



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second quarter ended
June 30, 2016

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

(in thousands of Canadian dollars)

	Note	As at June 30, 2016	As at December 31, 2015
Assets			
Trade and other receivables		468,713	507,872
Inventoried supplies		6,270	7,073
Current taxes recoverable		-	14,976
Prepaid expenses		31,081	29,961
Derivative financial instruments	17	-	11,375
Assets held for sale	6	13,381	27,746
Disposal group held for sale	6	-	219,403
Current assets		519,445	818,406
Property and equipment	7	958,731	981,861
Intangible assets	8	1,509,583	1,562,500
Other assets	9	25,811	8,143
Deferred tax assets		10,604	6,960
Non-current assets		2,504,729	2,559,464
Total assets		3,024,174	3,377,870
Liabilities			
Bank indebtedness		24,128	19,112
Trade and other payables		406,120	427,731
Current taxes payable		48,912	13,630
Derivative financial instruments	17	5,925	3,063
Long-term debt	10	47,008	604,789
Current liabilities		532,093	1,068,325
Long-term debt	10	806,488	1,010,311
Employee benefits		13,636	13,761
Provisions		10,718	10,758
Derivative financial instruments	17	17,780	9,579
Deferred tax liabilities		220,082	234,823
Other financial liability		2,828	2,941
Non-current liabilities		1,071,532	1,282,173
Total liabilities		1,603,625	2,350,498
Equity			
Share capital	11	727,931	764,343
Contributed surplus		19,858	17,819
Accumulated other comprehensive income		33,973	46,542
Retained earnings		638,787	198,668
Equity attributable to owners of the Company		1,420,549	1,027,372
Operating leases, contingencies and letters of credit	18		
Total liabilities and equity		3,024,174	3,377,870

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<i>(In thousands of Canadian dollars, except per share amounts)</i>		Three months ended	Three months ended	Six months ended	Six months ended
	Note	June 30, 2016	June 30, 2015*	June 30, 2016	June 30, 2015*
Revenue		903,866	920,858	1,770,594	1,778,889
Fuel surcharge		73,949	108,993	141,420	214,538
		977,815	1,029,851	1,912,014	1,993,427
Materials and services expenses	14	568,660	604,269	1,118,529	1,185,945
Personnel expenses	14	236,744	247,835	475,042	484,016
Other operating expenses	14	59,647	56,772	123,133	117,370
		865,051	908,876	1,716,704	1,787,331
Income before the following:		112,764	120,975	195,310	206,096
Depreciation of property and equipment	14	32,110	31,916	64,584	63,635
Amortization of intangible assets	14	12,615	11,453	25,742	22,786
Gain on sale of property and equipment	14	(5,367)	(12,232)	(8,706)	(14,121)
Gain on sale of assets held for sale	14	-	(3,422)	-	(3,422)
Operating Income		73,406	93,260	113,690	137,218
Finance income	15	(1,688)	(2,948)	(2,949)	-
Finance costs	15	14,508	16,882	39,884	40,450
Net finance costs		12,820	13,934	36,935	40,450
Income before income tax		60,586	79,326	76,755	96,768
Income tax expense	16	16,305	19,092	17,152	23,544
Net income from continuing operations		44,281	60,234	59,603	73,224
Net (loss) income from discontinued operations	6	(5,175)	3,882	483,134	4,937
Net income for the period attributable to owners of the Company		39,106	64,116	542,737	78,161
Earnings per share					
Basic earnings per share	12	0.42	0.63	5.68	0.77
Diluted earnings per share	12	0.41	0.62	5.59	0.75
Earnings per share from continuing operations					
Basic earnings per share	12	0.47	0.59	0.62	0.72
Diluted earnings per share	12	0.47	0.58	0.61	0.71

(*) Restated (see note 6)

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)**

(In thousands of Canadian dollars)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Net income for the period attributable to owners of the Company	39,106	64,116	542,737	78,161
Other comprehensive income				
Items that may be reclassified to income or loss in future periods:				
Foreign currency translation differences	(3,844)	(11,618)	(48,449)	46,400
Net investment hedge, net of tax	2,958	12,992	35,880	(43,052)
Reclassification to income of accumulated unrealized gain on investment in equity securities, net of tax	(628)	-	(628)	-
Unrealized (loss) gain on investment in equity securities, net of tax	(242)	-	628	-
Other comprehensive (loss) income for the period, net of tax	(1,756)	1,374	(12,569)	3,348
Total comprehensive income for the period attributable to owners of the Company	37,350	65,490	530,168	81,509

