CANAM

Better Building Solutions

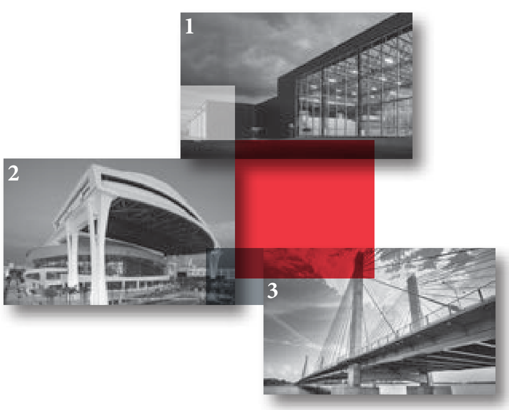
2015 ANNUAL REPORT

CANAM GROUP INC.

canamgroupinc.com

Our Team's Mission

The pursuit of a better customer experience



1. Soprema Plant, Drummondville, QC
2. Marlins Park, Miami, FL
3. Highway 25 Bridge, Montreal, QC

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Unless otherwise indicated, all amounts are expressed in Canadian dollars and tonnage in imperial tons.

Certain employee photos presented in this annual report were taken at plants, away from fabrication areas. It is for this reason that exceptions were made to the mandatory use of safety equipment, which is not the case during actual production.

MESSAGE TO SHAREHOLDERS

Guided by our values and the pursuit of a better customer experience, our team has been motivated all year to successfully perform processes, continuously improve our construction solutions, find new opportunities and implement the Lean approach in the vast majority of our plants, all with the aim of generating growth and value for our colleagues, customers and business partners.

2015 Results

We closed the 2015 fiscal year with a net income of $46.8 million or $1.09 per share, compared to $29.2 million or $0.70 per share in 2014, which is an increase of 59.7%. As at December 31, 2015, equity stood at $624.3 million and net debt* at $200.4 million, for a net debt to equity ratio of 0.32, compared to 0.40 at the end of 2014. Sales reached $1,606.9 million in 2015 versus $1,232.8 million in 2014, an increase of 30.3%.

Our solid balance sheet ensures we have bonding capacity, which greatly facilitates our involvement in large-scale projects. It also allows us to watch for opportunities that may arise and to deploy our capital for potential acquisitions.

Our Expertise

Canam Group has been renowned for designing and fabricating made-to-measure solutions for the construction industry for over 50 years. Our manufacturing expertise and our unwavering commitment to ensure customer satisfaction by delivering quality products on time have always been the foundation of our business model.

But for several years now, our expertise has extended far beyond the fabrication of steel components and has enabled us to play an increasingly larger role in the construction industry. Our investments in innovation and added services such as design assistance, installation, wood structure provision and integrated project management are directly related to our willingness to generate better returns for shareholders by contributing to our customers' success.

Our Markets

Over the past year, Canam Group took part in 10,035 building, structural steel and bridge projects, some of which also included preconstruction, installation and project management services.

* Refer to the section entitled "Non-IFRS mesures" of the Management's Discussion and Analysis.

Commercial, Light Industrial, Institutional and Multiresidential Buildings

The vast majority of construction projects that Canam Group is involved in are for commercial, light industrial, institutional or multiresidential buildings of one or more stories with an area of 10,765 to over 1,399,355 square feet (1,000 to over 130,000 square meters). Canam-Buildings can deliver all components of the building envelope and the building structure as well as preconstruction and project management services.

Canam-Buildings contributes more to the Corporation's results every year due to its business model that is based on innovating, continuously identifying changing customer needs and determining the fair value of its various products and services. In other words, Canam-Buildings anticipates customers' needs and is always innovating in an industry that is known for being traditional.

In recent years, one of the many forms this innovation has taken is the BuildMaster approach, which makes the building construction process safer, faster and more collaborative. This approach, which was introduced in Canada in 2010 and in the United States in 2014, is available to customers interested in the added value of the service and calls on partners who are recognized for their reliability and efficiency.

In the joist and steel deck market, new structural and architectural beams were introduced in 2015 and have been well received by the industry. The prospects are interesting for 2016, especially since Canam-Buildings intends to expand its deck offering. In the United States, Canam-Buildings saw a greater percentage increase in joist sales than all of its competitors. However, the decrease in the cost of raw materials led to a decline in sales prices in the second half of the year.

Elopak Plant
Boisbriand, QC

The sharp downturn in activities in the energy sector and the abundant availability of commercial space in Canada resulted in a decrease in demand for its line of integrated solutions for institutional, commercial and light industrial buildings. The slowdown in the Canadian market was partially offset by a strong upswing in the New England area.

In the multiresidential buildings market, Canam-Buildings successfully continued to promote its broadened product and service offering built around the Hambro floor joist system. This system has the advantage of appealing to traditional customers as well as contractors, owners and real estate developers. Developers find it offers the advantages of a turnkey offering for the entire building structure with Canam-Buildings increasing the quantity of products delivered for the same project and making it easier to coordinate the various trades. In terms of sales, Florida showed signs of recovery in the residential sector in 2015, whereas the rest of the United States generated income comparable to that of the previous year. The integrated product offering in the multiresidential market segment generated significant sales growth in Canada.

Heavy Structural Steel

The overall heavy structural steel market, including the installation of major sports facilities, high-rise buildings and complex industrial projects, was active in 2015 throughout North America.

The expertise of Canam-Heavy is sought for its performance and preconstruction phase as the talent of its engineering team distinguishes it from the competition. Its participation in several major projects during the last years, its collaborative approach and its mastery of the Integrated Project Delivery (IPD) method make Canam-Heavy a valued partner of owners and developers who require its services earlier in their construction projects.

It is both the expertise and collaborative approach that allowed Canam-Heavy to obtain the contract for the new stadium in Atlanta, GA, for which the fabrication and delivery of the first components began at the beginning of 2015. From the preconstruction phase, the team has been working closely with the developer to optimize the design of this imposing building and the progress on site. Additions made to the original contract make this the largest project undertaken to date by Canam Group in financial terms.

Other contracts were carried out simultaneously in 2015. Work continued on the Hudson Yards Tower C, the Arthur Ashe (USTA) Stadium and the Kimmel Pavilion in New York while that of Rogers Place in Edmonton, AB was successfully completed according to schedule. During the fall, Canam-Heavy also began the installation of the first roof components of the BMO Field soccer stadium in Toronto, ON.

Light Structural Steel

In the light structural steel market in which our FabSouth subsidiary operates, the year 2015 featured an increase in revenues and profit margins, as well as the diversity and complexity of projects. The teams of FabSouth took part in the construction of distribution centers, data centers, airports, schools and recreational facilities, as well as for the healthcare and pharmaceutical industry. FabSouth also collaborated with Canam-Heavy in the construction of large-scale projects such as the new Falcons Stadium in Atlanta and the Rogers Place in Edmonton.

For several years, FabSouth has been a valued partner for theme park owners who entrusted them with the realization of complex structures. Previously focused in Florida, these relationships led them to deploy teams to other regions of the United States throughout 2015.

FabSouth has also developed a new niche in the multistory condominium market by offering a steel plate shear wall that provides a competitive alternative to concrete. The new opportunities in the market of multistory condominium buildings opens promising perspectives for this product.

FabSouth commenced 2016 with confidence and intends to benefit from the improvement in the non-residential construction field in the United States by focusing on its versatility, its complete mastery over all its business processes and its very tight cost management.

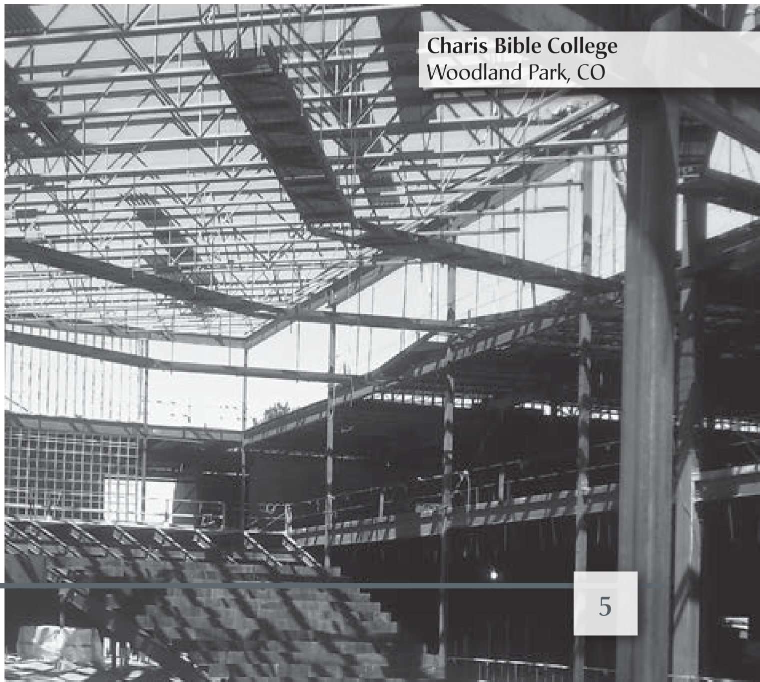
Bridges

The signing of a $225 million contract to supply the steel superstructure for the approaches to the new Champlain Bridge as well as the superstructure of the new Nuns Island Bridge in Montreal, QC, was the highlight of 2015 for Canam-Bridges. In addition to being the largest contract Canam-Bridges has secured to date, the project showcases the expertise that the division is able to offer its customers and partners in addition to its considerable manufacturing capacity.

Canam-Bridges is regularly involved in projects right from the preconstruction stage to optimize the solutions being considered. Its design, fabrication and installation expertise help its customers to present a better proposal and potentially secure the contract.

The year was also marked by the start of fabrication of the components for the Goethals and Tappan Zee Bridges in New York as well as the continuation of the Whittier Bridge project in Massachusetts. These projects will carry on through 2016 in our plants in Claremont, NH, and Point of Rocks, MD.

Canam-Bridges also supplied Goodco Z-Tech structural bearings and expansion joints for large-scale projects in Canada.



Charis Bible College
Woodland Park, CO

The company obtained a first contract to design and fabricate bearings and joints for the Turcot Interchange replacement project in Montreal, QC. It also fabricated bearings and joints for 54 bridges that will be part of the Highway 407 extension project on the outskirts of Toronto, ON, and completed the fabrication of bearings and joints to be used in the construction of 46 bridges in Edmonton, AB.

The planned replacement of several major structures in the coming years and the construction of new infrastructure allow us to anticipate a significant level of activity in 2016 in the bridge sector.

Acquisitions

We made two acquisitions during the year that aligned perfectly with our objective of enhancing our service offering to our customers.

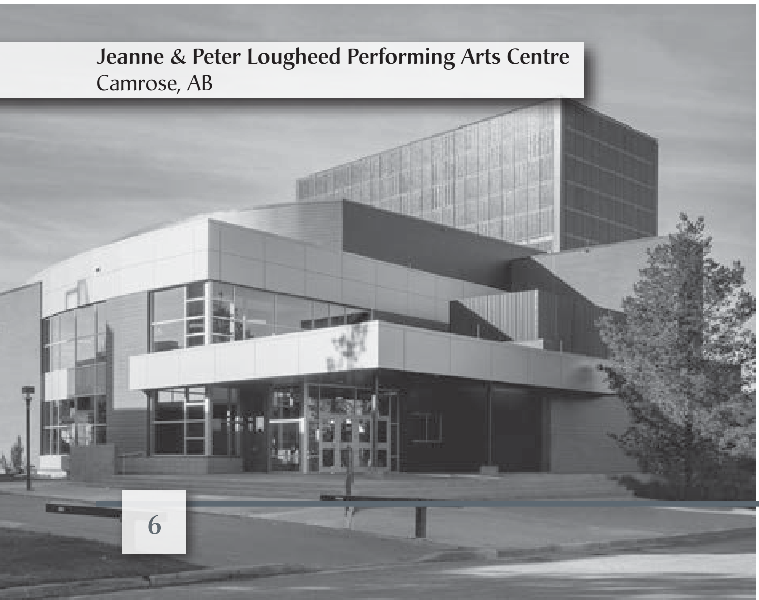
First, we increased our modeling and detailing capacity for heavy structural steel with the early-August acquisition of Dessin Cadmax, based in Boisbriand, QC. This experienced team with whom we have collaborated in the past also has expertise in building information modeling (BIM), which fits well with Canam Group's expertise.

This team joins our approximately 550 detailer colleagues in North America, Romania, India and Hong Kong. Our expanded detailing team enables us to simultaneously complete several large-scale projects and gives us more control over our schedules.

