



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the third quarter ended
September 30, 2016

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TransForce Inc.
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)**
(in thousands of Canadian dollars)

	Note	As at September 30, 2016	As at December 31, 2015
Assets			
Trade and other receivables		482,446	507,872
Inventoried supplies		6,049	7,073
Current taxes recoverable		-	14,976
Prepaid expenses		29,493	29,961
Derivative financial instruments	17	-	11,375
Assets held for sale	6	4,097	27,746
Disposal group held for sale	6	-	219,403
Current assets		522,085	818,406
Property and equipment	7	943,272	981,861
Intangible assets	8	1,505,355	1,562,500
Other assets	9	31,985	8,143
Deferred tax assets		8,987	6,960
Non-current assets		2,489,599	2,559,464
Total assets		3,011,684	3,377,870
Liabilities			
Bank indebtedness		6,873	19,112
Trade and other payables		411,112	427,731
Current taxes payable		49,391	13,630
Derivative financial instruments	17	5,179	3,063
Long-term debt	10	44,721	604,789
Current liabilities		517,276	1,068,325
Long-term debt	10	809,142	1,010,311
Employee benefits		13,738	13,761
Provisions		11,344	10,758
Derivative financial instruments	17	14,718	9,579
Deferred tax liabilities		221,734	234,823
Other financial liability		2,916	2,941
Non-current liabilities		1,073,592	1,282,173
Total liabilities		1,590,868	2,350,498
Equity			
Share capital	11	716,022	764,343
Contributed surplus		21,730	17,819
Accumulated other comprehensive income		37,566	46,542
Retained earnings		645,498	198,668
Equity attributable to owners of the Company		1,420,816	1,027,372
Operating leases, contingencies and letters of credit	18		
Total liabilities and equity		3,011,684	3,377,870

The notes on pages 6 to 24 are an integral part of these condensed consolidated interim financial statements.

TransForce Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands of Canadian dollars, except per share amounts)		Three months ended	Three months ended	Nine months ended	Nine months ended
	Note	Sept. 30, 2016	Sept. 30, 2015*	Sept. 30, 2016	Sept. 30, 2015*
Revenue		897,448	913,242	2,668,042	2,692,131
Fuel surcharge		78,012	96,430	219,432	310,968
		975,460	1,009,672	2,887,474	3,003,099
Materials and services expenses	14	572,200	592,688	1,690,729	1,778,633
Personnel expenses	14	234,206	244,180	709,248	728,196
Other operating expenses	14	57,378	59,064	180,511	176,434
		863,784	895,932	2,580,488	2,683,263
Income before the following:		111,676	113,740	306,986	319,836
Depreciation of property and equipment	14	31,862	32,607	96,446	96,242
Amortization of intangible assets	14	12,672	11,878	38,414	34,664
Gain on sale of property and equipment	14	(5,282)	(3,504)	(13,988)	(17,625)
Gain on sale of assets held for sale	14	-	-	-	(3,422)
Operating Income		72,424	72,759	186,114	209,977
Finance income	15	(4,789)	(2,108)	(4,051)	(749)
Finance costs	15	11,470	28,425	47,667	67,516
Net finance costs		6,681	26,317	43,616	66,767
Income before income tax		65,743	46,442	142,498	143,210
Income tax expense	16	14,674	14,539	31,826	38,083
Net income from continuing operations		51,069	31,903	110,672	105,127
Net income from discontinued operations	6	434	9,727	483,568	14,664
Net income for the period attributable to owners of the Company		51,503	41,630	594,240	119,791
Earnings per share					
Basic earnings per share	12	0.56	0.42	6.29	1.19
Diluted earnings per share	12	0.55	0.41	6.18	1.16
Earnings per share from continuing operations					
Basic earnings per share	12	0.55	0.32	1.17	1.04
Diluted earnings per share	12	0.54	0.32	1.15	1.02

(*) Restated (see note 6)

(*) Restated (see note 6)

The notes on pages 6 to 24 are an integral part of these condensed consolidated interim financial statements.

TransForce Inc.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
(UNAUDITED)*(In thousands of Canadian dollars)*

	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015
Net income for the period attributable to owners of the Company	51,503	41,630	594,240	119,791
Other comprehensive income (loss)				
Items that may be reclassified to income or loss in future periods:				
Foreign currency translation differences	9,869	44,709	(38,580)	91,109
Net investment hedge, net of tax	(5,526)	(43,933)	30,354	(86,985)
Reclassification to income of accumulated unrealized gain on investment in equity securities, net of tax	(295)	(649)	(923)	(649)
Unrealized (loss) gain on investment in equity securities, net of tax	(455)	649	173	649
Other comprehensive income for the period, net of tax	3,593	776	(8,976)	4,124
Total comprehensive income for the period attributable to owners of the Company	55,096	42,406	585,264	123,915

The notes on pages 6 to 24 are an integral part of these condensed consolidated interim financial statements.

