added a strong brand name to our network as well as numerous synergies that promise gains in efficiency and profitability.

Ensenda

Headquartered in California, Ensenda has added same-day and last-mile delivery services – and further agent coverage in major North American markets – to our Package and Courier segment.

Veolia

Merging the assets of Veolia into our existing Waste Management operations has increased TransForce's customer base and allowed for better asset utilization.



HIGHLY TALENTED AND TRAINED PROFESSIONALS

The heart of a great company is comprised of the talented professionals who design and direct its strategy. At TransForce, we have developed and acquired the highest levels of industry expertise. Furthermore, we diligently concentrate on sharing best practices throughout our network, thus improving operations and widening our markets to develop shareholder value.

A GROWING NETWORK OF SERVICES

The *raison d'être* of TransForce is value creation through strategic expansion. Spanning transportation, courier and waste management services, the Company's network has steadily expanded its footprint through acquisition. As it unlocks synergies among its subsidiaries and increasingly builds economies of scale, TransForce continually seeks and studies diverse opportunities for network expansion.

CUTTING-EDGE TECHNOLOGY

The achievement of greater efficiency is a constant focus at TransForce. Accordingly, we are in continuous step with the march of technology. Our people are equipped with state-of-the-art software and IT tools to optimize the logistics of our operations and make maximum use of customer information.

MESSAGE FROM ALAIN BÉDARD



In 2014, TransForce completed several significant business acquisitions, including Contrans, our largest ever. These additions to our network expanded our service offering, geographic reach and, above all, our pool of talent.

In so doing, TransForce acquired new strengths and is now well positioned to provide tailor-made, innovative solutions to an ever-increasing customer base across North America.

These strengths will be leveraged by further improving operating efficiency and asset utilization with the stated objective to maximize cash flow generation and create lasting shareholder value.

FINANCIAL HIGHLIGHTS

TransForce concluded 2014 with record financial results and a strong free cash flow. Total revenue grew 19.5% to $3.7 billion, mainly due to acquisitions realized during the year and, to a lesser extent, to a more favourable foreign exchange rate to convert revenue from U.S.-based divisions this year versus last. Excluding these elements, revenue declined slightly, as we exited non-core businesses in which we could not generate satisfactory returns.

EBIT reached $275.5 million, up from $209.4 million a year earlier. While most of this increase stems from acquisitions, EBIT from existing operations rose 11.4%, driven by improvements in the Package and Courier and LTL segments where network consolidation initiatives led to significant efficiency gains and synergies.

Net income before impairment charges increased 50.8% to $153.4 million, or $1.51 per diluted share in 2014, up from $101.7 million, or $1.08 per diluted share in 2013.

Free cash flow stood at $321.8 million, or $3.24 per share, representing a solid free cash flow yield of 10.9% based on the year-end share price. This robust stream stemmed from our disciplined capital management, as proceeds from the sale of surplus assets exceeded the value of capital investments. These funds partially financed strategic acquisitions, but we also repurchased shares and paid dividends, each in the amount of $57 million. At year-end, we also raised our quarterly dividend payment for the fourth consecutive year.

ACQUIRING NEW STRENGTHS

Although TransForce operates primarily in fragmented markets, our acquisition strategy is highly-disciplined and follows very strict criteria. TransForce essentially acquires profitable and well-managed companies that add to our service offering, increase density in our main markets and enhance our competitive advantage. We also acquire talent that provides new strengths. We leverage these strengths by sharing best practices across subsidiaries, optimizing asset utilization and providing employees with clear direction and leading-edge business tools to be used in tailoring value-added solutions to our customers.

2014 was an active and highly successful year in terms of implementing our selective acquisition strategy. Each addition brought our segments further skills and expertise:

- ***Contrans***, our most significant acquisition ever, brought solid management, a history of profitability and steady growth, as well as a corporate culture similar to TransForce's. It also enhances our offering of specialized TL services in Eastern Canada.
- ***Transport America***, our first acquisition into the highly-fragmented U.S. TL market, immediately conferred us critical mass, an extensive geographical footprint and longstanding relationships with blue chip customers.
- ***Vitran***, a leading provider of LTL transportation services in Canada, brought significant synergies and greater density to our offering.
- ***Clarke Transport*** and ***Clarke Road Transport,*** two highly efficient companies which enjoy highly-recognized brand names across Canada, operating in the LTL and TL segments, respectively.
- ***Ensenda***, a California-based specialist of same-day and last-mile Package and Courier delivery, enabled TransForce to optimize its coverage of large urban markets across the United States.
- ***Veolia Solid Waste Canada*** broadened our service offering and density in Quebec, while providing additional capacity.

Importantly, the majority of these entities are "asset-light" operations, which facilitates their integration with the TransForce business model and culture. It also ensures we can rapidly eliminate redundancies and adapt supply to demand in order to produce satisfactory returns on assets.

OUTLOOK

TransForce has entered 2015 stronger than ever. Acquisitions of the past year have bolstered our strength and have solidified our position in the markets we serve. We are confident we can leverage these benefits for our shareholders.

We expect our U.S.-based operations to take advantage of a robust economy. Our enhanced density in the Package and Courier and TL segments should result in greater efficiency and asset utilization. While the Canadian economy remains more hesitant, a weaker Canadian dollar versus the U.S. currency should provide momentum to the manufacturing sector in Central Canada. This will benefit our LTL and TL segments where we stand to gain from last year's acquisitions.

Given this business environment, we expect total revenue to approach $4.5 billion in 2015 and basic EPS in the range of $1.85-$2.00.

Our priority is to reduce debt. Although current levels may appear high by historical standards, TransForce's financial strength resides in its proven disciplined capital management and ability to generate free cash flow that is subsequently applied to debt reduction. Excess capital will continue to be deployed in initiatives that generate a superior return on assets and where we can bolster our competitive advantage, as well as in returning cash to shareholders in keeping with our stated policy.

I am proud of the TransForce team who relentlessly executes our proven strategy with the expertise that makes us consistently successful. Our employees deserve my most sincere recognition and thanks. I am also grateful to the Board of Directors for their judicious advice in carrying out our business strategy. Their guidance throughout 2014 was invaluable as we completed a record level of transactions. Finally, I wish to thank our shareholders for their confidence in our ability to create value and to generate a superior return on their investment.



Alain Bédard
Chairman of the Board,
President and Chief Executive Officer



PACKAGE AND COURIER

Total revenue in the Package and Courier segment amounted to $1.3 billion in 2014, representing an increase of 2% over the previous year, while EBIT increased to $91.2 million from $80.3 million.

The revenue increase mainly reflects the acquisition of Ensenda, a California-based provider of same-day and last-mile delivery services, and the favourable year-over-year effect of currency conversion. The additional agent coverage gained from Ensenda in many major North American markets, further augmented TransForce's network, thus leveraging existing assets and achieving operating synergies.

Throughout the year, TransForce implemented proactive measures to align supply with demand. Significant synergies and efficiency gains were achieved by combining facilities and corporate personnel for certain large divisions in several regions. The sharing of facilities, technologies, line hauls and best practices enhanced customer service and contributed to further reducing costs.

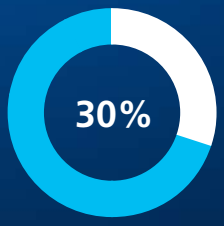
In addition, unprofitable customers were progressively replaced with value-added business. Our expansion into the burgeoning E-Commerce market continues and, accordingly, we developed operational expertise to support our growth in the retail home delivery channel.

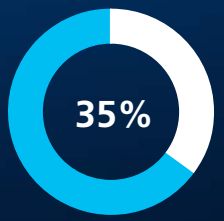
Staying ahead of the curve in new technology implementation remained a key focus. Smartphone technology helped us provide a higher level of customer service and make deliveries more economical. TransForce's focus on IT allows us to integrate with client systems, thus fostering greater customer loyalty.

The outlook in Package and Courier is for modest volume growth in 2015. All operating divisions will remain focused on margin improvement and we will continue to combine facilities into regional dispatch centers. The non-renewal of several operating leases will also generate significant cost savings. The development of more cost effective shipping methods and increased utilization of network resources should allow TransForce to offer innovative solutions that meet the needs of our growing customer base.

PACKAGE AND COURIER TOTAL REVENUE
(in millions of $)







* as percentage of consolidated EBIT before corporate expenses and impairment charge, and consolidated revenue before inter-segment revenue eliminations.



LESS-THAN-TRUCKLOAD

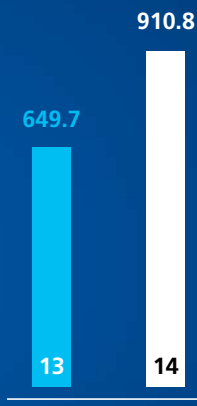
Driven by acquisitions, total revenue in the Less-Than-Truckload segment reached $910.8 million in 2014, up 40% over last year, while EBIT increased by $20.2 million to $61.1 million. The increase in EBIT was driven by acquisitions and efficiency improvements across our network.

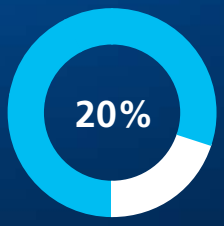
In keeping with its highly disciplined expansion strategy, TransForce acquired Clarke Transport Inc. and Vitran Corporation in the first quarter of 2014. These two important providers of LTL transportation services accounted for revenue of $270 million in 2014. Clarke and Vitran possess strong brand names and are recognized for their superior service. Their additions have significantly enhanced TransForce's density in the Canadian LTL market and represent the segment's principal basis of operating leverage, as synergies continue to be progressively unlocked, leading to significant efficiency and profitability gains.

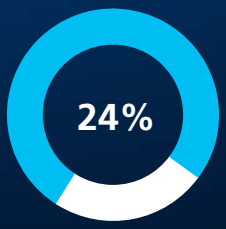
In a year of lower industry volume, TransForce proactively moved to adapt its asset base to market demand. Initiatives included terminal closures and dispositions, merging of administrative functions and IT platforms, and increased transfer of freight between TransForce's various LTL divisions. Reductions of overcapacity and the sale of redundant properties, in part stemming from acquisitions, also generated significant cash flow while promoting margin improvements going forward.

The outlook for 2015 is promising as low oil prices should stimulate the North American manufacturing sector. In addition, the lower value of the Canadian dollar is expected to prove a major benefit for Canadian customers shipping to the United States, as well as for divisions with a strong mix of cross-border business. Still, as market conditions will only gradually improve, successful measures to align resources with demand will remain a major source of cash flow growth.

LESS-THAN-TRUCKLOAD TOTAL REVENUE
(in millions of $)







* as percentage of consolidated EBIT before corporate expenses and impairment charge, and consolidated revenue before inter-segment revenue eliminations.


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TRUCKLOAD

The overall performance of the Truckload segment was solid in 2014, fueled by an improved economic setting. Mainly reflecting acquisitions, total revenue amounted to $1.1 billion, up 55% from the previous year, while EBIT rose 56% to $84.9 million. Importantly, both revenue and EBIT from existing operations recorded year-over-year improvements as a result of higher yields and greater efficiency.

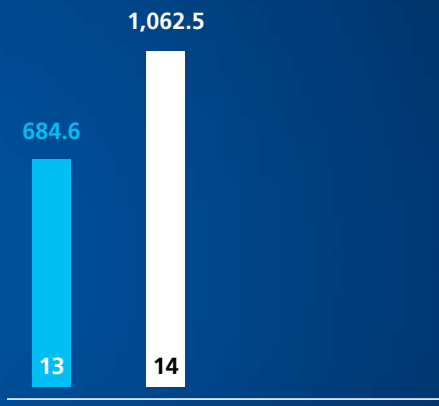
Relentless application of improvements to our IT and management systems strengthened operations across the TL segment. The year also saw the implementation of innovative mechanisms of control over fuel expenditure, while we further protected margins through price increases.

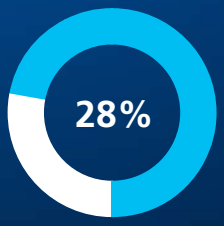
TransForce's focus on optimizing asset utilization assured best use of the Company's equipment. Constant auditing of performance and benchmarking serves to identify available resources, which are then reassigned to other units in the TL segment.

During the year, we proceeded with two major acquisitions in line with TransForce's disciplined expansion strategy. First, Minnesota-based Transport America extended our geographical footprint, brought relationships with blue chip customers and provided a growth platform in the highly-fragmented American market. Second, Contrans Group, a provider of specialized transportation services headqartered in Ontario, and our largest acquistion in the history of TransForce, widened our offering and added a very strong management team which has fostered a corporate culture similar to ours. These companies will allow us to expand market penetration across North America. Combined with existing operations, TL operations now represent close to $1.8 billion of annualized revenue.

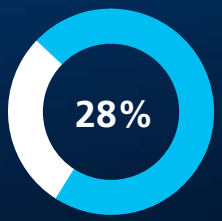
Opportunities appear solid for the TL segment in the year ahead. A greater flow of manufactured goods going southward in response to a weaker Canadian currency and a stronger American economy should support volume growth and firmer pricing. However, recruiting sufficient qualified drivers remains a persistent industry challenge.

TRUCKLOAD TOTAL REVENUE
(in millions of $)





EBIT*

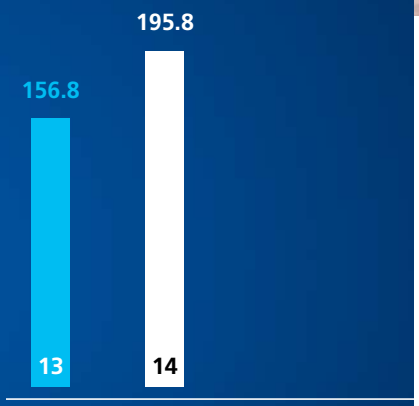


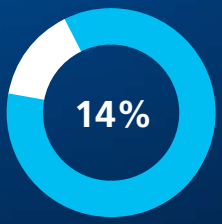
REVENUE*

* as percentage of consolidated EBIT before corporate expenses and impairment charge, and consolidated revenue before inter-segment revenue eliminations.

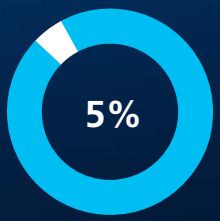


WASTE MANAGEMENT TOTAL REVENUE
(in millions of $)





EBIT*



REVENUE*

* as percentage of consolidated EBIT before corporate expenses and impairment charge, and consolidated revenue before inter-segment revenue eliminations.

WASTE MANAGEMENT

Waste Management revenue amounted to $195.8 million, a 25% increase over last year, while EBIT rose 7% to $43.2 million.

One of the key events of the year was the acquisition of assets from Veolia Solid Waste Canada in June 2014. Merging these assets into existing operations increased our customer base within specific geographic areas, resulting in denser collection routes and better asset utilization. It also provided a more comprehensive offering, resulting in improved service for industrial and residential customers, mainly in the Quebec City region, one of our largest markets. However, as Veolia remains less profitable than existing operations, sharing best practices to gain efficiency and grow margins is a priority.

Operations at the Moose Creek, Ontario composting facility ran at full capacity in 2014, due to multi-year contract extensions. On the disposal side, revenue from Moose Creek rose sharply, while we benefitted from the Lachute landfill site for the entire year. Matrec's strategy of negotiating high-volume, long-term agreements also enabled a significant increase in annual disposal tonnages for its landfills over the past three years, further enhancing overall performance.

The outlook is solid, as composting operations are further developed and additional acquisitions are being studied. The lower Canadian dollar should also enlarge export markets for manufacturers in Quebec and Ontario, creating significant organic growth in our customer base.



LOGISTICS AND OTHER SERVICES

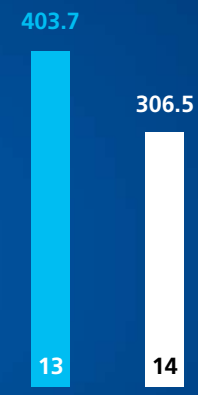
Total revenue generated in Logistics and Other Services, amounted to $306.5 million, a 24% decrease from 2013. The decline reflected the disposal of low-margin and non-strategic operations, principally Canadian rig moving assets at the end of 2013 and the personnel agency business in early 2014. The EBIT margin subsequently increased in the segment from 1.7% to 7.4%.

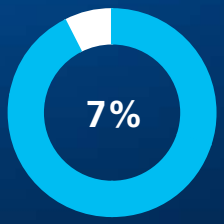
In the energy field, right-sizing included asset sales of more than $45 million since initiating the process in 2013. The scaling back reflected our determination to focus strictly on profitable markets.

In Logistics, as we faced a crowded and aggressive marketplace, our challenge was to sustain an original offering while continuing to provide superior service at a competitive price. The stability of our customer base throughout the year reflected our success in meeting that challenge.

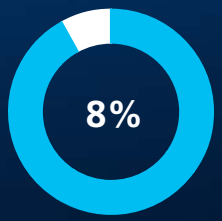
TransForce's principal strength in logistics lies in the adaptability of its expertise, which enables us to offer our services to a wide variety of industries. We also improved our operating platform during the year, which both enhanced customer service and allowed us to maintain our team at the same level. In 2015, our main aim is to develop new markets where TransForce's established solution-building skills can be readily applied to diverse industrial requirements.

LOGISTICS AND OTHER SERVICES TOTAL REVENUE
(in millions of $)





EBIT*



REVENUE*

* as percentage of consolidated EBIT before corporate expenses and impairment charge, and consolidated revenue before inter-segment revenue eliminations.

BOARD OF DIRECTORS



ALAIN BÉDARD, FCPA, FCA
Chairman of the Board, President and Chief Executive Officer, TransForce Inc.



ANDRÉ BÉRARD
Corporate Director



LUCIEN BOUCHARD
Partner in the law firm Davies Ward Phillips and Vineberg LLP



RICHARD GUAY
Consultant and Corporate Director



ANNIE LO
Corporate Director



NEIL DONALD MANNING
Chairman of Coleridge Holdings Limited and Corporate Director



VINCENT MUSACCHIO
President of Gabriella Holdings Inc. and President of Canadian Operations of Prolamina



RONALD D. ROGERS, CA
Corporate Director



JOEY SAPUTO
President, Montreal Impact and Saputo Stadium



MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2014

GENERAL INFORMATION

The following is TransForce Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company" and "TransForce" shall mean TransForce Inc., and shall include its independent operating subsidiaries. This MD&A provides a comparison of the Company's performance for its three-month period and year ended December 31, 2014 with the corresponding three-month period and year ended December 31, 2013 and it reviews the Company's financial position as at December 31, 2014. It also includes a discussion of the Company's affairs up to March 2, 2015. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes as at and for the year ended December 31, 2014.

In this document, all financial data are prepared in accordance with the International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars, and the term "dollar", as well as the symbols "$" and "C$", designate Canadian dollars unless otherwise indicated. This MD&A also uses non-IFRS financial measures. Please refer to the section of this report entitled "Non-IFRS financial measures" for a complete description of these measures.

The Company's consolidated financial statements have been approved by its Board of Directors ("Board") upon recommendation of its audit committee on March 2, 2015. Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints for maintaining the confidentiality of certain information that, if published, would probably have an adverse impact on the competitive position of the Company.

Additional information relating to the Company can be found on its website at www.transforcecompany.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly consolidated financial statements, annual report, annual information form, management proxy circular and the various press releases issued by the Company are also available on its website or directly through the SEDAR system at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "could", "should", "would", "believe", "expect", "anticipate" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements which reference issues only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement: the highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, fuel price variation and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in governmental regulations applicable to the Company's operations, adverse weather conditions, accidents, the market for used equipment, changes in interest rates, cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers, and credit market liquidity.

The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section "Risks and uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

HIGHLIGHTS AND SELECTED FINANCIAL DATA

Fourth quarter

- During the quarter, the Company completed the largest acquisition in its history in buying all the outstanding shares of Contrans Group Inc. for $14.60 per share for a total cash consideration of approximately $515 million.
- In Q4, the Company incurred $3.4 million of transaction costs related to the Contrans acquisition, of which $2.8 million constituted make whole penalties on the early repayment of a Contrans debt.
- In December, the Company announced an increase of its quarterly dividend by 17% (from $0.145 to $0.17 per share).
- On September 9, 2014, the Company announced the redemption of its 5.65% convertible debentures, which was completed on October 9, 2014. The outstanding convertible debentures were mainly converted into shares.
- Total revenue was $1.07 billion, up 36% essentially from acquisitions.
- EBITDA up 65% to $126.1 million from $76.3 million in Q4 2013 coming partly from acquisitions ($33.7 million) and operating improvements in all segments ($16.1 million).
- EBIT up 84% to $79.9 million due to operating improvements ($21.7 million) and acquisitions ($15.4 million). EBIT margin improved to 8.4%.
- Diluted earnings per share ("EPS") up to $0.41.
- Adjusted EPS, fully diluted, up 80% to $0.45 from $0.25 in Q4 2013.
- Free cash flow ("FCF") up to $93.5 million from $58.5 million in Q4 2013.

Year

- Total revenue up 19% to $3.71 billion.
- EBITDA up 24% to $406.6 million from $329.0 million in 2013 essentially from acquisitions.
- EBIT before impairment up 32%, to $275.5 million due to acquisitions ($40.3 million) and operating improvements ($23.8 million).
- Diluted EPS up to $1.26 from $0.66 in 2013.
- Adjusted net income up 43% to $176.7 million.
- Adjusted EPS, fully diluted, up 35% to $1.74.
- Free cash flow ("FCF") increased to $321.8 million, up 44%.
- In 2014, the Company incurred $8.9 million of transaction costs related to acquisitions, of which $4.2 million were finance costs.
- Proceeds of $35.5 million from disposal of excess rig moving equipment and assets held for sale.
- In January, the Company concluded the acquisition of Clarke Transport Inc. and Clarke Road Transport Inc.
- In February, the Company completed the conversion of its 6% convertible debentures into shares.
- In March, the Company bought all shares of Vitran not already owned at a price of US$6.50 per share.
- In April, Waste Management became a separate reporting segment within TransForce. The modifications of reportable segments triggered a $27.8 million goodwill impairment in the rig moving services.
- In June, the Company signed an amendment to its credit facility to increase it by $245 million to $1,045 million and to extend the term to August 2017.
- In July, the Company concluded the acquisition of Transport America, Inc. for US$310 million.
- Announcement of normal course issuer bid ("NCIB") program from September 19, 2014 to September 18, 2015.

(unaudited) *(in thousands of dollars, except per share data)*	Fourth quarters ended December 31			Years ended December 31		
	2014	2013	Variance	**2014**	2013	Variance
Revenue	**946,880**	707,965	34%	**3,262,534**	2,783,323	17%
Fuel surcharge	**127,122**	84,590	50%	**452,135**	326,323	39%
Total revenue	**1,074,002**	792,555	36%	**3,714,669**	3,109,646	19%
EBITDA[1]	**126,081**	76,316	65%	**406,631**	329,034	24%
Income from operating activities ("EBIT")[1, 2]	**79,907**	43,509	84%	**275,451**	209,353	32%
Adjusted net income[1]	**47,516**	23,279	104%	**176,719**	123,573	43%
Net income[2]	**43,167**	12,328	250%	**153,417**	101,707	51%
Net cash from operating activities						
before net change in working capital	**82,675**	47,376	75%	**284,450**	196,404	45%
Net cash from operating activities	**119,862**	70,912	69%	**304,994**	235,786	29%
Free cash flow[1]	**93,511**	58,453	60%	**321,836**	223,142	44%
Per share data						
Free cash flow[1]	**0.91**	0.63	44%	**3.24**	2.41	34%
Adjusted EPS – diluted[1]	**0.45**	0.25	80%	**1.74**	1.29	35%
EPS – diluted[2]	**0.41**	0.13	215%	**1.51**	1.08	40%
Dividends	**0.170**	0.145	17%	**0.605**	0.535	13%
As a percentage of total revenue						
Operating ratio[1]	**92.6%**	94.5%		**92.6%**	93.3%	
As a percentage of revenue before fuel surcharge						
EBITDA margin	**13.3%**	10.8%		**12.5%**	11.8%	
Depreciation of property and equipment	**3.8%**	3.4%		**3.5%**	3.5%	
Amortization of intangible assets	**1.2%**	1.3%		**1.2%**	1.4%	
EBIT margin[2]	**8.4%**	6.1%		**8.4%**	7.5%	
Operating ratio[1]	**91.6%**	93.9%		**91.6%**	92.5%	

(1) Please refer to the section "Non-IFRS financial measures".

(2) Before $27.8 million goodwill impairment (after tax $25.5 million) in Q2 2014 and $63.1 million impairment of intangible assets (after tax $39.3 million) in Q4 2013.

ABOUT TRANSFORCE

Services

TransForce is a North American leader in the transportation and logistics industry, operating across Canada and the United States through its subsidiaries. TransForce creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TransForce umbrella, companies benefit from financial and operational resources to build their businesses and increase their efficiency. TransForce companies service the following segments:

- Package and Courier;
- Less-Than-Truckload;
- Truckload;
- Waste Management;
- Logistics and Other Services.

Seasonality of operations

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

The Company's workforce totals 24,810. This comprises 16,050 employees and 8,760 independent contractors who work in TransForce's different business segments across North America. The Company also uses numerous third party agents to render its services. This compares to 14,210 employees and 7,630 independent contractors as at December 31, 2013. The number of employees increased year-over-year by 1,840. Acquisitions added

4,370 employees, mainly from Clarke, Vitran, Transport America and Contrans. This increase was offset by rationalizations affecting 1,580 employees mainly in the Package and Courier and Less-Than-Truckload ("LTL") segments, as well as a reduction of 950 positions subsequent to the sale of the personnel agency in January 2014. The Company considers that it has a relatively low turnover rate among its employees and that employee relations are very good.