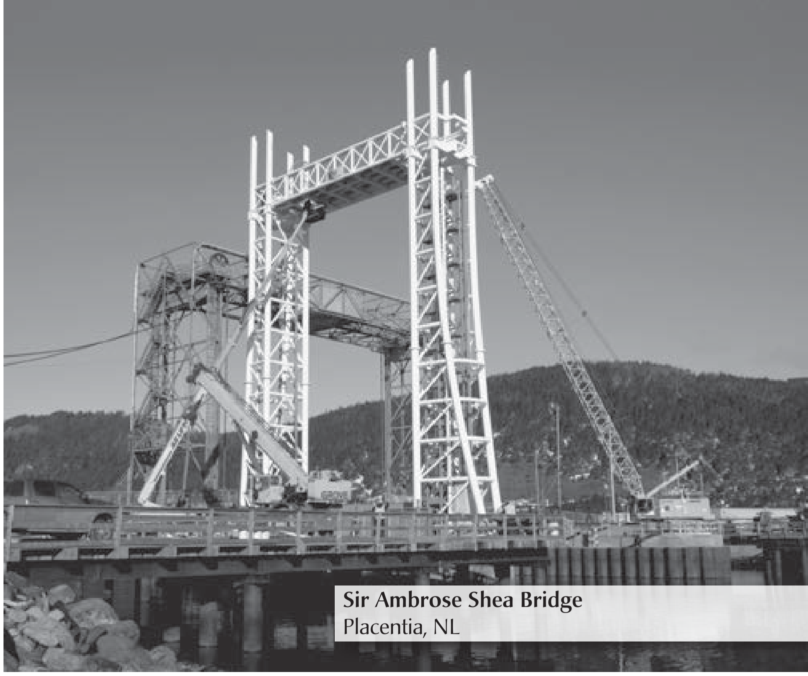
In the interest of offering our customers an additional service that will help to increase the on-site efficiency of complex projects, in mid-August, we acquired Montacier International, which specializes in the installation of structural steel components and bridges. The Boisbriand, Quebec-based company, which now operates under the name St. Lawrence Erectors, will be an additional asset for the management of integrated projects.

Lean Approach and Innovation in Manufacturing

When entering 2015, we were aware that the record backlog of orders would present an additional challenge to the progress of the Lean approach in our fabrication plants. We are very proud to have exceeded our objectives, not only in terms of economic benefits, but especially in the involvement of our colleagues.



Jeanne & Peter Lougheed Performing Arts Centre
Camrose, AB



Sir Ambrose Shea Bridge
Placentia, NL

As we enter each new phase, the support we receive from our employees in the Lean culture and continuous innovation is beyond our expectations. All decisions of the manufacturing sector are now based on the Lean approach which demands significant changes in the way of managing the plants and measuring efficiency.

It should be noted that other Canam Group teams also initiated or pursued a Lean approach in 2015.

Parallel to the Lean approach that focuses primarily on processes, we continued our investments for improving our plants. For example, we continued the installation of new welding fume extraction equipment and continued the replacement of lighting systems in our plants, two initiatives that fall within our health and safety efforts.

In terms of fabrication capacity, we expanded the paint department by 16,000 square feet (1,486 square meters) at the Claremont plant which will increase our metallizing capacity. This method has proven to be particularly effective for protecting steel bridge components against corrosion. We believe that the preoccupation of authorities to extend the useful life of road infrastructures will generate an interesting demand for this service.

A Place to Grow

We continued our efforts in 2015 to increase Canam Group's popularity as an employer and make our trades more attractive. The "Your Place to Grow"-themed advertising campaign that began in fall 2014 continued in Quebec. At the same time, more intensive recruitment activities made it possible to fill several positions in our St. Gédéon de Beauce and Quebec City plants.

In the interest of attracting and retaining the best talent, we make sure to offer competitive working conditions. For instance, in Canada, we announced at the end of the year an enhancement to the defined contribution pension plan that will increase the employer contribution for employees who increase their contribution. In the United States, we reviewed our group insurance programs to offer participants different coverage options that better harmonize needs and costs for both employees and the Corporation.

We also strive to maintain harmonious work relations in each of our facilities. It is in this vein that we negotiated the renewal of four collective agreements over the course of the year; two for six years and the other two for five years.

For a few years now, we have been paying particular attention to identifying and preparing the next generation of leaders at all levels of our organization. These efforts will continue throughout 2016.

Health and Safety

In 2015, we intensified our activities to continue improving health and safety in our facilities and on our worksites.

During the year, we began implementing seven key safety principles in our plants. We also started using new proactive performance indicators that make it possible to follow up on each plant's progress with respect to complying with the standards set by the manufacturing activities management team.

We are pleased to report that the consolidation of our management system and the health and safety team helped us achieve our goal of reducing by 10% the overall frequency of recordable incidents in our plants. In terms of our on-site activities, we would like to highlight the Rogers Place project in Edmonton, AB, for which the installation of structural steel components required 200,000 hours of work by all subcontractors under our supervision. This project was completed in the fall without a single lost-time accident.

We intend to maintain these results in 2016 with the strengthening of our health and safety culture.

Backlog of Orders

Our backlog of orders set another record in 2015, reaching $1,183 million as at December 31, compared to $1,007 million as at December 31, 2014. Projects in the United States represented nearly 67% of our backlog.

Our Thanks

For 55 years, our customers have always been at the heart of our concerns, and they are the ones we would like to thank first. We would also like to thank our colleagues, whose expertise and integrity enable us to stand out from the competition every day. They are at the forefront of our pursuit of a better customer experience.

Finally, we would like to thank the members of our Board of Directors, whose insightful advice guides us in making strategic choices and ensuring sound and efficient management in the best interest of shareholders. We would particularly like to thank Mr. Normand Morin, who will not be seeking re-election at the shareholders' meeting in April. Mr. Morin has been providing us with sound advice since 2005.

New Format

In closing, you will notice that we chose this edition of the annual report to update the format. Since the majority of the information we include under Review of Activities is already easily accessible on our website, we have decided to discontinue duplicating this information.

Marcel Dutil, C.M.
Chairman of the Board

Marc Dutil, C.M.
President and Chief Executive Officer

Arthur Ashe Stadium
Flushing, NY

Our Manufacturing Activities

Fabrication of the products Canam Group marketed by the teams of buildings, structural steel and bridges falls under the wing of the manufacturing division. Canam Group operates 22 plants in Canada and the United States that have a total area of 3,316,820 square feet (308,135 square meters) and a combined annual production capacity of 808,000 tons. Canam Group plants are among the most modern, safe and productive in the industry.

Developing Better Building Solutions

Canam Group specializes in designing integrated solutions and fabricating customized products for the North American construction industry. Each year, Canam Group takes part in an average of 10,000 building, heavy steel and bridge projects. Our service offer extends from the preconstruction phase to project management, including the erection of structural steel components.

Canam Group also offers customers an array of complementary services ranging from virtual design and construction to Building Information Modeling (BIM) and the outsourcing of technical drawings. In addition, the Corporation exports its expertise through the means of technology transfer agreements to reputable companies located outside North America.

Soprema Plant, Drummondville, QC

BUILDINGS

Design, fabrication and installation of products for the construction of buildings for commercial, industrial, institutional and multiresidential projects.

CANAM BUILDINGS

canam-construction.com

Marlins Park, Miami, FL

STRUCTURAL STEEL

Preconstruction service, project management, fabrication, and installation of structural steel components for complex and highly technical projects in the industrial, commercial and institutional sectors.

CANAM HEAVY | FABSOUTH

canamheavy.com | fabsouthllc.com

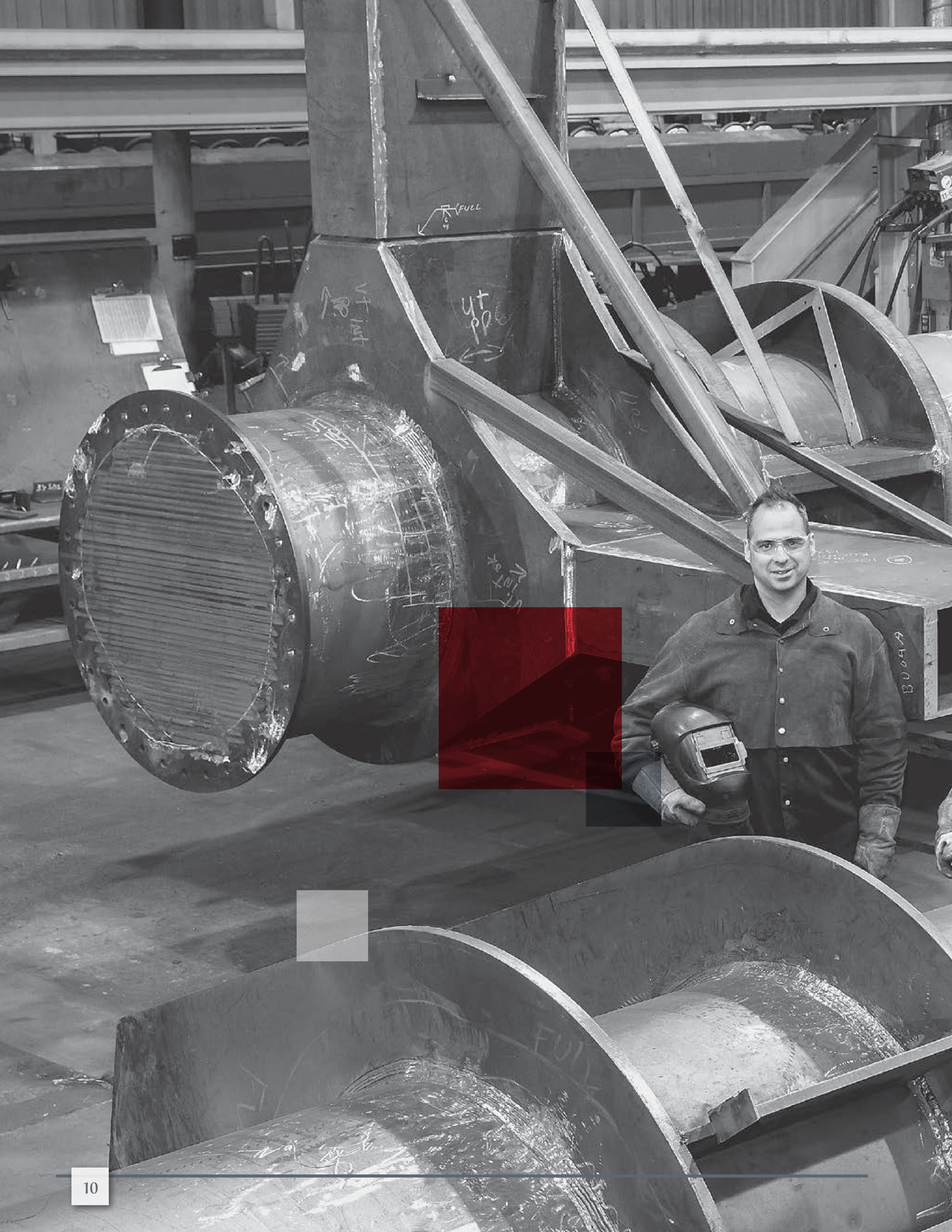
Highway 25 Bridge, Montreal, QC

BRIDGES

Design, fabrication and installation of steel bridges, structural bearings, expansion joints and related products for highway, railway and industrial markets.

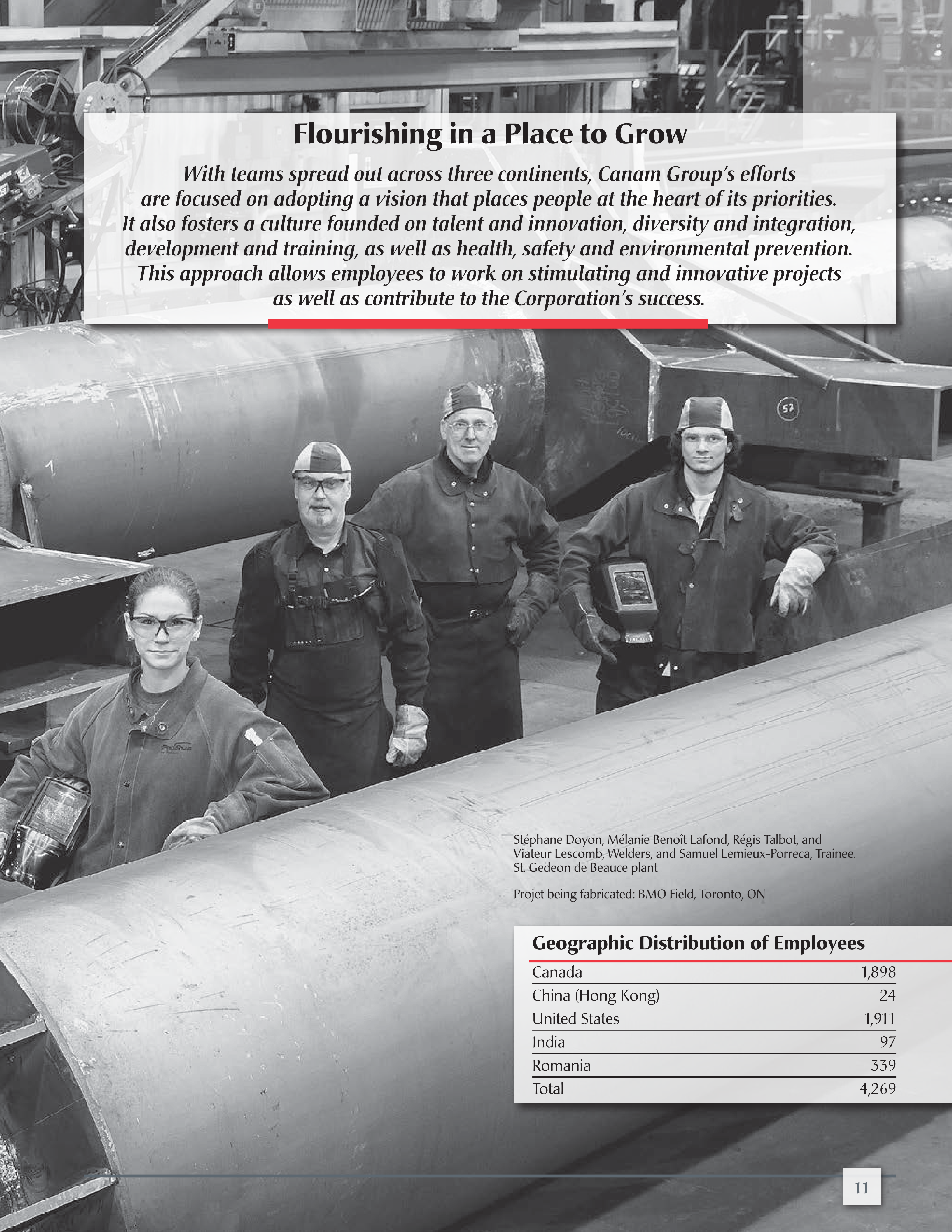
CANAM BRIDGES

canambridges.com



Flourishing in a Place to Grow

With teams spread out across three continents, Canam Group's efforts are focused on adopting a vision that places people at the heart of its priorities. It also fosters a culture founded on talent and innovation, diversity and integration, development and training, as well as health, safety and environmental prevention. This approach allows employees to work on stimulating and innovative projects as well as contribute to the Corporation's success.