TransForce Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
PERIODS ENDED SEPTEMBER 30, 2016 AND 2015 - (UNAUDITED)
(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Accumulated foreign currency translation differences	Accumulated unrealized loss on investment in equity securities	Retained earnings	Total equity attributable to owners of the Company
Balance as at December 31, 2015		764,343	17,819	46,542	-	198,668	1,027,372
Net income for the period		-	-	-	-	594,240	594,240
Other comprehensive loss for the period, net of tax		-	-	(8,226)	(750)	-	(8,976)
Total comprehensive income (loss) for the period		-	-	(8,226)	(750)	594,240	585,264
Share-based payment transactions	13	-	4,461	-	-	-	4,461
Stock options exercised	11, 13	1,838	(401)	-	-	-	1,437
Dividends to owners of the Company		-	-	-	-	(47,468)	(47,468)
Repurchase of own shares	11	(50,159)	-	-	-	(99,949)	(150,108)
Restricted share units exercised	13	-	(149)	-	-	7	(142)
Total transactions with owners, recorded directly in equity		(48,321)	3,911	-	-	(147,410)	(191,820)
Balance as at September 30, 2016		716,022	21,730	38,316	(750)	645,498	1,420,816
Balance as at December 31, 2014		799,100	14,333	28,649	-	187,331	1,029,413
Net income for the period		-	-	-	-	119,791	119,791
Other comprehensive income for the period, net of tax		-	-	4,124	-	-	4,124
Total comprehensive income (loss) for the period		-	-	4,124	-	119,791	123,915
Share-based payment transactions	13	-	3,124	-	-	(6)	3,118
Stock options exercised	11, 13	2,295	(530)	-	-	-	1,765
Dividends to owners of the Company		-	-	-	-	(51,159)	(51,159)
Repurchase of own shares	11	(35,337)	-	-	-	(78,745)	(114,082)
Warrants exercised	11	240	(240)	-	-	-	-
Total transactions with owners, recorded directly in equity		(32,802)	2,354	-	-	(129,910)	(160,358)
Balance as at September 30, 2015		766,298	16,687	32,773	-	177,212	992,970

The notes on pages 6 to 24 are an integral part of these condensed consolidated interim financial statements.

TransForce Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In thousands of Canadian dollars)</i>	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Cash flows from operating activities				
Net income for the period attributable to owners of the company	51,503	41,630	594,240	119,791
Net income from discontinued operations	434	9,727	483,568	14,664
Net income from continuing operations	51,069	31,903	110,672	105,127
Adjustments for				
Depreciation of property and equipment	31,862	32,607	96,446	96,242
Amortization of intangible assets	12,672	11,878	38,414	34,664
Share-based payment transactions	1,989	1,233	4,461	3,118
Net finance costs	6,681	26,317	43,616	66,767
Income tax expense	14,674	14,539	31,826	38,083
Gain on sale of property and equipment	(5,282)	(3,504)	(13,988)	(17,625)
Gain on sale of assets held for sale	-	-	-	(3,422)
Employee benefits and provisions	(152)	(68)	488	865
	113,513	114,905	311,935	323,819
Net change in non-cash operating working capital	(3,107)	(3,162)	4,969	(6,981)
Cash generated from operating activities	110,406	111,743	316,904	316,838
Interest paid	(11,059)	(15,943)	(31,307)	(46,263)
Income tax paid	(11,045)	(7,463)	(57,097)	(44,622)
Net realized loss on derivatives	-	(1,432)	(407)	(3,895)
Net cash from continuing operations	88,302	86,905	228,093	222,058
Net cash (used in) from discontinued operations	(1,055)	25,985	(4,487)	44,642
	87,247	112,890	223,606	266,700
Cash flows from investing activities				
Purchases of property and equipment	(19,863)	(42,263)	(79,426)	(128,685)
Proceeds from sale of property and equipment	12,902	11,793	41,752	51,830
Proceeds from sale of assets held for sale	-	-	-	20,553
Purchases of intangible assets	(895)	(390)	(1,605)	(1,652)
Business combinations, net of cash acquired	-	(10,747)	(22,968)	(37,143)
Purchases of investments	(11,357)	(2,059)	(16,551)	(4,921)
Proceeds from sale of investments	5,363	5,757	11,270	5,757
Others	409	313	31	164
Net cash used in investing activities	(13,441)	(37,596)	(67,497)	(94,097)
Net cash from investing activities	8,741	14	770,192	9,310
	(4,700)	(37,582)	702,695	(84,787)
Cash flows from financing activities				
(Decrease) increase in bank indebtedness	(17,467)	(4,278)	(10,857)	15,950
Proceeds from long-term debt	80,120	26,904	105,579	33,443
Repayment of long-term debt	(88,105)	(19,127)	(823,667)	(66,297)
Dividends paid	(15,800)	(17,084)	(48,543)	(51,892)
Repurchase of own shares	(41,752)	(61,974)	(150,108)	(114,082)
Proceeds from exercise of stock options	457	251	1,437	1,765
Payment of restricted share units	-	-	(142)	-
Net cash used in financing activities	(82,547)	(75,308)	(926,301)	(181,113)
Net cash used in financing activities	-	-	-	(800)
	(82,547)	(75,308)	(926,301)	(181,913)
Net change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of period	-	-	-	-
Cash and cash equivalents, end of period	-	-	-	-

(*) Restated (see note 6)

The notes on pages 6 to 24 are an integral part of these condensed consolidated interim 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 condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2016 and 2015 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Group.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 20, 2016.

b) Basis of measurement

These condensed consolidated interim 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, forward purchase agreement 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) Seasonality of interim operations

The activities conducted by the Group 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. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

d) Functional and presentation currency

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

e) 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, 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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied and described in the Group's 2015 annual consolidated financial statements.