Equipment

The Company has the largest trucking fleet in Canada and a presence in the U.S. market. As at December 31, 2014, the Company had 14,980 power units (including 8,760 independent contractors) and 18,680 trailers. This compares to 11,930 power units (including 7,630 independent contractors) and 11,200 trailers as at December 31, 2013.

Service centers

TransForce's head office is in Montréal, Québec and its executive office is located in Etobicoke, Ontario. As at December 31, 2014, the Company had 440 service centers. Of these, 328 are located in Canada, 198 and 130 respectively in Eastern and Western Canada. The Company also had 112 terminals in the United States. This compares to 422 terminals as at December 31, 2013. Acquisitions brought 86 new terminals, mainly from Clarke, Vitran, Transport America and Contrans. The terminal consolidation achieved in the last twelve months decreased the total number of service centers by 68, mainly in Package and Courier, LTL and rig moving services segments. In Q4 2014, the Company added 41 sites as a result of the Contrans acquisition and closed five sites.

Customers

The Company has a diverse customer base operating across a broad cross-section of industries with no single client accounting for more than 10% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the operations of the Company. The Company concluded strategic partnerships with other transport companies in order to extend its service offering to customers across North America.

Revenue by Top Customers' Industry (55% of total revenue)	
Retail	27%
Energy	15%
Manufactured Goods	9%
Automotive	8%
Services	8%
Waste Management	7%
Food & Beverage	5%
Forest Products	4%
Metals & Mining	4%
Building Materials	3%
Chemicals & Explosives	3%
Maritime Containers	2%
Others	5%

(As of December 31, 2014)

CONSOLIDATED RESULTS

This section provides general comments on the consolidated results of operations. A more detailed analysis is provided in the "Segmented results" section.

2014 significant business acquisitions

In line with the Company's growth strategy, on January 1, 2014, the Company acquired all of the shares of Clarke Transport Inc. and of Clarke Road Transport Inc., two subsidiaries of Clarke Inc. Clarke Transport Inc., a fully integrated provider of LTL intermodal transportation services, operates a network of 15 terminals across Canada. Clarke Road Transport Inc. offers regular and specialized truckload ("TL") transportation services. The acquisition generated annual revenues of $194.9 million in 2014.

On March 26, 2014, TransForce completed the acquisition of Vitran Corporation Inc. ("Vitran") pursuant to which it has acquired all of the issued and outstanding shares of Vitran not already owned by TransForce at a price of US$6.50 per share in cash. Vitran, a fully integrated provider of LTL intermodal transportation services, is expected to add $200 million in revenue.

On July 3, 2014, the Company completed the acquisition of Transport America Inc. ("Transport America"), an important provider of TL carriage and logistics services. Founded in 1984 and headquartered in Eagan, Minnesota, Transport America provides an integrated offering of dry-van TL transportation services across the United States. It offers a wide array of short and long haul freight carriage, expedited and dedicated shipping services, as well as international and intermodal services through various partners. Transport America's last twelve months revenue was approximately US$350 million as of June 30, 2014.

On November 14, 2014, the Company acquired control of Contrans Group Inc. ("Contrans") through the purchase of 84% of its shares (the remaining 16% was acquired during the remainder of 2014) for $14.60 in cash per share or approximately $515 million. The largest specialized truckload company in Canada, Contrans will strengthen TransForce's market position in North America. Contrans generated revenue and EBITDA of $605 million and $84 million, respectively, in 2014.

All these acquisitions have been financed through existing credit facilities and $550 million in new credit facilities, without equity issuance to avoid shareholder dilution.

Business disposition in logistics services

At the beginning of the year, the Company disposed of its personnel agency, Unique Personnel Services, included in its Logistics and Other Services segment resulting in a pre-tax gain of $1.4 million. 2013 total revenue from that operation was $45.5 million and the margins were positive but limited.

The impacts of these acquisitions and the disposition on the Company's financial position and financial performance are disclosed in the relevant sections of this MD&A.

Q4 Overview

TransForce delivered strong fourth quarter results. Total revenue increased by $281 million essentially coming from acquisitions; organic growth being limited to an increase of 0.3% of revenue.

EBIT increased significantly on the back of contributions from operating improvements from existing operations and from acquisitions. EBIT margin improved from 6.1% in last year's Q4 to 8.4% in the current Q4. Existing operations generated $21.7 million of additional EBIT to the group and acquisitions added $15.4 million.

The Company also benefited from the U.S. dollar appreciation. The average exchange rate used to convert TransForce's business done in U.S. dollars was 8% higher this quarter than it was for the same quarter last year. Excluding acquisitions, the estimated EBIT impact was $4.7 million based on an estimated annual positive U.S. net cash flow of $220 million.

As of July 3, 2014, following the major investment in the U.S., the Company designated for accounting purposes a portion of its long term debt denominated in U.S. dollars as a hedge of its net investments in the United States. As a result, an after tax loss on foreign exchange of $18.7 million has been recorded in other comprehensive income in Q4.

Revenue

TransForce reported record revenue on a very active year in terms of acquisitions. For the fourth quarter ended December 31, 2014, total revenue increased $281 million, or 36%, to $1.07 billion from $793 million in Q4 2013. The increase is mainly due to the contribution of the business acquisitions offset by decreases in revenue from the sale of a business unit and from lower fuel surcharge. Before fuel surcharge and acquisitions, revenue increased $2.3 million or 0.3%.

For the year ended December 31, 2014, total revenue increased $605 million, or 19%, to $3.71 billion. The increase is mainly due to the contribution from the business acquisitions, which was offset by the revenue declines from the sale of a business unit and the lower revenue from the rig moving services.

Operating expenses and operating ratio[1]

The Company's operating expenses include: a) materials and services expenses, which are primarily costs related to independent contractors and vehicle operation; vehicle operation expenses, which primarily include fuel, repairs and maintenance, insurance, permits and operating supplies; b) personnel expenses; c) other operating expenses, which are primarily composed of costs related to the rental of offices and terminals, taxes, heating, telecommunications, maintenance, security and other general expenses; and d) depreciation, amortization and gain or loss on disposition of property and equipment.

(unaudited) *(in thousands of dollars)*	**Fourth quarters ended December 31**		**Years ended December 31**	
	2014	2013	**2014**	2013
Materials and services expenses (net of fuel surcharge revenue)	**509,096**	377,460	**1,753,050**	1,440,132
Personnel expenses	**246,094**	203,829	**872,156**	817,841
Other operating expenses	**65,609**	50,360	**230,697**	196,316
Depreciation of property and equipment	**35,918**	24,224	**112,957**	98,043
Amortization of intangible assets	**11,514**	9,440	**39,917**	37,853
Gain on sale of property and equipment and assets held for sale	**(981)**	(857)	**(20,291)**	(16,215)
Total operating expenses (net of fuel surcharge revenue)	**867,250**	664,456	**2,988,486**	2,573,970
Revenue before fuel surcharge	**946,880**	707,965	**3,262,534**	2,783,323
Operating ratio	**91.6%**	93.9%	**91.6%**	92.5%

(1) Please refer to the section "Non-IFRS financial measures".

For the fourth quarter, the Company's total operating expenses, net of fuel surcharge revenue, increased $202.8 million from $664.5 million in 2013 to $867.3 million in 2014. Excluding acquisitions and the business disposition, total operating expenses decreased $18.4 million, or 3% mainly attributable to rationalization and terminal optimization. This resulted in salary savings of $15.0 million, while subcontractors' charges, included in the materials and services expenses, increased $2.3 million on higher usage of independent contractors and third party agents. This continuing transition to subcontracting reduces the need for capital. It also contributed to a decrease in expenses related to the rental of offices and terminals, included in other operating expenses.

The Company recorded, in other operating expenses of its corporate segment, $0.7 million and $4.7 million of transaction costs related to the Transport America acquisition and the Contrans share purchase offer, respectively, for the three-month period and year ended December 31, 2014. This explains the year-over-year increases in this category before acquisitions. In addition, the Company recorded a charge of $2.8 million in finance costs on the repayment of a debt in this quarter and had recorded $1.4 million in finance costs to secure financing for the Contrans transaction in Q3 2014. The Company believes these expenses of $3.5 million and $8.9 million, respectively, for the three-month period and year ended December 31, 2014 are not related to the operations and have therefore adjusted net income accordingly. TransForce also incurred $1.4 million of employee termination expenses, down $2.7 million from last year's same quarter.

On a consolidated level, the operating ratio improved to 91.6% in this quarter, compared to 93.9% for Q4 2013 as a result of higher operating margins from the Package and Courier segment and the LTL segment.

For the year ended December 31, 2014, excluding the impairment of intangible assets and the gain on sale of business, the Company's total operating expenses, net of fuel surcharge revenue, increased $414.5 million to $2.99 billion in 2014. This 16% increase is mainly due to the acquisitions, offset by the business disposition and the rationalization and terminal optimization. The improved operational efficiency generated in the last nine months of 2014 more than compensated for the poor Q1 results, which were affected by bad weather, improving the operating ratio to 91.6% from 92.5% last year.

Depreciation and amortization

For the three-month period ended December 31, 2014, depreciation of property and equipment increased by $11.7 million, as a result of $14.2 million from acquisitions offset by a $2.5 million decrease in the existing operations. For the year ended December 31, 2014, depreciation of property and equipment increased by $14.9 million as a result of acquisitions for $27.9 million and a $13.0 million decrease in the existing operations.

For the three-month period and year ended December 31, 2014, intangible asset amortization increased by $2.0 million and $2.1 million, respectively. Increases due to acquisitions were offset by the reduction attributable to the intangible asset impairment recorded in Q4 2013 in the rig moving services.

Impairment of intangible assets

In the second quarter of 2014, a pre-tax asset impairment charge of $27.8 million was accounted for in the consolidated statement of comprehensive income. This non-cash impairment charge is associated to the rig moving services operating segment. As a result of modifications to the composition of its operating segments on April 1, 2014, the Company's goodwill allocated to its operating segments, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, had to be reallocated based on the relative values of the cash-generating units affected by the modifications. Following the reallocation of its goodwill, the Company performed a goodwill impairment test on the rig moving services operating segment and the results determined that the carrying value of the Company's rig moving services operating segment exceeded its recoverable amount, requiring the complete depreciation of this segment's goodwill in the amount of $27.8 million.

In the fourth quarter of 2013, a pre-tax asset impairment charge of $63.1 million was accounted for in the consolidated statement of comprehensive income. This non-cash impairment charge, related to the rig moving services operating segment, is associated with the Canadian and the U.S. rig moving operations of $5.7 million and $57.4 million, respectively. The impairment charge for the Canadian operation resulted from the closure of its operations. In the U.S., the main conditions responsible for the impairment charge were sustained commodity price weakness of natural gas that negatively impacted expectations of industry activity levels and structural operating changes which resulted in lower service activity provided by the Company.

Income from operating activities (EBIT)[1]

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Net income	**43,167**	(27,022)	**127,918**	62,357
Net finance costs	**17,985**	26,063	**65,949**	74,361
Income tax expense	**18,755**	(18,645)	**53,745**	9,522
EBIT (Income from operating activities)	**79,907**	(19,604)	**247,612**	146,240
Impairment of intangible assets	**—**	63,113	**27,839**	63,113
EBIT before impairment charge	**79,907**	43,509	**275,451**	209,353
Depreciation of property and equipment	**35,918**	24,224	**112,957**	98,043
Amortization of intangible assets	**11,514**	9,440	**39,917**	37,853
Gain on sale of property and equipment	**(981)**	(857)	**(18,392)**	(16,215)
Gain on sale of assets held for sale	**—**	—	**(1,899)**	—
Gain on sale of business	**(277)**	—	**(1,403)**	—
EBITDA	**126,081**	76,316	**406,631**	329,034

(1) Please refer to the section "Non-IFRS financial measures".

Fourth quarter

TransForce's income from operating activities ("EBIT"), before impairment, increased by $36.4 million to $79.9 million in Q4 2014 compared to $43.5 million for Q4 2013. The improvement is attributable to positive contributions of $21.7 million in the Company's operating divisions and $15.4 million from acquisitions partially offset by $0.7 million of acquisition related transaction costs. With the exception of the Waste Management segment, where EBIT decreased by only $0.2 million, all other segments recorded operating improvements from existing operations. Largest improvements came from the Package and Courier and LTL segments. Their last year's fourth quarter EBIT were impacted by bad weather and rationalization expenses; the latter generated positive margin improvements in 2014.

As a percentage of revenue before fuel surcharge, EBIT margin increased to 8.4%, up 230 basis points on a year-over-year basis.

Year

TransForce's EBIT, before impairment, increased $66.1 million to $275.5 million for the year ended December 31, 2014. This increase is mainly attributable to a positive contribution from acquisitions, which generated $42.3 million in 2014, and operating improvements totalling $23.8 million.

The last three quarters showed positive results, which offset the disappointing Q1 results that were negatively impacted by bad weather. This rapid and steady return to more acceptable performance is the result of the Company's continuous focus on cost control and its actions to optimize its existing and newly acquired businesses within its network.

As a percentage of revenue before fuel surcharge, year-over-year EBIT margin increased 90 basis points to 8.4%.

Finance income and costs

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31		Years ended December 31	
Finance costs (income)	**2014**	2013	**2014**	2013
Interest expense on long-term debt	**15,870**	10,586	**45,413**	41,856
Accelerated accretion expense on conversion of debentures	**—**	—	**9,541**	—
Reclassification to income of accumulated unrealized gain on investment in equity securities of Vitran Corporation Inc.	**—**	—	**(6,245)**	—
Net foreign exchange (gain) loss	**(2,717)**	13,226	**3,255**	25,952
Change in fair value of foreign exchange derivatives	**1,132**	632	**1,804**	(363)
Change in fair value of interest rate derivatives	**1,728**	(1,337)	**3,256**	(665)
Other financial expenses	**1,972**	2,956	**8,925**	7,581
Net finance (income) costs	**17,985**	26,063	**65,949**	74,361

Interest expense on long-term debt

For the three-month period ended December 31, 2014, interest expense on long-term debt increased $5.3 million as a result of the increased borrowings coming from acquisitions and to $2.8 million of make whole penalties on the early repayment of a Contrans debt. In Q1 2014, the Company converted into shares $118.2 million of its 6% convertible debentures and, similarly, converted on October 9, 2014 $81.6 million of its 5.85% convertible debentures, providing quarterly interest savings of approximately $3.0 million.

For the year ended December 31, 2014, interest expense on long-term debt increased $3.6 million attributable to $2.8 million of finance costs on the repayment of a debt assumed in the Contrans acquisition and by a higher debt level arising from 2014 acquisitions offset by savings from the conversion of the debentures as explained in the previous paragraph.

Accelerated accretion

The announcement, on January 3, 2014, of the Company's intention to redeem its 6% convertible debentures and, on September 9, 2014, to redeem its 5.65% convertible debentures resulted in the revaluation of these debentures at fair value. This resulted in accelerated accretion expenses of $5.5 million during the first quarter and of $4.0 million during the third quarter representing the total unamortized financing fees of each of the redeemed convertible debentures as at their respective date of announcement.

Reclassification to income of accumulated unrealized gain on investment in equity securities of Vitran

As a result of the acquisition of control of Vitran in Q1 2014, the cumulative $6.2 million fair value pre-tax gain recorded to other comprehensive income related to the Vitran shares previously held, has been reclassified to profit or loss in Q1 2014.

Net foreign exchange gain or loss and hedge accounting

The Company's net foreign exchange gain or loss for 2014 and 2013 is mainly attributable to the portion of the revolving facility and the term loan denominated in U.S. dollars (US$870.0 million at December 31, 2014, US$364.0 million at December 31, 2013).

However, following the closure of the Transport America transaction on July 3, 2014, the Company's net investment in the U.S. increased significantly. As permitted under the hedge accounting rules, management has decided to designate as a hedge from that date a portion of the Company's U.S. dollar denominated debt held against its net investments in U.S. operations. This accounting treatment permits the Company to offset the designated portion of foreign exchange gain (or loss) of its debt against the foreign exchange loss (or gain) of its net investments in U.S. operations and present them in other comprehensive income. This change will provide a more meaningful and economical representation of net earnings and EPS figure for TransForce and reduce earnings volatility resulting from fluctuations in exchange rates. For reference purposes, since July 3, 2014, the foreign exchange gain recorded in translating the Company's net investment in foreign operations was $44.5 million and has been recorded in the accumulated foreign currency translation differences account in equity. Because of the hedge accounting designation, $44.3 million ($38.5 million after tax) of foreign exchange loss on the U.S. dollar denominated debt was also recorded in the accumulated foreign currency translation differences account in equity.

Other financial expenses

The other financial expenses mainly comprise bank charges and the annual increases from last year are mainly due to the $1.5 million finance costs recorded in Q3 2014 to secure financing for the Contrans transaction.

Income tax expense

For the quarter ended December 31, 2014, the effective tax rate was 30.2%. The income tax expense of $18.8 million reflected a $2.1 million unfavourable variance versus an anticipated income tax expense of $16.7 million based on the Company's statutory tax rate of 26.9%. The unfavourable variance is due to a $1.4 million impact from non-deductible expenses and to a $2.0 million tax expense on multi-jurisdiction distributions, mainly from Canada to the U.S. That non-recurring tax expense is the result of distribution of prior years' earnings and the Company's intent to distribute future earnings on a regular basis. Consequently the distribution impact on future years' results will not be as significant. These negative variances were offset by positive differences between the statutory rate and the effective rates in other jurisdictions of $0.8 million.

For the year ended December 31, 2014, the effective tax rate was 29.6%. The income tax expense of $53.7 million reflected a $4.8 million unfavourable variance versus an anticipated income tax expense of $48.9 million based on the Company's statutory tax rate of 26.9%. The unfavourable variance is mainly due to negative prior-year adjustments of $1.7 million and to a $13.1 million impact from non-deductible expenses. Non-deductible expenses are mainly composed of the non-deductible goodwill impairment. These variances were offset by positive differences between the statutory rate and the effective rates in other jurisdictions of $7.0 million and tax exempt income, mainly capital gains, for $4.6 million.

Net income and adjusted net income[1]

(unaudited) *(in thousands of dollars, except per share data)*	Fourth quarters ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Net income (loss)	**43,167**	(27,022)	**127,918**	62,357
Change in fair value of derivatives (after tax)	**2,104**	(518)	**3,722**	(756)
Net foreign exchange (gain) loss (after tax)	**(2,562)**	11,469	**2,725**	22,522
Accelerated accretion expense on conversion of debentures (after tax)	**—**	—	**7,018**	—
Transaction costs on business combinations (net of tax)	**2,762**	—	**7,792**	100
Tax on multi-jurisdiction distributions	**2,045**	—	**2,045**	—
Impairment of intangible assets (after tax)	**—**	39,350	**25,499**	39,350
Adjusted net income	**47,516**	23,279	**176,719**	123,573
Adjusted earnings per share – basic	**0.46**	0.25	**1.78**	1.33
Adjusted earnings per share – diluted	**0.45**	0.25	**1.74**	1.29

(1) Please refer to the section "Non-IFRS financial measures".

For the three-month period ended December 31, 2014, TransForce's net income amounted to $43.2 million compared to a loss of $27.0 million in Q4 2013, an increase of $70.2 million over last year's same quarter. The Company's operating results were significantly stronger than last year's same quarter and, in Q4 2013, the Company recorded an impairment charge of $39.4 million after tax. Thus, the Company's adjusted net income, which excluded specific items and those that are not in the Company's normal business, was $47.5 million for the three-month period ended December 31, 2014 compared to $23.3 million in Q4 2013, up 104% or $24.2 million on superior income from operating activities. The adjusted earnings per share, fully diluted, increased 80% to $0.45.

For the year ended December 31, 2014, TransForce's net income amounted to $127.9 million compared to $62.4 million in 2013. The Company's adjusted net income was $176.7 million for the year ended December 31, 2014 compared to $123.6 million in 2013, an increase of $53.1 million, or 43%, year-over-year. The adjusted earnings per share, fully diluted, increased 35% to $1.74.

SEGMENTED RESULTS

For the purpose of this section, "EBIT" and "EBITDA" refer to the same definitions as in the section "Non-IFRS financial measures" for the consolidated results. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses. Note that "Total revenue" is not affected by this reallocation.

Selected segmented financial information[1]

(unaudited) *(in thousands of dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Waste Management	Logistics and Other Services	Corporate	Eliminations	Total
Q4 2014								
Total revenue	**341,755**	**240,825**	**373,060**	**55,973**	**79,606**	**—**	**(17,217)**	**1,074,002**
EBITDA	**35,004**	**23,102**	**47,786**	**18,221**	**9,267**	**(7,299)**	**—**	**126,081**
EBIT	**26,569**	**14,762**	**28,817**	**12,154**	**5,316**	**(7,711)**	**—**	**79,907**
% of total revenue[2]	**32%**	**22%**	**34%**	**5%**	**7%**			**100%**
EBIT margin[3]	**8.7%**	**7.3%**	**9.0%**	**21.7%**	**6.8%**			**8.4%**
Net capital expenditures[4]	**8,060**	**1,876**	**7,305**	**9,466**	**(646)**	**290**		**26,351**

(unaudited) *(in thousands of dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Waste Management	Logistics and Other Services	Corporate	Eliminations	Total
Q4 2013 (restated)								
Total revenue	329,276	163,744	182,034	41,497	91,657	—	(15,653)	792,555
EBITDA	28,283	8,855	19,008	16,650	6,039	(2,519)	—	76,316
EBIT	18,878	2,189	13,433	12,165	(395)	(2,761)	—	43,509
% of total revenue[2]	41%	20%	23%	5%	11%			100%
EBIT margin[3]	6.4%	1.6%	8.5%	29.3%	(0.4%)			6.1%
Net capital expenditures[5]	5,754	1,566	1,680	5,514	(2,070)	15		12,459
YTD 2014								
Total revenue	**1,303,768**	**910,810**	**1,062,542**	**195,807**	**306,490**	**—**	**(64,748)**	**3,714,669**
EBITDA	**126,431**	**79,879**	**129,251**	**64,243**	**32,319**	**(25,492)**	**—**	**406,631**
EBIT	**91,225**	**61,092**	**84,851**	**43,226**	**22,002**	**(26,945)**	**—**	**275,451**
% of total revenue[2]	**35%**	**24%**	**28%**	**5%**	**8%**			**100%**
EBIT margin[3]	**7.8%**	**8.1%**	**9.3%**	**22.1%**	**7.4%**			**8.4%**
Total assets	**645,894**	**705,974**	**1,574,503**	**313,201**	**186,342**	**12,675**		**3,438,589**
Net capital expenditures[4]	**19,388**	**(48,816)**	**13,795**	**33,500**	**(35,629)**	**920**		**(16,842)**
YTD 2013 (restated)								
Total revenue	1,277,463	649,662	684,561	156,778	403,744	—	(62,562)	3,109,646
EBITDA	116,208	55,571	77,946	58,893	32,855	(12,439)	—	329,034
EBIT	80,302	40,849	54,405	40,427	6,709	(13,339)	—	209,353
% of total revenue[2]	40%	20%	22%	5%	13%			100%
EBIT margin[3]	7.0%	7.6%	9.1%	25.8%	1.7%			7.5%
Total assets	632,322	478,381	400,399	259,645	254,573	39,282		2,064,602
Net capital expenditures[5]	13,935	(19,084)	4,762	25,426	(13,286)	891		12,644

(1) Before impairment of assets in Logistics and Other Services – rig moving services. (2) Before eliminations. (3) As a percentage of revenue before fuel surcharge. (4) 2014 LTL negative net capital expenditures are due to the sale of a rental property in Calgary for a consideration of $12.2 million in Q1 2014, to the sale and leaseback of a terminal located in Concord, Ontario, for $32.0 million in Q2 2014, and to the sales of two properties and one parcel of land for a total consideration of $9.7 million in Q4 2014. In Logistics and Other Services – rig moving services, equipment and assets held for sale have been sold for an aggregate consideration of $0.8 million and $35.5 million in Q4 and YTD Q4 2014, respectively. (5) 2013 LTL negative net capital expenditures are due to the sale and leaseback of a terminal located in Dorval, Québec, for $18.4 million in Q1 2013 and the disposition of three properties in 2013 for $19.0 million. In Logistics and Other Services – rig moving services, excess equipment has been sold for an aggregate consideration of $0.1 million and $11.8 million in Q4 and YTD Q4 2013, respectively.

2013 restated segmented financial information

The Company operates within the transportation and logistics industry in Canada and the United States in different reportable segments. Effective April 1, 2014, the composition of reportable segments has been modified to reflect changes in the structure of the Company's internal organization. The newly adopted presentation continues to show separately the operating segments that are managed independently as they require different technology and capital resources. In addition, the current presentation reflects the nature of services for all of the operating segments whereas prior presentation for the Specialized Services – services to the energy sector operating segment was mainly based on the type of customer. The Company's management believes that the newly adopted presentation better enables users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Consequently, the most significant modifications are the distinct disclosure of the Waste Management segment, previously included in Specialized Services – other services, and the transfer of trucking operating divisions from Specialized Services – services to the energy sector, mostly to TL. Logistics and Other Services now include logistics services and rig moving services, which is only composed of the U.S. rig moving operation, TForce Energy Services. Complete 2013 restated quarterly figures can be found in the Company's 2014 third quarterly report.