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 JUNE 30, 2016 AND 2015 - (UNAUDITED)**
(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Accumulated foreign currency translation differences	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		-	-	-	542,737	542,737
Other comprehensive income (loss) for the period, net of tax		-	-	(12,569)	-	(12,569)
Total comprehensive income (loss) for the period		-	-	(12,569)	542,737	530,168
Share-based payment transactions	13	-	2,472	-	-	2,472
Stock options exercised	11, 13	1,264	(284)	-	-	980
Dividends to owners of the Company		-	-	-	(31,945)	(31,945)
Repurchase of own shares	11	(37,676)	-	-	(70,680)	(108,356)
Restricted share units exercised	13	-	(149)	-	7	(142)
Total transactions with owners, recorded directly in equity		(36,412)	2,039	-	(102,618)	(136,991)
Balance as at June 30, 2016		727,931	19,858	33,973	638,787	1,420,549
Balance as at December 31, 2014		799,100	14,333	28,649	187,331	1,029,413
Net income for the period		-	-	-	78,161	78,161
Other comprehensive income (loss) for the period, net of tax		-	-	3,348	-	3,348
Total comprehensive income (loss) for the period		-	-	3,348	78,161	81,509
Share-based payment transactions	13	-	1,885	-	-	1,885
Stock options exercised	11, 13	1,969	(455)	-	-	1,514
Dividends to owners of the Company		-	-	-	(34,497)	(34,497)
Repurchase of own shares	11	(15,071)	-	-	(37,037)	(52,108)
Warrants exercised	11	240	(240)	-	-	-
Total transactions with owners, recorded directly in equity		(12,862)	1,190	-	(71,534)	(83,206)
Balance as at June 30, 2015		786,238	15,523	31,997	193,958	1,027,716

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In thousands of Canadian dollars)

	Three months ended Note June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Cash flows from operating activities				
Net income for the period attributable to owners of the company	39,106	64,116	542,737	78,161
Net (loss) income from discontinued operations	(5,175)	3,882	483,134	4,937
Net income from continuing operations	44,281	60,234	59,603	73,224
Adjustments for				
Depreciation of property and equipment	32,110	31,916	64,584	63,635
Amortization of intangible assets	12,615	11,453	25,742	22,786
Share-based payment transactions	1,116	926	2,472	1,885
Net finance costs	12,820	13,934	36,935	40,450
Income tax expense	16,305	19,092	17,152	23,544
Gain on sale of property and equipment	(5,367)	(12,232)	(8,706)	(14,121)
Gain on sale of assets held for sale	-	(3,422)	-	(3,422)
Employee benefits and provisions	611	572	415	933
	114,491	122,473	198,197	208,914
Net change in non-cash operating working capital	17,455	(6,501)	8,076	(3,819)
Cash generated from operating activities	131,946	115,972	206,273	205,095
Interest paid	(8,593)	(14,378)	(20,248)	(30,320)
Income tax paid	(23,806)	(12,982)	(46,052)	(37,159)
Net realized loss on derivatives	-	(885)	(407)	(2,463)
Net cash from continuing operations	99,547	87,727	139,566	135,153
Net cash (used in) from discontinued operations	(708)	(4,246)	(3,207)	18,657
	98,839	83,481	136,359	153,810
Cash flows used in (from) investing activities				
Purchases of property and equipment	(30,441)	(49,390)	(59,563)	(86,422)
Proceeds from sale of property and equipment	15,306	31,721	28,850	40,037
Proceeds from sale of assets held for sale	-	20,553	-	20,553
Purchases of intangible assets	(551)	(1,064)	(710)	(1,262)
Business combinations, net of cash acquired	(8,350)	(26,396)	(22,968)	(26,396)
Others	5,775	(3,288)	335	(3,011)
Net cash (used in) from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Net cash from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Net cash from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Net cash from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Net cash from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Net cash from investing activities	(18,261)	(27,864)	(54,056)	(56,501)
Cash flows used in financing activities				
(Decrease) increase in bank indebtedness	(5,828)	9,147	6,610	20,228
Proceeds from long-term debt	12,656	14,321	25,459	27,656
Repayment of long-term debt	(30,193)	(20,434)	(735,562)	(68,287)
Dividends paid	(16,145)	(17,413)	(32,743)	(34,808)
Repurchase of own shares	(44,753)	(52,108)	(108,356)	(52,108)
Proceeds from exercise of stock options	331	70	980	1,514
Payment of restricted share units	(5)	-	(142)	-
Net cash used in financing activities	(83,937)	(66,417)	(843,754)	(105,805)
Net cash used in financing activities	(83,937)	(66,417)	(843,754)	(105,805)
Net cash used in financing activities	(83,937)	(66,417)	(843,754)	(105,805)
Net cash used in financing activities	(83,937)	(66,417)	(843,754)	(105,805)
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 six months ended June 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 July 21, 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*. 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 JUNE 30, 2016 AND 2015 - (UNAUDITED)