3. Significant accounting policies

The accounting policies described in the Group's 2015 annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

New standards and interpretations 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, 2016 and have been applied in preparing these condensed consolidated interim financial statements:

Annual Improvements to IFRS (2012-2014 cycle): On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments apply for annual periods beginning on or after January 1, 2016. Each of the amendments has its own specific transition requirements. Amendments were made to following in their respective standards:

- Changes in method for disposal under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- Continuing involvement for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 Financial Instruments: Disclosures;
- Discount rate in a regional market sharing the same currency under IAS 19 Employee Benefits;
- Disclosure of information 'elsewhere in the interim financial report' under IAS 34 Interim Financial Reporting;

Adoption of the amendments from the Annual Improvements to IFRS (2012-2014 cycle) did not have a material impact on the Group's condensed consolidated interim financial statements.

Disclosure Initiative: Amendments to IAS 1: On December 18, 2014 the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments will not require any significant changes to current practice, but should facilitate improved financial statement disclosures. Adoption of Disclosure Initiative: Amendments to IAS 1 did not have a material impact on the Group's condensed consolidated interim financial statements.

New standards and interpretations not yet adopted

The following new standards are not yet effective for the year ending December 31, 2016, and have not been applied in preparing these condensed consolidated interim financial statements:

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 restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. 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 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. 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: On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. The Group does not intend to early adopt the standard in its consolidated financial statements. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. 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 clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and application of the Standard to licenses of intellectual property. The Group intends to adopt IFRS 15 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 16, Leases – In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The standard will require all leases of more than 12 months to be reported on a Group's statement of financial position as assets and liabilities. The new standard is effective for fiscal years beginning on or after January 1, 2019 and is available for early adoption for Companies that also apply *IFRS 15, Revenue from Contracts with Customers*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Group has not yet assessed the impact of adoption of IFRS 16 and does not intend to early adopt IFRS 16 in its consolidated financial statements.

Disclosure Initiative: Amendments to IAS 7: On January 7, 2016 the IASB issued *Disclosure Initiative* (Amendments to IAS 7). The amendments apply prospectively for annual periods beginning on or after January 1, 2017. The Group does not intend to early adopt the standard in its consolidated financial statements. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. The Group intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The Group does not expect the amendments to have a material impact on the financial statements.

Recognition of Deferred Tax Assets for Unrealized Losses: Amendments to IAS 12: On January 19, 2016 the IASB issued *Recognition of Deferred Tax Assets for Unrealized Losses* (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. The Group does not intend to early adopt the standard in its consolidated financial statements. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The Group intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

Classification and Measurement of Share-based Payment Transactions: Amendments to IFRS 2: On June 20, 2016, the IASB issued amendments to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. The Group does not intend to early adopt the standard in its consolidated financial statements. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group intends to adopt the amendments to IFRS 2 in its 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.

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. The reportable segments are managed independently as they require different technology and capital resources. 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 ^(a) :	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.
Logistics:	Logistics services.

(a) The truckload segment represents the aggregation of the truckload and specialized truckload segments. These operating segments have similar cost structures and are evaluated using the same key performance indicators.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment income or loss before net finance income or costs and income tax ("operating income or loss"), 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 "Operating income" in the consolidated statements of income. Segment's operating income or loss 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.

TransForce Inc.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts in thousands of Canadian dollars, unless otherwise noted.)

PERIODS ENDED SEPTEMBER 30, 2016 AND 2015 - (UNAUDITED)

	Package and Courier	Less- Than- Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Three months ended September 30, 2016							
External revenue	347,106	200,632	370,118	57,604	-	-	975,460
Inter-segment revenue	1,636	4,165	6,049	1,652	-	(13,502)	-
Total revenue	348,742	204,797	376,167	59,256	-	(13,502)	975,460
Depreciation and amortization	8,466	7,133	27,478	917	540	-	44,534
Operating income (loss)	33,577	15,314	24,876	6,688	(8,031)	-	72,424
Intangible assets	446,309	210,700	751,755	94,594	1,997	-	1,505,355
Total assets	696,074	617,679	1,522,586	131,320	39,595	-	3,007,254
Total liabilities	147,942	123,348	259,484	19,984	1,036,781	-	1,587,539
Additions to property and equipment	1,374	3,748	14,495	-	246	-	19,863

Three months ended September 30, 2015*

External revenue	340,955	217,180	394,180	57,357	-	-	1,009,672
Inter-segment revenue	1,656	4,721	8,708	2,841	-	(17,926)	-
Total revenue	342,611	221,901	402,888	60,198	-	(17,926)	1,009,672
Depreciation and amortization	8,678	7,874	26,658	822	453	-	44,485
Operating income (loss)	22,386	12,186	37,302	5,970	(5,085)	-	72,759
Intangible assets	464,117	219,035	770,827	88,781	2,517	-	1,545,277
Total assets	725,527	686,479	1,573,598	132,063	15,915	-	3,133,582
Total liabilities	152,234	144,286	293,721	21,661	1,805,158	-	2,417,060
Additions to property and equipment	6,025	3,813	31,508	274	643	-	42,263

(*) Restated (see note 6)