PACKAGE AND COURIER

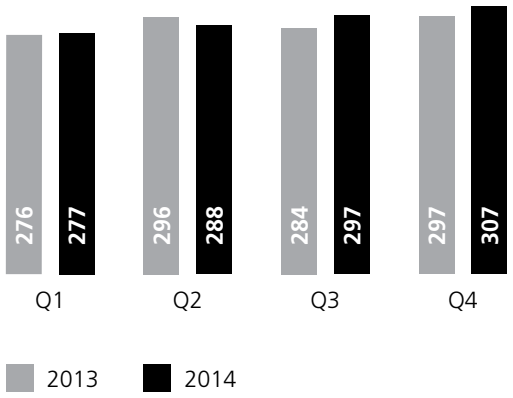
(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31			Years ended December 31		
	2014	2013	Variance	**2014**	2013	Variance
Total revenue	**341,755**	329,276	4%	**1,303,768**	1,277,463	2%
Fuel surcharge	**(34,735)**	(32,074)	8%	**(134,765)**	(125,226)	8%
Revenue	**307,020**	297,202	3%	**1,169,003**	1,152,237	1%
Materials and services expenses (net of fuel surcharge)	**174,882**	164,616	6%	**656,011**	633,409	4%
Personnel expenses	**69,178**	77,346	(11%)	**279,388**	297,101	(6%)
Other operating expenses	**27,956**	26,957	4%	**107,173**	105,519	2%
EBITDA	**35,004**	28,283	24%	**126,431**	116,208	9%
Depreciation of property and equipment	**4,664**	4,582	2%	**18,184**	17,844	2%
Amortization of intangible assets	**3,782**	4,347	(13%)	**17,186**	17,377	(1%)
(Gain) Loss on sale of property and equipment	**(11)**	476		**(164)**	685	
EBIT	**26,569**	18,878	41%	**91,225**	80,302	14%
EBIT margin (% of revenue before fuel surcharge)	**8.7%**	6.4%		**7.8%**	7.0%	

Revenue

During the three-month period and year ended December 31, 2014, revenues increased 3% and 1%, respectively, compared to the same periods in the prior year mainly due to the acquisition of Ensenda in May 2014. Based in California, U.S., Ensenda is a specialist of same-day and last-mile delivery and is expected to generate annual total revenue of approximately US$47 million. Excluding the acquisition, revenue for the three-month period and year were down $2.6 million, or 1%, and $17.2 million, or 1%, respectively, compared to the prior year comparable periods. The non-renewal of unprofitable business from Velocity's customers in U.S. same-day services offset by a favorable foreign exchange impact on the conversion of revenue of the segment's U.S. operating divisions was the main driver for the variances. The segment's operating divisions continue to focus on a strategy of sourcing and servicing customers in new markets, in particular E-Commerce, to mitigate the decline.

QUARTERLY REVENUE - PACKAGE AND COURIER

(in millions of $)



Operating expenses

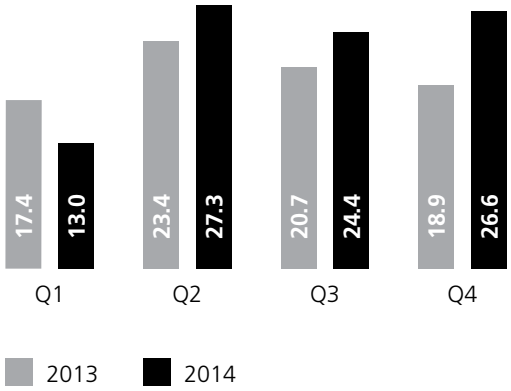
During the three-month period and year ended December 31, 2014, the increase in operating expenses from Package and Courier activities are mainly attributable to the acquisition which were offset by personnel cost savings from right sizing the same-day business in the U.S. as well as strategic personnel changes focused on synergies amongst several operating divisions. Excluding the acquisition, total operating expenses were down $9.7 million or 4% for the three-month period, and down $27.3 million or 3% for the twelve-month period compared to the prior year. Personnel expenses were down $8.8 million or 11% and $19.1 million or 6% year-over-year for the three-month period and year, respectively. Significant synergies were obtained by combining or eliminating operations and corporate overhead at several large operating divisions. Included in the net reduction of personnel expenses are $0.4 million and $3.3 million of employee termination expenses, respectively, for the quarter and the year ended December 31, 2014. Excluding the acquisition, materials and services expenses were down year-over-year by $0.4 million, or 0.2%, and $7.6 million, or 1%, for the quarter and year, respectively, largely as a function of lower revenues. These variances were offset by an unfavorable foreign exchange impact on the conversion of expenses of the segment's U.S. operating divisions. Excluding the acquisition, other operating expenses were stable for both reported periods.

EBIT

Package and Courier EBIT for the quarter ended December 31, 2014 increased 41% to $26.6 million and the EBIT margin increased to 8.7%, up 230 basis points from last year's comparable period. For the full year, EBIT increased by 14% to $91.2 million for a 7.8% margin (up 80 basis points). These increases are mainly attributable to the synergies and operating improvements arising from the consolidation of some Loomis and Canpar activities. The operating results in the fourth quarter of 2014 show further improvement as strategic plans continue to be executed sustaining our cost control efforts.

QUARTERLY EBIT - PACKAGE AND COURIER

(in millions of $)



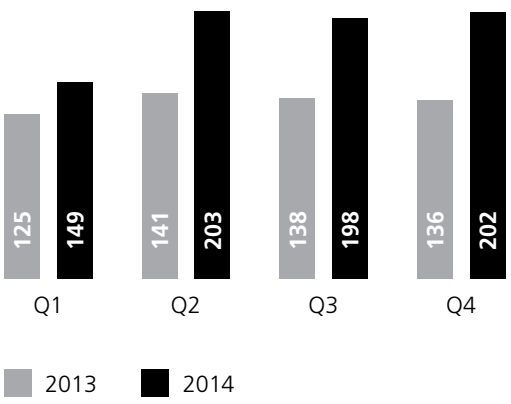
LESS-THAN-TRUCKLOAD

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31			Years ended December 31		
	2014	2013	Variance	**2014**	2013	Variance
Total revenue	**240,825**	163,744	47%	**910,810**	649,662	40%
Fuel surcharge	**(38,967)**	(27,648)	41%	**(158,453)**	(109,842)	44%
Revenue	**201,858**	136,096	48%	**752,357**	539,820	39%
Materials and services expenses (net of fuel surcharge)	**103,228**	62,763	64%	**376,799**	228,083	65%
Personnel expenses	**59,307**	53,163	12%	**237,911**	215,055	11%
Other operating expenses	**16,221**	11,315	43%	**57,768**	41,111	41%
EBITDA	**23,102**	8,855	161%	**79,879**	55,571	44%
Depreciation of property and equipment	**6,068**	5,853	4%	**24,935**	23,710	5%
Amortization of intangible assets	**2,259**	836	170%	**8,186**	3,813	115%
(Gain) Loss on sale of property and equipment	**13**	(23)		**(14,334)**	(12,801)	
EBIT	**14,762**	2,189	574%	**61,092**	40,849	50%
EBIT margin (% of revenue before fuel surcharge)	**7.3%**	1.6%		**8.1%**	7.6%	

On January 1, 2014, part of the Clarke acquisition, Clarke Transport Inc. was added to this segment's results. Also, on March 26, 2014, the Company completed the acquisition of Vitran. These two operations are expected to generate $115 million and $200 million, respectively, in annual revenue. These two new asset light businesses in the LTL segment have a depreciation of property and equipment as a percentage of revenue of approximately 1%.

QUARTERLY REVENUE - LTL

(in millions of $)



Revenue

For the three-month period ended December 31, 2014, revenue from the LTL segment increased 48% to $201.9 million. The $65.8 million increase is attributable to the acquisitions. Before acquisitions, revenue was equivalent to that of 2013. Although total tonnage was down 5.6% for the three-month period, the yield ($ per tonne) was up 5.8%, or $13.85 year-over-year. The increase in yield is partly attributable to the U.S. dollar appreciation, which positively impacted this quarter's revenue by approximately $2.1 million. For the year ended December 31, 2014, revenue increased 39% to $752.4 million, mainly from acquisitions. Before acquisitions, revenue declined 2% mainly on volume which was down 6.4%.

Operating expenses

Over the quarter and over the year, total operating expenses increased by $53.2 million, or 40%, and $192.3 million, or 39%, respectively, mainly attributable to acquisitions. Excluding acquisitions, total operating expenses before gain on sale of property and equipment decreased year-over-year by $8.9 million, or 7%, and $15.5 million, or 3%, respectively, for the quarter and the year. Terminal consolidation and closures achieved in the last twelve months continued to generate significant savings in personnel expenses this quarter ($5.3 million or 10%). Material and services expenses were also down 5%, coming from $1.0 million in lower fuel costs (net of fuel surcharge), and $1.5 million in lower accident and claims costs for the quarter. Also before acquisitions, depreciation of property and equipment decreased $0.7 million or 12% from Q4 2013. Other operating expenses remained relatively unchanged year-over-year. Given the volume decline, the Company limited the margin deterioration by reducing variable and fixed costs with regards to the number of equipment, terminals and administrative employees, thus providing a more efficient cost structure going forward.

For the quarter and year ended December 31, 2014, amortization of intangible assets increased due to the Vitran and Clarke acquisitions.

The Company sold a rental property in Calgary for a consideration of $12.2 million in Q1 2014, which generated a $3.8 million gain, and completed a sale and leaseback of a terminal located in Concord, Ontario, for $32.0 million in Q2 2014, which did not generate any gain as this asset was part of the Vitran acquisition. Three properties were disposed of in Q3 2014 for a total consideration of $9.7 million, of which two were in British Columbia for a net gain of $8.1 million, and a parcel of land in Chicoutimi, Quebec for a net gain of $0.4 million. There were no significant gains from property sales in Q4 2014. Last year, disposal of properties generated gains of $13.0 million.

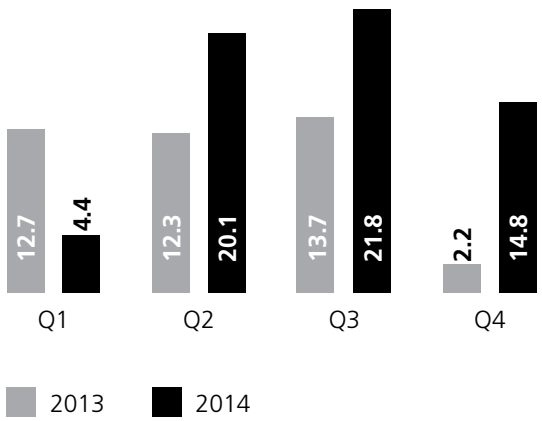
EBIT

For the quarter ended December 31, 2014, EBIT increased $12.6 million to $14.8 million from $2.2 million in Q4 2013. The recent acquisitions contributed $4.1 million to this quarter's EBIT over $65.8 million of revenues. Existing LTL operations have significantly increased their EBIT by $8.5 million. EBIT margin for the three-month period ended December 2014, was 7.3% for the segment including recent acquisitions.

For the twelve-month period ended December 31, 2014, EBIT increased $20.2 million to $61.1 million from $40.8 million in 2013. The recent acquisitions contributed $14.4 million to EBIT over $223 million of revenues. Existing LTL operations have seen their EBIT increase by $5.8 million. EBIT margin for the year ended December 31, 2014, was 8.1% for the segment including recent acquisitions.

QUARTERLY EBIT - LTL

(in millions of $)



TRUCKLOAD

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31			Years ended December 31		
	2014	2013	Variance	**2014**	2013	Variance
Total revenue	**373,060**	182,034	105%	**1,062,542**	684,561	55%
Fuel surcharge	**(51,727)**	(23,115)	124%	**(151,489)**	(84,662)	79%
Revenue	**321,333**	158,919	102%	**911,053**	599,899	52%
Materials and services expenses (net of fuel surcharge)	**177,431**	102,906	72%	**526,457**	380,113	39%
Personnel expenses	**84,612**	32,709	159%	**222,369**	123,113	81%
Other operating expenses	**11,504**	4,296	168%	**32,976**	18,727	76%
EBITDA	**47,786**	19,008	151%	**129,251**	77,946	66%
Depreciation of property and equipment	**16,537**	4,970	233%	**39,926**	20,974	90%
Amortization of intangible assets	**3,997**	984	306%	**8,889**	3,389	162%
Gain on sale of property and equipment	**(1,565)**	(379)		**(4,415)**	(822)	
EBIT	**28,817**	13,433	115%	**84,851**	54,405	56%
EBIT margin (% of revenue before fuel surcharge)	**9.0%**	8.5%		**9.3%**	9.1%	

On August 21, 2013, the Company completed the acquisition of E.L. Farmer, an asset-light dedicated provider of pipe storage and hauling services. On January 1, 2014, as part of the Clarke acquisition, Clarke Road Transport Inc. was added to this segment's results. This division is expected to generate $65 million in annual revenue.

On July 3, 2014, TransForce completed the acquisition of Transport America through the signature of the Purchase and Sale Agreement ("PSA"). The purchase price was US$310 million minus all external debts and some adjustments. In Q3, the Company completed the audit for the adjustment related to the closing working capital accounts under the purchase price adjustment clause of the PSA. TransForce has done its initial purchase price allocation over the identifiable net assets acquired and goodwill under the IFRS rules. To date, goodwill of $126.5 million was recorded representing the excess of the purchase price over the sum of the net asset fair value. Considering the stability of their customer base, an intangible asset of $71.8 million has been recorded for their customer relationships and another $10.7 million for other intangibles have also been recorded. Transport America is expected to generate annual revenues of approximately US$350 million.

On November 14, 2014, the Company completed the largest acquisition in its history in acquiring Contrans Group Inc. ("Contrans") for $14.60 in cash per share, or approximately $515 million. Being the largest specialized truckload company in Canada, Contrans will strengthen TransForce's market position in North America. The transaction has been financed with $550 million of new credit facilities. Contrans generated revenue and EBITDA of $605 million and $84 million, respectively, in 2014. TransForce has done its initial purchase price allocation over the identifiable net assets acquired and goodwill under the IFRS rules. To date, goodwill of $260.7 million was recorded representing the excess of the purchase price over the sum of the net asset fair value. Considering the stability of their customer base, an intangible asset of $102.0 million has been recorded for their customer relationships. Other intangible assets of $8.6 million have also been recorded.

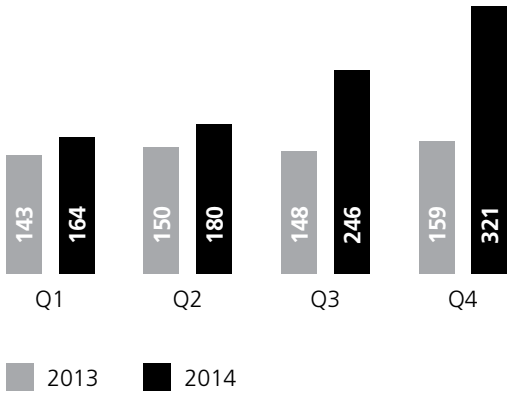
Due to these two recent acquisitions and their current operating model, the annual depreciation of their fleet and the amortization of their intangible assets will be reducing the consolidated EBIT margin of the total TL segment. Following these two majors acquisitions, TransForce is forecasting that the 2015 Truckload amortization expense will be approximately $23 million and depreciation approximately $82 million. As we exchange best practices and we continue to gain synergies and implement our asset light model, we are confident the EBIT margin will further improve. EBITDA margin and cash flow margin reported this year shall nevertheless be maintained.

Revenue

For the three-month period ended December 31, 2014, due to acquisitions, TL revenue more than doubled to $321.3 million from $159.9 million in Q4 2013. Excluding acquisitions, revenue increased to $163.7 million, up 3% year-over-year. Volume was relatively stable and yield was up on higher efficiencies compared to last year. For the year ended December 31, 2014, TL revenue increased 52% to $911.1 million. The $311.2 million increase is mainly attributable to acquisitions and the marginal contribution of E.L. Farmer. Excluding acquisitions, revenue was down $2.3 million or 0.4%, mostly reflecting bad weather in Q1.

QUARTERLY REVENUE - TL

(in millions of $)



Operating expenses

Mainly due to acquisitions, operating expenses from TL activities for Q4 2014 were up $147.0 million to $292.5 million, from Q4 2013. Excluding acquisitions, operating expenses slightly increased $0.8 million year-over-year or 0.5%. Given that TL revenue before acquisitions increased 3% and expenses were almost flat, we could assert that the Company improved efficiency. Its commitment to reduce its capital expenditures and favor the use of independent contractors and leased equipment to service its clientele contributed to these positive results. Continuous cost-reduction efforts and asset rationalization mitigated the weak economic fundamentals faced in the last two years in the traditional trucking market. The Company's priority is to improve the efficiency and profitability of its existing fleet and network of independent contractors. For the year ended December 31, 2014, operating expenses were up $280.7 million or 51%, to $826.2 million mainly due to acquisitions. Before acquisitions, operating expenses were down 1% compared to 2013; improving the EBIT margin by 80 basis points for 2014 compared to 2013.

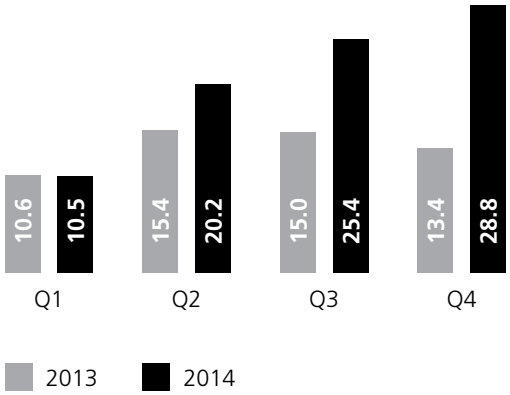
EBIT

The Company's EBIT in the TL segment for the quarter ended December 31, 2014 increased by $15.4 million, to $28.8 million compared to $13.4 million in Q4 2013. Acquisitions contributed $11.3 million to the EBIT increase. The EBIT margin was 9.0%, up 50 basis points from Q4 2013. We should note that this is not on a comparable basis. The acquisitions provided a combined 6.9% EBIT margin reducing the consolidated TL's EBIT margin to 9.0%. Excluding acquisition, the existing TL businesses significantly improved their EBIT margin from 8.5% in Q4 2013 to 10.7% in this quarter. As mentioned above, newly acquired businesses have higher depreciation and amortization charges impacting operating margins. As the synergies and the integration plan are realized, management is confident that operating margins will further improve.

For the year ended December 31, 2014, EBIT increased 56% to $84.9 million and the EBIT margin was up to 9.3%. The Company is conscious that EBIT margin will be diluted because of non-cash expenses of the newly acquired companies but is confident that rigorous management and strong EBITDA and cash flow will create value for shareholders in the TL segment.

QUARTERLY EBIT - TL

(in millions of $)



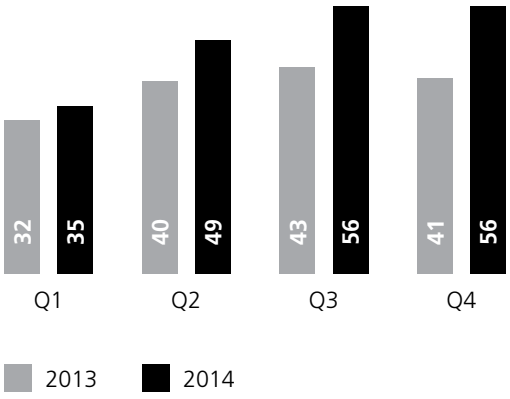
WASTE MANAGEMENT

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31			Years ended December 31		
	2014	2013	Variance	**2014**	2013	Variance
Total Revenue	**55,973**	41,497	35%	**195,807**	156,778	25%
Materials and services expenses	**25,409**	17,570	45%	**87,531**	64,485	36%
Personnel expenses	**9,713**	5,516	76%	**36,180**	27,158	33%
Other operating expenses	**2,630**	1,761	49%	**7,853**	6,242	26%
EBITDA	**18,221**	16,650	9%	**64,243**	58,893	9%
Depreciation of property and equipment	**4,964**	3,408	46%	**16,679**	13,610	23%
Amortization of intangible assets	**1,125**	1,080	4%	**4,384**	4,881	(10%)
Gain on sale of property and equipment	**(22)**	(3)		**(46)**	(25)	
EBIT	**12,154**	12,165	(0%)	**43,226**	40,427	7%
EBIT margin (% of total revenue)	**21.7%**	29.3%		**22.1%**	25.8%	

Effective June 1, 2014, assets of Veolia Solid Waste Canada were added to this segment's results. At this date, this division had trailing twelve months revenue and EBITDA of $30.0 million and more than $5.0 million, respectively.

QUARTERLY REVENUE - WASTE

(in millions of $)



Total revenue

For the quarter ended December 31, 2014, total revenue from the Waste Management segment increased by 35% or $14.5 million year-over-year. For the year ended December 31, 2014, total revenue increased by 25% or $39.0 million compared to the prior year. Of those increases, $8.7 million and $21.3 million, respectively, are attributable to the Veolia acquisition. The remaining portion of the revenue increases for the quarter and the year is organic growth attributable to landfill and composting operations in the Company's Lafleche environmental complex in Ontario, as well as from the collection and disposal operations in Quebec.

Operating expenses

For the quarter ended December 31, 2014, total operating expenses increased 49% or $14.5 million compared to the fourth quarter of 2013 essentially coming from higher costs in the Veolia acquisition and the increased activity level. Before the acquisition, operating expenses increased $6.0 million

or 20% mainly in materials and services due to higher disposal expenses and transportation costs. For the year ended December 31, 2014, total operating expenses increased 31% or $36.2 million compared to the prior year period due to the acquisition and increased activity level. Before the acquisition, operating expenses increased $16.0 million or 14% mainly in materials and services also due to higher disposal expenses and transportation costs.

For the three-month period and year ended December 31, 2014, the increase of depreciation of property and equipment is mostly attributable to the acquisition.

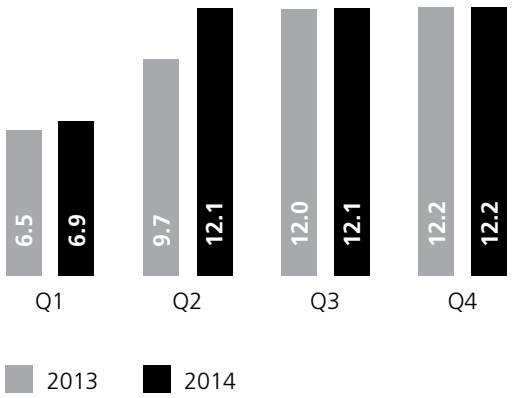
EBIT

The Company's EBIT in the Waste Management segment for the quarter ended December 31, 2014 was unchanged at $12.2 million, compared to the fourth quarter of 2013. The EBIT margin was 21.7%, down 7.6 percentage points from the fourth quarter of 2013. The EBIT margin deterioration is partly attributable to the acquisition, for which the margin stood at 2.6%, combined with a change in the product mix (collection vs landfill).

For the year ended December 31, 2014, EBIT was $43.2 million, compared to $40.4 million in 2013, an increase of $2.8 million mostly attributable to existing operations. The EBIT margin was 22.1%; down 3.7 percentage points compared to 2013 mainly attributable to the absorption of the business acquired from Veolia and a slight change in the product mix. A strategic plan to optimize the Veolia operation is being implemented to generate synergies and improve margins.

QUARTERLY EBIT - WASTE

(in millions of $)



LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Sources of cash:				
Net cash from operating activities before net change in non-cash operating working capital	**82,675**	47,376	**284,450**	196,404
Net change in non-cash operating working capital	**37,187**	23,536	**20,544**	39,382
Proceeds from sale of property and equipment	**9,256**	5,910	**88,170**	64,147
Proceeds from sale of assets held for sale	**—**	—	**31,745**	—
Increase in bank indebtedness	**6,507**	4,218	**11,404**	—
Proceeds from long-term debt	**557,260**	7,236	**949,983**	28,757
Proceeds from exercise of stock options and warrants	**554**	2,005	**23,187**	4,731
Others	**1,023**	—	**2,618**	—
Total sources	**694,462**	90,281	**1,412,101**	333,421
Uses of cash:				
Additions to property and equipment	**30,441**	16,620	**89,172**	75,042
Business combinations, net of cash acquired	**480,352**	(2,074)	**838,281**	57,327
Decrease in bank indebtedness	**—**	—	**—**	16,144
Repayment of long-term debt	**146,382**	51,545	**370,675**	100,629
Dividends paid	**14,426**	11,979	**56,561**	48,105
Repurchase of own shares	**22,861**	—	**57,412**	19,238
Others	**—**	12,211	**—**	16,936
Total usage	**694,462**	90,281	**1,412,101**	333,421

Cash flow from operating activities

For the year ended December 31, 2014, net cash from operating activities before net change in non-cash operating working capital increased 45% to $284.5 million from $196.4 million in 2013. The $88.0 million increase is mainly attributable to the higher contribution from operations and a decrease of $24.8 million in income tax paid over last year.

For the year ended December 31, 2014, the Company improved its working capital by $20.5 million mainly attributable to its receivables. The Company's DSO (day sales outstanding) decreased almost one day since December 2013.

Cash flow used in investing activities

Property and equipment

The following table presents the Company's additions to its property and equipment by category for the three-month periods and years ended December 31, 2014 and 2013.

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Additions to property and equipment:				
Additions as stated on cash flows statements	**30,441**	16,620	**89,172**	75,042
Additions that did not affect cash	**5,166**	1,749	**13,901**	1,749
	35,607	18,369	**103,073**	76,791
Additions by category:				
Land and buildings	**2,044**	2,460	**10,479**	17,597
Rolling stock	**23,806**	10,035	**59,139**	42,320
Furniture and equipment	**9,757**	5,874	**33,455**	16,874
	35,607	18,369	**103,073**	76,791

The Company invests in new equipment to maintain its quality of service while keeping maintenance costs low. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order as well as maintain an adequate allocation of its capital resources. In line with its asset light model, increasing the use of independent contractors to replace owned equipment is beneficial for the Company as it reduces capital needs to serve customers; the Company intends to further pursue such conversion.