	Package and Courier	Less- Than- Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Three months ended June 30, 2016							
External revenue	338,898	202,751	378,921	57,245	-	-	977,815
Inter-segment revenue	1,864	4,296	6,279	2,441	-	(14,880)	-
Total revenue	340,762	207,047	385,200	59,686	-	(14,880)	977,815
Depreciation and amortization	8,604	7,275	27,387	933	526	-	44,725
Operating income (loss)	31,847	13,726	31,831	5,397	(9,395)	-	73,406
Intangible assets	446,275	212,805	753,283	95,043	2,177	-	1,509,583
Total assets	687,518	620,176	1,529,373	132,883	37,911	-	3,007,861
Total liabilities	143,453	123,603	260,877	18,435	1,050,366	-	1,596,734
Additions to property and equipment	2,262	2,626	25,461	131	78	-	30,558

Three months ended June 30, 2015*

External revenue	328,892	226,694	406,135	68,130	-	-	1,029,851
Inter-segment revenue	1,772	4,246	8,973	1,974	-	(16,965)	-
Total revenue	330,664	230,940	415,108	70,104	-	(16,965)	1,029,851
Depreciation and amortization	8,278	7,963	25,759	871	498	-	43,369
Operating income (loss)	26,595	19,787	41,119	11,037	(5,278)	-	93,260
Intangible assets	445,000	221,120	757,510	89,128	2,579	-	1,515,337
Total assets	690,394	692,432	1,536,517	136,108	22,748	-	3,078,199
Total liabilities	144,683	149,321	279,732	25,638	1,737,726	-	2,337,100
Additions to property and equipment	2,733	5,942	38,628	760	1,327	-	49,390

(*) Restated (see note 6)

	Package and Courier	Less- Than- Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Six months ended June 30, 2016							
External revenue	673,362	392,577	735,933	110,142	-	-	1,912,014
Inter-segment revenue	3,531	8,441	12,578	4,904	-	(29,454)	-
Total revenue	676,893	401,018	748,511	115,046	-	(29,454)	1,912,014
Depreciation and amortization	17,482	14,569	55,388	1,877	1,010	-	90,326
Operating income (loss)	49,723	17,886	52,406	9,589	(15,914)	-	113,690
Intangible assets	446,275	212,805	753,283	95,043	2,177	-	1,509,583
Total assets	687,518	620,176	1,529,373	132,883	37,911	-	3,007,861
Total liabilities	143,453	123,603	260,877	18,435	1,050,366	-	1,596,734
Additions to property and equipment	8,470	5,954	44,931	131	194	-	59,680

Six months ended June 30, 2015*

External revenue	639,112	436,259	788,144	129,912	-	-	1,993,427
Inter-segment revenue	3,318	8,522	17,858	3,995	-	(33,693)	-
Total revenue	642,430	444,781	806,002	133,907	-	(33,693)	1,993,427
Depreciation and amortization	16,393	15,952	51,253	1,846	977	-	86,421
Operating income (loss)	41,338	22,812	66,700	16,617	(10,249)	-	137,218
Intangible assets	445,000	221,120	757,510	89,128	2,579	-	1,515,337
Total assets	690,394	692,432	1,536,517	136,108	22,748	-	3,078,199
Total liabilities	144,683	149,321	279,732	25,638	1,737,726	-	2,337,100
Additions to property and equipment	6,549	14,529	61,902	1,568	1,874	-	86,422