	Package and Courier	Less- Than- Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Nine months ended September 30, 2016							
External revenue	1,020,468	593,209	1,106,051	167,746	-	-	2,887,474
Inter-segment revenue	5,167	12,606	18,627	6,556	-	(42,956)	-
Total revenue	1,025,635	605,815	1,124,678	174,302	-	(42,956)	2,887,474
Depreciation and amortization	25,948	21,702	82,866	2,794	1,550	-	134,860
Operating income (loss)	83,300	33,200	77,282	16,277	(23,945)	-	186,114
Intangible assets	446,309	210,700	751,755	94,594	1,997	-	1,505,355
Total assets	696,074	617,679	1,522,586	131,320	39,595	-	3,007,254
Total liabilities	147,942	123,348	259,484	19,984	1,036,781	-	1,587,539
Additions to property and equipment	9,844	9,702	59,426	131	440	-	79,543

Nine months ended September 30, 2015*

External revenue	980,067	653,439	1,182,324	187,269	-	-	3,003,099
Inter-segment revenue	4,974	13,243	26,566	6,836	-	(51,619)	-
Total revenue	985,041	666,682	1,208,890	194,105	-	(51,619)	3,003,099
Depreciation and amortization	25,071	23,826	77,911	2,668	1,430	-	130,906
Operating income (loss)	63,724	34,998	104,002	22,587	(15,334)	-	209,977
Intangible assets	464,117	219,035	770,827	88,781	2,517	-	1,545,277
Total assets	725,527	686,479	1,573,598	132,063	15,915	-	3,133,582
Total liabilities	152,234	144,286	293,721	21,661	1,805,158	-	2,417,060
Additions to property and equipment	12,574	18,342	93,410	1,842	2,517	-	128,685

(*) Restated (see note 6)

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.

	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Revenue				
Canada	616,542	626,783	1,801,282	1,888,851
United States	358,918	382,889	1,086,192	1,114,248
	975,460	1,009,672	2,887,474	3,003,099
			As at September 30, 2016	As at December 31, 2015
Property and equipment and intangible assets				
Canada			1,737,666	1,755,198
United States			710,961	789,163
			2,448,627	2,544,361

(*) Restated (see note 6)

5. Business combinations
a) Business combinations

In line with the Group's growth strategy, the Group acquired four businesses during 2016 and none were considered significant.

As of the reporting date, the Group had not completed the purchase price allocation over the identifiable net assets and goodwill of these business combinations. 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 information available to the Group to date.

Identifiable assets acquired and liabilities assumed

	Note	2016
Cash and cash equivalents		133
Trade and other receivables		350
Inventoried supplies and prepaid expenses		30
Property and equipment	7	17,405
Intangible assets	8	4,015
Trade and other payables		(230)
Income tax payable		(111)
Long-term debt		(1,686)
Deferred tax liabilities		(341)
Total identifiable net assets		19,565
Total consideration transferred		23,101
Goodwill	8	3,536

Of the goodwill and intangible assets acquired through business combinations in 2016, \$3.7 million is deductible for tax purposes.

No significant transaction costs have been expensed in relation to the above mentioned acquisitions.

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 the specialized Truckload operating segment, which represents the lowest level at which goodwill is monitored internally.

6. Discontinued operations**a) Discontinued operations**

On September 30, 2015, the Company decided to cease operations in the rig moving operating segment and accordingly has classified all the property and equipment as assets held for sale.

On October 29, 2015, the Company commenced the process of selling the Waste Management segment ("Waste") to GFL Environmental Inc. ("GFL") for total consideration of \$800 million, which includes an unsecured promissory note of \$25 million yielding 3% interest with a term of 4 years. The Waste operations were transferred to GFL on February 1, 2016.

The following tables present the net income (loss) from discontinued operations:

	Three months ended September 30, 2016			Three months ended September 30, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Revenue	-	-	-	5,116	57,876	62,992
Expenses	-	-	-	8,071	43,240	51,311
	-	-	-	(2,955)	14,636	11,681
Loss on assets held for sale	-	-	-	(1,396)	-	(1,396)
(Loss) income before income tax	-	-	-	(4,351)	14,636	10,285
Income tax (recovery) expense	(434)	-	(434)	(2,960)	3,518	558
Net income (loss) from discontinued operations	434	-	434	(1,391)	11,118	9,727
Earnings per share from discontinued operations						
Basic (loss) earnings per share	0.00	-	0.00	(0.01)	0.11	0.10
Diluted (loss) earnings per share	0.00	-	0.00	(0.01)	0.11	0.10
Additional information:						
Depreciation of property and equipment	-	-	-	2,192	5,999	8,191

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Revenue	304	14,340	14,644	43,702	154,771	198,473
Expenses	1,854	15,630	17,484	60,073	121,301	181,374
	(1,550)	(1,290)	(2,840)	(16,371)	33,470	17,099
Loss on assets held for sale	(8,314)	-	(8,314)	(2,153)	-	(2,153)
Gain on the sale of Waste ⁽¹⁾	-	559,246	559,246	-	-	-
(Loss) income before income tax	(9,864)	557,956	548,092	(18,524)	33,470	14,946
Income tax (recovery) expense	(4,054)	68,578	64,524	(8,143)	8,425	282
Net (loss) income from discontinued operations	(5,810)	489,378	483,568	(10,381)	25,045	14,664
Earnings per share from discontinued operations						
Basic (loss) earnings per share	(0.06)	5.18	5.12	(0.10)	0.25	0.15
Diluted (loss) earnings per share	(0.06)	5.09	5.03	(0.10)	0.24	0.14
Additional information:						
Depreciation of property and equipment	-	2,256	2,256	7,430	16,931	24,361