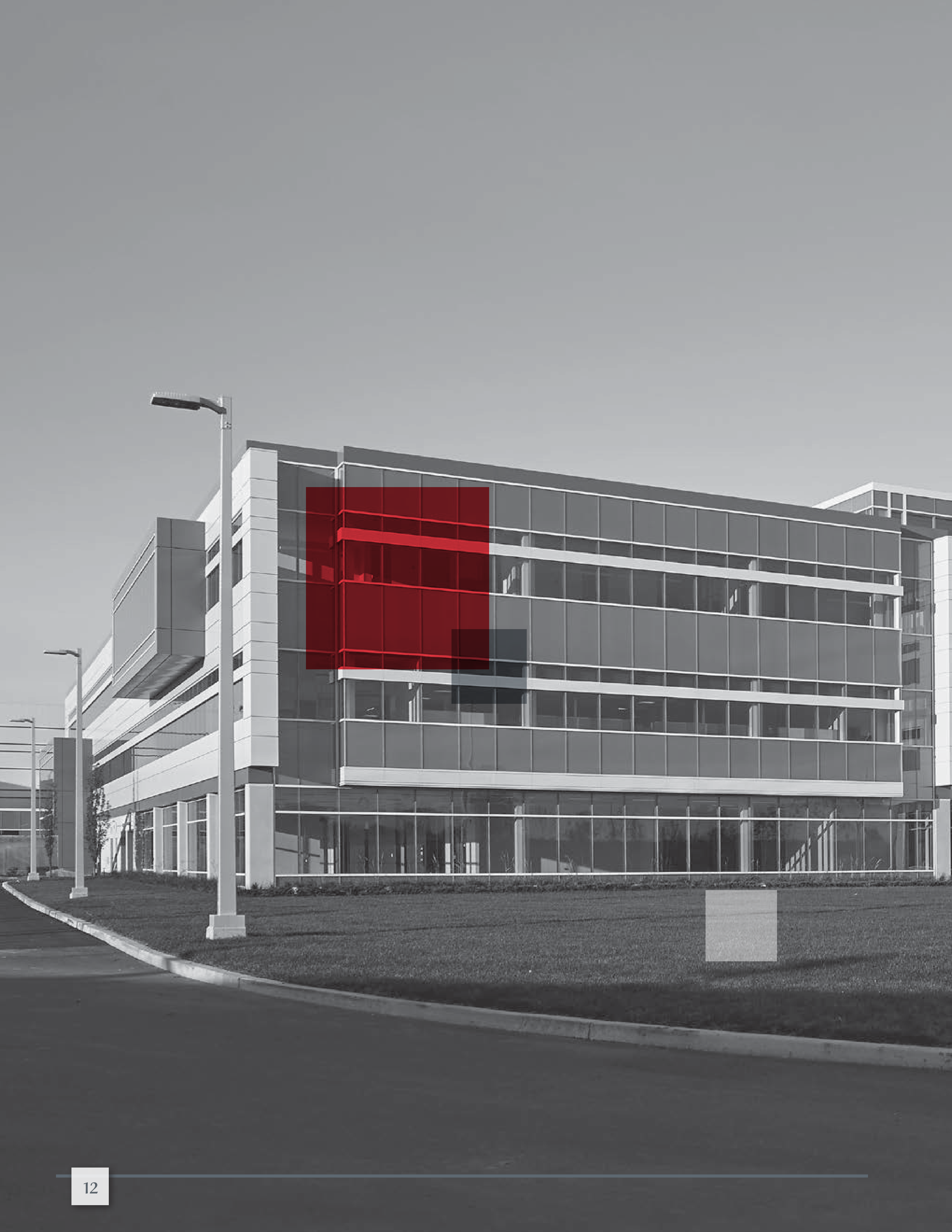


Stéphane Doyon, Mélanie Benoît Lafond, Régis Talbot, and Viateur Lescomb, Welders, and Samuel Lemieux-Porreca, Trainee.
St. Gedeon de Beauce plant

Projet being fabricated: BMO Field, Toronto, ON

Geographic Distribution of Employees

Canada	1,898
China (Hong Kong)	24
United States	1,911
India	97
Romania	339
Total	4,269



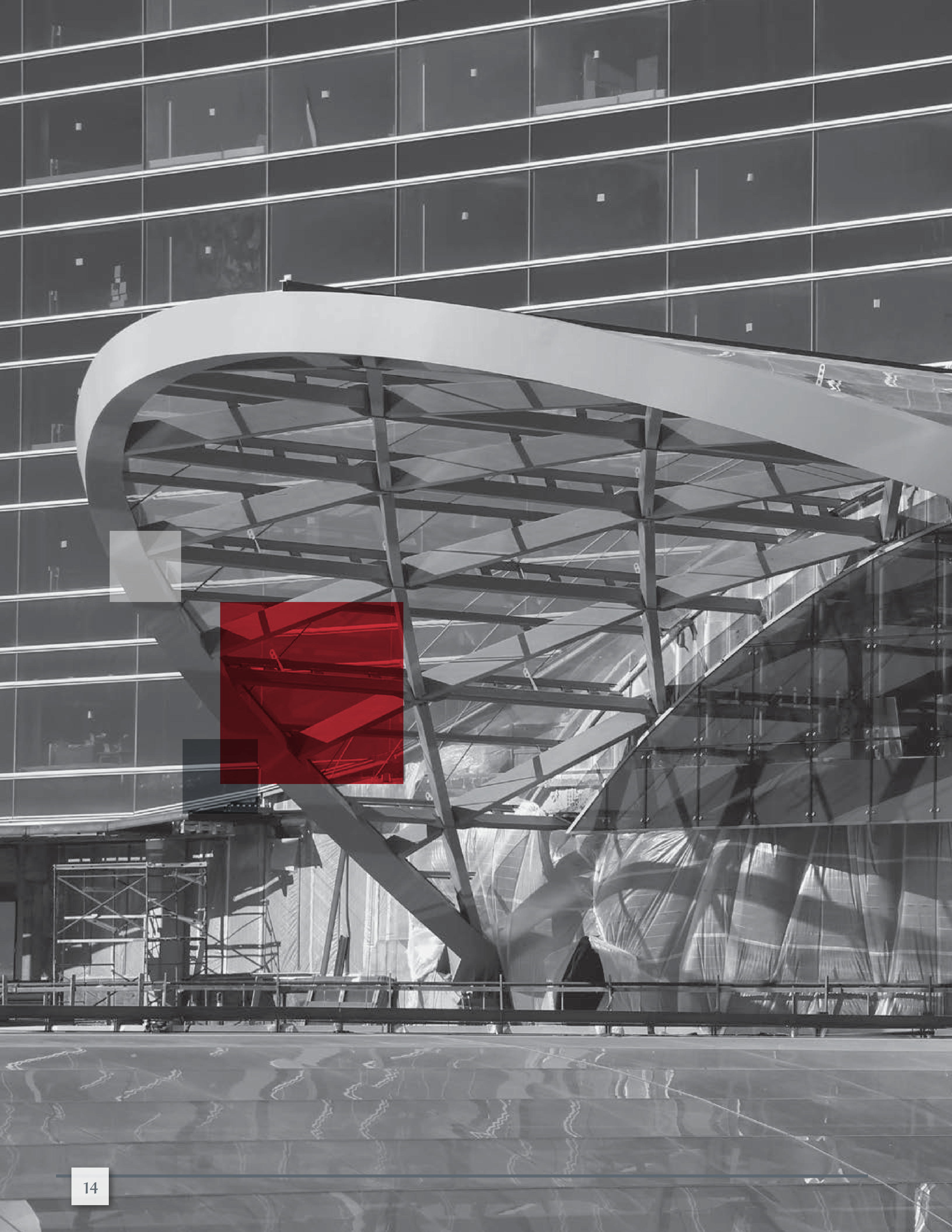
Doing Things Differently

Integrity is paramount at Canam Group. The Corporation preserves the steadfast trust of its customers, shareholders, suppliers and employees by demonstrating exemplary honesty in all that it does.

PJC Head Office and Distribution Center

Varennes, QC

Recipient of a CISC-Quebec Award of Excellence in 2015 in the Industrial Projects category



Building Standout Projects

Canam Group's expertise extends from preconstruction to project management and fabrication to erection in order to clearly identify customer requirements and ensure total satisfaction.

Denver International Airport

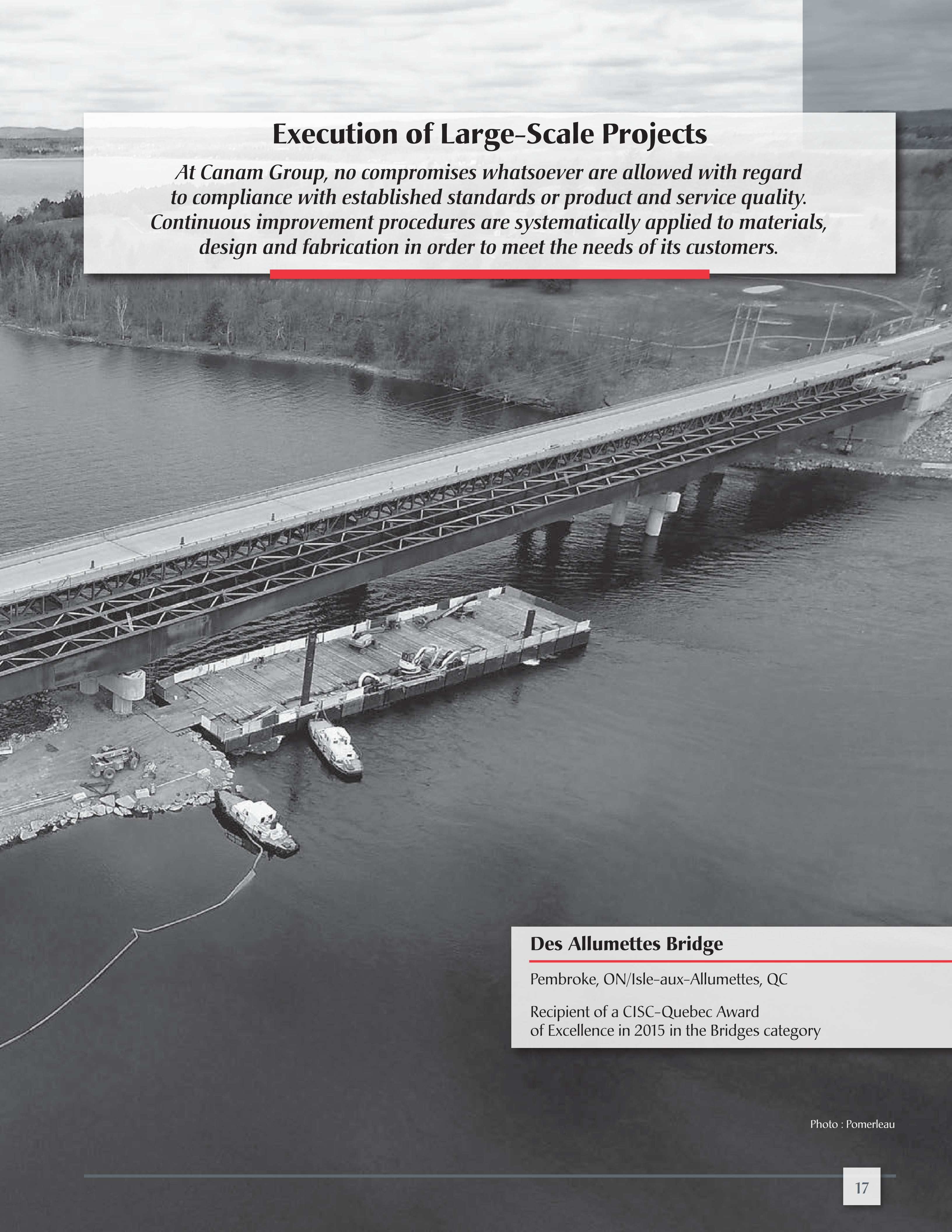
Denver, CO

Recipient of an Award of Merit at the 2015 Global Best Projects Competition presented by ENR magazine

Photo : Denver International Airport

Execution of Large-Scale Projects

At Canam Group, no compromises whatsoever are allowed with regard to compliance with established standards or product and service quality. Continuous improvement procedures are systematically applied to materials, design and fabrication in order to meet the needs of its customers.