(*) 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 June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Revenue				
Canada	616,194	652,549	1,184,740	1,262,068
United States	361,621	377,302	727,274	731,359
	977,815	1,029,851	1,912,014	1,993,427
			As at June 30, 2016	As at December 31, 2015
Property and equipment and intangible assets				
Canada			1,757,846	1,755,198
United States			710,468	789,163
			2,468,314	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 June 30, 2016			Three months ended June 30, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Revenue	-	-	-	11,583	55,698	67,281
Expenses	304	-	304	19,388	43,202	63,347
	(304)	-	(304)	(7,805)	12,496	3,934
Loss on assets held for sale	(8,026)	-	(8,026)	(757)	-	(757)
(Loss) income before income tax	(8,330)	-	(8,330)	(8,562)	12,496	3,177
Income tax (recovery) expense	(3,155)	-	(3,155)	(3,162)	3,214	52
Net (loss) income from discontinued operations	(5,175)	-	(5,175)	(5,400)	9,282	3,882
Earnings per share from discontinued operations						
Basic (loss) earnings per share	(0.06)	-	(0.06)	(0.05)	0.09	0.04
Diluted (loss) earnings per share	(0.05)	-	(0.05)	(0.05)	0.09	0.04
Additional information:						
Depreciation of property and equipment	-	-	-	2,497	5,795	8,292

	Six months ended June 30, 2016			Six months ended June 30, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Revenue	304	14,340	14,644	38,586	96,895	135,481
Expenses	1,854	15,630	17,484	52,002	78,061	130,063
	(1,550)	(1,290)	(2,840)	(13,416)	18,834	5,418
Loss on assets held for sale	(8,314)	-	(8,314)	(757)	-	(757)
Gain on the sale of Waste ⁽¹⁾	-	559,246	559,246	-	-	-
(Loss) income before income tax	(9,864)	557,956	548,092	(14,173)	18,834	4,661
Income tax (recovery) expense	(3,620)	68,578	64,958	(5,183)	4,907	(276)
Net (loss) income from discontinued operations	(6,244)	489,378	483,134	(8,990)	13,927	4,937
Earnings per share from discontinued operations						
Basic (loss) earnings per share	(0.07)	5.12	5.05	(0.09)	0.14	0.05
Diluted (loss) earnings per share	(0.06)	5.04	4.98	(0.09)	0.13	0.05
Additional information:						
Depreciation of property and equipment	-	2,256	2,256	5,238	10,932	16,170

⁽¹⁾ See note b

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

	As at June 30, 2016			As at December 31, 2015		
	Rig moving	Waste	Total	Rig moving	Waste	Total
Current assets	16,313	-	16,313	29,184	37,898	67,082
Non-current assets	-	-	-	-	266,443	266,443
Current liabilities	(6,891)	-	(6,891)	(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	2,649	51,809	5,222	59,680
Business combinations	-	17,356	49	17,405
Disposals	(9,118)	(50,565)	(6,193)	(65,876)
Reclassification to assets held for sale	-	(110)	-	(110)
Effect of movements in exchange rates	(1,704)	(15,865)	(814)	(18,383)
Balance at June 30, 2016	416,420	911,287	147,746	1,475,453
Depreciation				
Balance at December 31, 2015	67,620	341,707	91,549	500,876
Depreciation for the period	5,300	51,541	7,743	64,584
Disposals	(2,101)	(37,535)	(6,543)	(46,179)
Reclassification to assets held for sale	-	(71)	-	(71)
Effect of movements in exchange rates	(407)	(1,739)	(342)	(2,488)
Balance at June 30, 2016	70,412	353,903	92,407	516,722
Net carrying amounts				
At December 31, 2015	356,973	566,955	57,933	981,861
At June 30, 2016	346,008	557,384	55,339	958,731