In 2014, higher investments in furniture and equipment included two major items. A new landfill capacity was obtained following a management agreement with the Régie de la Gestion des Matières Résiduelles de la Mauricie, in Quebec. The Company recorded this landfill capacity as a capital lease for $8.3 million. This addition did not have any impact on cash flow and an equivalent long term liability was recorded. The second major addition was a $5.0 million investment project in a new conveyor system in the Burnaby terminal for Loomis Express, for which $4.0 million was capitalized in Q1 2014.

The following table indicates the Company's proceeds from its sale of property and equipment by category for the three-month periods and years ended December 31, 2014 and 2013.

(unaudited) *(in thousands of dollars)*	Fourth quarters ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Dispositions by category:				
Land and buildings	**647**	499	**58,660**	37,928
Rolling stock	**8,559**	5,397	**28,995**	26,178
Furniture and equipment	**50**	14	**515**	41
	9,256	5,910	**88,170**	64,147

In Q1 2014, the Company sold a rental property in Calgary for a consideration of $12.2 million, which generated a $3.8 million gain. The sale and leaseback of a terminal located in Concord, Ontario, for $32.0 million in Q2 2014, did not generate any gain as this asset was part of the Vitran acquisition. Three properties were disposed of in Q3 2014 for a total consideration of $9.7 million, of which two were in British Columbia for a net gain of $8.1 million, and a parcel of land in Chicoutimi, Quebec for a net gain of $0.4 million. Last year, the Company completed a sale and leaseback transaction, in Q1 2013, of a terminal located in Dorval, Québec for a consideration of $18.4 million, and disposed of three properties, in 2013, for $19.0 million. These four transactions generated a $13.0 million gain. The Company believes that it can generate in excess of $100 million in proceeds from the sale of properties that it may choose to dispose of in the future. The aggregate carrying value of these properties is significantly lower than the expected sale proceeds.

For the year ended December 31, 2014, the Company sold assets held for sale for an aggregate proceed of $31.7 million, which generated a $1.9 million gain. These assets were previously used in the rig moving services.

Business acquisitions

For the year ended December 31, 2014, cash used in business acquisitions totalled $838.3 million (2013 – $57.3 million). In line with the Company's growth strategy and as mentioned in the "2014 significant business acquisitions" section above, TransForce concluded the acquisition of Clarke Transport Inc. and of Clarke Road Transport Inc. on January 1, 2014. Clarke Transport Inc. is a fully integrated provider of LTL intermodal transportation services. Clarke Road Transport Inc. offers regular and specialized TL transportation services. Also, on March 26, 2014, TransForce completed the acquisition of Vitran, a fully integrated provider of LTL intermodal transportation services. In Q2 2014, the Company acquired the assets of Veolia Solid Waste Canada in the Waste Management services segment and Ensenda, a last mile provider of same-day services business based in California, U.S., in the Package and Courier segment. On July 3, 2014, the Company completed the acquisition of Transport America Inc., an important provider of TL carriage and logistics services. In Q4 2014, the Company completed the acquisition of Contrans Group Inc., the largest specialized truckload company in Canada.

Free cash flow[1]

(unaudited) *(in thousands of dollars)*	**Fourth quarters ended December 31**		**Years ended December 31**	
	2014	2013	**2014**	2013
Net cash from operating activities before net change in non-cash operating working capital	**82,675**	47,376	**284,450**	196,404
Net change in non-cash operating working capital	**37,187**	23,536	**20,544**	39,382
Additions to property and equipment	**(35,607)**	(18,369)	**(103,073)**	(76,791)
Proceeds from sale of property and equipment	**9,256**	5,910	**88,170**	64,147
Proceeds from sale of assets held for sale	**—**	—	**31,745**	—
Free cash flow	**93,511**	58,453	**321,836**	223,142
Free cash flow per share[2]	**0.91**	0.63	**3.24**	2.41

(1) Please refer to the section "Non-IFRS financial measures". (2) Based on weighted average number of shares outstanding during the periods.

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness to its operations, to ensure sufficient liquidity to pursue its growth strategy, and to undertake selective acquisitions within a sound capital structure and a solid financial position.

TransForce generated a free cash flow of $321.8 million in 2014 compared to $223.1 million in 2013, which represented an increase of $98.7 million from last year. This increase is mainly attributable to higher net cash from operating activities, including operating working capital changes, for $69.2 million and higher dispositions of property and equipment and assets held for sale for an amount of $55.8 million compared to 2013. On a per share basis, the free cash flow for the year totalled $3.24, versus $2.41 in 2013.

Free cash flow yield

Based on the December 31, 2014 closing share price of $29.59, the free cash flow generated by the Company in 2014 represented a free cash flow yield of 10.9% (9.5% for the year 2013), which is significantly higher than the average yield for the transportation industry.

Financial position

(unaudited) *(in thousands of dollars)*	**As at December 31**	As at December 31	As at December 31
	2014	2013	2012
Total assets	**3,438,589**	2,064,602	2,114,123
Long-term debt	**1,617,742**	773,556	808,135
Shareholders' equity	**1,029,413**	790,817	727,365
Debt-to-equity ratio[1]	**1.57**	0.98	1.11
Debt-to-capital ratio[2]	**0.61**	0.49	0.53
Debt-to-EBITDA ratio[3]	**3.98**	2.35	2.09
Debt-to-FCF ratio[4]	**5.03**	3.47	3.16

(1) Long-term debt divided by shareholders' equity. (2) Long-term debt divided by the sum of shareholders' equity and long-term debt. (3) Long-term debt divided by trailing twelve months EBITDA. 4- Long-term debt divided by trailing twelve months free cash flow.

Compared to December 31, 2013, the Company's total assets and long-term debt increased by 67% and 109%, respectively, due to the acquisitions. The 2014 acquisitions added $1.56 billion of assets, including goodwill, which are detailed in note 5 of the consolidated financial statements. Following these acquisitions and particularly those of Transport America and Contrans, the debt-to-equity ratio and the debt-to-capital ratio weakened but still reflect appropriate debt level so that there are no financial constraints on the use of capital. In the short term, TransForce will use its cash flow to prioritize debt reimbursement. Strict cash flow management and strong cash flow generated from operations allowed the Company to pursue debt reduction when the situation dictated.

Contractual obligations

The following table indicates the Company's contractual obligations with their respective maturity dates at December 31, 2014, excluding future interest payments.

(unaudited) *(in thousands of dollars)*	**Total**	**Less Than 1 year**	**1 to 3 years**	**3 to 5 years**	**After 5 years**
Unsecured revolving facility – *August 2017*	**789,788**	—	789,788	—	—
Unsecured debentures – *November 2017*	**125,000**	—	125,000	—	—
Term loans – *November 2016*	**550,000**	250,000	300,000	—	—
Finance lease obligations	**51,197**	15,944	23,797	9,400	2,056
Other long-term debt	**107,817**	29,521	39,201	34,861	4,234
Operating leases (see commitments)	**486,172**	110,972	152,180	75,230	147,790
Other commitments (see commitments)	**75,506**	4,794	9,588	9,588	51,536
Total contractual obligations	**2,185,480**	**411,231**	**1,439,554**	**129,079**	**205,616**

As at December 31, 2014, the Company had $37.0 million (December 31, 2013 - $24.5 million) of outstanding letters of guarantee.

Credit facility

On June 18, 2014, the Company signed an amendment to its credit facility to increase it by $245 million to $1,045 million and to extend the term to August 2017. The applicable interest rate and covenants remain unchanged. TransForce's credit facility is unsecured and can be extended annually. The credit facility is provided by a bank syndicate led by National Bank Financial, RBC Capital Markets and Bank of America Merrill Lynch in their capacity as co-lead arrangers.

Term loans

On September 17, 2014, the Company entered into an agreement with its bank syndicate for a new $550 million unsecured acquisition credit facility, of which $250 million matures in November 2015 and $300 million matures in November 2016. The terms and conditions are similar to the current credit facility.

The following table indicates the Company's financial covenants to be maintained under its credit facility. These covenants are measured on a consolidated rolling twelve-month basis:

Covenants	Requirements	As at December 31, 2014
Funded debt-to-EBITDA ratio [ratio of total debt plus letters of credit and some other long-term liabilities to earnings before interest, income taxes, depreciation and amortization ("EBITDA"), including last twelve months adjusted EBITDA from acquisitions]	< 4.25	**3.19**
EBITDAR-to-interest and rent ratio [ratio of EBITDAR (EBITDA before rent and including last twelve months adjusted EBITDAR from acquisitions) to interest and net rent expenses]	> 1.75	**3.55**

The Company believes it will be in compliance with these covenants for the next twelve months.

6% convertible debentures – November 2015

On January 3, 2014, the Company announced that it will redeem, as of February 3, 2014, all of the aggregated principal amount of $122.1 million of its outstanding 6% convertible debentures. Pursuant to the conversion option available to debenture holders, the Company received conversion requests for a principal amount of $118.2 million resulting in the issuance of 6,202,974 new common shares. The Company redeemed an unconverted principal amount of $3.9 million as at February 3, 2014. As a result, the Company will reduce its interest expense by $7.3 million on an annual basis.

5.65% convertible debentures – September 2018

On September 9, 2014, the Company announced that it will redeem, as of October 9, 2014, all of the aggregated principal amount of $84.4 million of its outstanding 5.65% convertible debentures. Pursuant to the conversion option available to debenture holders, the Company received conversion requests for a principal amount of $81.6 million resulting in the issuance of 3,692,572 new common shares. The Company redeemed an unconverted principal amount of $2.7 million as at October 9, 2014. As a result, the Company will reduce its interest expense by $4.8 million on an annual basis.

Commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company's commitments with their respective terms at December 31, 2014.

(unaudited) *(in thousands of dollars)*	Total	Less Than 1 year	1 to 3 years	3 to 5 years	After 5 years
Operating leases – rolling stock	**98,803**	38,482	49,620	10,701	—
Operating leases – real estate & others	**387,369**	72,490	102,560	64,529	147,790
Total operating leases	**486,172**	**110,972**	**152,180**	**75,230**	**147,790**
Other commitments	**75,506**	4,794	9,588	9,588	51,536
Total off-balance sheet obligations	**561,678**	**115,766**	**161,768**	**84,818**	**199,326**

Long-term real estate leases totalling $387.4 million included five significant real estate commitments for an aggregate value of $160.0 million, which expire between 2024 and 2035.

A total of 332 properties constitute the remaining real estate operating leases.

Other commitments are the Company's obligation to dispose of a minimum number of tons at third-party disposal facilities. Under these put-or-pay agreements, there is a requirement to pay a certain amount for the agreed upon minimum volumes regardless of the actual number of tons placed at the facilities. The Company generally fulfills minimum contractual obligations by disposing of volumes collected in the ordinary course of business at these disposal facilities. In the waste management industry, it's a common practice to exchange volume to benefit from the proximity of third party landfill capacity. As a result, TransForce has commitments from third parties to deliver tonnage to its landfills for approximately $123 million over the same period.

Derivative financial instruments

The Company has entered into foreign exchange contracts and currency option instruments for the sale of U.S. dollars in exchange for Canadian dollars that expire at various dates through January 2016. As at December 31, 2014, these contracts' notional amount totalled US$17.1 million (December 2013 - US$94.2 million). As at December 31, 2014, the foreign exchange contract fair value was negative $1.7 million (December 2013 – negative $0.8 million).

In 2014, the Company entered into monthly cross currency interest rate swap contracts to reduce its interest costs on a portion of its credit facility denominated in Canadian dollars. As at December 31, 2014, the Company exchanged C$300 million in debt and related banker's acceptance rate payments to US$258 million and Libor rate interest payments. Under the terms of the swap contracts in effect as at December 31, 2014, the Company will repay the principal proceeds received of US$258 for C$300 million and received compensation for the related interest charge providing a net 18 basis point interest rate savings and no currency risks on the principal and related interest charges. As at December 31, 2014, the cross currency interest rate swap contracts' fair value was negative $0.8 million (December 2013 – nil).

The Company has also entered into interest rate swap contracts in order to mitigate the interest rate risk on a portion of its variable rate debt. As at December 31, 2014, the Company had interest rate swap contracts on the notional amount of $325.0 million of debt (December 2013 - $232.5 million), at an average rate of 1.33% (December 2013 – 1.54%), that expire at various dates through June 2020. This represents 24% of the Company's total variable rate long-term debt. As a result, the effective interest rate on the interest swap contracts is 3.48% at December 31, 2014 (December 2013 – 3.24%). As at that date, the fair value of the interest rate swap contracts was negative $3.6 million (December 2013 - negative $0.3 million).

Dividends and outstanding share data

Dividends

In December 2014, the Company announced a 17% increase to $0.17 per share over its previous quarterly dividend of $0.145 per share. This increase reflects TransForce's ability to continue to generate a strong free cash flow in these market conditions. The Company declared $17.4 million in dividends, or $0.17 per outstanding common share, in the fourth quarter of 2014. For the year ended December 31, 2014, dividends declared were $60.4 million.

On April 24, 2014, TransForce adopted a Dividend Policy (the "Policy") whereby approximately 20-25% of TransForce's annualized free cash flow available would be distributed every year as dividends to shareholders on a quarterly basis. The Board has determined that this level of distribution would allow TransForce to maintain sufficient financial resources and flexibility to execute its operating and disciplined acquisition strategies, while providing an adequate return on shareholders' capital. The Board may also, at its discretion and at any time, change the amount of dividends distributed and/or elect not to distribute a dividend, whether as a result of a one-time decision or a change in the Policy.

NCIB on common shares

The Company renewed its Normal Course Issuer Bid ("NCIB") that allows it to repurchase for cancellation up to a maximum of 6,000,000 of its common shares. This NCIB expires on September 18, 2015. Repurchases under this NCIB are made in accordance with the requirements of the TSX at market prices through the facilities of the TSX. Accordingly, TransForce has the right to repurchase during any one trading day a maximum of 59,173 common shares. In addition, TransForce may make, once per calendar week, a block purchase of its common shares not directly or indirectly owned by insiders of TransForce.

The Board of TransForce believes that, at appropriate times, repurchasing its shares through the NCIB represents a good use of TransForce's financial resources, as such action can protect and enhance shareholder value when opportunities or volatility arise.

For the year ended December 31, 2014, the Company repurchased 2,307,000 common shares (2013 – 965,200) at a price ranging from $22.46 to $29.00 (2013 – from $19.71 to $20.00) for a total purchase price of $57.4 million (2013 - $19.2 million).

Outstanding shares and stock options

A total of 102,323,968 common shares were outstanding as at December 31, 2014 (December 2013 – 93,405,264). There was no significant change in the Company's outstanding share capital between December 31, 2014 and March 2, 2015.

As at December 31, 2014, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 4,193,113 (December 2013 – 4,229,252) of which 2,841,653 were exercisable (December 2013 – 2,376,216). Each stock option entitles the holder to purchase one common share of the Company at an exercise price based on the closing price of the volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the effective date of the grant.

Effective July 1, 2014, the Board approved an equity incentive plan to the benefit of senior employees of the Group. The plan provides for the issuance of restricted share units (''RSUs'') under conditions to be determined by the Board. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares. On July 24, 2014, the Company granted a total of 82,278 RSUs under the Company equity incentive plan. The RSUs will vest after 3 consecutive years of service from the grant date.

In addition, on February 1, 2013, the Company issued 1,000,000 warrants having an exercise price of $20.17 per share and a two-year life for a portion of the consideration transferred in relation to the Velocity acquisition. During 2014, 935,000 of these warrants were exercised (2013 – 25,000). As of December 31, 2014, there were 40,000 warrants outstanding.

Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However, the Company believes the ultimate recovery or liability, if any, resulting from such litigation individually or in total would not materially adversely affect the Company's financial condition or performance and, if necessary, have been provided for in the financial statements.

OUTLOOK

Looking ahead, as the North American economy continues to modestly improve, conditions are expected to progress accordingly in TransForce's main operating markets through 2015 and early 2016. In the U.S., greater consumer confidence and robust increases in business investments are generating more activity in the Package and Courier and TL segments, where TransForce is mainly active. In Canada, the Company's major market, such momentum is lagging, but a weaker Canadian dollar is favourable for export-oriented manufacturers in Central Canada, although lower oil prices are expected to reduce economic activity in Western Canada. As this relatively challenging environment still limits organic growth over the short-term, key drivers for revenue and EBIT growth remain further efficiency improvement, asset rationalization, tight cost controls, as well as the execution of a disciplined acquisition strategy in the fragmented North American transportation market.

Given this business environment, TransForce expects total revenue to approach $4.5 billion in 2015 and basic EPS in the range of $1.85-$2.00.

In the Package and Courier and LTL segments, TransForce's priorities are the consolidation of its operations, administration and IT platforms. Initial benefits were achieved in 2014, but more savings are still expected going forward. As the Company believes that general conditions will remain relatively challenging as long as overcapacity continues to affect the industry, TransForce will remain proactive in implementing measures to further optimize asset utilization. In Package and Courier, this includes completing the optimization of businesses in U.S. same-day operations and capturing an increasing share of the e-commerce delivery business. Price adjustments announced by certain major competitors also bode well for improving returns. In LTL, the lower value of the Canadian dollar provides opportunities for export-oriented manufacturers, but the Company must remain disciplined in adapting supply to demand. To this end, the Company also will continue to focus on major cities and exit low density regions to enhance value. Finally, TransForce will seek to further leverage its enhanced density and capabilities following significant acquisitions completed in 2014 in the LTL segment.

In the TL market, TransForce will focus on capturing all benefits related to its 2014 strategic acquisitions of Transport America, in the United States, and Contrans, in Canada, while remaining disciplined by carefully managing supply and optimizing the utilization of existing assets. The stronger U.S. economy and weaker Canadian dollar should provide more auspicious conditions to improve return on capital employed on both sides of the border. Success will also stem from continuous efforts to deploy leading-edge analytical tools across the Company's network that will allow its people to make appropriate business decisions. As the TL market is fragmented, TransForce aims to gain further size and density across North America by pursuing its selective acquisition strategy.

Finally, in the Waste Management sector, the Company will focus on increasing the profitability of the Veolia Solid Waste Canada assets by sharing best practices across its network, while investments made to expand the composting facility at the Lafleche environmental complex and to acquire additional landfill capacity are providing opportunities to grow its customer base and density.

As the Company continues to gradually adopt an asset-light business model, capital will be increasingly deployed in initiatives that provide a better return on capital employed and a solid cash flow. In so doing, TransForce aims to increasingly distinguish itself by providing innovative, value-added solutions to its growing North American customer base. In the short term, TransForce will use its cash flow to prioritize debt reimbursement.

The appreciation in the value of the U.S. dollar versus the Canadian currency over the last few months will have a beneficial impact on operating income due to the Company's net annual U.S. dollar cash flow of approximately $220 million. A weaker Canadian dollar is also beneficial for the Company's export-oriented customers.

TransForce is well positioned to benefit significantly when the economy recovers more vigorously, and management is confident that the steps it has taken and has planned will continue to grow shareholder value. The Company aims to deliver on this commitment by adhering to its operating principles and by executing its strategy with the same discipline and rigour that have made TransForce a North American leader in the transportation and logistics industry.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

(unaudited) *(in millions of dollars, except per share data)*	**Q4 14**	**Q3 14**	**Q2 14**	**Q1 14**	Q4 13	Q3 13	Q2 13	Q1 13
Revenue	**1,074.0**	**981.1**	**889.1**	**770.5**	792.6	775.1	792.3	749.7
EBITDA[1]	**126.1**	**116.5**	**107.3**	**56.8**	76.3	90.2	93.1	69.3
Adjusted net income[1]	**47.5**	**53.7**	**49.1**	**26.5**	23.3	35.5	39.2	25.5
Net income (loss)	**43.2**	**41.5**	**37.3**	**5.9**	(27.0)	44.0	26.6	18.9
Earnings per share								
Basic	**0.42**	**0.42**	**0.38**	**0.06**	(0.29)	0.48	0.29	0.20
Diluted	**0.41**	**0.41**	**0.37**	**0.06**	(0.29)	0.45	0.28	0.20

(1) Please refer to the section "Non-IFRS financial measures".

The differences between the quarters are mainly the results of acquisitions. Q4 2013 net loss is attributable to a $63.1 million impairment of intangible assets (after tax $39.3 million) in the rig moving services.

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because that information is an appropriate measure for evaluating the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures should be considered in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS.

Non-IFRS financial measures

EBIT	Net income before finance income and costs and income tax expense.
EBIT refers to "income from operating activities" in the consolidated financial statements.	
EBITDA	Net income before finance income and costs, income tax expense, depreciation, amortization, asset impairments, gain or loss on sale of property and equipment, of assets held for sales and of business.
Management believes EBITDA to be a useful supplemental measure. EBITDA is provided to assist in determining the ability of the Company to generate cash from its operations.	
EBIT margin and EBITDA margin	EBIT / EBITDA as a percentage of total revenue.
Operating expenses	Operating expenses comprise: materials and services expenses, personnel expenses, other operating expenses, depreciation and amortization, and gain or loss on sale of property and equipment and assets held for sale.
Operating ratio	Operating expenses divided by total revenue or operating expenses, net of fuel surcharge revenue, divided by revenue before fuel surcharge.

	Although the operating ratio is not a recognized financial measure defined by IFRS, it is a widely recognized measure in the transportation industry, which we believe provides a comparable benchmark for evaluating the Company's performance. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses.
Adjusted net income and adjusted earnings per share	Net income and earnings per share excluding the after-tax effect of changes in the fair value of derivatives, net foreign exchange gain or loss, and of items that are not in the Company's normal business.
	In presenting an adjusted net income and adjusted earnings per share the Company's intent is to help provide an understanding of what would have been the net income and earnings per share excluding specific impacts and to reflect earnings from a strictly operating perspective.
Free cash flow	Net cash from operating activities less additions to property and equipment plus proceeds from sale of property and equipment and assets held for sale.
	Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to meet capital requirements.
Free cash flow per share	Free cash flow divided by the weighted average number of common shares outstanding.

RISKS AND UNCERTAINTIES

The following are major risk factors facing the Company.

Competition. Deregulation in the transport industry has increased the number of competitors, as well as competition with respect to pricing. Competition is strong within the Canadian market. In addition, the Company faces competition from other transporters in the United States.

The North American waste management industry is very competitive. The Company faces competition in the waste management industry from several large and well-capitalized competitors and a large number of local and regional competitors. Some of the Company's competitors have significantly larger waste management operations, significant financial resources and greater name recognition with respect to waste management than the Company or may be able or willing to provide or bid their services at a lower price than the Company. Because companies can enter the collection segment of the non-hazardous solid waste management industry with very little capital or technical expertise, there are a large number of regional and local collection companies in the industry. The Company faces competition from these businesses in the markets and regions it currently serves.

Regulation. Notwithstanding that the transportation industry is largely deregulated, carriers must obtain licenses issued by provincial transport boards in order to carry goods inter-provincially or to transport goods within any province. Licensing from United States regulatory authorities is also required for the transportation of goods between Canada and the United States. Any change in these regulations could have an adverse impact on the scope of the Company's activities.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and laws. Although the Company is committed to compliance with laws and safety, there is no assurance that it will be in full compliance with them at all times. Consequently, at some future time, the Company could be required to incur significant costs to maintain or improve its compliance record.

The waste management business is subject to legislation and governmental regulations that may restrict the Company's waste management operations or increase its costs of operations.

The Company's waste management equipment, facilities and operations are subject to extensive and changing federal, provincial and local laws and regulations relating to environmental protection, health, safety, land use, transportation and related matters. These include, among others, laws and regulations governing the use, treatment, transportation, storage and disposal of hazardous substances and other wastes and materials, air emissions and quality, waste water discharges and water quality, permissible or mandatory methods of processing waste, the remediation of contamination and, in general, the emission of pollutants into the environment. Environmental laws and regulations have been enforced more stringently in recent years because of greater public interest in protecting the environment. In addition, federal, state, provincial and local governments may change the rights they grant to, and the restrictions they impose on, waste management companies, and those changes could restrict the Company's waste management operations and growth.

The Company's compliance with regulatory requirements relating to waste management may be costly and, to so comply, the Company may be required to enhance, supplement or replace its waste management equipment and facilities. The Company may not be able to offset the cost of complying with these requirements. In addition, changes to environmental laws and regulations or a more stringent application or interpretation thereof may obligate the Company to spend amounts in addition to those currently accrued for such purposes.

The Company, through its subsidiary Services Matrec Inc., owns non-hazardous solid waste landfills located in the cities of Larouche, Chicoutimi and Granby, Québec and in Moose Creek, Ontario. Each of these sites is regulated and permitted by the relevant provincial ministry of the environment. The loss by the Company of any of these permits could have a material adverse effect on the Company's waste management business.

From time to time, provincial and local authorities enact laws or regulations imposing fees or other charges on waste disposed of at landfills located in those provinces. If any significant fees are imposed and the Company is not able to recover these fees from its customers, its operations and profitability could be negatively affected.

Operating Environment. The Company is subject to changes in its general operating environment. The Company is exposed to the following elements affecting its operating environment: the cost of liability insurance, the market for used equipment, adverse weather conditions and accidents involving its transport equipment.

General Economic Conditions. Demand for freight transport is closely linked to the state of the overall economy. Consequently, a decline in general economic growth could adversely affect the Company's performance.

Interest Rate Fluctuations. Changes in interest rates may result in fluctuations in the Company's future cash flows related to variable-rate financial liabilities. For these items, cash flows could be impacted by changes in benchmark rates such as Bankers' Acceptance or London Interbank Offered Rate (Libor). In addition, the Company is exposed to gains and losses arising from changes in interest rates through its derivative financial instruments carried at fair value.