⁽¹⁾ See note b

The assets and liabilities of the discontinued operations were as follows:

	As at September 30, 2016			As at December 31, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Current assets	4,430	-	4,430	29,184	37,898	67,082
Non-current assets	-	-	-	-	266,443	266,443
Current liabilities	(3,329)	-	(3,329)	(6,048)	(28,577)	(34,625)
Non-current liabilities	-	-	-	-	(56,361)	(56,361)

b) Sale of the Waste Management segment

On February 1, 2016, the Company completed the sale of Waste to GFL, headquartered in Toronto, Ontario, for a sale price of \$800 million. At closing, GFL paid \$758.9 million to the Company net of closing adjustments, and issued an unsecured promissory note to the Company in an amount of \$25 million, payable in four years and bearing interest at an annual rate of 3%. The table below presents the reconciliation of the gain on the sale of the Waste Management.

	Note	2016
Sale price		800,000
Closing adjustment to sale price	i	(16,126)
Net sale price		783,874
Trade and other receivables		34,014
Inventoried supplies and prepaid expenses		4,364
Property and equipment		140,089
Intangible assets		93,408
Goodwill		22,369
Other assets		9,576
Bank indebtedness		(6,018)
Trade and other payables		(16,576)
Income taxes payable		(3,956)
Provisions		(26,544)
Long-term debt		(7,235)
Deferred tax liabilities		(26,398)
Total identifiable net assets		217,093
Fair value adjustment to the promissory note	ii	(7,535)
Gain on sale of Waste		559,246
Income tax on gain on disposal	iii	(68,475)
Gain on sale of Waste, net of tax		490,771
Net sale price is paid as follow:		
Cash consideration received		758,874
Promissory note issued	ii	25,000
		783,874

- i) Closing adjustments to the sale price includes an assumed lease amount of \$0.7 million, closure and post-closure costs of \$9.1 million, working capital adjustment of \$2.4 million and income taxes payable of \$4.0 million.
- ii) The fair value adjustment to the promissory note has been calculated with a discount rate of 12% over 4 years based on the specific risk of the business.
- iii) The gain of \$559.2 million on the sale of Waste generated an income tax expense \$68.5 million which represents an effective tax rate of 12.2% largely explained by the capital nature of the transaction.

Certain comparative figures have been restated to exclude the impact of discontinued operations.

7. Property and equipment

	Land and buildings	Rolling stock	Equipment	Total
Cost				
Balance at December 31, 2015	424,593	908,662	149,482	1,482,737
Additions through business combinations	-	17,356	49	17,405
Other additions	7,426	65,675	6,442	79,543
Disposals	(11,853)	(73,946)	(4,842)	(90,641)
Reclassification to assets held for sale	-	(110)	-	(110)
Effect of movements in exchange rates	(1,348)	(12,140)	(629)	(14,117)
Balance at September 30, 2016	418,818	905,497	150,502	1,474,817
Depreciation				
Balance at December 31, 2015	67,620	341,707	91,549	500,876
Depreciation for the period	7,880	77,021	11,545	96,446
Disposals	(2,584)	(56,334)	(5,156)	(64,074)
Reclassification to assets held for sale	-	(71)	-	(71)
Effect of movements in exchange rates	(340)	(1,044)	(248)	(1,632)
Balance at September 30, 2016	72,576	361,279	97,690	531,545
Net carrying amounts				
At December 31, 2015	356,973	566,955	57,933	981,861
At September 30, 2016	346,242	544,218	52,812	943,272

8. Intangible assets

	Other intangible assets					Total
	Goodwill	Customer relationships	Trademarks	Non- compete agreements and permits	Information technology	
Net carrying amounts						
Balance at December 31, 2015	1,147,311	344,768	59,215	1,787	9,419	1,562,500
Additions through business combinations	3,536	3,445	-	570	-	7,551
Other additions	-	-	-	-	1,605	1,605
Amortization	-	(30,674)	(4,026)	(342)	(3,372)	(38,414)
Effect of movements in exchange rates	(19,378)	(6,879)	(1,402)	(61)	(167)	(27,887)
Balance at September 30, 2016	1,131,469	310,660	53,787	1,954	7,485	1,505,355

9. Other assets

	As at September 30, 2016	As at December 31, 2015
Promissory note	18,541	-
Investments	5,506	-
Restricted cash	4,295	4,300
Security deposits	3,619	3,820
Other	24	23
	31,985	8,143

10. Long-term debt

	As at September 30, 2016	As at December 31, 2015
Non-current liabilities		
Revolving facility	529,162	801,152
Unsecured debentures	124,497	124,334
Term loans	74,705	-
Conditional sales contracts	39,939	34,985
Finance lease liabilities	14,720	23,111
Other long-term debt	26,119	26,729
	809,142	1,010,311
Current liabilities		
Current portion of conditional sales contracts	27,838	24,543
Current portion of finance lease liabilities	11,071	15,327
Current portion of other long-term debt	5,812	5,784
Current portion of term loans	-	559,135
	44,721	604,789

The term loans were repaid in their entirety with proceeds generated from the sale of Waste.