Des Allumettes Bridge

Pembroke, ON/Isle-aux-Allumettes, QC

Recipient of a CISC-Quebec Award of Excellence in 2015 in the Bridges category

Photo : Pomerleau

Years ended December 31

(in thousands of dollars, except per share amounts and unless otherwise indicated)

	2015	2014	2013	2012	2011
Operating results					
Revenues	**$1,606,855**	$ 1,232,809	$ 1,028,235	$ 905,400	$ 881,028
Adjusted gross margin[1]	**14.3%**	14.3%	16.4%	15.2%	6.7%
Adjusted EBITDA[2]	**112,521**	78,637	75,934	57,201	(17,179)
Adjusted EBITDA	**7.0%**	6.4%	7.4%	6.3%	(1.9)%
Net income (loss) attributable to shareholders	**46,765**	29,318	31,211	17,034	(32,508)
Additions to property, plant and equipment and intangible assets	**32,063**	24,610	18,860	10,049	18,360
Depreciation of property, plant and equipment and amortization of intangible assets	**28,603**	24,894	23,706	22,401	22,308
Per common share					
Net earnings (loss) attributable to shareholders	**$ 1.09**	$ 0.70	$ 0.74	$ 0.40	$ (0.72)
Dividends	**0.16**	0.16	0.04	– –	0.08
Carrying amount	**13.13**	10.86	9.78	8.61	8.30
Financial position					
Working capital	**$ 347,935**	$ 227,455	$ 212,662	$ 223,501	$ 199,634
Working capital (excluding convertible debentures)	**347,935**	294,592	212,662	223,501	199,634
Total assets	**1,164,529**	1,002,835	833,740	804,127	867,484
Non-current financial liability[3]	**165,711**	176,441	190,502	240,467	235,849
Net debt[4]	**200,389**	184,983	132,335	179,200	226,213
Equity attributable to shareholders	**624,325**	457,188	411,658	362,185	360,767
Operating data					
Tons of construction products fabricated	**455,854**	440,296	414,310	380,115	352,298
Number of projects completed	**10,035**	9,540	9,946	9,978	9,240
Number of employees	**4,269**	3,975	3,631	3,396	3,467
Investments in training	**3,473**	$ 2,865	$ 2,229	$ 1,306	$ 1,706
Trading data					
High	**$ 15.26**	$ 15.48	$ 13.87	$ 6.03	$ 8.85
Low	**9.93**	9.09	5.96	3.85	2.81
Close	**13.89**	11.33	13.61	5.98	4.10
Number of common shares outstanding as at December 31 (in thousands)	**47,551**	42,079	42,073	42,079	43,440

(1) The adjusted gross margin is a measure that is not in accordance with International Financial Reporting Standards (IFRS) and corresponds to revenues less cost of sales, excluding depreciation and amortization.

(2) Adjusted EBITDA is a measure that is not in accordance with IFRS and corresponds to income (loss) before finance costs, finance revenue, income tax, depreciation and amortization, as well as other items comprising income (loss) before interest, income tax, depreciation and amortization attributable to non-controlling interests, the share of income (loss) of a joint venture and associates, the gain on revaluation of balances of purchase price of businesses and impairment of goodwill. See Management's Discussion and Analysis for a reconciliation of the amounts.

(3) Non-current financial liability includes long-term debt, balance of purchase price of businesses, convertible debentures and interest rate swaps.

(4) Net debt is a measure that is not in accordance with IFRS and comprises bank loans and the long-term debt, net of cash and cash equivalents, but excludes the balances of purchase price of businesses and convertible debentures.

Forward-Looking Statements

This Management's Discussion and Analysis may contain forward-looking statements, which include, but are not limited to, statements with respect to the Corporation's growth strategy, costs, financial position and financial results, economic and business outlook, prospects and trends of the Corporation's industry segment, expected growth in demand for products and services, the dates of expected or scheduled deliveries, orders and project execution in general, objectives, projects, targets, priorities, business strategy, and the expected impact of legislative and regulatory environment and legal proceedings. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe", "continue" or "maintain", the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. While the Corporation considers its assumptions to be reasonable and appropriate based on information currently available, there is a risk that they may not be accurate. Readers should not place undue reliance on forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include in particular the risks and uncertainties described in this Management's Discussion and Analysis in the section entitled "Risks and Uncertainties". The forward-looking statements contained herein are made as of the date hereof and are subject to change thereafter, and the Corporation has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations.

Scope of Financial Management's Analysis

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Corporation's audited consolidated financial statements included in the 2015 Annual Report, those issued in previous fiscal years as well as the interim MD&As issued in fiscal 2015. This MD&A is based on the Corporation's accounting policies that are in compliance with International Financial Reporting Standards (IFRS).

The preparation of consolidated financial statements requires the Corporation's financial management to make estimates and judgments that affect the amounts recorded as assets, liabilities, equity, revenues and expenses, as well as disclosures on contingencies. These assumptions are revised on a regular basis by the Corporation based on historical results and new events. Refer to Note 4 to the consolidated financial statements as at December 31, 2015, entitled "Use of Estimates and Judgments".

Management invites readers to refer to the notes to the audited consolidated financial statements presented in this report.

The Corporation's financial management is responsible for maintaining appropriate information systems as well as adequate control systems and procedures, thereby ensuring that the information it discloses is reliable and complete.

The Corporation applies financial reporting rules and takes the necessary actions to comply with new accounting standards once they come into force. The Corporation also applies the disclosure standards set by the securities regulatory authorities.

Disclosure controls and procedures

The preparation of the consolidated financial statements is supported by a set of disclosure controls and procedures implemented by management. During the 2015 fiscal year, the design and operation of these controls and procedures over the operations controlled by the Corporation were evaluated for their effectiveness. As at December 31, 2015, this evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO-2013) control framework adopted by the Corporation and in compliance with guidance from the Canadian Securities Administrators set out in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Therefore, based on the results of this evaluation, the Corporation's management can provide reasonable assurance that material information relating to the Corporation is reported to it in a timely manner so that it can provide investors with complete and reliable information.

Internal controls over financial reporting

The Corporation's financial management supervised the documentation and evaluation of the design of internal controls over financial reporting for the Corporation's main operational and accounting processes. As was the case with the evaluation of disclosure controls and procedures, an evaluation of the design and operation of internal controls over financial reporting was conducted under the COSO-2013 control framework and in compliance with guidance presented in National Instrument 52-109. Based on the results of this evaluation, management concluded that the internal controls over financial reporting are well designed to provide reasonable assurance that its financial reporting is reliable and that the Corporation's consolidated financial statements were prepared in accordance with IFRS.

Changes to internal controls over financial reporting

The Corporation's financial management also carried out additional work that enabled it to conclude that during the fiscal year ended December 31, 2015, there have been no changes in the Corporation's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, these controls.

Exchange Rates

All amounts are expressed in Canadian dollars unless otherwise indicated. The table below indicates the exchange rates used, i.e. the average exchange rate of the reporting quarter for the statements of income (loss) and the exchange period-end rate for the balance sheets.

The Corporation's fiscal year-end is December 31. The interim financial results published on a quarterly basis reflect the results to the last Saturday of the reporting period, in keeping with the realities of the manufacturing industry.

Recent Events

Conversion of unsecured subordinated debentures

On October 31, 2015, the convertible unsecured subordinated debentures matured. During the holding period, 5,504 unsecured subordinated debentures were converted into shares, representing a value of $66M, and the $3M balance of outstanding debentures was reimbursed in cash.

Dividends on common shares

On October 28, 2015, the Board of Directors approved the payment of a quarterly dividend of $0.04 per common share payable on January 4, 2016, to shareholders of record on December 17, 2015. The amount thus paid on January 4, 2016 was $1.9M and has been applied against retained earnings.

New term loan

On September 25, 2015, the Corporation finalized the set-up of a three-year term loan with GE Canada Equipment Financing G.P. for an amount of $13M at a rate of 3.51%. Certain items of production equipment located in Canada have been pledged as collateral.

Acquisition of assets of Montacier International Inc.

On August 15, 2015, a subsidiary of the Corporation finalized the purchase of assets of Montacier International Inc., a company located in Boisbriand, Quebec, that specializes in erecting steel structures. This transaction is in line with the Corporation's goal to enhance and integrate its product and service offering in the construction industry.

The amount of the transaction corresponded to the fair value of the net acquired assets, i.e. $5.3M. The results have been included in the consolidated financial statements since the acquisition date. The purchase price allocation has been finalized.

Acquisition of Dessin Cadmax

On August 1, 2015, the Corporation acquired all outstanding shares of 137644 Canada Inc., which operates under the name Dessin Cadmax, for a cash consideration of $3.9M. This company has taken part in numerous large-scale projects, including several in collaboration with Canam Group. Dessin Cadmax is located in Boisbriand, Quebec, and specializes in detailing steel structures. This acquisition is in line with the Corporation's goal to enhance and integrate its product and service offering in the construction industry by partnering with a team of experienced drafters.

The results have been included in the consolidated financial statements since the acquisition date. The purchase price allocation has been finalized.

Operating Results

Non-IFRS measures

In this MD&A, the Corporation's financial management uses measures that are not in accordance with IFRS. Earnings before interest, tax, depreciation and amortization (Adjusted EBITDA), Adjusted gross margin and net debt are not defined by IFRS and cannot be formally presented in the consolidated financial statements. The definition of Adjusted EBITDA does not take into account the income before tax, interest and depreciation and amortization attributable to non-controlling interests, the Corporation's share of loss (income) of a joint venture and associates, and finance revenue. The Adjusted gross margin corresponds to revenues less cost of sales, excluding depreciation of property, plant and equipment, and amortization of intangible assets. Net debt comprises bank loans and the long-term debt, net of cash and cash equivalents, but excludes balances of purchase price of businesses and convertible debentures. The definitions of Adjusted EBITDA, Adjusted gross margin and net debt used by the Corporation may differ from those used by other companies.

Even though Adjusted EBITDA, Adjusted gross margin and net debt are non-IFRS measures, they are used by managers, analysts, investors and other financial stakeholders to assess the Corporation's performance and management from a financial and operational standpoint.

Non-IFRS measures used by the Corporation to assess operational performance and management include, among others, Adjusted EBITDA and Adjusted gross margin. Management also uses net debt to assess the Corporation's debt level, cash position, future cash needs and financial leverage ratio.

Exchange rates used

		December 31 2015	September 26 2015	June 27 2015	March 28 2015	December 31 2014
Consolidated statements of income	US$/CAN$	**1.3358**	**1.3065**	**1.2304**	**1.2421**	1.1356
Consolidated balance sheets	US$/CAN$	**1.3840**	**1.3316**	**1.2315**	**1.2600**	1.1601

Reconciliation of Adjusted EBITDA to net income

Periods ended December 31 (in thousands of dollars)	Three months 2015	2014
Net income	$ 17,715	$ 13,713
PLUS:		
Tax expense	5,912	4,165
Loss before tax, interest and depreciation and amortization attributable to non-controlling interests	362	97
Share of loss of a joint venture and associates	447	282
Finance revenue	(148)	(204)
Finance costs	2,599	4,108
Total depreciation and amortization	7,467	6,011
Adjusted EBITDA	$ 34,354	$ 28,172

Reconciliation of Adjusted EBITDA to net income

Years ended December 31 (in thousands of dollars)	Twelve months 2015	2014
Net income	$ 46,755	$ 29,185
PLUS:		
Tax expense	21,341	9,761
Loss (income) before tax, interest and depreciationand amortization attributable to non-controlling interests	520	(239)
Share of loss of a joint venture and associates	1,536	866
Finance revenue	(667)	(955)
Finance costs	14,433	15,125
Total depreciation and amortization	28,603	24,894
Adjusted EBITDA	$ 112,521	$ 78,637

Calculation of Adjusted gross margin

Periods ended December 31 (in thousands of dollars)	Three months 2015	2014
Revenues	$ 493,797	$ 383,641
Cost of sales, excluding depreciation and amortization	(425,371)	(327,153)
Adjusted gross margin	$ 68,426	$ 56,488
Adjusted gross margin (%)	13.9%	14.7%

Calculation of Adjusted gross margin

Years ended December 31 (in thousands of dollars)	Twelve months 2015	2014
Revenues	$ 1,606,855	$ 1,232,809
Cost of sales, excluding depreciation and amortization	(1,377,066)	(1,056,905)
Adjusted gross margin	$ 229,789	$ 175,904
Adjusted gross margin (%)	14.3%	14.3%

Fourth quarter of 2015

Consolidated revenues for the fourth quarter of 2015 totaled $493.8M, representing a $110.2M or 28.7% increase, as compared with revenues of $383.6M for the same quarter in 2014. The increase in revenues for the fourth quarter of 2015 is attributable to structural steel products and services. Moreover, sales made in US currency have benefitted from the favorable impact of the US dollar's rise against the Canadian dollar since the beginning of 2015.

The Adjusted gross margin percentage was 13.9% of revenues in the fourth quarter of 2015 compared to 14.7% in the fourth quarter of 2014. The decrease in the Adjusted gross margin percentage is primarily attributable to the compression of gross margins for the bridges' group of products and services that was offset, however, by the improved Adjusted gross margins for structural steel and building activities as well as the US dollar's rise against the Canadian dollar.

In the fourth quarter of 2015, selling and administrative expenses totaled $30.9M or 6.3% of revenues representing a $6,3M increase compared to $24.6M or 6.4% of revenues for the corresponding quarter in 2014. The variation in the fourth quarter of 2015 is attributable to the payroll increase in order to maintain sales growth, along with the US dollar's rise against the Canadian dollar.