Currency Fluctuations. The Company's financial results are reported in Canadian dollars and a portion of its revenue and operating costs are realized in currencies other than Canadian dollars, primarily U.S. dollars. The results of operations are therefore affected by movements of this currency against the Canadian dollar. Significant fluctuations in relative currency values against the Canadian dollar could therefore have a significant impact on the Company's future profitability.

Price of Fuel. The Company is exposed to variations in the price of fuel. The Company is generally able to recover the majority of additional fuel costs and corresponding margins through Fuel surcharges to its customers. In a declining fuel price environment, there is a corresponding risk that the Company cannot increase its base revenues to protect the margins they were making on fuel costs. The Company strives to ensure that the fuel consumption of its fleet is as efficient as possible.

Insurance. The Company's operations are subject to risks inherent in the transportation and waste management sectors. The Company subscribes for insurance in amounts which it considers appropriate in the circumstances and having regard to industry norms. Like many players in the industry, the Company self-insures a significant portion of the claims exposure related to cargo loss, bodily injury, worker's compensation and property damages. The Company may become liable with respect to risks in respect of which we are self-insured or cannot obtain insurance or for which it chooses not to obtain insurance as a result of high premiums or for damages which exceed the maximum coverage provided for in the insurance policies.

Collective Agreements. At the date hereof, the collective agreements between the Company and the vast majority of its unionized employees have been renewed. The Company cannot predict the effect which any new collective agreements or the failure to enter into such agreements upon the expiry of the current agreements may have on its operations.

Acquisitions and Integration Risks. Historically, acquisitions have been a part of the Company's growth strategy. This year has been a record year in this regard. Acquisitions involve numerous risks, including potential loss of customers, key employees, and service providers of the acquired company.

Environmental Matters. The Company uses storage tanks at certain of its transportation terminals. Canadian and United States laws and regulations generally impose potential liability on the present or former owners or occupants or custodians of properties on which contamination has occurred. Although the Company is not aware of any contamination which, if remediation or clean-up were required, would have a material adverse effect on the Company, certain facilities have been in operation for many years and over such time, the Company or the prior owners, operators or custodians of the properties may have generated and disposed of wastes which are or may be considered hazardous. There can be no assurance that the Company will not be required at some future date to incur significant costs to comply with environmental laws, or that its operations, business or assets will not be materially affected by current or future environmental laws.

The Company, its transportation operations and its properties are subject to extensive and frequently-changing federal, provincial, state, municipal and local environmental laws, regulations and requirements in both Canada and the United States relating to, among other things, air emissions, the management of contaminants, including hazardous substances and other materials (including the generation, handling, storage, transportation and disposal thereof), discharges and the remediation of environmental impacts (such as the contamination of soil and water, including ground water). A risk of environmental liabilities is inherent in transportation operations, historic activities associated with such operations and the ownership, management or control of real estate.

With respect to its waste management business, the Company may be subject to orders, fines, penalties or other legal actions relating to compliance with environmental laws and regulations, or to civil claims from parties alleging harm as a consequence of migrating contamination, odours, other releases in the environment or other environmental matters (including the acts or omissions of predecessor companies) for which the business may be responsible. The Company may also be subject to court challenges of its operating permits.

Environmental laws may authorize, among other things, federal, provincial, state and local environmental regulatory agencies to issue orders, bring administrative or judicial actions for violations of environmental laws and regulations or to revoke or deny the renewal of a permit. Potential penalties for such violations may include, among other things, civil and criminal monetary penalties, imprisonment, permit suspension or revocation, and injunctive relief. These agencies may also, among other things, revoke or deny renewal of the Company's operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations, and impose environmental assessment, removal of contamination, followup or control procedures.

Environmental Contamination. The Company may have liability for environmental contamination associated with its current or formerly-owned or leased waste management facilities as well as third-party facilities. If the Company incurs liability under applicable federal, state, provincial or local laws and regulations and if it cannot identify other parties which it can compel to contribute to its expenses and who are financially able to do so, it could have a material adverse effect on the Company's financial condition and results of operations.

The Company could be subject to orders and other legal actions and procedures brought by governmental or private parties in connection with environmental contamination, emissions or discharges. Any substantial liabilities associated with environmental contamination or emissions of pollutants generally, whether to federal, state, provincial or local environmental authorities or other parties, could have a material adverse effect on the Company's financial condition and results of operations.

Key Personnel. The future success of the Company will be based in large part on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current personnel or, in the event of their departure, to attract new personnel of equal quality.

Loan Default. The Company's current credit facilities and financing agreements impose certain covenant requirements. There is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations which could result in the Company being unable to pay dividends to shareholders, and in lenders realizing on their security and causing the Company to lose some or all of its assets. As at December 31, 2014, the Company was in compliance with all of its debt covenants and obligations.

Credit Facilities. The Company's credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favourable terms to the Company. The Company's ability to pay dividends to shareholders may be adversely affected if the Company is not able to renew its credit facilities or arrange refinancing, or if such renewal or refinancing, as the case may be, occurs on terms materially less favourable to the Company than at present.

Credit Risks. The Company provides services to clients primarily in Canada and the United States. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. Furthermore, no client accounted for more than 10% of the Company's total accounts receivable for the period ended on December 31, 2014.

Availability of Capital. The Company's future growth may be dependent on the Company's ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Company may be required to reduce dividends or sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, goodwill, intangible assets, identified assets and liabilities acquired in business combinations, other long-lived assets, income taxes, site restoration obligations and pension obligations. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions are recognized in the period in which the estimates are revised.

CHANGES IN ACCOUNTING POLICIES

Adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2014 and have been applied in preparing the consolidated financial statements:

Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*
IFRIC 21, *Levies*

These new standards did not have a significant impact on the Group's consolidated financial statements.

To be adopted in future periods

The following new standards and amendments to standard are not yet effective for the year ended December 31, 2014, and have not been applied in preparing the consolidated financial statements:

IFRS 9, *Financial Instruments*
IFRS 15, *Revenue from Contracts with Customers*
Amendments to IAS 19, *Employee Benefits*

Further information can be found in note 3 of the December 31, 2014 consolidated financial statements.

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' Regulation 52-109, the Company has filed certificates signed by the President and Chief Executive Officer ("CEO"), acting also as Chief Financial Officer, that, among other things, report on:

- his responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company; and
- the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure controls and procedures ("DC&P")

The CEO has designed DC&P, or has caused them to be designed under his supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO by others, particularly during the period in which the annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at December 31, 2014, an evaluation was carried out, under the supervision of the CEO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO concluded that the Company's DC&P were appropriately designed and were operating effectively as at December 31, 2014.

Internal controls over financial reporting ("ICFR")
The CEO has also designed ICFR, or has caused them to be designed under his supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2014, an evaluation was carried out, under the supervision of the CEO, of the design and operating effectiveness of the Company's ICFR. Based on this evaluation, the CEO concluded that the ICFR were appropriately designed and were operating effectively as at December 31, 2014, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (1992 framework).

Limitation on scope of design
The Company has limited the scope of its DC&P and ICFR to exclude controls, policies and procedures of some businesses acquired not more than 365 days before the last day of the period covered by the annual filing. The Company elected to exclude them from the scope of certification as allowed by NI 52-109. The Company intends to perform such testing within one year of acquisition.

The chart below presents the summary financial information included in the Company's consolidated financial statements for the excluded businesses:

	Vitran	Transport America	Contrans	Total
Statement of Financial Position				
Current assets	24,781	52,247	79,787	156,815
Non-current assets	158,694	408,564	596,860	1,164,118
Current liabilities	25,155	36,303	46,449	107,907
Non-current liabilities	52,071	306,608	107,927	466,606
Statement of Comprehensive Income				
Total revenue	156,092	194,787	72,292	423,171
Net income (loss)	2,525	5,018	(386)	7,157

Changes in internal controls over financial reporting
No changes were made to the Company's ICFR during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

MANAGEMENT'S RESPONSIBILITY

The consolidated financial statements of TransForce Inc. and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with International Financial Reporting Standards. They include some amounts that are based on management's best estimates and judgement. Financial information included elsewhere in the annual report is consistent with that in the financial statements.

The management of TransForce Inc. has developed and maintains an internal accounting system and administrative controls in order to provide reasonable assurance that the financial transactions are properly recorded and carried out with the necessary approval, and that the consolidated financial statements are properly prepared and the assets properly safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval by the Board of Directors.

These financial statements have been audited by the independent auditors, KPMG LLP, whose report follows.



Alain Bédard, FCPA, FCA
Chairman of the Board,
President and Chief Executive Officer
March 2, 2015

INDEPENDENT AUDITORS' REPORT
To the Shareholders of TransForce Inc.

We have audited the accompanying consolidated financial statements of TransForce Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 consolidated financial position of TransForce Inc. as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP*

March 2, 2015
Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A109612

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

(in thousands of Canadian dollars)

	Note	As at December 31 2014	As at December 31 2013
Assets			
Trade and other receivables	6	**598,277**	414,985
Inventoried supplies		**9,853**	6,424
Current taxes recoverable		**—**	7,511
Prepaid expenses		**27,642**	14,082
Derivative financial instruments	22	**174**	274
Assets held for sale		**—**	29,043
Current assets		**635,946**	472,319
Property and equipment	7	**1,185,067**	702,420
Intangible assets	8	**1,597,695**	850,711
Other assets	9	**14,464**	36,255
Deferred tax assets	14	**5,070**	2,591
Derivative financial instruments	22	**347**	306
Non-current assets		**2,802,643**	1,592,283
Total assets		**3,438,589**	2,064,602
Liabilities			
Bank indebtedness		**22,288**	9,437
Trade and other payables	10	**440,677**	308,578
Current taxes payable		**1,917**	—
Derivative financial instruments	22	**3,340**	822
Long-term debt	11	**294,887**	20,849
Current liabilities		**763,109**	339,686
Long-term debt	11	**1,322,855**	752,707
Employee benefits	12	**13,647**	12,553
Provisions	13	**35,296**	29,940
Derivative financial instruments	22	**3,254**	857
Deferred tax liabilities	14	**271,015**	138,042
Non-current liabilities		**1,646,067**	934,099
Total liabilities		**2,409,176**	1,273,785
Equity			
Share capital	15	**799,100**	577,993
Contributed surplus	15, 17	**14,333**	17,233
Equity component of convertible debentures		**—**	7,767
Accumulated other comprehensive income (loss)		**28,649**	25,526
Retained earnings		**187,331**	162,298
Equity attributable to owners of the Company		**1,029,413**	790,817
Operating leases, contingencies and guarantees	23		
Total liabilities and equity		**3,438,589**	2,064,602

The notes on pages 50 to 92 are an integral part of these consolidated financial statements.

On behalf of the Board:



Director

Alain Bédard



Director

Ronald D. Rogers

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2014 and 2013

(In thousands of Canadian dollars, except per share amounts)

	Note	2014	2013
Revenue		**3,262,534**	2,783,323
Fuel surcharge		**452,135**	326,323
		3,714,669	3,109,646
Materials and services expenses	18	**2,205,185**	1,766,455
Personnel expenses	18, 19	**872,156**	817,841
Other operating expenses	18	**230,697**	196,316
		3,308,038	2,780,612
Income before the following:		**406,631**	329,034
Depreciation of property and equipment	18	**112,957**	98,043
Amortization of intangible assets	18	**39,917**	37,853
Impairment of intangible assets	8, 18	**27,839**	63,113
Gain on sale of property and equipment	18	**(18,392)**	(16,215)
Gain on sale of assets held for sale	18	**(1,899)**	—
Gain on sale of business	18	**(1,403)**	—
Income from operating activities		**247,612**	146,240
Finance income	20	**(6,769)**	(1,783)
Finance costs	20	**72,718**	76,144
Net finance costs		**65,949**	74,361
Income before income tax		**181,663**	71,879
Income tax expense	21	**53,745**	9,522
Net income for the year attributable to owners of the Company		**127,918**	62,357
Other comprehensive income			
Items that may be reclassified to income or loss in future periods:			
Foreign currency translation differences		**46,996**	26,211
Net investment hedge, net of tax		**(38,453)**	—
Reclassification to income of accumulated unrealized gain on investment in equity securities, net of tax		**(5,420)**	—
Unrealized gain on investment in equity securities, net of tax		**—**	5,420
Items that may never be reclassified to income or loss in future periods:			
Defined benefit plan remeasurement (losses) gains, net of tax	12	**(1,993)**	2,867
Other comprehensive income for the year		**1,130**	34,498
Total comprehensive income for the year attributable to owners of the Company		**129,048**	96,855
Earnings per share			
Basic earnings per share	16	**1.29**	0.67
Diluted earnings per share	16	**1.26**	0.66

The notes on pages 50 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2014 and 2013

(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Equity component of convertible debentures	Accumulated foreign currency translation differences	Accumulated unrealized gain on investment in equity securities	Retained earnings	Total equity attributable to owners of the Company
Balance as at December 31, 2013		**577,993**	**17,233**	**7,767**	**20,106**	**5,420**	**162,298**	**790,817**
Net income for the year		**—**	**—**	**—**	**—**	**—**	**127,918**	**127,918**
Other comprehensive income (loss) for the year		**—**	**—**	**—**	**8,543**	**(5,420)**	**(1,993)**	**1,130**
Total comprehensive income (loss) for the year		**—**	**—**	**—**	**8,543**	**(5,420)**	**125,925**	**129,048**
Share-based payment transactions	17	**—**	**4,006**	**—**	**—**	**—**	**—**	**4,006**
Stock options exercised	15, 17	**5,624**	**(1,296)**	**—**	**—**	**—**	**—**	**4,328**
Warrants exercised	15	**24,469**	**(5,610)**	**—**	**—**	**—**	**—**	**18,859**
Conversion of convertible debentures	11, 15	**207,695**	**—**	**(7,516)**	**—**	**—**	**—**	**200,179**
Dividends to owners of the Company	15	**—**	**—**	**—**	**—**	**—**	**(60,412)**	**(60,412)**
Repurchase of own shares	15	**(16,681)**	**—**	**—**	**—**	**—**	**(40,731)**	**(57,412)**
Transactions with owners, recorded directly in equity		**221,107**	**(2,900)**	**(7,516)**	**—**	**—**	**(101,143)**	**109,548**
Repurchase of convertible debentures	11	**—**	**—**	**(251)**	**—**	**—**	**251**	**—**
Balance as at December 31, 2014		**799,100**	**14,333**	**—**	**28,649**	**—**	**187,331**	**1,029,413**
Balance as at December 31, 2012		556,099	8,528	8,733	(6,105)	—	160,110	727,365
Net income for the year		—	—	—	—	—	62,357	62,357
Other comprehensive income (loss) for the year		—	—	—	26,211	5,420	2,867	34,498
Total comprehensive income (loss) for the year		—	—	—	26,211	5,420	65,224	96,855
Share-based payment transactions	17	—	4,147	—	—	—	—	4,147
Stock options exercised	15, 17	5,519	(1,292)	—	—	—	—	4,227
Stock warrants exercised	15	654	(150)	—	—	—	—	504
Conversion of convertible debentures		21,512	—	(966)	—	—	—	20,546
Dividends to owners of the Company	15	—	—	—	—	—	(49,589)	(49,589)
Repurchase of own shares	15	(5,791)	—	—	—	—	(13,447)	(19,238)
Transactions with owners, recorded directly in equity		21,894	2,705	(966)	—	—	(63,036)	(39,403)
Issuance of warrants	5 a)	—	6,000	—	—	—	—	6,000
Balance as at December 31, 2013		577,993	17,233	7,767	20,106	5,420	162,298	790,817

The notes on pages 50 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2014 and 2013

(In thousands of Canadian dollars)

	Note	2014	2013
Cash flows from operating activities			
Net income for the year		**127,918**	62,357
Depreciation of property and equipment	7	**112,957**	98,043
Amortization of intangible assets	8	**39,917**	37,853
Impairment of intangible assets	8	**27,839**	63,113
Share-based payment transactions	17	**4,006**	4,147
Net finance costs	20	**65,949**	74,361
Income tax expense	21	**53,745**	9,522
Gain on sale of property and equipment		**(18,392)**	(16,215)
Gain on sale of assets held for sale		**(1,899)**	—
Gain on sale of business		**(1,403)**	—
Others		**(4,846)**	(2,649)
		405,791	330,532
Net change in non-cash operating working capital		**20,544**	39,382
Cash generated from operating activities		**426,335**	369,914
Interest paid		**(52,820)**	(43,130)
Income tax paid		**(67,682)**	(92,505)
Net realized (loss) gain on derivatives		**(839)**	1,507
Net cash from operating activities		**304,994**	235,786
Cash flows used in investing activities			
Additions to property and equipment		**(89,172)**	(75,042)
Proceeds from sale of property and equipment		**88,170**	64,147
Proceeds from sale of assets held for sale		**31,745**	—
Additions to intangible assets	8	**(1,438)**	(3,623)
Business combinations, net of cash acquired	5 a)	**(838,281)**	(57,327)
Proceeds from sale of business		**4,146**	—
Others		**(90)**	(13,313)
Net cash used in investing activities		**(804,920)**	(85,158)
Cash flows from (used in) financing activities			
Increase (decrease) in bank indebtedness		**11,404**	(16,144)
Proceeds from long-term debt		**949,983**	28,757
Repayment of long-term debt		**(370,675)**	(100,629)
Dividends paid		**(56,561)**	(48,105)
Repurchase of own shares		**(57,412)**	(19,238)
Proceeds from exercise of share options		**4,328**	4,227
Proceeds from exercise of warrants	15	**18,859**	504
Net cash from (used in) financing activities		**499,926**	(150,628)
Net change in cash and cash equivalents		**—**	—
Cash and cash equivalents, beginning of year		**—**	—
Cash and cash equivalents, end of year		**—**	—

The notes on pages 50 to 92 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

TransForce Inc. (the "Company") is incorporated under the *Canada Business Corporations Act*, and is a company domiciled in Canada. The address of the Company's registered office is 8801 Trans-Canada Highway, Suite 500, Montreal, Quebec, H4S 1Z6.

The consolidated financial statements of the Company as at and for the years ended December 31, 2014 and December 31, 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is involved in the provision of transportation and logistics services across Canada and the United States.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on March 2, 2015.

b) Basis of measurement

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

- investment in equity securities, derivative financial instruments and contingent considerations are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value in accordance with IFRS-2;
- the defined benefit pension plan liability is recognized as the net total of the present value of the defined benefit obligation less the fair value of the plan assets; and
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("C$" or "CDN$"), which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, goodwill, intangible assets, identified assets and liabilities acquired in business combinations, other long-lived assets, income taxes, site restoration obligations and pension obligations. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 – Establishing the fair value of assets and liabilities, intangible assets and goodwill related to business combinations;

Note 8 – Determining estimates and assumptions related to impairment tests for long-lived assets and goodwill;

Note 13 and 23 – Recognition and measurement of provisions and contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

a) Basis of consolidation

i) Business combinations

The Group measures goodwill as the fair value of the consideration transferred including the fair value of liabilities resulting from contingent consideration arrangements, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at fair value as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in income or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Group.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency translation

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in effect at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the rate in effect on the transaction date. Income and expense items denominated in foreign currency are translated at the date of the transactions. Gains and losses are included in income or loss.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on business combinations, are translated to Canadian dollars at exchange rates in effect at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rate in effect during the reporting period.

Foreign currency differences are recognized in other comprehensive income in the accumulated foreign currency translation differences account.

When a foreign operation is disposed of, the relevant amount in the cumulative amount of foreign currency translation differences is transferred to income or loss as part of the income or loss on disposal. On the partial disposal of a subsidiary while retaining control, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Foreign currency translation (continued)

ii) Foreign operations (continued)

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the accumulated foreign currency translation differences account.

c) Financial instruments

i) Non-derivative financial assets and liabilities

The Group initially recognizes loans and receivables, investment in equity securities, debt issued, and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets designated at fair value through income or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has classified non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an available-for-sale financial asset is derecognized, the gain or loss accumulated in the fair value reserve is reclassified to income or loss. The Group's available-for-sale financial assets comprise only of quoted equity securities, which are included in other assets.

The Group has the following non-derivative financial liabilities: bank indebtedness, trade and other payables, and long-term debt. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial instruments (continued)

ii) Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

iii) Compound financial instrument

Compound financial instruments issued by the Group comprise convertible debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair 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.

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 related to the financial liability is recognized in income or loss. On conversion, the financial liability is reclassified to equity with no gain or loss recognized in income or loss.

iv) Derivative financial instruments

The Group uses derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through income or loss.

Derivatives and embedded derivatives are recognized initially at fair value; related transaction costs are recognized in income or loss as incurred. Subsequent to initial recognition, derivatives and embedded derivatives are measured at fair value, and changes therein are recognized in net change in fair value of foreign exchange derivatives in income or loss with the exception of net change in fair value of cross currency interest rate swap contracts recognized in net foreign exchange gain or loss in income or loss.

d) Hedge accounting

Effective July 3, 2014, the Group designated a portion of its U.S. dollar ("US$") denominated debt as a hedging item in a net investment hedge. The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (CDN$), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the currency translation differences account within equity. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property and equipment

Property and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, the costs of dismantling and removing the assets and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation method and useful lives are as follows:

Categories	Basis	Useful lives
Buildings	Straight-line	15 – 40 years
Rolling stock	Primarily straight-line	3 – 20 years
Furniture and equipment	Primarily straight-line	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment in accordance with IAS 36 *Impairment of Assets* when there are indicators that the carrying value may not be recoverable.

f) Intangible assets

i) Goodwill

Goodwill that arises upon business combinations is included in intangible assets.

Goodwill is not amortized and is measured at cost less accumulated impairment losses.

ii) Other intangible assets

Intangible assets consist of customer relationships, trademarks, non-compete agreements and permits, and information technology.

Other intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the following estimated useful lives:

Categories	Useful lives
Customer relationships	5 – 15 years
Trademarks	5 – 20 years
Non-compete agreements and permits	3 – 40 years
Information technology	5 – 7 years

Useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Leased assets

i) Other than landfill leases

Leases in terms of which the Group 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 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.

Other leases are operating leases and the leased assets are not recognized in the Group's statements of financial position.

ii) Landfill leases

From operating prospective, leased landfills are similar to owned landfills because generally the Group owns the landfill's operating permit and will operate the landfill for the entire lease term, which in many cases is the life of the landfill. As a result, landfill leases are generally finance leases. The most significant portion of the rental obligations for landfill leases is contingent upon operating factors such as disposal volumes. When contractual minimum annual rental obligation is higher than annual rent obligation based on volume, the difference is recorded as a prepaid as it decreases future payments. For landfill capital leases that provide for minimum contractual rental obligations, the landfill asset is recorded at the present value of the minimum obligation and is amortized on a unit-of-production method over the shorter of the lease term or the life of the landfill.

h) Inventoried supplies

Inventoried supplies consist primarily of repair parts and fuel and are measured at the lower of cost and net realizable value.

i) Impairment

i) Financial assets

A financial asset not carried at fair value through income 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 had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 income or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventoried supplies and deferred tax assets 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 goodwill, the recoverable amount is estimated on December 31 of each year.

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 (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs (usually a Group's operating segment), that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or 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 or group of assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment (continued)

ii) Non-financial assets (continued)

The Group'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 recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) 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. Impairment losses and impairment reversals are recognized in income or loss.

j) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probably that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in income or loss.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortized or depreciated.

k) Employee benefits

i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in income or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to 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 in the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Employee benefits (continued)

ii) Defined benefit plans (continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or income-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iv) Share-based payment transactions

The grant date fair value of equity share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in contributed surplus, 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 conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

The fair value of the amount payable to board members in respect of deferred share unit ("DSU"), which are to be settled in cash, is recognized as an expense with a corresponding increase in liabilities. The liability is remeasured at each reporting date until settlement. Any changes in the fair value of the liability are recognized as finance income or costs in income or loss.

v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be fully settled within 12 months of the end of the reporting period, then they are discounted.

l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognized as finance cost.

Site restoration

Site restoration obligations are recognized in the period in which the Group has a legal or constructive obligation to restore the environment or dismantle an asset. Site restoration obligations are measured based on management's best estimate of the expenditures that will be made to settle the obligation, in accordance with the general requirements for provisions. The associated costs are capitalized as part of the carrying value of the related asset and depreciated over its remaining useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Revenue recognition

The Group's normal business operations consist of the provision of transportation and logistics services. All income relating to normal business operations is recognized as revenue based on the stage of completion of the service in the statements of comprehensive income. The stage of completion of the service is determined using the proportion of costs incurred to date compared to the estimated total costs of the service. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue is recognized as services are rendered, when the amount of revenue and income can be reliably measured and in all probability the economic benefits from the transactions will flow to the Group.

n) Lease payments

Payments made under operating leases are recognized in income or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

o) Finance income and finance costs

Finance income comprises interest income on funds invested, available-for-sale financial assets, dividend income, and bargain purchase gains on business acquisitions. Interest income is recognized as it accrues in income or loss, using the effective interest method.

Finance costs comprise interest expense on bank indebtedness and long-term debt, unwinding of the discount on provisions and impairment losses recognized on financial assets (other than trade receivables).

Fair value gains or losses on derivative financial instruments and on contingent considerations, and foreign currency gains and losses are reported on a net basis as either finance income or cost.

p) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if any. Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible debentures, warrants, and restricted share units and stock options granted to employees.

r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief executive officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, income tax assets, liabilities and expenses, as well as long-term debt and interest expense thereon.

Sales between Group's segments are measured at the exchange amount. Transactions, other than sales, are measured at carrying value. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

s) New standards and interpretations adopted during the year

The Group has adopted the following new standards, and amendments to standards and interpretations, with a date of initial application of January 1, 2014 and have been applied in preparing these consolidated financial statements:

Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*, clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. Adoption of amendments to IAS 32 did not have a material impact on the Group's consolidated financial statements.