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
Business combinations	3,536	3,445	-	570	-	7,551
Additions	-	-	-	-	710	710
Amortization	-	(20,692)	(2,586)	(218)	(2,246)	(25,742)
Effect of movements in exchange rates	(24,739)	(8,646)	(1,769)	(79)	(203)	(35,436)
Balance at June 30, 2016	1,126,108	318,875	54,860	2,060	7,680	1,509,583

9. Other assets

	As at June 30, 2016	As at December 31, 2015
Promissory note	18,130	-
Restricted cash	4,297	4,300
Security deposits	3,360	3,820
Other	24	23
	25,811	8,143

10. Long-term debt

	As at June 30, 2016	As at December 31, 2015
Non-current liabilities		
Revolving facility	595,887	801,152
Unsecured debentures	124,443	124,334
Conditional sales contracts	42,239	34,985
Finance lease liabilities	17,595	23,111
Other long-term debt	26,324	26,729
	806,488	1,010,311
Current liabilities		
Current portion of conditional sales contracts	27,840	24,543
Current portion of finance lease liabilities	13,366	15,327
Current portion of other long-term debt	5,802	5,784
Current portion of term loans	-	559,135
	47,008	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.

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	Six months ended June 30, 2016	Six months ended June 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		(2,109,600)	(1,934,100)
Stock options exercised	13	54,534	95,237
Warrants exercised		-	12,332
Balance, end of period		92,877,512	100,497,437

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

	Six months ended June 30, 2016	Six months ended June 30, 2015
Balance, beginning of period	764,343	799,100
Repurchase and cancellation of own shares	(37,676)	(15,071)
Cash consideration of stock options exercised	980	1,514
Ascribed value credited to share capital on stock options exercised	284	455
Ascribed value credited to share capital on warrants exercised	-	240
Balance, end of period	727,931	786,238

Pursuant to the renewal of the normal course issuer bid ("NCIB") which began on September 28, 2015 and expiring on September 27, 2016, 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 June 30, 2016, and since the inception of this NCIB, the Company has repurchased and cancelled 2,419,600 common shares under this NCIB.

During the six months ended June 30, 2016, the Company repurchased 2,109,600 common shares at a price ranging from \$22.00 to \$24.25 per share for a total purchase price of \$49.0 million relating to the NCIB. During the six months ended June 30, 2015, the Company repurchased 1,934,100 common shares at a price ranging from \$25.27 to \$27.92 per share for a total purchase price of \$52.1 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 \$32.4 million (2015 – \$37.0 million) was charged to retained earnings as share repurchase premium.

During the six months ended June 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 June 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 June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Net income attributable to owners of the Company	39,106	64,116	542,737	78,161
Net income from continuing operations	44,281	60,234	59,603	73,224
Issued common shares, beginning of period	94,781,412	102,427,271	97,632,502	102,323,968
Effect of stock options and warrants exercised	11,942	2,133	34,828	78,544
Effect of repurchase of own shares	(1,195,700)	(967,050)	(2,058,955)	(483,525)
Weighted average number of common shares	93,597,654	101,462,354	95,608,375	101,918,987
Earnings per share – basic	0.42	0.63	5.68	0.77
Earnings per share from continuing operations – basic	0.47	0.59	0.62	0.72

(*) 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 June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Net income attributable to owners of the Company	39,106	64,116	542,737	78,161
Dilutive effect	-	-	-	-
Net income attributable to owners of the Company, adjusted for dilution effect	39,106	64,116	542,737	78,161
Net income from continuing operations attributable to owners of the Company, adjusted for dilution effect	44,281	60,234	59,603	73,224
Weighted average number of common shares	93,597,654	101,462,354	95,608,375	101,918,987
Dilutive effect:				
Stock options, restricted share units and warrants	1,562,254	1,830,145	1,497,732	1,943,372
Weighted average number of diluted common shares	95,159,908	103,292,499	97,106,107	103,862,359
Earnings per share - diluted	0.41	0.62	5.59	0.75
Earnings per share from continuing operations - diluted	0.47	0.58	0.61	0.71

(*) Restated (see note 6)

As at June 30, 2016, 1,333,187 stock options were excluded from the calculation of diluted earnings per share as these options were deemed to be anti-dilutive (2015 – nil).