On June 22, 2016, the Group amended and extended its existing revolving facility to June 2020. The facility is unsecured and can be extended annually. The total available amount under the revolving facility was increased by \$155 million to \$1,200 million. The agreement still provides, under certain conditions, an additional \$250 million of credit availability (C\$245 million and US\$5 million). 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.

On August 18, 2016, the Group entered into a new loan agreement for \$75 million. This loan takes the form of term loan carrying an interest rate of 3.95% and with an August 2019 maturity date. This term loan may be repaid, without penalty, after August 18, 2018, subject to the approval of the Group's syndicate of bank lenders.

11. 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 following table summarizes the number of common shares issued.

(in number of shares)	Note	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015
Balance, beginning of period		97,632,502	102,323,968
Repurchase and cancellation of own shares - Substantial issuer bid		(2,699,924)	-
Repurchase and cancellation of own shares		(3,702,200)	(4,524,300)
Stock options exercised	13	83,071	109,306
Warrants exercised		-	12,332
Balance, end of period		91,313,449	97,921,306

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

	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015
Balance, beginning of period	764,343	799,100
Repurchase and cancellation of own shares	(50,159)	(35,337)
Cash consideration of stock options exercised	1,437	1,765
Ascribed value credited to share capital on stock options exercised	401	530
Ascribed value credited to share capital on warrants exercised	-	240
Balance, end of period	716,022	766,298

Pursuant to the renewal of the normal course issuer bid ("NCIB") which began on September 30, 2016 and expiring on September 29, 2017, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. As at September 30, 2016, and since the inception of this NCIB, the Company has not repurchased any common shares under this NCIB.

During the nine months ended September 30, 2016, the Company repurchased 3,702,200 common shares at a price ranging from \$22.00 to \$27.30 per share for a total purchase price of \$90.7 million relating to the NCIB. During the nine months ended September 30, 2015, the Company repurchased 4,524,300 common shares at a price ranging from \$21.93 to \$27.92 per share for a total purchase price of \$114.1 million relating to a previous NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$61.6 million (2015 – \$78.7 million) was charged to retained earnings as share repurchase premium.

During the nine months ended September 30, 2015, 40,000 warrants with the exercise price of \$20.17 were exercised under the cashless exercise provision resulting in the issuance of 12,332 common shares of the Company. The cashless exercise provision of the warrants allows the holder to receive a number of common shares equivalent in value to the difference of the market price of the common shares underlying the number of warrants exercised and the exercise price, in lieu of cash or other consideration. The share price at the date of exercise was \$29.16. As at September 30, 2016, there were no outstanding warrants.

On February 11, 2016, the Company announced a substantial issuer bid ("SIB") to purchase, for cancellation, up to 10 million common shares for an aggregate purchase price not to exceed \$220 million (the 'Offer').

The Offer was made by way of a "modified Dutch Auction" pursuant to which shareholders may tender all or a portion of their shares (i) at a price not less than \$19.00 and not more than \$22.00 per share, in increments of \$0.10 per share, or (ii) without specifying a purchase price, in which case their shares would be purchased at the purchase price determined in accordance with the Offer.

The offer expired on March 28, 2016. The Company purchased and cancelled 2,699,924 common shares at a price of \$22.00 per share, for a total purchase price of \$59.4 million relating to this SIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$38.3 million was charged to retained earnings as share repurchase premium.

12. 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:

<i>(in thousands of dollars and number of shares)</i>	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Net income attributable to owners of the Company	51,503	41,630	594,240	119,791
Net income from continuing operations	51,069	31,903	110,672	105,127
Issued common shares, beginning of period	92,877,512	100,497,437	97,632,502	102,323,968
Effect of stock options and warrants exercised	12,709	7,035	45,712	90,564
Effect of repurchase of own shares	(671,977)	(1,295,100)	(3,208,131)	(1,398,750)
Weighted average number of common shares	92,218,244	99,209,372	94,470,083	101,015,782
Earnings per share – basic	0.56	0.42	6.29	1.19
Earnings per share from continuing operations – basic	0.55	0.32	1.17	1.04

(*) Restated (see note 6)

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:

<i>(in thousands of dollars and number of shares)</i>	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Net income attributable to owners of the Company	51,503	41,630	594,240	119,791
Dilutive effect	-	-	-	-
Net income attributable to owners of the Company, adjusted for dilution effect	51,503	41,630	594,240	119,791
Net income from continuing operations attributable to owners of the Company, adjusted for dilution effect	51,069	31,903	110,672	105,127
Weighted average number of common shares	92,218,244	99,209,372	94,470,083	101,015,782
Dilutive effect:				
Stock options, restricted share units and warrants	1,825,308	1,591,516	1,649,238	1,839,901
Weighted average number of diluted common shares	94,043,552	100,800,888	96,119,321	102,855,683
Earnings per share - diluted	0.55	0.41	6.18	1.16
Earnings per share from continuing operations - diluted	0.54	0.32	1.15	1.02

(*) Restated (see note 6)

For the three and nine months ended September 30, 2016, 864,485 and 1,331,671 stock options respectively were excluded from the calculation of diluted earnings per share as these options were deemed to be anti-dilutive (2015 – 1,381,120 and 915,485).