IFRIC Interpretation 21 - Levies ("IFRIC 21") provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12, Income Taxes and fines or other penalties imposed for breaches of the legislation. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 adoption did not have a material impact on the Group's consolidated financial statements.

t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) New standards and interpretations not yet adopted (continued)

IFRS 9, *Financial Instruments*, which will replace IAS 39, *Financial Instruments: Recognition and Measurement,* and will become mandatorily effective for annual periods beginning on or after January 1, 2018. The complete standard was issued in July 2014, and the Group does not intend to early adopt the standard in its consolidated financial statements. IFRS 9 provides revised guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for calculating impairment. IFRS 9 (2014) also incorporates the final general hedge accounting requirements originally published in IFRS 9 (2013). The Group intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, and will become effective for annual periods beginning on or after January 1, 2017. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Group intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

Amendments to IAS 19, *Employee Benefits*, introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When employee contributions are eligible for the practical expedient, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. For companies that cannot (or decide not to) apply the practical expedient, the amendments clarify how service-linked contributions from employees or third parties should be included in determining net current service cost and the defined benefit obligation. The Group intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of the amendments has not yet been determined.

4. SEGMENT REPORTING

The Group operates within the transportation and logistics industry in Canada and the United States in different reportable segments, as described below. Effective April 1, 2014, the composition of reportable segments has been modified to reflect the changes in the structure of the Group's internal organisation. The newly adopted presentation continues to show separately the operating segments that are managed independently as they require different technology and capital resources. In addition, current presentation reflects the nature of services for all of the operating segments whereas prior presentation for the Specialized Services – services to the energy sector operating segment was mainly based on the type of customer. Group's management believes that newly adopted presentation better enables users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

As a result of modifications to the composition of its operating segments on April 1st, 2014, the Group's goodwill allocated to its operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, had to be reallocated based on the relative values of the cash-generating units affected by the modifications.

Following the reallocation of its goodwill, the Group performed a goodwill impairment test on the rig moving services operating segment and the results determined that the carrying value of the Group's rig moving services operating segment exceeded its recoverable amount, requiring the complete depreciation of this segment's goodwill in the amount of $27.8 million.

When the Group changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for the comparative period is recasted to conform to the new structure.

4. SEGMENT REPORTING (CONTINUED)

For each of the operating segments, the Group's CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Package and Courier:	Pickup, transport and delivery of items across North America.
Less-Than-Truckload:	Pickup, consolidation, transport and delivery of smaller loads.
Truckload:	Full loads carried directly from the customer to the destination using a closed van or specialized equipment to meet customer's specific needs. Includes expedited transportation, flatbed, container and dedicated services.
Waste Management:	Services for integrated residual materials management, ranging from collection to disposal, through conversion and recycling, to meet specific needs of its clients in municipal, industrial, commercial and institutional sectors.
Logistics and Other Services:	Logistics services and rig moving services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment income before interest and income tax ("EBIT"), as finance income or costs and income tax are not allocated to reportable segments. This measure is included in the internal management reports that are reviewed by the Group's CEO and refers to "Income from operating activities" in the consolidated statements of comprehensive income. Segment's EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Package and Courier	Less-Than-Truckload	Truckload	Waste Management	Logistics and Other Services	Corporate	Eliminations	Total
2014								
External revenue	**1,297,069**	**902,471**	**1,021,907**	**195,807**	**297,415**	**—**	**—**	**3,714,669**
Inter-segment revenue	**6,699**	**8,339**	**40,635**	**—**	**9,075**	**—**	**(64,748)**	**—**
Total revenue	**1,303,768**	**910,810**	**1,062,542**	**195,807**	**306,490**	**—**	**(64,748)**	**3,714,669**
Depreciation and amortization	**35,370**	**33,121**	**48,815**	**21,063**	**13,052**	**1,453**	**—**	**152,874**
Impairment	**—**	**—**	**—**	**—**	**27,839**	**—**	**—**	**27,839**
Income (loss) from operating activities	**91,225**	**61,092**	**84,851**	**43,226**	**(5,837)**	**(26,945)**	**—**	**247,612**
Intangible assets	**412,661**	**225,479**	**792,358**	**121,215**	**43,508**	**2,474**	**—**	**1,597,695**
Total assets	**645,894**	**705,974**	**1,574,503**	**313,201**	**186,342**	**12,675**	**—**	**3,438,589**
Total liabilities	**150,531**	**246,305**	**573,749**	**81,569**	**(2,401)**	**1,359,423**	**—**	**2,409,176**
Capital expenditures	**21,876**	**11,740**	**34,499**	**33,795**	**243**	**920**	**—**	**103,073**

4. SEGMENT REPORTING (CONTINUED)

	Package and Courier	Less-Than-Truckload	Truckload	Waste Management	Logistics and Other Services	Corporate	Eliminations	Total
2013 (recasted)								
External revenue	1,271,615	640,293	649,618	156,778	391,342	—	—	3,109,646
Inter-segment revenue	5,848	9,369	34,943	—	12,402	—	(62,562)	—
Total revenue	1,277,463	649,662	684,561	156,778	403,744	—	(62,562)	3,109,646
Depreciation and amortization	35,221	27,523	24,363	18,491	29,398	900	—	135,896
Impairment	—	—	—	—	63,113	—	—	63,113
Income (loss) from operating activities	80,302	40,849	54,405	40,427	(56,404)	(13,339)	—	146,240
Intangible assets	397,608	92,840	167,998	122,435	67,148	2,682	—	850,711
Total assets	632,322	478,381	400,399	259,645	254,573	39,282	—	2,064,602
Total liabilities	145,160	137,973	84,173	50,624	46,423	809,432	—	1,273,785
Capital expenditures	14,428	21,631	12,184	25,597	2,059	892	—	76,791

Geographical information

Revenue is attributed to geographical locations based on the origin of service's location. Segment assets are based on the geographical location of the assets.

	2014	2013
Revenue		
Canada	**2,523,632**	2,174,773
United States	**1,191,037**	934,873
	3,714,669	3,109,646
Property and equipment and intangible assets		
Canada	**2,075,320**	1,243,286
United States	**707,442**	309,845
	2,782,762	1,553,131

5. BUSINESS COMBINATIONS

a) Business combinations

In line with the Group's growth strategy, the Group acquired six businesses during 2014, of which four are considered significant.

On January 1, 2014, the Group acquired all of the issued and outstanding shares of Clarke Transport Inc. and of Clarke Road Transport Inc. (together referred to as ''Clarke''), two subsidiaries of Clarke Inc., for an aggregate consideration of $58.4 million which was paid in cash. Clarke Transport Inc., a fully integrated provider of LTL intermodal transportation services, operates a network of 15 terminals across Canada. Clarke Road Inc. offers regular and specialized TL transportation services.

5. BUSINESS COMBINATIONS (CONTINUED)

a) Business combinations (continued)

On March 26, 2014, the Group completed the acquisition of 100% of Vitran Corporation Inc. (''Vitran''), a fully integrated provider of LTL intermodal transportation services, by acquiring the remaining 81% of Vitran previously not owned by the Group for consideration of US $6.50 in cash per share. The pre-tax unrealized gain on previously owned shares of Vitran totalling $6.2 million was reclassified from other comprehensive income and is presented in finance costs in the consolidated statements of comprehensive income.

On July 3, 2014, the Group completed the acquisition of the entire share capital of Transport Corporation of America Inc. (''Transport America'') for an aggregate consideration of $164.2 million which was paid in cash. Transport America provides an integrated offering of dry-van TL transportation services across the United States. It offers a wide array of short and long haul freight carriage, expedited and dedicated shipping services, as well as international and intermodal services through various partners.

On November 14, 2014, the Group acquired control of Contrans Group Inc. ("Contrans") through the purchase of 84% of its shares (the remaining 16% was acquired during the remainder of 2014) for $14.60 per share for an aggregate consideration of $514.9 million which was paid in cash. The largest specialized truckload company in Canada, Contrans will strengthen TransForce's market position in North America. The transaction has been financed with $550 million of new credit facilities.

The other 2014 acquisitions did not have a material effect on the Group's financial position and results of operations.

During 2014, transaction costs of $8.9 million have been expensed in relation to the above-mentioned business acquisitions, $4.7 million of which was recorded in other operating expenses and $4.2 million in finance costs in the consolidated statements of comprehensive income.

The following table provides the revenue and profit contributions of the above 2014 significant business combinations from their respective date of acquisition and as if these acquisitions had occurred on January 1, 2014, per management's best estimates. In determining these estimated amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2014.

Significant 2014 business combination contributions

	From acquisition date		Estimated - if acquired on January 1, 2014	
Business (acquisition date)	Revenue	Profit (Loss)	Revenue	Profit (Loss)
Clarke (January 1)	194,914	6,173	194,914	6,173
Vitran (March 26)	156,092	2,525	196,900	500
Transport America (July 3)	194,787	5,018	383,400	5,400
Contrans (November 14)	72,292	(386)	605,000	22,900

As of the reporting date, the Group has not completed the purchase price allocation over the identifiable net assets and goodwill of Transport America and Contrans. Information to confirm fair value of certain assets and liabilities is still to be obtained for these acquisitions. As the Group obtains more information, the allocation will be completed. The table below presents the purchase price allocation based on the best available information to the Group to date.

5. BUSINESS COMBINATIONS (CONTINUED)

a) Business combinations (continued)

Identifiable assets acquired and liabilities assumed

	Note	Clarke	Vitran	Transport America	Contrans	Others	**2014**	2013
Cash and cash equivalents (bank indebtedness)		96	6,109	(1,645)	35,281	6	**39,847**	(4,168)
Trade and other receivables		25,215	25,409	46,681	87,947	2,996	**188,248**	31,933
Inventoried supplies and prepaid expenses		945	1,150	4,120	8,389	400	**15,004**	2,652
Property and equipment	7	12,749	96,086	178,195	227,481	24,262	**538,773**	13,836
Intangible assets	8	40,747	51,136	82,448	110,600	7,768	**292,699**	24,750
Other assets		—	—	—	—	—	**—**	2,462
Trade and other payables		(14,615)	(26,715)	(37,031)	(50,259)	(2)	**(128,622)**	(21,902)
Provisions		—	—	—	—	—	**—**	(548)
Long-term debt		(41,275)	(54,921)	(164,189)	(116,151)	(809)	**(377,345)**	(24,008)
Deferred tax liabilities		(12,383)	(17,597)	(70,944)	(49,055)	(1,922)	**(151,901)**	(6,146)
Total identifiable net assets		11,479	80,657	37,635	254,233	32,699	**416,703**	18,861
Total consideration transferred		58,366	117,894	164,157	514,896	45,479	**900,792**	59,159
Goodwill	8	46,887	37,237	126,522	260,663	12,780	**484,089**	40,298
Cash		58,366	95,230	164,157	514,896	45,479	**878,128**	53,159
Investment in equity securities of Vitran already owned		—	22,664	—	—	—	**22,664**	—
Issuance of warrants		—	—	—	—	—	—	6,000
Total consideration transferred		58,366	117,894	164,157	514,896	45,479	**900,792**	59,159

The trade receivables comprise gross contractual amounts due of $166.5 million, of which $7.1 million was expected to be uncollectible at the acquisition date.

Of the goodwill and intangible assets acquired through business combinations in 2014, $26.5 million is deductible for tax purposes (2013 - $41.9 million).

During 2013, the Group acquired four businesses, of which two were considered significant.

On February 1, 2013, the Group acquired 100% of the issued and outstanding shares of Velocity Express ("Velocity") and its subsidiaries for an aggregate consideration of $22.8 million. Of that consideration, $16.8 million was paid in cash and the Company issued 1,000,000 warrants having a fair value, at acquisition date, of $6.0 million in favor of the sellers. Velocity is an important provider of customized, same-day regional delivery solutions, offering an extended range of services in delivering packages of any size within the United States.

5. BUSINESS COMBINATIONS (CONTINUED)

a) Business combinations (continued)

On August 21, 2013, the Group acquired 100% of the issued and outstanding shares of JCF Inc. and its subsidiary, E.L. Farmer & Company (together referred to as "E.L. Farmer") for a total consideration of $33.0 million, which was paid in cash. E.L. Farmer is a dedicated provider of pipe storage and hauling services for the oilfield industry within the United States.

The other 2013 acquisitions did not have a material effect on the Group's financial position and results of operations.

During 2013, transaction costs of $0.1 million have been expensed in relation to the above-mentioned business acquisitions and are presented in other operating expenses in the consolidated statements of comprehensive income.

b) Goodwill

The goodwill is attributable mainly to the premium of an established business operation with a good reputation in the transportation industry, and the synergies expected to be achieved from integrating the acquired entity into the Group's existing business.

The goodwill arising in the above business combinations has been allocated to operating segments as indicated in the table below, which represents the lowest level at which goodwill is monitored internally.

Operating segment	Reportable segment	**2014**	2013
Package and Courier	Package and Courier	**12,783**	31,150
Less-Than-Truckload	Less-Than-Truckload	**66,361**	—
Truckload	Truckload	**141,806**	—
Specialized Truckload	Truckload	**260,663**	9,148
Logistics Services	Logistics and Other Services	**2,476**	—
		484,089	40,298

6. TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	**573,034**	396,943
Other receivables	**25,243**	18,042
	598,277	414,985

The Group's exposure to credit and currency risks related to trade and other receivables is disclosed in note 22.

7. PROPERTY AND EQUIPMENT

	Land and buildings	Rolling stock	Furniture and equipment	Total
Cost				
Balance at December 31, 2012	383,362	755,348	170,871	1,309,581
Additions through business combinations	3,687	8,098	2,051	13,836
Other additions	17,597	42,320	16,874	76,791
Disposals	(28,982)	(94,239)	(3,569)	(126,790)
Reclassification to assets held for sale	—	(59,380)	—	(59,380)
Effect of movements in exchange rates	698	9,416	829	10,943
Balance at December 31, 2013	**376,362**	**661,563**	**187,056**	**1,224,981**
Additions through business combinations	**183,898**	**343,907**	**10,968**	**538,773**
Other additions	**10,479**	**59,139**	**33,455**	**103,073**
Disposals	**(45,997)**	**(56,767)**	**(6,206)**	**(108,970)**
Reclassification to assets held for sale	**—**	**(9,962)**	**—**	**(9,962)**
Effect of movements in exchange rates	**2,190**	**25,554**	**1,422**	**29,166**
Balance at December 31, 2014	**526,932**	**1,023,434**	**226,695**	**1,777,061**
Depreciation				
Balance at December 31, 2012	59,987	390,094	78,456	528,537
Depreciation for the year	9,887	66,822	21,334	98,043
Disposals	(4,068)	(71,733)	(1,172)	(76,973)
Reclassification to assets held for sale	—	(30,337)	—	(30,337)
Effect of movements in exchange rates	168	2,808	315	3,291
Balance at December 31, 2013	**65,974**	**357,654**	**98,933**	**522,561**
Depreciation for the year	**11,034**	**79,408**	**22,515**	**112,957**
Disposals	**(2,061)**	**(31,745)**	**(5,386)**	**(39,192)**
Reclassification to assets held for sale	**—**	**(9,783)**	**—**	**(9,783)**
Effect of movements in exchange rates	**454**	**4,270**	**727**	**5,451**
Balance at December 31, 2014	**75,401**	**399,804**	**116,789**	**591,994**
Net carrying amounts				
At December 31, 2013	310,388	303,909	88,123	702,420
At December 31, 2014	**451,531**	**623,630**	**109,906**	**1,185,067**

There were no impairment losses during 2014 and 2013.

Leased assets

The Group leases items of rolling stock and equipment under a number of finance lease agreements. For the majority of these leases, the Group is responsible for the residual value on termination date. The leased assets secure lease obligations (see note 11). At December 31, 2014, the net carrying amount of leased assets was $71.4 million (2013 - $9.1 million). During the year ended December 31, 2014, the Group acquired leased assets in the amount of $ nil (2013 – $1.0 million) under finance lease agreements and all other new leased assets come from business acquisitions.

7. PROPERTY AND EQUIPMENT (CONTINUED)

Security

At December 31, 2014 certain rolling stock are pledged as security for conditional sales contracts, with a carrying amount of $84.8 million (2013 - $62.4 million) (see note 11).

8. INTANGIBLE ASSETS

			Other intangible assets				
Net carrying amounts	Note	Goodwill	Customer relationships	Trademarks	Non-compete agreements and permits	Information technology	Total
Balance at December 31, 2012		566,898	154,339	26,326	104,368	13,865	865,796
Additions through business combinations		40,298	23,692	1,000	—	58	65,048
Other additions		—	—	—	—	3,623	3,623
Amortization		—	(27,086)	(2,304)	(4,559)	(3,904)	(37,853)
Impairment		(3,800)	(58,201)	(245)	(809)	(58)	(63,113)
Effect of movements in exchange rates		9,681	6,314	829	62	324	17,210
Balance at December 31, 2013		**613,077**	**99,058**	**25,606**	**99,062**	**13,908**	**850,711**
Additions through business combinations		**484,089**	**255,219**	**34,999**	**1,682**	**799**	**776,788**
Other additions		**—**	**—**	**—**	**—**	**1,438**	**1,438**
Disposition on sale of business		**(934)**	**—**	**—**	**—**	**(39)**	**(973)**
Amortization		**—**	**(27,176)**	**(4,069)**	**(4,199)**	**(4,473)**	**(39,917)**
Impairment	4	**(27,839)**	**—**	**—**	**—**	**—**	**(27,839)**
Effect of movements in exchange rates		**25,106**	**9,385**	**2,594**	**14**	**388**	**37,487**
Balance at December 31, 2014		**1,093,499**	**336,486**	**59,130**	**96,559**	**12,021**	**1,597,695**

As at December 31, 2014, the cost of other intangible assets is $608.5 million (2013 – $338.9 million) and the accumulated amortization is $104.3 million (2013 – $101.3 million).

In December 2013, the Group closed its two remaining terminals of the Canadian rig moving business and ceased operations. As a result, an $8.4 million pre-tax charge was recorded in the statement of comprehensive income. The amount is composed of closing costs of $2.7 million, write-off of intangible assets of $1.9 million and a write-off of goodwill related to the rig moving services operating segment of $3.8 million.

As a result of sustained commodity price weakness of natural gas that negatively impacted expectations of industry activity levels and structural operating changes which lead to lower rig moving service activity provided by the Group, Management concluded that, per the requirements IFRS, a triggering event had occurred and an impairment test of the intangible assets related to the U.S. rig moving operation was performed as at December 31, 2013. As a result, a pre-tax impairment charge of $57.4 million was recorded in the consolidated statement of comprehensive income.

8. INTANGIBLE ASSETS (CONTINUED)

Goodwill impairment test

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Reportable segment / operating segment	**2014**	2013*
Package and Courier	**328,730**	306,250
Less-Than-Truckload	**135,805**	70,773
Truckload		
Truckload	**196,737**	43,426
Specialized Truckload	**371,903**	107,097
Waste Management	**22,369**	22,369
Logistics and Other Services		
Logistics Services	**37,955**	36,372
Rig Moving Services	**—**	26,790
	1,093,499	613,077

* Recasted - Note 4

The Group performed its goodwill impairment tests as at December 31, 2014 and 2013. The results determined that the recoverable amounts of the Group's operating segments exceeded their respective carrying amounts.

The recoverable amount of the Group's operating segment was determined using the value in use. The value in use methodology is based on discounted future cash flows. Management believes that the discounted future cash flows method is valuable as it allows more precise valuation of specific future cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates ranging between 7.0% and 11.6% (2013 – 8.5% and 12.6%). The discount rates were estimated based on past experience, and industry average weighted average cost of capital, which were based on a possible range of debt leveraging of 50.0% (2013 – 40.0%) at a market interest rate of 7.1% (2013 – 8.7%). First year cash flows were projected based on past experience actual operating results and reflects current economic conditions. For a further 4-year period, cash flows were extrapolated using an average growth rate of 2.0% (2013 – 2.0%) in revenues and margins were adjusted where deemed appropriate. The terminal value growth rate was 2.0% (2013 – 2.0%). The values assigned to the key assumptions represent management's assessment of future trends in the transportation industry and was based on both external and internal sources (historical data).

9. OTHER ASSETS

	2014	2013
Restricted cash	**7,702**	7,419
Security deposits	**6,001**	5,238
Others	**761**	934
Investment in equity securities	**—**	22,664
	14,464	36,255

Restricted cash consists of cash held as potential claims collateral pursuant to re-insurance agreements under the Group's insurance program and as security on site restoration obligations.

10. TRADE AND OTHER PAYABLES

	2014	2013
Trade payables and accrued expenses	**327,705**	220,100
Personnel accrued expenses	**95,577**	74,934
Dividend payable	**17,395**	13,544
	440,677	308,578

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

11. LONG-TERM DEBT

This note provides information about the contractual terms of the Group's interest-bearing long-term debt, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign exchange currency and liquidity, see note 22.

	2014	2013
Non-current liabilities		
Revolving facility	**787,150**	388,370
Unsecured debentures	**124,636**	124,504
Conditional sales contracts	**31,801**	32,406
Finance lease liabilities	**35,252**	4,379
Other long-term debt	**46,493**	6,299
Term Loan	**297,523**	—
Convertible debentures	**—**	196,749
	1,322,855	752,707
Current liabilities		
Current portion of conditional sales contracts	**26,249**	16,924
Current portion of finance lease liabilities	**15,945**	2,113
Current portion of other long-term debt	**3,271**	1,812
Current portion of the term loan	**249,422**	—
	294,887	20,849

11. LONG-TERM DEBT (CONTINUED)

Terms and conditions of outstanding long-term debt were as follows:

					2014		2013	
		Currency	Nominal interest rate	Year of maturity	**Face value**	**Carrying amount**	Face value	Carrying amount
Term Loan	a	C$	BA + 2.15%	2015-2016	**300,000**	**298,649**	—	—
Term Loan	a	US$	Libor + 2.15%	2015-2016	**215,000**	**248,296**	—	—
Revolving facility	a	C$	BA + 2.15%	2017	**29,788**	**29,788**	—	—
Revolving facility	a	US$	Libor + 2.15%	2017	**654,909**	**757,362**	—	—
Revolving facility (refinanced)	a	C$	BA + 1.70%	2016	**—**	**—**	3,800	3,800
Revolving facility (refinanced)	a	US$	Libor + 1.70%	2016	**—**	**—**	363,951	384,570
Unsecured debentures	b	C$	6.85%	2017	**125,000**	**124,636**	125,000	124,504
Conditional sales contracts	c	Mainly C$	2.55% - 7.78%	2015-2019	**58,050**	**58,050**	49,330	49,330
Finance lease liabilities	d	Mainly C$	2.56% - 7.76%	2015-2020	**51,197**	**51,197**	6,492	6,492
Other long-term debt		Mainly C$	3.60% - 7.49%	2015-2020	**49,764**	**49,764**	8,111	8,111
Convertible debentures	e	C$	5.65%	2018	**—**	**—**	84,773	80,098
Convertible debentures	e	C$	6.00%	2015	**—**	**—**	122,107	116,651
						1,617,742		773,556

a) Credit facility

On June 18, 2014, the Group amended and extended its existing revolving facility to August 2017. The facility is unsecured and can be extended annually. The total available amount under the revolving facility was increased by $245 million to $1,045 million. The agreement still provides, under certain conditions, additional $250 million of credit availability. Based on certain ratios, the interest rate will vary between banker's acceptance rate (or Libor rate on US$ denominated debt) plus applicable margin, which can vary between 125 basis points and 275 basis points. As of December 31, 2014, the credit facility's interest rate on CAD denominated debt was 3.4% and on US$ denominated debt was 2.3%. The Group is subject to certain covenants regarding the maintenance of financial ratios and was in compliance with these covenants at year-end (see note 22 f)).

On September 17, 2014, the Group entered into an agreement with its bank syndicate for a new $550 million unsecured acquisition credit facility (term loan) of which $250 million (US $215 million) matures in November 2015 and $300 million matures in November 2016. The terms and conditions are similar to the current credit facility.

b) Unsecured debentures

Loan agreement with Solidarity Fund QFL is in a form of 6.85% unsecured debentures with a November 2017 maturity date. The debentures may be repaid, without penalty, after November 30, 2015, subject to the approval of the Group's syndicate of bank lenders.

c) Conditional sales contracts

Conditional sales contracts are secured by rolling stock having a carrying value of $84.8 million (2013 - $62.4 million) (see note 7).

11. LONG-TERM DEBT (CONTINUED)

d) Finance lease liabilities

Finance lease liabilities are secured by rolling stock and equipment having a carrying value of $71.4 million (2013 - $9.1 million) (see note 7).Finance lease liabilities are payable as follows:

	Less than 1 year	1 to 5 years	More than 5 years	Total
Future minimum lease payments	17,731	37,415	2,126	57,272
Interest	(1,786)	(4,219)	(70)	(6,075)
Present value of minimum lease payments	15,945	33,196	2,056	51,197

e) Convertible debentures

September 2018 – $85-million convertible debentures

On September 7, 2011 the Company issued convertible debentures which bear interest at a rate of 5.65% per annum, payable semi-annually on March 31 and September 30 each year. The convertible debentures were convertible at the holder's option into the Company's common shares at a conversion price of $22.10 per share, representing a conversion rate of 45.2489 common shares per $1,000 principal amount of convertible debentures. During 2014, a principal amount of $0.4 million (2013 – nil) of the outstanding 5.65% convertible debentures had been converted into 19,092 common shares. The equity portion of the converted debentures was reclassified to share capital.