The Corporation's Adjusted EBITDA in the fourth quarter of 2015 amounted to $34.4M or 7% of revenues compared to an Adjusted EBITDA of $28.2M or 7.3% of revenues for the same quarter of 2014. The variation in Adjusted EBITDA is mainly attributable to the increase in sales volume, combined with an increase in the Adjusted gross margins of certain groups of products and services. These items were offset, however, by the compression of gross margins for bridge activities and the increase in selling and administrative expenses.

In the fourth quarter of 2015, depreciation of property, plant and equipment, and amortization of intangible assets totaled $7.5M compared to depreciation and amortization expenses of $6M for the same quarter in 2014, which represents an increase of $1.5M. The increase is mainly attributable to the progressive introduction of new property, plant and equipment in order to support business growth.

Other net gains totaled $0.7M in the fourth quarter of 2015, compared to $0.2M in 2014. In the quarter of 2015, the Corporation primarily recorded an exchange gain in the amount of $0.5M and a gain on disposal of property, plant and equipment in the amount of $0.2M, compared to an exchange gain of $0.5M, a loss on decline in value of an investment of $0.2M and a loss on disposal of property, plant and equipment in the amount of $0.1M for the same period in 2014.

In the fourth quarter of 2015, finance costs totaled $2.6M, compared to $4.1M in 2014. The $1.5M decrease is primarily explained by the conversion of interest-bearing subordinated debentures into common shares during the quarter (refer to the section entitled "Recent Events" for more details).

The Corporation's share of net loss of a joint venture and associates totaled $0.4M in the fourth quarter of 2015, compared to $0.3M for the same period in 2014.

In the fourth quarter of 2015, the income tax expense rate was 24.6%, which is comparable to the rate of 22.9% recorded in the same quarter of 2014. Income tax expense rates reflect the combination of pre-tax income and loss based on different tax rates between U.S. and Canadian operations.

In the fourth quarter of 2015, net income attributable to shareholders totaled $17.8M, or $0.39 per basic share (based on a weighted average number of 46,074,704 common shares), compared to $13.8M, or $0.33 per basic share (based on a weighted average number of 42,029,164 common shares), for the same period in 2014. The $4M increase in net income attributable to shareholders in the fourth quarter of 2015 is mainly attributable to the $6.2M increase in Adjusted EBITDA and a $1.5M decrease in finance costs. These items were partially offset by a $1.5M increase in depreciation and amortization.

Results for fiscal year 2015

In 2015, revenues totaled $1,606.9M compared to $1,232.8M in 2014, representing a $374.1M or 30.3% increase. The increase in revenues in fiscal 2015 is attributable to all of the Corporation's activities, although mainly to structural steel and building products and services. Moreover, sales made in US currency have benefitted from the favorable impact of the US dollar's rise against the Canadian dollar since the beginning of 2015.

In 2015, the Adjusted gross margin percentage was 14.3% of revenues, which is identical to that recorded in 2014. Despite the stable Adjusted gross margins expressed as a percentage, the composition is different on a year-to-year basis. In 2015, the favorable contribution of Adjusted gross margins for structural steel and building activities offset the compression of gross margins for the bridges' group of products and services.

Selling and administrative expenses totaled $108.4M, or 6.7% of revenues in 2015, compared to $91.5M, or 7.4% of revenues, in 2014, representing a $16.9M increase. On a monetary basis, the variation is mainly attributable to the payroll increase in order to maintain sales growth as well as the US dollar's rise against the Canadian dollar. As a proportion of sales, selling and administrative expenses decreased in 2015 compared to 2014.

The Corporation's Adjusted EBITDA in 2015 amounted to $112.5M or 7% of revenues, compared to an Adjusted EBITDA of $78.6M or 6.4% of revenues in 2014. The variation in Adjusted EBITDA in 2015 is explained by the increase in sales volume, combined with an increase in the Adjusted gross margin of certain groups of products and services, offset by the compression of gross margins for the bridges' group of products and services and the increase in selling and administrative expenses.

Depreciation of property, plant and equipment, and amortization of intangible assets increased by $3.7M to $28.6M in 2015 compared to $24.9M in 2014. The rise is attributable to the progressive introduction of new property, plant and equipment in order to support business growth.

In fiscal 2015, other gains totaled $1.9M compared to $0.9M for the comparative fiscal year. In 2015, the Corporation received $0.1M in distributions from a limited partnership and recorded an exchange gain in the amount of $1.6M as well as a gain on disposal of property, plant and equipment in the amount of $0.2M. In 2014, the Corporation received $0.7M in distributions from a limited partnership and recognized an exchange gain in the amount of $0.5M, a loss on disposal of property, plant and equipment in the amount of $0.2M and a loss in decline of value of an investment of $0.2M.

Finance costs decreased to $14.4M in 2015, compared to $15.1M in 2014. The $0.7M variation in finance costs is mainly attributable to the conversion of interest-bearing subordinated debentures into common shares during the year (refer to the section entitled "Recent Events" for more details) and to a different use of revolving credits in 2015 compared to the previous fiscal year.

The Corporation's share of net loss of a joint venture and associates totaled $1.5M in 2015, compared to $0.9M in 2014.

The income tax expense rate in 2015 was 30.6% compared to 24.5% in 2014. The rates reflect the combination of pre-tax income and loss based on different tax rates between U.S. and Canadian operations.

	Canadian income tax rate (%)	U.S. income tax rate (%)
Twelve months 2015	**28.8**	**41.6**
Twelve months 2014	23.8	34.6

In fiscal 2015, net income attributable to shareholders totaled $46.8M, or $1.09 per basic share (based on a weighted average number of 43,074,340 common shares), compared to $29.3M, or $0.70 per basic share (based on a weighted average number of 42,054,462 common shares), for the comparative fiscal year. The $17.5M increase in net income attributable to shareholders in 2015 is mainly attributable to the $33.9M increase in Adjusted EBITDA, offset by a $3.7M increase in depreciation and amortization and the impact of the change in tax expense rate in 2015.

Balance Sheets

Financial information

Years ended December 31

(in thousands of dollars, except per share amounts and ratios)	2015	2014
Working capital	**$ 347,935**	$ 227,455
Current ratio	**2.01**	1.65
Working capital (excluding convertible debentures)	**$ 347,935**	$ 294,592
Current ratio (excluding convertible debentures)	**2.01**	2.05
Net debt[(1)]	**$ 200,389**	$ 184,983
Adjusted EBITDA	**$ 112,521**	$ 78,637
Equity attributable to shareholders	**$ 624,325**	$ 457,188
Net debt to equity ratio	**0.32**	0.40
Carrying amount per common share[(2)]	**$ 13.13**	$ 10.86

(1) Net debt comprises the long-term debt, net of cash and cash equivalents, but excludes balances of purchase price of businesses and convertible debentures.

(2) The carrying amount per common share corresponds to the equity attributable to shareholders divided by the number of outstanding shares.

Working capital, excluding convertible debentures, increased from $294,6M as at December 31, 2014 (current ratio of 2.05) to $348M as at December 31, 2015 (current ratio of 2.01). The $53.4M increase is mainly explained by the rise in accounts receivable in the amount of $43.8M, costs and estimated profits in excess of billings in the amount of $67.7M and inventories in the amount of $9.8M, net of the $39.7M increase in accounts payable and accrued liabilities and $25.4M increase in current portion of long-term debt.

The net debt, whose balance stood at $200.4M as at December 31, 2015, increased by $15.4M compared to December 31, 2014, when net debt totaled $185M. This increase is attributable to the Corporation's increased use of credit facilities to absorb liquidity requirements resulting from the current business growth and the set-up of a new term loan for an amount of $13M since September 25, 2015. These items were offset by the expected repayments.

The ratio of net debt to equity attributable to shareholders was 0.32 as at December 2015, compared to 0.40 as at December 31, 2014. The 0.08 decrease is mainly attributable to the $167.1M increase in equity attributable to shareholders.

Accounts receivable stood at $320.5M as at December 31, 2015, compared to $276.7M as at December 31, 2014, representing an increase of $43.8M. As at the same date, costs and estimated profits in excess of billings totaled $194.3M compared to $126.6M as at December 31, 2014, representing an increase of $67.7M. These increases are explained by the current business growth combined with the effect of the US dollar's rise against the Canadian dollar.

Inventories totaled $166.8M as at December 31, 2015 compared to $157M as at December 31, 2014, representing an increase of $9.8M. This variation is attributable to the effect of the US dollar's rise against the Canadian dollar which, however, was partially offset by a decrease in inventory volume.

As at December 31, 2015, property, plant and equipment, and intangible assets totaled $359.9M compared to $319.2M as at December 31, 2014, which represents a $40.7M increase year over year. This rise is attributable to acquisitions, net of depreciation and amortization, and the effect of the US dollar's rise against the Canadian dollar.

Long-term receivables and other assets decreased by $1.8M in fiscal 2015, from $7.4M as at December 31, 2014 to $5.6M as at December 31, 2015. The decrease is mostly attributable to the transfer of a note receivable from Placements CMI Inc. in the amount of $2M to current assets. This amount was cashed according to the established quarterly repayment schedule.

With a $39.7M increase in accounts payable and accrued liabilities, the balance stood at $223.6M as at December 31, 2015 compared to a balance of $183,9M as at December 31, 2014. As at the same date, billings in excess of costs and estimated profits totaled $73.5M compared to $74.4M as at December 31, 2014, representing a slight decrease of $0.9M. These variations are mainly attributable to the business growth combined with the effect of the US dollar's rise against the Canadian dollar.

The $5.9M decrease in other liabilities, which fell from $7.1M as at December 31, 2014 to $1.2M as at December 31, 2015, is mainly attributable to the decrease in the defined benefit liability relating to pension plans.

In 2015, equity attributable to shareholders increased by $167.1M to $624.3M compared to $457.2M as at December 31, 2014. The following elements had the effect of increasing equity attributable to shareholders in 2015: i) the $46.8M net income; ii) the US dollar's appreciation that generated an unrealized exchange gain of $62.7M resulting from the translation of foreign operations, mainly those of the U.S. subsidiaries; iii) the US dollar's appreciation that generated an unrealized exchange loss of $3.5M resulting from the translation of the debt designated as a hedging item; iv) declared dividends of $6.9M; v) the conversion of convertible debentures for a value of $66M; and vi) the $2.2M net actuarial gain in the defined benefit plan.

Cash Position

Cash flows

A comparison of the Corporation's cash flows for fiscal years 2015 and 2014 is presented below.

(in thousands of dollars)	2015	2014
Cash flows from operating activities	$ 50,652	$ (17,091)
Cash flows from financing activities	(16,933)	43,187
Cash flows from investing activities	(37,681)	(25,101)
Effect of changes in foreign exchange rate on cash and cash equivalents	2,751	2,576
Net change	(1,211)	3,571
Cash and cash equivalents – Beginning of year	8,261	4,690
Cash and cash equivalents – End of year	$ 7,050	$ 8,261

In 2015, cash flows provided from operating activities stood at $50.7M compared to cash flows used in operating activities in the amount of $17.1M in 2014. The $67.8M variation is mainly attributable to the $17.6M increase in net income in fiscal 2015, the $21.7M rise in certain adjustments not affecting cash and the $28.4M decrease in cash flows used resulting from the net change in working capital items.

Cash flows used in financing activities stood at $16.9M in 2015 compared to cash flows provided from financing activities of $43.2M in 2014. The $60.1M variation is mainly attributable to a decrease in debt and bank loans, net of repayments in the amount of $55.4M compared to the corresponding period in 2014, offset by the $3M repayment in 2015 of a portion of the debentures that were not converted at maturity.

Cash flows used in investing activities stood at $37.7M in 2015 compared to $25.1M in 2014. The $12.6M variation is mainly attributable to the $5.1M increase in the acquisition of business assets combined with a $7.5M increase in additions to property, plant and equipment.

Contractual obligations

In the normal course of business, the Corporation has contractual obligations, which are presented in the table below.

Instalments required by period

As at December 31, 2015 (in thousands of dollars)	Debt	Operating leases
Within a year	$ 43,083	$ 3,151
From 2 to 3 years	114,268	3,240
From 4 to 5 years	43,387	1,857
More than 5 years	6,701	1,011
	$ 207,439	$ 9,259

Related party transactions

In the normal course of business, the Corporation sells products to and purchases products from certain related parties. Note 26 to the consolidated financial statements provides the detail of those transactions. In 2015, revenues from related parties represented $3.1M of the Corporation's consolidated revenues compared to $3.5M in 2014. In 2015, the Corporation's purchases from related parties accounted for $2.5M of its cost of sales in 2015, compared to $1.6M in 2014. Selling and administrative expenses relating to transactions with related parties totaled $2.9M in 2015 compared to $3.6M in 2014.

Changes in Accounting Policies and Future Changes in Accounting Policies

Changes in accounting policies

Since January 1, 2015, the Corporation has not adopted any changes in accounting policies.

Future changes in accounting policies

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been issued by the IASB but are not yet effective, and have not been adopted early by the Corporation. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below.

Financial instruments

In 2014, the IASB released the complete and final version of IFRS 9, *Financial instruments*, which replaces the current standard on financial instruments (IAS 39). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities have been carried forward in IFRS 9. However, requirements for measuring a financial liability at fair value have changed, as the portion of fair value changes related to the entity's own credit risk must be presented in other comprehensive income (loss) rather than within profit or loss. This standard is effective for fiscal years beginning on or after January 1, 2018. The Corporation is currently assessing the impact of this new standard.