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.

13. 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:

<i>(in thousands of options and in dollars)</i>	Three months ended Sept. 30, 2016		Three months ended Sept. 30, 2015		Nine months ended Sept. 30, 2016		Nine months ended Sept. 30, 2015	
	Weighted Number of options	average exercise price	Weighted Number of options	average exercise price	Weighted Number of options	average exercise price	Weighted Number of options	average exercise price
Balance, beginning of period	4,817	16.55	4,080	14.87	4,934	16.67	4,193	14.93
Granted	1,039	24.64	915	24.93	1,039	24.64	915	24.93
Exercised	(28)	16.03	(14)	17.83	(83)	17.32	(109)	16.14
Forfeited	(7)	24.93	(10)	23.21	(69)	24.74	(28)	22.80
Balance, end of period	5,821	17.99	4,971	16.70	5,821	17.99	4,971	16.70
Options exercisable, end of period					4,066	15.06	3,472	13.50

The following table summarizes information about stock options outstanding and exercisable at September 30, 2016:

<i>(in thousands of options and in dollars)</i>	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life (in years)	Number of options
Exercise prices			
6.32	748	2.8	748
9.46	652	3.8	652
14.28	580	1.8	580
16.46	767	2.8	767
20.18	740	3.8	740
24.64	1,039	6.8	-
24.93	860	5.8	285
25.14	435	4.8	294
	5,821	4.3	4,066

Of the options outstanding at September 30, 2016, a total of 4,764,932 (December 31, 2015 – 4,020,595) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the nine months ended September 30, 2016 was \$23.93 (2015 – \$29.38).

For the three and nine months ended September 30, 2016, the Group recognized a compensation expense of \$0.8 million and \$2.3 million, respectively (2015 – \$0.8 million and \$2.4 million) with a corresponding increase to contributed surplus.

On July 21, 2016, the Board of Directors approved the grant of 1,038,657 stock options under the Company's stock option plan of which 721,516 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 21, 2016
Average expected option life	4.5 years
Risk-free interest rate	0.56%
Expected stock price volatility	23.01%
Average dividend yield	2.83%
Weighted average fair value of options granted	\$3.33

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)	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015
Balance, beginning of period	275,380	231,215	255,053	217,557
Board members compensation	8,638	9,942	29,446	26,543
Deferred share units redeemed	-	-	(4,402)	(5,436)
Dividends paid in units	1,909	1,530	5,830	4,023
Balance, end of period	285,927	242,687	285,927	242,687

For the three and nine months ended September 30, 2016, the Group recognized, as a result of deferred share units, a compensation expense of \$0.2 million and \$0.8 million, respectively (2015 - \$0.2 million and \$0.7 million) with a corresponding increase to trade and other payables.

As at September 30, 2016, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to \$7.8 million (December 31, 2015 - \$6.0 million).

Performance contingent restricted share unit plan

The Company offers 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. The RSUs vest after 2.5 years of consecutive service from the grant date. The vesting period has been changed from 3 years of consecutive service following approval by the Board of Directors on July 21, 2016. The change has been applied to all outstanding RSUs. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

On July 21, 2016, the Company granted a total of 142,799 RSUs under the Company equity incentive plan of which 97,509 were granted to key management personnel. The fair value of the RSUs is determined to be the share price fair value at the date of the grant and is recognized as a share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSU's granted during the period was \$24.64 per unit. The table below summarizes changes to the outstanding RSUs:

<i>(in thousands of RSUs and in dollars)</i>	Three months ended Sept. 30, 2016		Three months ended Sept. 30, 2015		Nine months ended Sept. 30, 2016		Nine months ended Sept. 30, 2015	
	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price
Balance, beginning of period	217	25.01	83	25.14	224	25.01	83	25.14
Granted	143	24.64	144	24.93	143	24.64	144	24.93
Reinvested	2	25.00	1	25.14	6	25.00	2	25.14
Exercised	-	-	-	-	(7)	24.99	-	-
Forfeited	(1)	24.93	(2)	25.14	(5)	25.01	(3)	25.14
Balance, end of period	361	24.86	226	25.01	361	24.86	226	25.01

The following table summarizes information about RSUs outstanding and exercisable as at September 30, 2016:

<i>(in thousands of RSUs and in dollars)</i>			RSUs outstanding	
			Number of RSUs	Remaining contractual life (in years)
Exercise prices				
24.64			143	2.3
24.93			140	1.3
25.14			78	0.3
			361	1.5

For the three and nine months ended September 30, 2016, the Group recognized as a result of RSUs a compensation expense of \$1.2 million and \$2.1 million, respectively (2015 - \$0.5 million and \$0.8 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at September 30, 2016, a total of 256,282 (December 31, 2015 - 153,207) are held by key management personnel.

14. Operating expenses

The Group's operating expenses from continuing operations 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 offices' and terminals' rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses; and d) depreciation, amortization and gain or loss on disposition of property and equipment and assets held for sale.