On September 9, 2014, the Company announced that it will redeem, as of October 9, 2014, all of the remaining aggregate principal amount of $84.4 million of its outstanding 5.65% convertible debentures. Following the announcement, the Company revalued these debentures at fair value. This resulted in accelerated accretion expense totalling $4.0 million which is presented in finance costs in the consolidated statements of comprehensive income. Pursuant to the conversion option available to debenture holders, the Company received conversion requests for a principal amount of $81.6 million resulting in the issuance of 3,692,572 new common shares. The equity portion of the converted debentures of $2.1 million was reclassified to share capital. The Company redeemed an unconverted principal amount of $2.7 million as at October 9, 2014 repayment of which is presented in repayment of long-term debt in the consolidated statements of cash flows. The equity component of the repurchased debentures amounting to $0.1 million was reclassified to retained earnings.

November 2015 – $143.8-million convertible debentures

On November 19, 2010 the Company issued convertible debentures which bear interest at a rate of 6.00% per annum, payable semi-annually on May 31 and November 30 each year. The convertible debentures were convertible at the holder's option into the Company's common shares at a conversion price of $19.05 per share, representing a conversion rate of 52.4934 common shares per $1,000 principal amount of convertible debentures. On January 3, 2014, the Company announced that it will redeem, as of February 3, 2014, all of the remaining aggregate principal amount of $122.1 million of its outstanding 6% convertible debentures. Following the announcement, the Company revalued these debentures at fair value. This resulted in accelerated accretion expense totalling $5.5 million which is presented in finance costs in the consolidated statements of comprehensive income. Pursuant to the conversion option available to debenture holders, the Company received conversion requests for a principal amount of $118.2 million resulting in the issuance of 6,202,974 new common shares. The equity portion of the converted debentures amounting to $5.4 million was reclassified to share capital. The Company redeemed an unconverted principal amount of $3.9 million as at February 3, 2014, repayment of which is presented in repayment of long-term debt in the consolidated statements of cash flows. The equity component of the repurchased debentures amounting to $0.2 million was reclassified to retained earnings. In 2013, a principal amount of $21.2 million had been converted into 1,114,955 common shares. The equity portion of the converted debentures amounting to $1.0 million was reclassified to share capital.

11. LONG-TERM DEBT (CONTINUED)

e) Convertible debentures (continued)

Information about the Group's two series of convertible debentures is as follows:

	2014	2013
Carrying amount of liability at beginning of year	**196,749**	213,264
Debentures converted to common shares	**(200,179)**	(20,291)
Repurchase and cancellation	**(6,685)**	—
Imputed interest	**10,115**	3,776
Carrying amount of liability at end of year	**—**	196,749

f) Principal instalments of other long-term debt payable during the subsequent years are as follows:

	Less than 1 year	1 to 5 years	Less than 5 years	Total
Term Loan	249,422	300,000	—	549,422
Revolving facility	—	789,788	—	789,788
Unsecured debentures	—	125,000	—	125,000
Conditional sales contracts	26,249	31,801	—	58,050
Other long-term debt	3,271	42,259	4,234	49,764
	278,942	1,288,848	4,234	1,572,024

12. EMPLOYEE BENEFITS

The Group sponsors defined benefit pension plans for 321 of its employees (2013 – 329). Both the Group and its employees make contributions to the plans, which entitle retired employees to receive an annual payment for each year of service provided.

The Group measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2013 and the next required valuation will be as of December 31, 2014.

Information about the Group's defined benefit pension plans is as follows:

	2014	2013
Accrued benefit obligation	**46,620**	41,441
Fair value of plan assets	**(32,973)**	(28,888)
Plan deficit - employee benefit liability	**13,647**	12,553

Plan assets comprise:

	2014	2013
Equity securities	**39%**	58%
Debt securities	**53%**	41%
Other	**8%**	1%

12. EMPLOYEE BENEFITS (CONTINUED)

Movement in the present value of the accrued benefit obligation for defined benefit plans:

	2014	2013
Accrued benefit obligation, beginning of year	**41,441**	41,847
Current service cost	**955**	636
Interest cost	**1,933**	1,620
Employee contributions	**126**	131
Benefits paid	**(1,716)**	(1,632)
Past service cost	**(1,320)**	—
Remeasurement loss (gain)	**5,201**	(1,161)
Accrued benefit obligation, end of year	**46,620**	41,441

Movement in the fair value of plan assets for defined benefit plans:

	2014	2013
Fair value of plan assets, beginning of year	**28,888**	25,087
Interest income	**1,367**	697
Employer contributions	**1,979**	2,119
Employee contributions	**126**	131
Benefits paid	**(1,716)**	(1,632)
Remeasurement gain	**2,492**	2,736
Plan administration expenses	**(163)**	(250)
Fair value of plan assets, end of year	**32,973**	28,888

Expense recognized in income or loss:

	2014	2013
Current service cost	**955**	636
Net interest cost	**566**	923
Past service cost	**(1,320)**	—
Plan administration expenses	**163**	250
Pension expense	**364**	1,809
Actual return on plan assets	**3,859**	3,433

12. EMPLOYEE BENEFITS (CONTINUED)

Actuarial losses (gains) recognized in other comprehensive income:

	2014	2013
Amount accumulated in retained earnings, beginning of year	**8,079**	11,976
Recognized during the year	**2,709**	(3,897)
Amount accumulated in retained earnings, end of year	**10,788**	8,079
Recognized during the year, net of tax	**1,993**	(2,867)

The significant actuarial assumptions used (expressed as weighted average):

	2014	2013
Accrued benefit obligation:		
Discount rate at December 31	**3.9%**	4.7%
Future salary increases	**2.9%**	3.3%
Employee benefit expense:		
Discount rate at January 1	**4.7%**	3.9%
Rate of return on plan assets at January 1	**4.7%**	3.9%
Future salary increases	**2.9%**	3.3%

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the value of the liabilities in the defined benefit plans are as follows:

	2014	2013
Longevity at age 65 for current pensioners		
Males	**21.5**	21.3
Females	**24.0**	23.5
Longevity at age 65 for current members aged 45		
Males	**22.6**	22.9
Females	**25.0**	24.5

Historical information:

	2014	2013	2012	2011	2010
Present value of the accrued benefit obligation	**46,620**	41,441	41,847	36,617	31,276
Fair value of plan assets	**(32,973)**	(28,888)	(25,087)	(23,346)	(24,020)
Deficit in the plan	**13,647**	12,553	16,760	13,271	7,256
Experience adjustments arising on plan obligations	**5,201**	(1,161)	3,460	5,401	2,197
Experience adjustments arising on plan assets	**2,492**	2,736	273	1,298	(107)

The Group expects approximately $1 million in contributions to be paid to its defined benefit plans in 2015.

13. PROVISIONS

	Site restoration	Others	Total
Balance at January 1, 2014	19,159	10,781	29,940
Provisions made during the year	1,690	2,289	3,979
Provisions used during the year	(496)	(3,480)	(3,976)
Provisions reversed during the year	—	(954)	(954)
Revaluation of provisions	5,166	—	5,166
Unwind of discount	1,141	—	1,141
Balance at December 31, 2014	26,660	8,636	35,296
Non-current provisions	26,660	8,636	35,296

Site restoration obligations

Site restoration obligations are recognized at fair value and include costs associated with the Group's landfill operations in its waste management services operating segment.

The following assumptions were used to estimate the fair values of the obligations as at December 31, 2014:

Total undiscounted amount of the estimated cash flows	34,761
Discount rate	4.55% to 7.82%
Inflation rate	3%

The estimate of the total liability for future site restoration obligations is subject to change, based on amendments to laws and regulations and as new information concerning the Group's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions may be significant and would be recognized prospectively as a change in estimate, when applicable.

14. DEFERRED TAX ASSETS AND LIABILITIES

	2014	2013
Partnership investments	**(17,747)**	(20,959)
Property and equipment	**(154,972)**	(71,817)
Intangible assets	**(139,354)**	(61,644)
Derivative financial instruments and investment in equity securities	**1,596**	(283)
Long-term debt	**16,728**	(589)
Employee benefits	**5,342**	4,624
Provisions	**17,157**	12,573
Tax losses	**5,305**	2,634
Other	**—**	10
Net deferred tax liabilities	**(265,945)**	(135,451)
Presented as:		
Deferred tax assets	**5,070**	2,591
Deferred tax liabilities	**(271,015)**	(138,042)

14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year:

	Balance December 31, 2012	Recognized in income or loss	Recognize directly in equity	Acquired in business combinations	**Balance December 31, 2013**	**Recognized in income or loss**	**Recognized directly in equity**	**Acquired in business combinations (note 5 a))**	**Balance December 31, 2014**
Partnership investments	(39,975)	19,016	—	—	**(20,959)**	**6,646**	**—**	**(3,434)**	**(17,747)**
Property and equipment	(67,317)	1,426	(3,168)	(2,758)	**(71,817)**	**14,342**	**(5,397)**	**(92,100)**	**(154,972)**
Intangible assets	(88,512)	31,755	(704)	(4,183)	**(61,644)**	**10,426**	**(4,132)**	**(84,004)**	**(139,354)**
Long-term debt	1,103	(1,947)	255	—	**(589)**	**2,169**	**—**	**15,148**	**16,728**
Employee benefits	4,679	975	(1,030)	—	**4,624**	**2**	**716**	**—**	**5,342**
Provisions	10,604	1,873	—	96	**12,573**	**(650)**	**—**	**5,234**	**17,157**
Tax losses	1,876	59	—	699	**2,634**	**(4,387)**	**—**	**7,058**	**5,305**
Other	163	389	(825)	—	**(273)**	**847**	**825**	**197**	**1,596**
Net deferred tax liabilities	(177,379)	53,546	(5,472)	(6,146)	**(135,451)**	**29,395**	**(7,988)**	**(151,901)**	**(265,945)**

Tax losses expire between 2026 and 2033 and the related deferred tax assets have been recognized because it is probable that future taxable income will be available to benefit from these losses.

15. SHARE CAPITAL AND OTHER COMPONENT OF EQUITY

Share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares, issuable in series. Both common and preferred shares are without par value. All issued shares are fully paid.

The common shares entitle the holders thereof to one vote per share. The holders of the common shares are entitled to receive dividends as declared from time to time. Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Company, the holders of the common shares are entitled to receive the remaining property of the Company upon its dissolution, liquidation or winding-up.

The preferred shares may be issued in one or more series, with such rights and conditions as may be determined by resolution of the Directors who shall determine the designation, rights, privileges, conditions and restrictions to be attached to the preferred shares of such series. There are no voting rights attached to the preferred shares except as prescribed by law. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of assets of the Company among its shareholders, the holders of the preferred shares of each series are entitled to receive, with priority over the common shares and any other shares ranking junior to the preferred shares of the Company, an amount equal to the redemption price for such shares, plus an amount equal to any dividends declared thereon but unpaid and not more. The preferred shares for each series are also entitled to such other preferences over the common shares and any other shares ranking junior to the preferred shares as may be determined as to their respective series authorized to be issued. The preferred shares of each series shall be on a parity basis with the preferred shares of every other series with respect to payment of dividends and return of capital. There are no preferred shares currently issued and outstanding.

15. SHARE CAPITAL AND OTHER COMPONENT OF EQUITY (CONTINUED)

Share capital (continued)

The following table summarizes the number of common shares issued.

(in number of shares)	Note	**2014**	2013
Balance, beginning of year		**93,405,264**	92,767,278
Conversion of convertible debentures	11	**9,914,638**	1,114,955
Repurchase and cancellation of shares		**(2,307,000)**	(965,200)
Stock options exercised	17	**376,066**	463,231
Warrants exercised	5 a)	**935,000**	25,000
Balance, end of year		**102,323,968**	93,405,264

The following table summarizes the share capital issued and fully paid:

	2014	2013
Balance, beginning of year	**577,993**	556,099
Conversion of convertible debentures	**200,179**	20,546
Equity component of convertible debentures credited to share capital on conversion of debentures	**7,516**	966
Repurchase and cancellation of shares	**(16,681)**	(5,791)
Cash consideration of stock options and warrants exercised	**23,187**	4,731
Ascribed value credited to share capital on stock options exercised and warrants exercised	**6,906**	1,442
Balance, end of year	**799,100**	577,993

Pursuant to the renewal of the normal course issuer bid ("NCIB") which began on September 19, 2014 and expiring on September 18, 2015, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions.

During 2014, the Company repurchased 2,307,000 common shares (2013 – 965,200) at a price ranging from $22.46 to $29.00 per share (2013 – from $19.71 to $20.00) for a total purchase price of $57.4 million (2013 - $19.2 million) relating to the NCIB, which began on August 2, 2013, expired on August 1, 2014, and was renewed on September 19, 2014. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of $40.7 million (2013 - $13.4 million) was charged to retained earnings as share repurchase premium.

On February 1, 2013, the Company issued 1,000,000 warrants having an exercise price of $20.17 per share and a two-year life for a portion of the consideration transferred in relation to the business combination described in note 5 a). As a result, $6.0 million has been recorded as contributed surplus representing the fair value of the warrants at acquisition date. In 2014, 935,000 warrants were exercised (2013 – 25,000). As at December 31, 2014, 40,000 warrants are exercisable with remaining contractual life of 0.1 year.

Contributed surplus

The contributed surplus account is used to record amounts arising on the issue of equity-settled share-based payment awards (see note 17) and the value of the warrants issued in relation to the business combinations described in note 5a).

Accumulated other comprehensive income ("AOCI")

At December 31, 2014, AOCI is comprised of accumulated foreign currency translation differences arising from the translation of the financial statements of foreign operations, changes in fair value of available for sale financial assets and gain or loss on net investment hedge (2013 - accumulated foreign currency translation differences and changes in fair value of available for sale financial assets only).

15. SHARE CAPITAL AND OTHER COMPONENT OF EQUITY (CONTINUED)

Dividends

In 2014, the Group declared dividends amounting to 60.5 cents per common share (2013 – 53.5 cents) for a total of $60.4 million (2013 - $49.6 million). After December 31, 2014 no dividends were declared by the Board of Directors.

16. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

(in thousands of dollars and number of shares)	**2014**	2013
Income attributable to owners of the Company	**127,918**	62,357
Issued common shares, beginning of year	**93,405,264**	92,767,278
Effect of stock options and warrants exercised	**476,407**	227,996
Effect of converted debentures	**6,820,913**	140,694
Effect of repurchase of own shares	**(1,265,200)**	(546,675)
Weighted average number of common shares	**99,437,384**	92,589,293
Earnings per share – basic	**1.29**	0.67

Diluted earnings per share

The diluted earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

(in thousands of dollars and number of shares)	**2014**	2013
Income attributable to owners of the Company	**127,918**	62,357
Dilutive effect	**—**	—
Income attributable to owners of the Company, adjusted for dilution effect	**127,918**	62,357
Weighted average number of common shares	**99,437,384**	92,589,293
Dilutive effect:		
Stock options, restricted share units and warrants	**1,928,514**	1,620,205
Weighted average number of diluted common shares	**101,365,898**	94,209,498
Earnings per share - diluted	**1.26**	0.66

As at December 31, 2014, 479,062 stock options were excluded from the calculation of diluted earnings per share as these options were deemed to be anti-dilutive.

As at December 31, 2013, convertible debentures were excluded from the calculation of diluted earnings per share as these debentures were deemed to be anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

17. SHARE-BASED PAYMENT ARRANGEMENTS

Stock option plan

The Company offers a stock option plan for the benefit of certain of its employees. The maximum number of shares which may be issued under this plan may not exceed ten percent (10%) of the number of issued and outstanding shares of the Company from time to time. Each stock option entitles its holder to receive one common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the closing price of volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the grant date. The options vest in equal instalments over three years and the expense is recognized following the accelerated method as each instalment is fair valued separately. The table below summarizes the changes in the outstanding stock options:

(in thousands of options)	**2014**		2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of year	**4,229**	**13.57**	3,803	11.44
Granted	**479**	**25.14**	922	20.18
Exercised	**(376)**	**11.51**	(463)	9.12
Forfeited	**(139)**	**18.14**	(33)	15.34
Balance, end of year	**4,193**	**14.93**	4,229	13.57
Options exercisable, end of year	**2,842**	**11.99**	2,376	10.11

The following table summarizes information about stock options outstanding and exercisable at December 31, 2014:

(in thousands of options)	Options outstanding		Options exercisable
Exercise prices	Number of options	Weighted average remaining contractual life (in years)	Number of options
6.32	750	4.6	750
9.46	668	5.6	668
14.28	630	3.6	630
16.46	842	4.6	537
20.18	824	5.6	257
25.14	479	6.6	—
	4,193	5.0	2,842

Of the options outstanding at December 31, 2014, a total of 3,406,944 (2013 – 3,392,503) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the year was $25.79 (2013 – $21.73).

In 2014, the Group recognized a compensation expense of $3.7 million (2013 – $4.1 million) with a corresponding increase to contributed surplus.

17. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

Stock option plan (continued)

On July 24, 2014, the Board of Directors approved the grant of 479,062 stock options under the Company's stock option plan of which 294,009 were granted to key management personnel. The options vest in equal instalments over three years and have a life of seven years. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	July 24	**July 25**
	2014	2013
Average expected option life	**4.50 years**	4.50 years
Risk-free interest rate	**1.69%**	1.65%
Expected stock price volatility	**26.88%**	36.97%
Average dividend yield	**2.36%**	2.51%
Weighted average fair value of options granted	**$4.78**	$5.25

Deferred share unit plan for board members

The Company offers a deferred share unit plan ("DSU") for its board members. Under this plan, board members may elect to receive cash, deferred share units or a combination of both for their compensation. The following table provides the number of units related to this plan:

(in units)	**2014**	2013
Balance, beginning of year	**188,690**	182,242
Board members compensation	**24,208**	23,692
Deferred share units redeemed	**—**	(21,721)
Dividends paid in units	**4,659**	4,477
Balance, end of year	**217,557**	188,690

In 2014, the Group recognized as a result of deferred share units a compensation expense of $0.6 million (2013 - $0.5 million) with a corresponding increase to trade and other payables.

As at December 31, 2014, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to $6.5 million (2013 - $4.8 million).

Performance contingent restricted share unit plan

Effective July 1, 2014, the Board of Directors approved an equity incentive plan to the benefits of senior employees of the Group. The plan provides for the issuance of restricted share units (''RSUs'') under conditions to be determined by the Board of Directors. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

On July 24, 2014, the Corporation granted a total of 82,278 RSUs under the Corporation equity incentive plan. The RSUs will vest after 3 consecutive years of service from the grant date. The fair value of the RSUs is determined to be the share price fair value at date of grant and is recognized as share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSUs granted during the period was $25.14 per unit and the expense amounts to $0.3 million (2013 – nil) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at December 31, 2014, a total of 55,861 (2013 – nil) are held by key management personnel.

18. OPERATING EXPENSES

The Group's operating expenses include: a) materials and services expenses, which are primarily costs related to independent contractors and vehicle operation; vehicle operation expenses primarily include fuel, repairs and maintenance, insurance, permits and operating supplies; b) personnel expenses; c) other operating expenses, which are primarily composed of costs related to offices' and terminals' rent, taxes, heating, telecommunications, maintenance, security and other general expenses; and d) depreciation and amortization.

	2014	2013
Materials and services expenses		
Independent contractors	**1,662,786**	1,339,330
Vehicle operation expenses	**542,399**	427,125
	2,205,185	1,766,455
Personnel expenses	**872,156**	817,841
Other operating expenses	**230,697**	196,316
Depreciation of property and equipment	**112,957**	98,043
Amortization of intangible assets	**39,917**	37,853
Impairment of intangible assets	**27,839**	63,113
Gain on sale of property and equipment	**(18,392)**	(16,215)
Gain on sale of assets held for sale	**(1,899)**	—
Gain on sale of business	**(1,403)**	—
	3,467,057	2,963,406

Operating expenses increases are mostly attributable to business combinations. In 2014 and 2013, some acquired businesses were asset light and therefore, the independent contractors expense is predominant; this explains the significant variance under independent contractors and the relative stability in the depreciation of property and equipment in comparison to 2013.

19. PERSONNEL EXPENSES

	Note	**2014**	2013
Short-term employee benefits		**849,272**	791,492
Contributions to defined contribution plans		**12,649**	13,762
Expenses related to defined benefit plans	12	**(365)**	636
Termination benefits		**5,967**	7,281
Equity-settled share-based payment transactions	17	**4,006**	4,147
Cash-settled share-based payment transactions	17	**627**	523
		872,156	817,841

20. FINANCE INCOME AND FINANCE COSTS

Recognized in income or loss:

(Income) costs	**2014**	2013
Interest epense on long-term debt	**45,413**	41,856
Accelerated accretion expense on conversion of debentures	**9,541**	—
Unwinding of discount provisions	**1,141**	926
Change in fair value of contingent considerations	**—**	(181)
Reclassification to income of accumulated unrealized gain on investment in equity securities	**(6,245)**	—
Gain on sale of investment in equity securities	**(524)**	(574)
Net foreign exchange loss	**3,255**	25,952
Net change in fair value of foreign exchange derivatives	**1,804**	(363)
Net change in fair value of interest rate derivatives	**3,256**	(665)
Other financial expenses	**8,308**	7,410
Net finance costs	**65,949**	74,361
Presented as:		
Finance income	**(6,769)**	(1,783)
Finance costs	**72,718**	76,144

21. INCOME TAX EXPENSE

Income tax recognized in income or loss:

	2014	2013
Current tax expense		
Current year	**84,202**	63,139
Adjustment for prior years	**(1,062)**	(71)
	83,140	63,068
Deferred tax expense		
Origination and reversal of temporary differences	**(31,787)**	(55,380)
Variation in tax rate	**(376)**	393
Adjustment for prior years	**2,768**	1,441
	(29,395)	(53,546)
Income tax expense	**53,745**	9,522

21. INCOME TAX EXPENSE (CONTINUED)

Income tax recognized in other comprehensive income:

	2014			2013		
	Before tax	**Tax expense**	**Net of tax**	Before Tax	Tax benefit	Net of tax
Foreign currency translation differences	**46,996**	**—**	**46,996**	26,211	—	26,211
Reclassification to income of accumulated unrealized gain on investment in equity securities	**(6,245)**	**(825)**	**(5,420)**	—	—	—
Change in fair value of investment in equity securities	**—**	**—**	**—**	6,245	825	5,420
Defined benefit plan remeasurement (loss) gain	**(2,709)**	**(716)**	**(1,993)**	3,897	1,030	2,867
Loss on net investment hedge	**(44,311)**	**(5,858)**	**(38,453)**	—	—	—
	(6,269)	**(7,399)**	**1,130**	36,353	1,855	34,498

Reconciliation of effective tax rate:

		2014		2013
Income before income tax		**181,663**		71,879
Income tax using the Company's statutory tax rate	**26.9%**	**48,867**	26.9%	19,335
Increase (decrease) resulting from:				
Rate differential between jurisdictions	**(3.8%)**	**(6,983)**	(23.6%)	(16,977)
Variation in tax rate	**(0.2%)**	**(376)**	0.5%	393
Non deductible expenses	**7.2%**	**13,096**	8.2%	5,883
Tax exempt income	**(2.5%)**	**(4,610)**	(1.9%)	(1,386)
Adjustment for prior years	**0.9%**	**1,706**	1.9%	1,370
Others	**1.1%**	**2,045**	1.3%	904
	29.6%	**53,745**	13.3%	9,522

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Derivative financial instruments' fair values were as follows:

	Note	**2014**	2013
Current assets			
Foreign exchange derivatives	d	**—**	274
Interest rate derivatives		**174**	—
Non-current assets			
Interest rate derivatives	e	**347**	306
Current Liabilities			
Foreign exchange derivatives	d	**1,675**	735
Cross currency interest rate swap contracts	d	**753**	—
Interest rate derivatives	e	**912**	87
		3,340	822
Non-current liabilities			
Foreign exchange derivatives	d	**53**	303
Interest rate derivatives	e	**3,201**	554
		3,254	857

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Risks

In the normal course of its operations and through its financial assets and liabilities, the Group is exposed to the following risks:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives and processes for managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Group's management identifies and analyzes the risks faced by the Group, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors has overall responsibility of the Group's risk management framework. The Board of Directors monitors the Group's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities.

The Group's audit committee oversees how management monitors and manages the Group's risks and is assisted in its oversight role by the Group's internal audit. Internal audit undertakes both regular and ad hoc reviews of risk, the results of which are reported to the audit committee.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's trade receivables. The Group grants credit to its customers in the ordinary course of business. Management believes that the credit risk of trade receivables is limited due to the following reasons:

- There is a broad base of customers with dispersion across different market segments;
- No single customer accounts for more than 10% of the Group's revenue;
- Approximately 93.3% (2013 – 93.9%) of the Group's trade receivables are not past due or 30 days or less past due;
- Bad debt expense has been approximately 0.1% (2013 – 0.1%) of consolidated revenues for the last 3 years.

Exposure to credit risk

The Group's maximum credit exposure corresponds to the carrying amount of the financial assets. The maximum exposure to credit risk at the reporting date was:

	2014	2013
Trade and other receivables	**598,277**	414,985
Derivative financial assets	**521**	580
	598,798	415,565

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

Impairment losses

The aging of trade and other receivables at the reporting date was:

	Total	**Impairment**	Total	Impairment
	2014	**2014**	2013	2013
Not past due	**457,482**	**—**	298,941	—
Past due 1 – 30 days	**102,087**	**1,190**	89,025	610
Past due 31 – 60 days	**31,667**	**3,570**	18,161	1,831
Past due more than 60 days	**18,940**	**7,139**	14,961	3,662
	610,176	**11,899**	421,088	6,103

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2014	2013
Balance, beginning of year	**6,103**	6,368
Business combinations	**7,140**	489
Bad debt expenses	**3,277**	2,165
Amount written off and recoveries	**(4,621)**	(2,919)
Balance, end of year	**11,899**	6,103

The impaired trade receivables are mostly due from customers that are experiencing financial difficulties. Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of past due trade receivables.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from Group's entities are monitored closely and separately to ensure the Group optimizes its cash return on investment. Typically, the Group ensures that it has sufficient cash to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Group monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools. In addition, the Group maintains a revolving facility, which has $228 million availability at December 31, 2014 (2013 - $387.5 million) and has an additional $250 million credit available under certain conditions under its syndicated bank agreement (2013 - $250 million).