Revenue from contracts from customers

In May 2014, the IASB released IFRS 15, *Revenue from contracts with customers*, which establishes principles that an entity shall apply to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes IAS 18, *Revenue*, IAS 11, *Construction contracts*, as well as other interpretations related to products. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation is currently assessing the impact of this new standard.

Certain other new standards, amendments and interpretations to existing standards have been published but are not expected to have a significant impact on the Corporation's consolidated financial statements.

Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the amounts recorded as assets, liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and judgments. The items whose actual results could differ significantly from those estimates are described below.

Items requiring the use of estimates

Revenue recognition

The Corporation conducts its activities pursuant to contracts with customers and under which revenues and costs are recognized using the percentage-of-completion method. The nature of these contracts requires the use of estimates of a contract's total costs and revenues upon completion. Estimated revenues upon completion are adjusted according to order changes, claims, penalties and contractual terms providing for price adjustments. Management must exercise its judgment to determine if it is probable that additional revenues related to order changes and claims will be realized, and these amounts, if it is probable that they will be realized, are included in estimated revenues upon completion. Estimated contract costs upon completion include projected material and labor costs. These costs are impacted by the nature and complexity of the contracts in question, labor productivity and the effect of change requests and potential delivery delays. Estimates are based on economic trends and the experience acquired by management over the years. There can be no assurance that these estimates will not vary from the actual results.

Impairment of goodwill and non-current assets

The Corporation performs a goodwill impairment test that is based on calculations of fair value less costs of disposal and that makes use of valuation models such as the cash flow model currently used by management to make estimates. The key assumptions are indicated in Note 11 to the consolidated financial statements. The identification of events that could have an impact on estimated cash flows requires the exercise of judgment, which could have a significant impact on the carrying amount of these assets.

Similarly, when property, plant and equipment and intangible assets undergo impairment testing, the calculation of recoverable amounts requires management to make estimates that could affect the respective values of these assets, and consequently, the amount of any impairment.

Employee future benefits

The Corporation offers defined benefit pension plans. The cost of pension benefits and other retirement benefits earned by participants is actuarially determined using the projected benefit method prorated on service. This method is based on management's best estimate of, among others, the discount rate, the rate of compensation increase, the retirement ages of participants and mortality. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period. Key assumptions are indicated in Note 25 to the consolidated financial statements. All assumptions are reviewed at the end of each reporting period. The use of different assumptions could result in different carrying amounts for accrued benefit assets and thus affect the defined benefit expense.

Items requiring the use of estimates and judgments

Provisions for lawsuits, claims and litigations

A provision is made when it is probable and estimable. In order to determine the amount necessary for provisions, the Corporation makes assumptions and estimates mainly with regard to expected costs, which includes professional and compensation fees, and the anticipated cost schedule. The estimation of this provision is based on internal analyses and consultations with independent experts and legal advisors. Actual amounts could differ from those estimates.

Income taxes

Deferred tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities and the carrying amounts indicated in the financial statements. Deferred tax assets also reflect the benefits relating to unused tax losses that can be carried forward to reduce income taxes in future years. This method requires the exercise of judgment regarding the likelihood that the Corporation's deferred tax assets will be recovered from the estimated future taxable profit, and consequently, that they can be recognized in the consolidated financial statements of the Corporation. This method also requires the use of estimates in determining the expected timing of the realization of tax assets and the settlement of tax liabilities, and the enacted or substantively enacted tax rates that will then be applicable.

Risks and Uncertainties

Due to risks and uncertainties, it is not possible to guarantee that events which were unforeseen by management will not take place in the course of business, or should certain foreseen or unforeseen events take place, guarantee what type of effects they will have on the Corporation's operating results or financial position. The risk management approach adopted by the Corporation is aimed at mitigating the unfavorable impact of risks on the achievement of its objective to offer maximum long-term value to its shareholders, customers and employees.

The Corporation's risk management activities are based on the risk management framework presented in ISO 31000:2009 Risk management – Principles and guidelines released by the International Organization for Standardization. In order to achieve the Corporation's risk management objectives, risk management activities have been integrated into the operational responsibilities of the management team. Each executive officer of a product and service group or corporate service is responsible for the introduction of appropriate structures, processes and tools to allow proper identification of risks. Once the risks have been identified, analyzed, assessed and managed, management will determine the mitigation measures to be taken in order to minimize the unfavorable impact of risks on the achievement of the Corporation's objectives.

The risk factors and uncertainties that could affect Canam Group's activities include, but are not limited to, the following:

Market economic conditions and competition

Canam Group is a manufacturing company that specializes in designing and fabricating customized construction products and solutions. The Corporation conducts its activities in three groups of products and services: buildings, structural steel and bridges. Its products and services are primarily geared towards non-residential construction markets. Non-residential construction includes the commercial (stores, shopping centers, offices, hotels/motels, warehouses), industrial (fabrication plants) and institutional (schools, hospitals, buildings: public, religious, recreational, entertainment and transportation-related) sectors. The Corporation also operates in the infrastructures sector through its Canam-Bridges activities.

In the last quarter of 2015, the Gross Domestic Product (GDP) in the United States recorded an annual increase of 0.7%, which represents a lower growth than for earlier quarters, ending the year with a 2.4% increase, i.e. the same rate as in 2014. In Canada, the economy declined in the first two quarters of 2015 and then grew by 2.3% in the third quarter. GDP growth rate was estimated at 1.2% in 2015 compared with 2.5% in 2014.

Non-residential construction increased by 9% in the United States, compared to 6.6% in 2014 (Value Put-in-Place, U.S. Census Bureau). Construction in the commercial building sector increased by 7.4% compared to 11.9% in 2014. In Canada, non-residential construction value decreased by 7% as compared to 2014. In 2015, a decline in construction was registered in all non residential sectors (Building Permits, Statistics Canada).

The imposition of trade tariffs by the United States where the Corporation partly exports its products and the ability of the public or private sector to finance projects in the context of an economic slowdown could have an adverse effect on the award of new contracts and profit margins, and consequently, Canam Group's results.

The engineering and construction sector is subject to cyclical variations. Fluctuations in demand for construction products and solutions could lower sales volume and reduce profit margins. The non-residential construction sector is very closely tied to changes in overall economic conditions. Growth and economic cycles have a direct impact on the level of annual demand in the construction sector.

Moreover, cyclical fluctuations in demand are frequent in Canam Group's activity sector and can have a significant impact on the level of competition for available projects and the award of new contracts. Given the cyclical nature of the engineering and construction sectors, Canam Group's financial results, as well as those of other companies in these sectors, could be affected by various factors that are beyond its control, and consequently, the Corporation's financial results could occasionally undergo major and unforeseeable fluctuations.

In certain market sectors, the Corporation faces competitors with integrated activities (fabrication of steel and finished products). Depending on the market, the Corporation may compete with local, regional, national and international corporations for certain products. This competition increases when market conditions are difficult and exerts pressure on prices, which is one of the primary factors considered in determining which qualified contractor or supplier is awarded a contract.

The Corporation's approach with regard to the risks related to market conditions and competitors consists in pursuing an innovation program through a manufacturing excellence center. Performance indicators that measure changes in the Corporation's sales trends and market shares as compared to its competitors have been put in place and are subject to regular monitoring by operating committees. An integrated construction products and solutions offering, geographic market coverage and the diversification of its construction products and solutions offer form part of Canam Group's strategy for business growth.

Interruption or slowdown of activities

The Corporation's activities could be interrupted or slowed down at one or several fabrication plants if it does not obtain new contracts. Certain factors, such as the scarcity of steel, the unavailability of materials, the loss of an executive officer or key fabrication site, the unavailability of qualified personnel, a labour dispute or the unfavorable geographic location of a plant could prevent Canam Group from meeting customer demand, reduce its sales or have an impact on its net income.

The risk mitigation approach consists in dealing with multiple suppliers for each category of steel used in the fabrication process. The Corporation holds the appropriate insurance policies to cover the interruption of activities and sociopolitical risks. Canam Group undertakes negotiations before the expiry of collective agreements signed with unionized employees, and a succession plan for key personnel has been put in place and is reviewed annually. As regards the continuity of production at plants, a preventive maintenance program for production equipment is in place.

Price-setting for bids and project management

A significant portion of Canam Group's revenues comes from fixed-price contracts and normally result from the Corporation's competitive bid on a project compared to those of other suppliers. Even if it may benefit from cost savings, the Corporation bears the risk of associated cost overruns. The evaluation of revenues and costs for a given contract is partially based on estimates that are subject to a certain number of assumptions, such as those pertaining to the manufacturing efficiency of fabrication plants, the impact of weather conditions, the variation in exchange rates, particularly between the Canadian and US dollar, the performance of subcontractors or suppliers, prices, the availability of personnel, equipment and materials, as well as other constraints that could impact the project schedule or costs.

The Corporation also participates in the execution of large-scale infrastructure projects, notably in the bridge and large structures sector. Contract prices for large-scale projects are based on a certain number of assumptions. Given the scale of these projects, should the hypotheses used prove incorrect, whether due to invalid estimates, unforeseen circumstances or poor risk evaluation, revenues could be lower, costs could be higher, and a significant loss may even be incurred.

Cost overrun risk is mitigated by regular and proactive follow-ups that are performed by management. A corporate project management department is in place to ensure a better management of bids and project profitability. When the situation allows for it, the Corporation makes use of price guarantees with suppliers or inserts price escalation clauses in its bids or sales contracts in order to reduce the impact of steel price increases and other inputs. To the extent that the Corporation considers that cost overruns are attributable to third parties, it could decide to take legal action or file claims for compensation from such parties to recover cost overruns. Actual amounts thus recovered could be lower than costs actually incurred.

Environment, health and safety

The design and fabrication of construction products entails risks to operations and the environment as well as to health and safety. Human error or circumstances that are beyond Canam Group's control can cause material damage or physical injury that could result in loss of revenue, increased costs or liability to third parties.

Certain operations in the manufacturing plants involve risks of environmental liability. The operations that could have potential repercussions on the environment are welding, which produces smoke (emitted in the form of atmospheric particles), and painting, which releases volatile organic compounds (VOC) and generates hazardous residual materials.

The Corporation uses software that has improved the design, drafting, estimation and fabrication of its products to minimize human error in its operations. The Corporation also controls production quality in its plants and is protected by liability insurance coverage. The Corporation's main activity is the transformation of steel through cutting, bending and welding. The raw material used, steel, presents little risk to the environment and is easily recycled. Finished goods are generally coated with a finish. Environment, health and safety personnel oversee the introduction and application of good practices to prevent, detect and correct all instances of non-compliance or exposure to environmental, health and safety risks.

Compliance with laws and regulations

The Corporation is exposed to risks of non-compliance with applicable laws and regulations, which vary from one country to the next and are subject to change. Non-compliance with applicable laws and regulations as well as an instance of fraud could render the Corporation ineligible to obtain certain contracts, result in penalties, lawsuits and eventually harm the company image or reputation of Canam Group.

Over and above the code of ethics that personnel must adhere to annually and the signed declarations required of management team members that are designed to promote a culture of compliance with laws and regulations as well as to prevent fraud at the Corporation, any intentional act or voluntary omission that could harm the interests or damage the reputation of Canam Group will be the subject of a sanction that can go as far as the termination of the relationship of the party in question, whether an employee or business partner.

Disruptions in information and communications technology services

A disruption in information and communications technology (ICT) services, some of which depend on services provided by third parties, can impair the efficiency of Canam Group's activities as computer systems play an important role in the design and fabrication processes of products and services that are offered both externally and internally. The Corporation is exposed to the risk of cyber incidents in the normal course of business, such as deliberate attacks aimed at stealing intellectual property or other assets and sensitive information. Such incidents could result in damage to Canam Group's reputation, lawsuits, inefficiencies or production stoppages as well as an increase in the costs related to protection and applicable corrections with regard to cyber security.

Given the rapid evolution of ICT and the sophisticated level of cyber incidents, evasive action against ICT-related risks may not be sufficient to guarantee that the Corporation's activities will not be interrupted or suffer losses related to ICT disruptions. Despite this reality, Canam Group, through the information technology department, internal auditing or the services of external experts, is taking measures in the area of technological security and has disaster recovery plans in place to mitigate the risk to which the Corporation is exposed with regard to these vulnerabilities related to emerging information and communications technologies.

Customer requirements and satisfaction with regard to products and services

Canam Group's mission is the pursuit of a better customer experience. Total client satisfaction through exceptional service is one of the Corporation's core values.

Canam Group offers its products and services in many countries, states or municipalities whose construction codes and standards, laws and regulations may differ and are subject to changes that are beyond the Corporation's control. The evolution of demand in the construction sector, the increasingly complex economic environment in the digital age and market globalization combined with the more and more sophisticated needs of customers who have high and uncompromising expectations with regard to quality can limit Canam Group's ability to offer, produce and deliver, on the deadline agreed upon with the customer, high quality products and services in a reliable and profitable way.

Products or services that do not meet customer expectations can cause bad publicity or harm Canam Group's reputation, resulting in the loss of current or potential customers. The Corporation is also exposed to lawsuits in the event of a fabrication defect that causes damages to third parties.