	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Materials and services expenses				
Independent contractors	435,201	445,487	1,283,253	1,320,465
Vehicle operation expenses	136,999	147,201	407,476	458,168
	572,200	592,688	1,690,729	1,778,633
Personnel expenses	234,206	244,180	709,248	728,196
Other operating expenses	57,378	59,064	180,511	176,434
Depreciation of property and equipment	31,862	32,607	96,446	96,242
Amortization of intangible assets	12,672	11,878	38,414	34,664
Gain on sale of property and equipment	(5,282)	(3,504)	(13,988)	(17,625)
Gain on sale of assets held for sale	-	-	-	(3,422)
	903,036	936,913	2,701,360	2,793,122

(*) Restated (See note 6)

15. Finance income and finance costs
Recognized in income or loss:

(Income) costs	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Interest expense on long-term debt	8,442	15,321	29,270	45,186
Interest income and accretion	(639)	-	(1,722)	-
Net foreign exchange loss (gain)	315	(1,359)	3,317	664
Net change in fair value of foreign exchange derivatives	(122)	2,072	(1,263)	6,899
Net change in fair value of interest rate derivatives	(3,687)	9,713	8,924	11,362
Other financial expenses	2,713	1,319	6,156	3,405
Reclassification to income of accumulated unrealized gain on investment in equity securities	(341)	(749)	(1,066)	(749)
Net finance costs	6,681	26,317	43,616	66,767
Presented as:				
Finance income	(4,789)	(2,108)	(4,051)	(749)
Finance costs	11,470	28,425	47,667	67,516

(*) Restated (see note 6)

16. Income tax expense
Income tax recognized in income or loss:

	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Current tax expense				
Current period	21,150	23,037	46,577	58,228
Adjustment for prior periods	(6,030)	(7,348)	(6,030)	(6,904)
	15,120	15,689	40,547	51,324
Deferred tax expense				
Origination and reversal of temporary differences	(4,348)	(9,392)	(12,627)	(21,629)
Variation in tax rate	(251)	372	20	475
Adjustment for prior periods	4,153	7,870	3,886	7,913
	(446)	(1,150)	(8,721)	(13,241)
Income tax expense from continuing operations	14,674	14,539	31,826	38,083

(*) Restated (see note 6)

Reconciliation of effective tax rate:

	Three months ended Sept. 30, 2016	Three months ended Sept. 30, 2015*	Nine months ended Sept. 30, 2016	Nine months ended Sept. 30, 2015*
Income before income tax	65,743	46,442	142,498	143,210
Income tax using the Company's statutory tax rate	26.9% 17,685	26.9% 12,493	26.9% 38,332	26.9% 38,523
Increase (decrease) resulting from:				
Rate differential between jurisdictions	(3.0%) (1,970)	(3.7%) (1,740)	(3.9%) (5,588)	(3.7%) (5,229)
Variation in tax rate	(0.4%) (251)	0.8% 372	0.0% 20	0.3% 475
Non deductible expenses	1.8% 1,207	1.0% 448	1.7% 2,420	1.6% 2,285
Tax exempt income	(0.5%) (321)	0.9% 432	(1.3%) (1,798)	(1.0%) (1,415)
Adjustment for prior periods	(2.9%) (1,877)	1.1% 522	(1.5%) (2,144)	0.7% 1,009
Others	0.3% 201	4.3% 2,012	0.4% 584	1.7% 2,435
	22.2% 14,674	31.3% 14,539	22.3% 31,826	26.5% 38,083

(*) Restated (see note 6)

17. Financial Instruments
Derivative financial instruments' fair values were as follows:

	Note	As at September 30, 2016	As at December 31, 2015
Current assets			
Foreign exchange derivatives		-	11,375
Current liabilities			
Foreign exchange derivatives		-	230
Contracts denominated in foreign currencies		950	700
Interest rate derivatives	a	4,229	2,133
		5,179	3,063
Non-current liabilities			
Contracts denominated in foreign currencies		738	2,427
Interest rate derivatives	a	13,980	7,152
		14,718	9,579

a) Interest rate risk

The Company'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.

The Company's interest rate derivatives are as follows:

	As at September 30, 2016			As at December 31, 2015		
	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$
Coverage period:						
Less than 1 year	1.78%	375,000	(4,229)	1.58%	475,000	(2,133)
1 to 2 years	1.92%	325,000	(4,027)	1.85%	350,000	(1,831)
2 to 3 years	1.92%	325,000	(4,027)	1.92%	325,000	(1,794)
3 to 4 years	1.90%	293,750	(3,516)	1.92%	325,000	(1,794)
4 to 5 years	1.92%	100,000	(1,071)	1.89%	237,500	(1,139)
5 to 6 years	1.92%	100,000	(1,071)	1.92%	100,000	(382)
6 to 7 years	1.92%	25,000	(268)	1.92%	75,000	(212)
Liabilities			(18,209)			(9,285)
Presented as:						
Current liabilities			(4,229)			(2,133)
Non-current liabilities			(13,980)			(7,152)

18. Operating leases, contingencies and letters of credit**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:

	As at September 30, 2016	As at December 31, 2015
Less than 1 year	118,690	116,952
Between 1 and 5 years	229,424	237,951
More than 5 years	101,527	124,824
	449,641	479,727

During the three and nine months ended September 30, 2016, expense of \$32.7 million and \$99.5 million, respectively was recognized in income or loss in respect of operating leases (2015 – \$33.0 million and \$93.0 million).

b) 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.

c) Letters of credit

As at September 30, 2016, the Group had \$41.2 million of outstanding letters of credit (December 31, 2015 - \$32.6 million).