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Liquidity risk (continued)

The following are the contractual maturities of the financial liabilities, including estimated interest payment:

	Carrying amount	Contractual Cash-flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2014						
Bank indebtedness	**22,288**	**22,288**	**22,288**	**—**	**—**	**—**
Trade and other payables	**440,677**	**440,677**	**440,677**	**—**	**—**	**—**
Current tax payable	**1,917**	**1,917**	**1,917**	**—**	**—**	**—**
Long-term debt	**1,617,742**	**1,758,425**	**359,573**	**387,926**	**1,004,309**	**6,617**
Derivatives financial liabilities	**6,594**	**6,594**	**3,340**	**3,254**	**—**	**—**
	2,089,218	**2,229,901**	**827,795**	**391,180**	**1,004,309**	**6,617**
December 31, 2013						
Bank indebtedness	9,437	9,437	9,437	—	—	—
Trade and other payables	308,578	308,578	308,578	—	—	—
Long-term debt	773,556	891,219	55,143	176,236	659,840	—
Derivatives financial liabilities	1,679	1,679	822	857	—	—
	1,093,250	1,210,913	373,980	177,093	659,840	—

It is not expected that the contractual cash flows could occur significantly earlier, or at significantly different amounts.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group's management and it does not use derivatives for speculative purposes.

d) Currency risk

The Group is exposed to currency risk on financial assets and liabilities, sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. Primarily the Canadian entities are exposed to U.S. dollars and entities having a functional currency other than the Canadian dollars (foreign operations) are not significantly exposed to currency risk. The Group mitigates and manages its future US$ cash flow by creating offsetting positions through the use of derivatives. These instruments include foreign exchange contracts and currency option instruments, which are commitments to buy or sell at a future date, and may be settled in cash.

The Group mitigates its financial net liabilities exposure to foreign currency risk related to Canadian entities by holding monthly cross currency interest rate swap contracts, which swaps U.S. dollar principal into Canadian dollars. These instruments were recorded into the consolidated statement of financial position at their fair value which has a current liability of $0.8 million at December 31, 2014 (2013 - nil). Also, effective July 3, 2014, the Group designated a portion of its U.S. dollar denominated debt as a hedging item in a net investment hedge.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Currency risk (continued)

The Group's financial assets and liabilities exposure to foreign currency risk related to Canadian entities was as follows based on notional amounts:

(in thousands of U.S. dollars)	**2014**	2013
Trade and other receivables	**38,099**	30,520
Trade and other payables	**(1,926)**	(1,719)
Long-term debt	**(847,197)**	(370,833)
Balance sheet exposure	**(811,024)**	(342,032)
Cross currency interest rate swap contracts	**258,000**	—
Long-term debt designated as investment hedge	**537,000**	—
Net balance sheet exposure	**(16,024)**	(342,032)

The Group estimates its annual net US$ denominated cash flow at approximately $220 million (2013 - $172 million). This cash flow is earned evenly throughout the year.

The following exchange rates applied during the year:

	2014	2013
Average US$ for the year ended December 31	**1.1038**	1.0299
Closing US$ as at December 31	**1.1601**	1.0636

The Group's foreign exchange derivatives are as follows:

	Exchange rate	Maturity	Notional contract amount US$	Fair value CDN$
December 31, 2014				
Sell contracts and currency option (US$ for CDN$)				
Foreign exchange contracts and currency option instruments	**1.02 - 1.12**	**Less than 1 year**	**16,700**	**(1,675)**
Foreign exchange contracts instruments	**1.04 -1.11**	**1 to 2 years**	**400**	**(53)**
Cross currency interest rate swap contracts	**1.163**	**Less than 1 year**	**258,000**	**(753)**
Assets (liabilities)				**(2,481)**
December 31, 2013				
Sell contracts (US$ for CDN$):				
Foreign exchange contracts and currency option instruments	1.06 - 1.122	Less than 1 year	82,700	(461)
Currency option instruments	1.078 - 1.122	1 to 2 years	11,500	(303)
Assets (liabilities)				(764)

The fair value of foreign exchange forward and currency option contracts has been determined using rates published by the financial institution which is counterparty to these.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Currency risk (continued)

Sensitivity analysis

A 1-cent increase in the U.S. dollar at the reporting date, assuming all other variables, in particular interest rates, remain constant, would have increased (decreased) equity and income or loss by the amounts shown below. The analysis is performed on the same basis for 2013.

	2014		2013	
	1-cent Increase	**1-cent Decrease**	1-cent Increase	1-cent Decrease
Balance sheet exposure	**(5,929)**	**5,929**	(2,500)	2,500
Cross currency interest rate swap contracts	**1,886**	**(1,886)**	—	—
Long-term debt designated as investment hedge	**3,925**	**(3,925)**	—	—
Net balance sheet exposure	**(118)**	**118**	(2,500)	2,500

Net impact on change in fair value of foreign exchange derivatives is not significant.

e) Interest rate risk

The Group's intention is to minimize its exposure to changes in interest rates by maintaining a significant portion of fixed-rate interest-bearing long-term debt. This is achieved by entering into interest rate swaps.

At December 31, 2014, the interest rate profile of the Group's carrying amount interest-bearing financial instruments was:

	2014	2013
Fixed rate instruments	**269,130**	363,654
Variable rate instruments	**1,348,612**	409,902
	1,617,742	773,556

The Group's interest rate derivatives are as follows:

	2014			2013		
	Average B.A. rate	**Notional Contract Amount CDN$**	**Fair value CDN$**	Average B.A. rate	Notional Contract Amount CDN$	Fair value CDN$
Coverage period:						
Less than 1 year	**1.33%**	**325,000**	**(738)**	1.54%	232,500	(248)
1 to 2 years	**1.33%**	**325,000**	**(738)**	1.55%	225,000	(160)
2 to 3 years	**1.43%**	**275,000**	**(649)**	1.76%	175,000	(49)
3 to 7 years	**2.15%**	**125,000**	**(1,467)**	2.15%	125,000	122
Liabilities			**(3,592)**			(335)
Presented as:						
Current assets			**174**			—
Non-current assets			**347**			306
Current liabilities			**(912)**			(87)
Non-current liabilities			**(3,201)**			(554)

The fair value of the interest rate swaps has been determined using rates published on financial capital markets.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through income or loss. Therefore a change in interest rates at the reporting date would not affect income or loss.

Cash flow sensitivity analysis for variable rate instruments

A 1% change in interest rates at the reporting date would have increased (decreased) equity and net income or net loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	2014		2013	
	1% Increase	**1% Decrease**	1% Increase	1% Decrease
Interest on variable rate instrument	**(9,858)**	**9,858**	(2,996)	2,996
Interest on interest rate swaps	**2,787**	**(2,787)**	1,700	(1,700)
	(7,071)	**7,071**	(1,296)	1,296

Net impact on change in fair value of interest rate swaps is not significant.

f) Capital management

For the purposes of capital management, capital consists of share capital and retained earnings of the Group. The Group's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital; and
- To maintain investors, creditors and market confidence.

The Group seeks to maintain a balance between the highest returns that might be possible with higher level of borrowings and the advantages and security by a sound capital position.

The Group monitors its long-term debt using the ratios below to maintain an appropriate debt level. The Group's debt-to-equity and debt-to-capitalization ratios are as follows:

	2014	2013
Long-term debt	**1,617,742**	773,556
Shareholders' equity	**1,029,413**	790,817
Debt-to-equity ratio	**1.57**	0.98
Debt-to-capital ratio	**0.61**	0.49

There were no changes in the Group's approach to capital management during the year.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management (continued)

The Group's credit facility agreement requires monitoring two ratios on a quarterly basis. The first is a ratio of total debt plus letters of credit and some other long-term liabilities to earnings before interest, income taxes, depreciation and amortization ("EBITDA"). The second is a ratio of adjusted earnings before interest, income taxes, depreciation and amortization and rent expense ("EBITDAR"), and, including last twelve months adjusted EBITDAR from acquisitions to interest and net rent expenses. These ratios are measured on a consolidated last twelve-month basis and must be kept below a certain threshold so as not to breach a covenant in the Group's syndicated bank. At December 31, 2014 and December 31, 2013, the Group was in compliance with its financial covenants.

The Group has sufficient liquidity to continue both its operations as well as its acquisition strategy.

Upon maturity of the Group's long-term debt, the Group's management and its Board of Directors will assess if the long-term debt should be renewed at its original value, increased or decreased based on the then required capital need, credit availability and future interest rates.

g) Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2014		2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Assets carried at fair value				
Derivative financial instruments	**521**	**521**	580	580
Investment in equity securities	**—**	**—**	22,664	22,664
Assets carried at amortized cost				
Trade and other receivables	**598,277**	**598,277**	414,985	414,985
	598,798	**598,798**	438,229	438,229
Financial liabilities				
Liabilities carried at fair value				
Derivative financial instruments	**6,594**	**6,594**	1,679	1,679
Liabilities carried at amortized cost				
Bank indebtedness	**22,288**	**22,288**	9,437	9,437
Trade and other payables	**440,677**	**440,677**	308,578	308,578
Current taxes payable	**1,917**	**1,917**	—	—
Long-term debt	**1,617,742**	**1,642,031**	773,556	838,814
	2,089,218	**2,113,507**	1,093,250	1,158,508

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Accounting classification and fair values (continued)

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at December 31 plus an adequate credit spread, and were as follows:

	2014	2013
Long-term debt	**2.8%**	4.4%

Fair value hierarchy

Group's financial assets and liabilities recorded at fair value on a recurring basis are investment in equity securities and the derivative financial instruments discussed above. Investment in equity securities are measured using level-1 inputs of the fair value hierarchy and derivative financials instruments are measured using level-2 inputs.

23. OPERATING LEASES, COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Operating leases

The Group entered into operating leases expiring on various dates through March 2035, with respect to rolling stock, real estate and other. The total future minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013
Less than 1 year	**110,972**	80,621
Between 1 and 5 years	**227,410**	164,042
More than 5 years	**147,790**	134,432
	486,172	379,095

In 2014, an amount of $101.6 million was recognized as an expense in income or loss in respect of operating leases (2013 – $89.8 million).

b) Commitments

According to agreements expiring at various dates through 2044, the Group has to dispose of a minimum number of tons at third party disposal facilities. Under these put-or-pay agreements, there is a requirement to pay a certain amount for the agreed upon minimum volumes regardless of the actual number of tons placed at the facilities. The Group generally fulfills minimum contractual obligations by disposing of volumes collected in the ordinary course of business at these disposal facilities. As at December 31, 2014, the estimated minimum obligations for the above-described purchase commitments, which are not recognized in the consolidated statements of financial position, were $4.8 million due in less than a year, $19.2 million between one and five years and $51.5 million thereafter.

c) Contingencies

There are pending claims against the Group and, in the opinion of management, these claims are adequately provided for and settlement should not have a significant impact on the Group's financial position or results of operations.

d) Guarantees

As at December 31, 2014, the Group had $37.0 million of outstanding letters of guarantee (2013 - $24.5 million).

24. RELATED PARTIES

Parent and ultimate controlling party

There is no single ultimate controlling party. The shares of the Company are widely held.

Transactions with key management personnel

Board members of the Company, executive officers and top managers of major Group's entities are deemed to be key management personnel. There is no transaction with key management personnel other than their respective compensation.

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to board members and executive officers.

Executive officers also participate in the Group's stock option program and board members are entitled to deferred share units, as described in note 17. Costs incurred for key management personnel in relation to these plans are detailed below.

Key management personnel compensation comprised:

	2014	2013
Short-term benefits	**9,136**	5,997
Post-employment benefits	**610**	626
Equity-settled share-based payment transactions	**2,823**	3,115
Cash-settled share-based payment transactions	**627**	523
	13,196	10,261

CORPORATE GOVERNANCE

As an industry leader, TransForce Inc. meets and complies with the existing guidelines for effective corporate governance. We do more than obey a set of rules; we have adopted a fundamental attitude, based on our principle of Accountability.

CODE OF ETHICS AND DISCLOSURE POLICY

To ensure we meet the highest standards of governance, the Board of Directors is guided – and TransForce's business activities are shaped – by the principles outlined in TransForce's *Code of Ethics (the "Code") and the Disclosure Policy*. The Code applies to everyone from the Board members to all employees of TransForce and its operating divisions. It incorporates all of our guiding principles and provides a frame of reference for dealing with complex and sensitive issues. It is the responsibility of the Corporate Governance and Nominating Committee to ensure compliance, on a regular basis and as required, with the controls described in the Code. The Disclosure Policy contains various rules and guidelines to ensure that communications to the general public, the media and the investment community are timely, accurate and broadly disseminated in accordance with all applicable legal requirements.

BOARD OF DIRECTORS

TransForce is governed by its Board of Directors, which is elected annually by the shareholders. The Board of Directors currently has nine members, of whom the majority are defined as independent and one is management. The Board of Directors also has its own governing charter and appoints a Lead Director whose role is to provide leadership in ensuring the effectiveness of the Board of Directors.

BOARD COMMITTEES

The Board of Directors has established three committees to assist with the analysis of issues and allow more time for the full Board of Directors to discuss and debate business matters. Each committee is governed by its own charter, which is reviewed on a yearly basis.

Audit Committee

The Audit Committee was established to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing, with its auditors, the financial reports and other financial information provided to the public, the internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. The committee consists of three independent Directors.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee consists of three independant Board members, appointed annually. Its responsibilities are governed by a written mandate and include:

- Oversee the Corporation's management succession plan
- Assess the Corporation's performance and compensation plans for named executive officers
- Review human resources practices and performance
- Review executive compensation disclosure

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee consists of four Board members, appointed annually, who are all independent Directors.

The Committee has authority and responsibility for a number of areas provided in its charter including:

- Recruiting and forming Board members and assess their respective skills and effectiveness of the Board of Directors
- Ensure that current and effective governance practices are in place, including overseeing compliance with the *Code of Ethics and Disclosure Policy*
- Direct and approve the Corporation's compensation of its Board members

In addition to the Code and the Disclosure Policy, the Board of Directors has implemented the following:

- Rules of Conduct of Insiders Respecting Trading of Securities of TransForce Inc.
- Whistleblower Policy
- Minimum Shareholding Policies for Directors and for Executive Officers
- Privacy Policy
- Clawback Policy
- Anti-Hedging Policy

CORPORATE DIRECTORY

CORPORATE TEAM

Alain Bédard, FCPA, FCA
Chairman of the Board, President and CEO

Johanne Dean
Vice-President, Marketing and Communications

Sylvain Desaulniers, CIRC
Vice-President, Human Resources

Louis Gagnon
Vice-President, Business Development

Josiane-M. Langlois, LL.M.
Vice-President, Legal Affairs and Corporate Secretary

Chantal Martel, LL.B.
Vice-President, Insurance and Compliance

Martin Quesnel, CPA, CA
Vice-President, Finance

Margaret Smith, CPA, CA
Vice-President, Finance – Operations Support

Ken Tourangeau, CPA, CA
Vice-President, Administration

EXECUTIVE TEAM

Jean-François Dodier, CPA, CMA
Executive Vice-President

Brian Kohut
Executive Vice-President

Rob O'Reilly
Executive Vice-President

Scott Arves
President, Transport America

Scott Leveridge
President, Dynamex U.S.

Dave Richmond
President, Waste Management Segment

Greg Rumble, CPA, CA
President, Contrans

PACKAGE & COURIER

Same-Day/Last Mile Delivery

Dynamex (U.S.)
Scott Leveridge
President

Dynamex (Canada)
Chris Higham
VP & General Manager

Ensenda
Christopher Miller
Vice-President, Operations

Next-Day Delivery

Canpar Courier
Brian Kohut
Executive Vice-President

ICS Courier
Ping Yan
Vice-President, Operations

Loomis Express
Rick Hashie
President

TForce Integrated Solutions
Rick Hashie
President

LESS-THAN-TRUCKLOAD

Intermodal

Clarke Transport
Darell Hornby
President

Quiktrax Intermodal
Jeff King
President

Vitran
Tony Trichilo
President

Over-the-road

Canadian Freightways
Ken Enns
Senior Vice-President

Concord
Rick Hashie
President

Kingsway
Christian Gendreau
VP of Operations

La Crete Transport
Jake Fehr
General Manager

McMurray Serv-U Expediting
Elvis Penton
General Manager

Quik X Transportation
Jeff King
President

Tripar Transportation
Don Burditt
General Manager

TST Overland Express
Paul Bomben
VP of Operations

TRUCKLOAD

Conventional

A&M International & Ganeca
Yvan Lapointe
General Manager

Besner
Jean-François Dodier
Executive Vice-President

Clarke Road Transport
Jim Langille
VP & General Manager

Couture
Serge Poulin
General Manager

Grégoire
Caroline Francoeur
Assistant General Manager

Highland
Terry Gardiner
VP & General Manager

J.C. Germain
Jean-Claude Germain
President

Laidlaw Carriers Van
Laban Herr
Vice-President

Papineau International
Philippe Papineau
General Manager

Roadfast
John Brodigan
General Manager

Transport America
Keith R. Klein
Chief Operating Officer

TST Truckload
Jeff Laforet
VP & General Manager

CORPORATE DIRECTORY

TRUCKLOAD

Specialized

Bergeron
André Bergeron
VP & General Manager

Clarke Road Transport
Dion Cull
Vice-President

Durocher International
Steve Lamontagne
General Manager

E.L. Farmer
David Musgraves
VP of Operations &
General Manager

GHL Transport &
Mirabel Logistics
Patrick Sarrazin
General Manager

Golden International
Martin Godbout
General Manager

Highland Intermodal
Terry Gardiner
VP & General Manager

JAF
André Gosselin
General Manager

Kingsway Bulk
Junior Roy
President

McArthur Express
David Wyville
VP & General Manager

Nordique
Philippe Papineau
General Manager

P&W Intermodal & MTMX
Mark Joczys
General Manager

Rebel Transport
Ron Lystang
VP & General Manager

TF Truckload & Logistics
Robert McGonigal
VP & General Manager

TST Expedited & TST Air
Jeff Laforet
VP & General Manager

Westfreight Services
Donnalea Dolan
VP & General Manager

Winalta
Ian McKinley
Manager

CONTRANS – Bulk Operations Group
Scott Talbot, Vice-President

ECL Carriers
Scott Talbot
Vice-President

Laidlaw Carriers Bulk
Andrew Chittick
General Manager / Ontario
Pierre Labarre
General Manager / Quebec

Peter Hodge Transport
Don McMillan
General Manager

CONTRANS – Tank Operations Group
Dave Golton, Vice-President

Archer Trucking
Dan Roberts
General Manager

Glen Tray Transport
Dan Roberts
General Manager

Laidlaw Carriers Tank
Dave Houze
Assistant General Manager

CONTRANS – Flatbed Operations Group
Steve Brookshaw, Vice-President

Brookville Carriers Flatbed
Harm Singh
General Manager

Contrans Flatbed
Steve Brookshaw
Vice-President

Tri-Line Carriers
Brent Ryan
VP & General Manager

WASTE MANAGEMENT

Lafleche Environmemntal
Brian King
President

Matrec – Malex – Thibault
Daniel Boulianne
President

LOGISTICS AND OTHER SERVICES

Logistic services

CK Logistics
Connie Roberts
President

Clarke North America
Timothy Drake
Vice-President

Cornerstone Logistics
William Oliver
Vice-President

E&L Logistics
Albert Léger
President

Kobelt Transportation
Chris Forsythe
President

Patriot Freight Services
Chris Todd
Director

Quik X Logistics &
Axiom Warehousing
Barry Stevens
Director

St-Lambert
Eric Bédard
Director

Stream Logistics
Rick Baird
General Manager

Rig Moving Services

TLS Trailer Leasing Services
Norman Brazeau
VP & General Manager

Trans4 Logistics
Brenda Everitt
VP & General Manager

TForce Energy Services (U.S.)
Jay Garner
President

CORPORATE INFORMATION

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AUDITORS

KPMG LLP

STOCK EXCHANGE LISTING

TransForce Inc. shares are listed on the Toronto Stock Exchange under the symbol TFI and on the OTCQX marketplace in the U.S. under the symbol TFIFF.

FINANCIAL INSTITUTIONS

National Bank of Canada
Royal Bank of Canada
Bank of America Merrill Lynch
The Bank of Nova Scotia
Bank of Montreal
Caisse Centrale Desjardins
Investissement Québec
Business Development Bank of Canada (BDC)
Canadian Imperial Bank of Commerce
Toronto Dominion Bank
Bank Of Tokyo-Mitsubishi UFJ (Canada)
HSBC Bank Canada
Alberta Treasury Branch
Canadian Western Bank
Caisse de Dépôt et de Placement du Québec
PNC Bank Canada Branch

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 8th floor
Toronto, Ontario M5J 2Y1
Telephone: 416 263-9200
1 800 564-6253
Fax: 1 888 453-0330

ANNUAL MEETING OF SHAREHOLDERS

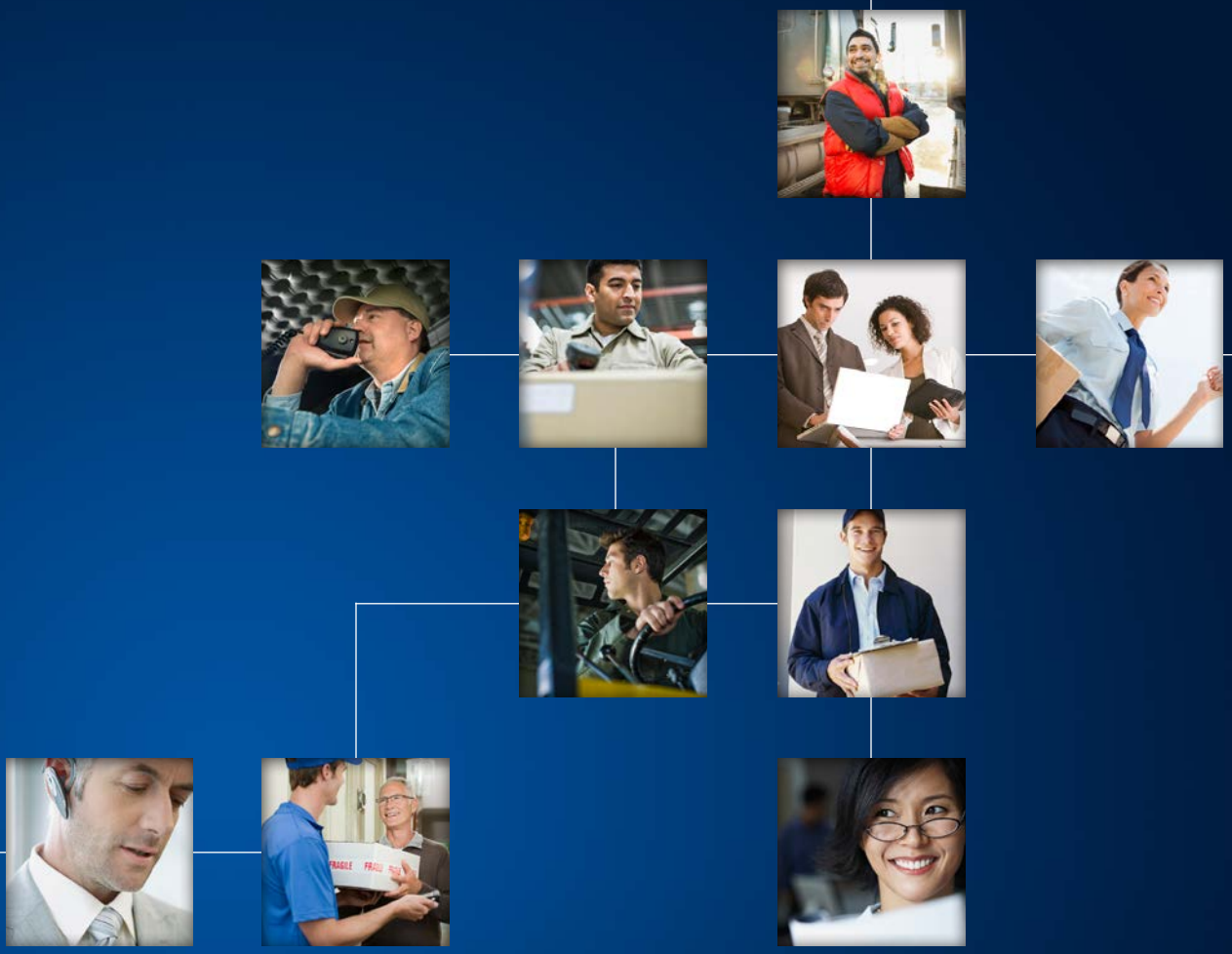
Wednesday, April 22, 2015
at 1:30 p.m.
The Exchange Tower
130 King Street West
Toronto, ON
M5X 1J2

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MaisonBrison Communications

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TRANSFORCE INC. is a North American leader in the transportation and logistics industry, operating across Canada and the United States through its subsidiaries. TransForce creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned, operating subsidiaries. Under the TransForce umbrella, companies benefit from corporate financial and operational resources to build their businesses and increase their efficiency. TransForce companies service the following segments:

- Package and Courier
- Less-Than-Truckload
- Truckload
- Waste Management
- Logistics and Other Services

TransForce Inc. is publicly traded on the Toronto Stock Exchange (TSX: TFI) and the OTCQX marketplace in the U.S. (OTCQX: TFIFF). For more information, visit **www.transforcecompany.com**