The deployment of Lean initiatives aimed at improving business processes and manufacturing excellence help to minimize defects, allow for innovation and improve the offering of quality products and services that are adapted to market needs. The Corporation also conducts surveys to evaluate the satisfaction of customers and employees, and takes measures to improve satisfaction levels. Canam Group's insurance policies cover its liability in the event of damage to a third party related to a fabrication defect.

Erection services

Historically speaking, the Corporation has not integrated erection services in its traditional field of activities and erection contracts have generally been subcontracted to specialized external suppliers. Canam Group's expertise in offering erection services that is outside of its traditional field of activities may have gaps if it does not have experienced or well-trained personnel to execute the contracts. Erection work may not meet the customer requirements stipulated on the contract or erection costs could significantly exceed the revenues attributed to this activity. The risk of accidents, some of which could be fatal, is higher in erection activities compared to traditional product design and fabrication activities.

The Corporation's strategy to penetrate the erection market is primarily pursued through the acquisition of entities and the recruitment of management team members with experience, a reputation and recognition in this area of activity. Safety is integrated in corporate communications to reinforce a safety-oriented culture. Canam Group has adapted insurance policies to cover the dangers that are inherent to the erection sector.

Financial Instruments

Liquidity and funding risk

The Corporation requires sufficient amounts of working capital in order to be able to operate. The Corporation's contracts are primarily based on firm prices. For the majority of sales, billing is performed when the products are delivered. For erection contracts, billing is performed on a monthly basis according to the progress of the work. When modifications or additions are required by clients during the course of a project, the Corporation will incur additional costs, and the associated revenues will only be recognized once they have been accepted by the client. To the extent that the Corporation is unable to receive payments in the early stages of a project, its cash flows could be reduced.

The Corporation has a conservative approach with regard to the management of its liquid assets. It makes use of short and long-term financing at several financial institutions and matches operating and investing activities with financing activities.

Interest rate risk

The Corporation's policy is to limit its exposure to interest rate risk fluctuations by ensuring that a reasonable portion of its bank loan and long-term debt are at fixed rates.

Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to settle some or all of their debts at due date. The Corporation is mostly exposed to credit risk by its cash and cash equivalents, accounts receivable and long-term receivables.

Cash equivalents mainly include highly liquid investments such as term deposits and bankers' acceptances issued by recognized financial institutions. Management believes that the risk of loss is minimal.

The Corporation considers credit risk related to debtors and contracts in progress is limited for the following reasons:

a) The Corporation conducts an ongoing evaluation of its clients and has adopted a credit policy defining evaluation criteria. The established procedures ensure that the Corporation benefits from maximum protection through guarantees available in the North American construction industry.

b) The Corporation sells to a wide range of clients that operate in various sectors and geographical regions.

c) The Corporation is exposed to a normal credit risk for its accounts receivable. The debtors' financial position is analyzed to determine if there is an indication of impairment, and a provision is established accordingly. The Corporation takes into account the specific credit risk of clients, their historical tendencies and the economic situation.

The Corporation also believes that the credit risk related to its long-term receivables is limited. Long-term receivables are from creditworthy companies with no historical default of payment. The Corporation has access to the financial statements of those companies in order to monitor their solvency. No provision was established for long-term receivables.

Currency risk

The Corporation is exposed to the three following types of currency risk:

a) Translation of foreign currency transactions

The Corporation is mainly exposed to currency risk on sales of Canadian-made products in US dollars. The Corporation considers this currency risk to be limited for the following reasons:

i) The Corporation's presence on North American markets as well as its fabrication and delivery capabilities allow it to select the most appropriate fabrication location according to price, cost, and exchange rate fluctuations.

ii) For raw material purchases, particularly steel, prices are usually denominated in US dollars, and the Corporation maximizes its purchases from the United States and international sources through payment in US dollars.

b) Translation of financial statements of foreign operations

The translation of financial statements of foreign operations generates an exchange loss or gain that is recorded in other comprehensive income and in other equity items. For the fiscal year ended December 31, 2015, the unrealized exchange gain totals $62.7M compared to December 31, 2014, when the Corporation recorded an unrealized exchange gain of $24.4M.

c) Hedge of a net investment in foreign operations

In 2015, the Corporation designated a new debt denominated in US dollars as a hedging item of a portion equivalent to its net investment in its foreign operations, which use the US dollar as their functional currency. The unrealized exchange loss on this hedge of the net investment that was recorded in other comprehensive income for the year ended December 31, 2015 was $3.5M compared to an unrealized exchange loss of $0.8M in fiscal 2014.

Subsequent Event

Dividend on common shares

On February 17, 2016, the Board of Directors approved the payment of a dividend of $0.04 per common share payable on March 31, 2016, to shareholders of record on March 17, 2016.

Outlook

The backlog of orders stood at $1,183M as at December 31, 2015, compared to $1,007M as at December 31, 2014.

Other Items

As at February 17, 2016, there were 47,551,043 common shares and no stock options outstanding.

The Corporation's common shares are identified on the Toronto Stock Exchange (TSX) under ticker symbol "CAM". The Corporation's convertible debentures are identified on the Toronto Stock Exchange under ticker symbol "CAM.DB".

The financial analysis, audited financial statements and additional information, including the Annual Information Form, are available on the SEDAR website (www.sedar.com) and the Corporation's website (www.canamgroupinc.com).

Marc Dutil, C.M.
President and Chief Executive Officer

René Guizzetti, CPA, CA
Vice President and Chief Financial Officer

February 17, 2016

Quarterly Results

(unaudited quarterly results – in thousands of Canadian dollars, except per share amounts)

2015 Quarters ended	**March 28**	**June 27**	**Sept. 26**	**Dec. 31**	**Total**
Revenues	**$ 309,102**	**$ 371,815**	**$ 432,141**	**$ 493,797**	**$ 1,606,855**
Net income attributable to shareholders	**4,397**	**10,036**	**14,541**	**17,791**	**46,765**
Basic net earnings per share attributable to shareholders	**0.10**	**0.24**	**0.35**	**0.39**	**1.09**
Diluted net earnings per share attributable to shareholders	**0.10**	**0.24**	**0.35**	**0.39**	**1.08**
Total assets	**1,012,561**	**1,050,117**	**1,156,280**	**1,164,529**	
Net debt[1]	**168,087**	**188,651**	**214,863**	**200,389**	
Equity attributable to shareholders	**485,032**	**486,050**	**526,243**	**624,325**	
Cash dividend declared per common share	**0.04**	**0.04**	**0.04**	**0.04**	**0.16**

2014 Quarters ended	March 29	June 28	Sept. 27	Dec. 31	Total
Revenues	$ 239,303	$ 280,616	$ 329,249	$ 383,641	$ 1,232,809
Net income attributable to shareholders	474	4,530	10,486	13,828	29,318
Basic net earnings per share attributable to shareholders	0.01	0.11	0.25	0.33	0.70
Diluted net earnings per share attributable to shareholders	0.01	0.11	0.25	0.33	0.70
Total assets	850,630	894,133	987,110	1,002,835	
Net debt[1]	159,041	195,881	194,886	184,893	
Equity attributable to shareholders	421,058	413,634	434,839	457,188	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16

2013 Quarters ended	March 30	June 29	Sept. 28	Dec. 31	Total
Revenues	$ 209,752	$ 251,850	$ 285,022	$ 281,611	$ 1,028,235
Net income attributable to shareholders	2,973	7,425	9,988	10,825	31,211
Basic net earnings per share attributable to shareholders	0.07	0.18	0.24	0.26	0.74
Diluted net earnings per share attributable to shareholders	0.07	0.18	0.24	0.26	0.74
Total assets	810,153	852,890	848,062	833,740	
Net debt[1]	180,506	177,109	147,647	132,335	
Equity attributable to shareholders	368,601	382,561	388,672	411,658	
Cash dividend declared per common share	– –	– –	– –	0.04	0.04

2012 Quarters ended	March 31	June 30	Sept. 29	Dec. 31	Total
Revenues	$ 208,294	$ 231,741	$ 226,894	$ 238,471	$ 905,400
Net income (net loss) attributable to shareholders	(1,317)	4,494	6,472	7,385	17,034
Basic net earnings (net loss) per share attributable to shareholders	(0.03)	0.10	0.15	0.18	0.40
Diluted net earnings (net loss) per share attributable to shareholders	(0.03)	0.10	0.15	0.18	0.40
Total assets	812,963	812,131	798,321	804,127	
Net debt[1]	193,180	188,089	181,843	179,200	
Equity attributable to shareholders	354,021	356,823	354,650	362,185	

2011 Quarters ended	March 26	June 25	Sept. 24	Dec. 31	Total
Revenues	$ 150,635	$ 218,475	$ 225,599	$ 286,319	$ 881,028
Net income (net loss) attributable to shareholders	(39,737)	(5,801)	9,742	3,288	(32,508)
Basic net earnings (net loss) per share attributable to shareholders	(0.88)	(0.13)	0.22	0.07	(0.72)
Diluted net earnings (net loss) per share attributable to shareholders	(0.88)	(0.13)	0.21	0.07	(0.72)
Total assets	773,471	838,932	858,858	867,484	
Net debt[1]	132,206	191,444	195,848	226,213	
Equity attributable to shareholders	358,264	351,944	370,438	360,767	
Cash dividend declared per common share	0.04	0.04	– –	– –	0.08

[1] Net debt debt is a measure that is not in accordance with IFRS and comprises bank loans and the long-term debt, net of cash and cash equivalents, but excludes the balances of purchase price of businesses and convertible debentures.

Management's Report with Respect to the Financial Statements

The consolidated financial statements of Canam Group Inc. contained in this report, including the notes thereto, have been prepared by management based on the Corporation's accounting policies that are in compliance with International Financial Reporting Standards (IFRS). In addition, the financial information contained elsewhere in this annual report is consistent with the financial statements.

The Board of Directors is responsible for the consolidated financial statements included in this annual report. The Audit Committee, which is composed of independent directors, Ms. Élaine Beaudoin and Messrs. Pierre Lortie (Chairman), Normand Morin, Pierre Thabet and Jean-Marie Toulouse, reviews the contents of the consolidated financial statements as well as related party transactions prior to their approval by the Board of Directors. The independent auditor discusses its audit work with the Committee.

The Corporation's independent auditor, PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., is responsible for auditing the financial statements and providing an opinion thereon. Its report is presented on the opposite page.

Marc Dutil, C.M.
President and Chief Executive Officer

René Guizzetti, CPA, CA
Vice President
and Chief Financial Officer

Independent Auditor's Report

February 17, 2016

To the Shareholders of Canam Group Inc.

We have audited the accompanying consolidated financial statements of Canam Group Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canam Group Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
Chartered Accountants
Place de la Cité, Tour Cominar
2640 Laurier Boulevard
Suite 1700
Québec, Québec G1V 5C2

[1] CPA auditor, CA, public accountancy permit No. A121191

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31

(in thousands of Canadian dollars, except per share amounts)	Notes	2015	2014
Revenues		$ 1,606,855	$ 1,232,809
Cost of sales, excluding depreciation and amortization[1]	20	1,377,066	1,056,905
Selling and administrative expenses	21	108,358	91,456
Profit sharing program		11,287	6,459
Depreciation of property, plant and equipment	9	25,660	22,668
Amortization of intangible assets	10	2,943	2,226
Other gains – net	22	(1,857)	(887)
Finance costs	23	14,433	15,125
Finance revenue		(667)	(955)
Share of loss of a joint venture and associates	30	1,536	866
Income before income tax		68,096	38,946
Tax expense	24		
Current		13,554	9,166
Deferred		7,787	595
		21,341	9,761
Net income		$ 46,755	$ 29,185
Net income attributable to:			
Shareholders		$ 46,765	$ 29,318
Non-controlling interests		(10)	(133)
		$ 46,755	$ 29,185
Net earnings per share attributable to shareholders	19		
Basic		$ 1.09	$ 0.70
Diluted		$ 1.08	$ 0.70
Weighted average number of common shares (in thousands of shares)	19		
Basic		43,074	42,054
Diluted		43,106	42,105
Number of common shares outstanding (in thousands of shares)	18	47,551	42,079

[1] Cost of sales, including depreciation and amortization, was $1,399,158 as at December 31, 2015 and $1,076,639 as at December 31, 2014.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended December 31

(in thousands of Canadian dollars)	2015	2014
Net income	**$ 46,755**	$ 29,185
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss		
Change in unrealized gains on translating foreign operations	**62,653**	24,431
Change in unrealized loss on translating debt designated as hedging item of the net investment in foreign operations	**(3,473)**	(806)
	59,180	23,625
Available-for-sale assets:		
Unrealized gains on available-for-sale assets arising during the year	**199**	– –
Reclassified to statements of income	**(2)**	– –
	197	– –
	59,377	23,625
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plans:		
Actuarial gains (losses) of the defined benefit plans	**2,948**	(1,343)
Tax income (expense)	**(780)**	352
	2,168	(991)
Other comprehensive income	**61,545**	22,634
Comprehensive income	**$ 108,300**	$ 51,819
Comprehensive income attributable to:		
Shareholders	**$ 108,294**	$ 51,967
Non-controlling interests	**6**	(148)
	$ 108,300	$ 51,819