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 June 30, 2016		Three months ended June 30, 2015		Six months ended June 30, 2016		Six months ended June 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	4,897	16.66	4,102	14.90	4,934	16.67	4,193	14.93
Exercised	(18)	19.10	(4)	16.46	(55)	17.98	(95)	15.89
Forfeited	(62)	24.71	(18)	22.58	(62)	24.71	(18)	22.58
Balance, end of period	4,817	16.55	4,080	14.87	4,817	16.55	4,080	14.87
Options exercisable, end of period					3,396	13.40	2,746	11.86

The following table summarizes information about stock options outstanding and exercisable at June 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	749	3.1	749
9.46	660	4.1	660
14.28	587	2.1	587
16.46	767	3.1	767
20.18	750	4.1	481
24.93	869	6.1	-
25.14	435	5.1	152
	4,817	4.0	3,396

Of the options outstanding at June 30, 2016, a total of 4,018,795 (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 six months ended June 30, 2016 was \$22.76 (2015 – \$30.17).

For the three and six months ended June 30, 2016, the Group recognized a compensation expense of \$0.7 million and \$1.5 million, respectively (2015 – \$0.8 million and \$1.6 million) with a corresponding increase to contributed surplus.

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:

<i>(in units)</i>	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Balance, beginning of period	267,895	223,911	255,053	217,557
Board members compensation	9,883	11,475	20,808	16,601
Deferred share units redeemed	(4,402)	(5,436)	(4,402)	(5,436)
Dividends paid in units	2,003	1,265	3,920	2,493
Balance, end of period	275,379	231,215	275,379	231,215

For the three and six months ended June 30, 2016, the Group recognized, as a result of deferred share units, a compensation expense of \$0.3 million and \$0.6 million, respectively (2015 - \$0.2 million and \$0.5 million) with a corresponding increase to trade and other payables.

As at June 30, 2016, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to \$6.6 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 3 consecutive years of service from the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

The table below summarizes changes to the outstanding RSUs:

<i>(in thousands of RSUs and in dollars)</i>	Three months ended June 30, 2016		Three months ended June 30, 2015		Six months ended June 30, 2016		Six months ended June 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	219	25.01	83	25.14	224	25.01	83	25.14
Reinvested	2	25.00	1	25.14	4	25.00	1	25.14
Exercised	-	-	-	-	(7)	24.99	-	-
Forfeited	(4)	25.04	(1)	25.14	(4)	25.04	(1)	25.14
Balance, end of period	217	25.00	83	25.14	217	25.00	83	25.14

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

(in thousands of RSUs and in dollars)

Exercise prices	RSUs outstanding	
	Number of RSUs	Remaining contractual life (in years)
24.93	140	2.1
25.14	77	1.1
	217	1.7

For the three and six months ended June 30, 2016, the Group recognized as a result of RSUs a compensation expense of \$0.4 million and \$1.0 million, respectively (2015 - \$0.2 million and \$0.3 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at June 30, 2016, a total of 154,359 (December 31, 2015 – 153,207) are held by key management personnel.

14. 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, 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 June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Materials and services expenses				
Independent contractors	432,552	450,113	848,052	874,978
Vehicle operation expenses	136,108	154,156	270,477	310,967
	568,660	604,269	1,118,529	1,185,945
Personnel expenses	236,744	247,835	475,042	484,016
Other operating expenses	59,647	56,772	123,133	117,370
Depreciation of property and equipment	32,110	31,916	64,584	63,635
Amortization of intangible assets	12,615	11,453	25,742	22,786
Gain on sale of property and equipment	(5,367)	(12,232)	(8,706)	(14,121)
Gain on sale of assets held for sale	-	(3,422)	-	(3,422)
	904,409	936,591	1,798,324	1,856,209

(*) Restated (See note 6)

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

<i>(Income) costs</i>	Three months ended June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Interest expense on long-term debt	8,133	14,851	20,828	29,865
Interest income and accretion	(613)	-	(1,083)	-
Net foreign exchange loss	800	1,508	3,002	2,023
Net change in fair value of foreign exchange derivatives	(350)	(1,042)	(1,141)	4,827
Net change in fair value of interest rate derivatives	3,336	(1,906)	12,611	1,649
Other financial expenses	2,239	523	3,443	2,086
Reclassification to income of accumulated unrealized gain on investment in equity securities	(725)	-	(725)	-
Net finance costs	12,820	13,934	36,935	40,450
Presented as:				
Finance income	(1,688)	(2,948)	(2,949)	-
Finance costs	14,508	16,882	39,884	40,450

(*) Restated (see note 6)

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

	Three months ended June 30, 2016	Three months ended June 30, 2015*	Six months ended June 30, 2016	Six months ended June 30, 2015*
Current tax expense				
Current year	24,098	25,599	25,427	35,192
Adjustment for prior periods	-	(2)	-	444
	24,098	25,597	25,427	35,636
Deferred tax expense				
Origination and reversal of temporary differences	(7,796)	(6,839)	(8,279)	(12,238)
Variation in tax rate	255	103	271	103
Adjustment for prior periods	(252)	231	(267)	43
	(7,793)	(6,505)	(8,275)	(12,092)
Income tax expense from continuing operations	16,305	19,092	17,152	23,544

(*) Restated (see note 6)

Reconciliation of effective tax rate:

	Three months ended		Three months ended		Six months ended		Six months ended	
	June 30, 2016		June 30, 2015*		June 30, 2016		June 30, 2015*	
Income before income tax	60,586		79,326		76,755		96,768	
Income tax using the Company's statutory tax rate	26.9%	16,298	26.9%	21,340	26.9%	20,647	26.9%	26,031
Increase (decrease) resulting from:								
Rate differential between jurisdictions	(1.5%)	(896)	(2.2%)	(1,712)	(4.7%)	(3,618)	(3.6%)	(3,490)
Variation in tax rate	0.4%	255	0.1%	103	0.4%	271	0.1%	103
Non deductible expenses	1.6%	970	0.8%	647	1.6%	1,213	1.9%	1,837
Tax exempt income	(0.4%)	(258)	(2.3%)	(1,811)	(1.9%)	(1,477)	(1.9%)	(1,847)
Adjustment for prior periods	(0.4%)	(252)	0.3%	229	(0.3%)	(267)	0.5%	487
Others	0.3%	188	0.4%	296	0.5%	383	0.4%	423
	26.9%	16,305	24.0%	19,092	22.5%	17,152	24.3%	23,544

(*) Restated (see note 6)

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

	Note	As at June 30, 2016	As at December 31, 2015
Current assets			
Cross currency interest rate swap contracts		-	11,375
Current liabilities			
Foreign exchange derivatives		-	230
Contracts denominated in foreign currencies		950	700
Interest rate derivatives	a	4,975	2,133
		5,925	3,063
Non-current liabilities			
Contracts denominated in foreign currencies		859	2,427
Interest rate derivatives	a	16,921	7,152
		17,780	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 June 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	1.72%	400,000	(4,975)	1.58%	475,000	(2,133)
1 to 2 years	1.92%	325,000	(4,624)	1.85%	350,000	(1,831)
2 to 3 years	1.92%	325,000	(4,624)	1.92%	325,000	(1,794)
3 to 4 years	1.92%	325,000	(4,624)	1.92%	325,000	(1,794)
4 to 5 years	1.87%	125,000	(1,510)	1.89%	237,500	(1,139)
5 to 6 years	1.92%	100,000	(1,231)	1.92%	100,000	(382)
6 to 7 years	1.92%	25,000	(308)	1.92%	75,000	(212)
Liabilities			(21,896)			(9,285)
Presented as:						
Current liabilities			(4,975)			(2,133)
Non-current liabilities			(16,921)			(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 June 30, 2016	As at December 31, 2015
Less than 1 year	121,460	116,952
Between 1 and 5 years	242,695	237,951
More than 5 years	108,571	124,824
	472,726	479,727

During the three and six months ended June 30, 2016, expense of \$33.9 million and \$66.8 million, respectively was recognized in income or loss in respect of operating leases (2015 – \$30.3 million and \$60.1 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 June 30, 2016, the Group had \$43.2 million of outstanding letters of credit (December 31, 2015 - \$32.6 million).