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

(in thousands of Canadian dollars)	Notes	As at December 31, 2015	As at December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	6	$ **7,050**	$ 8,261
Accounts receivable	7	**320,517**	276,691
Costs and estimated profits in excess of billings	8	**194,298**	126,590
Inventories		**166,833**	156,990
Recoverable tax assets		**1,573**	1,346
Prepaid expenses and other assets		**3,230**	5,619
		693,501	575,497
Non-current assets			
Investments	28	**6,173**	4,593
Interests in a joint venture and associates	30	**39,370**	40,919
Property, plant and equipment	9	**348,391**	308,362
Intangible assets	10	**11,500**	10,811
Goodwill	11	**56,023**	45,097
Deferred tax assets	24	**4,007**	10,128
Long-term receivables and other assets	12	**5,564**	7,428
Total assets		$ **1,164,529**	$ 1,002,835
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ **223,580**	$ 183,937
Billings in excess of costs and estimated profits	8	**73,465**	74,366
Current tax liabilities		**4,156**	4,943
Current portion of balance of purchase price of businesses	5	**1,282**	- -
Current portion of long-term debt	15	**43,083**	17,659
Convertible debentures	16	**- -**	67,137
		345,566	348,042
Non-current liabilities			
Debt	15	**164,356**	175,585
Balance of purchase price of businesses	5	**650**	- -
Provisions	14	**19,485**	7,417
Deferred tax liabilities	24	**8,897**	7,477
Other liabilities	17	**1,208**	7,090
Total liabilities		**540,162**	545,611
Equity			
Share capital	18	**239,777**	168,162
Retained earnings		**294,458**	252,386
Other equity items		**90,090**	36,640
Total equity attributable to shareholders		**624,325**	457,188
Non-controlling interests		**42**	36
Total equity		**624,367**	457,224
Total equity and liabilities		$ **1,164,529**	$ 1,002,835

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board,

Marc Dutil, C.M.
President and Chief Executive Officer

Pierre Lortie, C.M.
Director

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)	Employee benefits paid in equity instruments	Exchange differences resulting from the translation of foreign operations	Exchange difference resulting from the translation of the debt designated as hedging item	Available-for-sale financial assets	Debenture conversion options	**Total other equity items**	Share capital	Retained earnings	**Total share capital attributable to shareholders**	Non-controlling interests	**Total equity**
Balance as at January 1, 2014	$ 2,113	$ 5,005	$ --	$ 2	$ 5,764	$ 12,884	$ 168,057	$ 230,717	$ 411,658	$ --	$ 411,658
Investment in a subsidiary by a non-controlling interest	--	--	--	--	--	--	--	--	--	184	184
Net income for the year	--	--	--	--	--	--	--	29,318	29,318	(133)	29,185
Comprehensive income	--	24,446	(806)	--	--	23,640	--	(991)	22,649	(15)	22,634
Dividends	--	--	--	--	--	--	--	(6,658)	(6,658)	--	(6,658)
Shares acquired by employees	(26)	--	--	--	--	(26)	26	--	--	--	--
Issuance of shares upon the conversion of debentures (Note 16)	--	--	--	--	--	--	73	--	73	--	73
Exercise of options upon the conversion of debentures (Note 16)	--	--	--	--	(6)	(6)	6	--	--	--	--
Amortization of compensation costs related to the profit sharing program - stock ownership component	148	--	--	--	--	148	--	--	148	--	148
Balance as at December 31, 2014	$ 2,235	$ 29,451	$ (806)	$ 2	$ 5,758	$ 36,640	$ 168,162	$ 252,386	$ 457,188	$ 36	$ 457,224
Balance as at January 1, 2015	$ 2,235	$ 29,451	$ (806)	$ 2	$ 5,758	$ 36,640	$ 168,162	$ 252,386	$ 457,188	$ 36	$ 457,224
Net income for the year	--	--	--	--	--	--	--	46,765	46,765	(10)	46,755
Comprehensive income	--	62,637	(3,473)	197	--	59,361	--	2,168	61,529	16	61,545
Dividends	--	--	--	--	--	--	--	(6,894)	(6,894)	--	(6,894)
Repurchase of shares	--	--	--	--	--	--	(105)	--	(105)	--	(105)
Excess of acquisition cost over carrying amount of acquired common shares	--	--	--	--	--	--	--	(214)	(214)	--	(214)
Shares acquired by employees	(238)	--	--	--	--	(238)	238	--	--	--	--
Issuance of shares upon the conversion of debentures (Note 16)	--	--	--	--	--	--	65,971	--	65,971	--	65,971
Exercise of options upon the conversion of debentures (Note 16)	--	--	--	--	(5,511)	(5,511)	5,511	--	--	--	--
Unexercised debenture conversion options (Note 16)	--	--	--	--	(247)	(247)	--	247	--	--	--
Amortization of compensation costs related to the profit sharing program - stock ownership component	85	--	--	--	--	85	--	--	85	--	85
Balance as at December 31, 2015	$ 2,082	$ 92,088	$ (4,279)	$ 199	$ --	$ 90,090	$ 239,777	$ 294,458	$ 624,325	$ 42	$ 624,367

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31

(in thousands of Canadian dollars)	Notes		2015		2014
Cash flows from the following activities:					
Operating activities					
Net income		$	**46,755**	$	29,185
Adjustments:					
Amortization of compensation costs related to the profit sharing program – stock ownership component			**85**		148
Gain on disposal of investments			**(5)**		– –
Loss on decline in value of an investment			**– –**		200
Loss (gain) on disposal of property, plant and equipment			**(190)**		178
Depreciation of property, plant and equipment	9		**25,660**		22,668
Amortization of intangible assets	10		**2,943**		2,226
Amortization of deferred financing expenses			**699**		419
Provisions			**10,834**		164
Interest rate swaps			**(297)**		(260)
Imputed interest			**2,365**		2,337
Pension expense			**(2,982)**		(2,838)
Deferred tax expense	24		**7,787**		595
Share of loss of a joint venture and associates	30		**1,536**		866
			95,190		55,888
Net change in non-cash operating working capital balances					
Increase in accounts receivable			**(9,679)**		(48,140)
Increase in costs and estimated profits in excess of billings			**(50,768)**		(38,608)
Decrease (increase) in inventories			**8,269**		(39,845)
Decrease (increase) in current tax assets			**33**		(1,061)
Decrease (increase) in prepaid expenses and other assets			**3,472**		(1,586)
Increase in accounts payable and accrued liabilities			**17,665**		27,916
Increase (decrease) in billings in excess of costs and estimated profits			**(11,926)**		31,570
Decrease in interest payable			**(680)**		(11)
Decrease in current tax liabilities			**(924)**		(3,214)
			(44,538)		(72,979)
Cash flows from operating activities			**50 652**		(17,091)
Financing activities					
Repurchase of shares	18		**(319)**		– –
Dividends			**(6,681)**		(4,991)
Increase in debt and bank loans			**75,704**		131,482
Repayment of debt and bank loans			**(81,658)**		(82,058)
Repayment of debentures	16		**(2,956)**		– –
Repayment of balances of purchase price of businesses			**(959)**		– –
Issue expenses related to debt			**(212)**		(1,164)
Increase (decrease) in other liabilities			**148**		(82)
Cash flows from financing activities			**(16,933)**		43,187
Investing activities					
Proceeds from sale of property, plant and equipment			**2,005**		353
Additions to property, plant and equipment	9		**(30,368)**		(22,780)
Additions to intangible assets	10		**(1,695)**		(1,830)
Acquisition of interests in an associate			**(150)**		– –
Proceeds from disposal of an investment			**48**		– –
Acquisition of an investment			**(1,279)**		(1,000)
Distributions received			**– –**		156
Decrease in receivables and other assets			**212**		1,146
Increase in long-term receivables			**(258)**		(10)
Acquisition of business assets, net of cash and cash equivalents	5		**(6,196)**		(1,136)
Cash flows from investing activities			**(37,681)**		(25,101)
Effects of changes in foreign exchange rate on cash and cash equivalents			**2,751**		2,576
Net change in cash			**(1,211)**		3,571
Cash and cash equivalents – Beginning of year			**8,261**		4,690
Cash and cash equivalents – End of year		$	**7,050**	$	8,261
Supplementary information					
Interest paid		$	**7,241**	$	10 668
Income taxes paid, net		$	**14,261**	$	12 522

The accompanying notes are an integral part of these consolidated financial statements.

1. General Information

Canam Group Inc. (the Corporation) is a manufacturing company that operates 22 plants across North America. The Corporation has been specializing in the design of construction solutions and fabrication of customized products since 1961. In 2015, the Corporation took part in multiple construction projects in three groups of products and services: buildings, structural steel and bridges.

The Corporation is listed on the Toronto Stock Exchange. It is incorporated under the Quebec Business Corporations Act. The head office is located at 11535, 1re Avenue, bureau 500, Saint-Georges (Quebec), Canada.

The consolidated financial statements were approved by the Board of Directors on February 17, 2016.

2. Summary of Significant Accounting Policies

These consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB).

These financial statements have been prepared based on the going concern assumption and the historical cost method of accounting, with the exception of financial assets and financial liabilities (including derivative instruments) that are revalued at fair value through profit (loss) or comprehensive income (loss). The preparation of IFRS financial statements calls for critical accounting estimates. It also requires management to exercise judgment in the use of accounting policies chosen by the Corporation. Note 4 describes the areas that are particularly complex where assumptions and estimates have a significant impact on the financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation as well as those of all entities over which it has control or when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Entities are included in the consolidation from the date that control is acquired by the Corporation and until the date that control ceases. The Corporation reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or several elements conferring control.

Intercompany transactions and balances as well as unrealized gains and losses from transactions among these companies have been eliminated on consolidation.

Non-controlling interests attributable to ownership interests of over 50% but under 100% are presented in equity in the consolidated balance sheets.

Interests in a joint venture and associates

A joint venture is a contractual agreement whereby the Corporation agrees with other parties to undertake an economic activity that is subject to joint control, i.e. strategic financial and operating decisions relating to the joint venture's activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Corporation has significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions.

Interests in the joint venture and associates are accounted for using the equity method. The Corporation's share of the net income (loss) of the joint venture and associates is recognized in net income (loss) and its share of other comprehensive income (loss) of the joint venture is included in other comprehensive income (loss).

Foreign currency

The presentation currency for the consolidated financial statements is the Canadian dollar. The results of operations and balance sheets of the entities included in the consolidated financial statements and whose functional currency differs from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the balance sheet date;
- results of operations are translated into Canadian dollars at the average monthly exchange rate;
- exchange differences resulting from exchange rate fluctuations are accounted for in comprehensive income and equity.

Foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Exchange differences are recognized in profit or loss, except for a financial liability designated as a hedge of a net investment in foreign operations that is recognized in other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary items denominated in foreign currencies are recognized at historical cost.

Revenue recognition

Revenues are recorded according to IAS 11, *Construction Contracts*. A construction contract is a contract specifically negotiated for the construction of an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function, or their ultimate purpose or use. The stage of completion of the work is determined according to the physical progress of the contracted work, with the exception of erection contracts, for which the stage of completion is determined according to the erection costs incurred versus projected costs. Revenues are recognized when they can be reliably estimated.

When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognized in the periods in which the construction contract is performed; otherwise, such revenue is recognized only to the extent of costs incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately.

Costs and estimated profits include materials, direct labor, relevant manufacturing overhead and estimated long-term contract margins.

Costs and estimated profits in excess of billings and billings in excess of costs and estimated profits

The gross amount owed by customers for contract work is presented under caption "Costs and estimated profits in excess of billings" for all contracts in progress whose costs incurred plus recognized profits (less recognized losses) exceed progress billings. The gross amount owed to customers for contract work is presented under caption "Billings in excess of costs and estimated profits" for all contracts in progress whose progress billings exceed costs incurred plus recognized profits (less recognized losses).

Inventories

Inventories consisting of raw materials are valued at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value corresponds to the sale price, net of estimated completion costs and those required to realize the sale.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation, accumulated impairment losses and subsequent reversals, if applicable. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, taking into account any residual values. Useful lives are as follows:

Land improvements	20 years
Buildings	30 years
Production equipment	10 and 15 years
Automotive equipment	4 to 10 years
Semitrailers and forestry equipment leased to clients	4 to 10 years
Computer and office equipment	3 to 7 years

Useful lives and residual values are revised annually or when warranted by the circumstances.

Investment properties

Investment properties are held to earn rentals and for capital appreciation. They are recognized at cost less accumulated depreciation and accumulated impairment losses. With the exception of land, which is not depreciated, investment properties are depreciated using the straight-line method over their useful lives, i.e. 20 years for land improvements and 30 years for buildings. Useful lives and residual values are revised annually or when warranted by the circumstances.

Leases

Leases for which risks and rewards are retained by the lessor are considered to be operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Leases for which substantially all the risks and rewards incidental to ownership are transferred to the Corporation are classified as finance leases. Assets held under finance leases are initially recognized as the Corporation's assets at their fair value determined at the inception of the lease or, if lower, at the present value of the minimum lease payments. The related liability payable to the lessor is recognized in the balance sheet as a debt resulting from a finance lease. Minimum lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The interest expense shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Goodwill

Goodwill is the excess of the acquisition cost over the Corporation's share in the net fair value of identifiable assets, liabilities and contingent liabilities accounted for at the acquisition date. Goodwill is initially recognized at cost as an asset and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units that are expected to benefit from the synergies of combination. The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less that its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. Any impairment loss is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately are recorded at cost, net of accumulated amortization, accumulated impairment losses and reversals, if applicable. Intangible assets acquired through a business combination are recognized at fair value at the date of acquisition. Intangible assets are amortized on a straight-line basis over their useful lives according to the following annual terms:

Software	1 to 5 years
Customer relationships	10 years

Useful lives and residual values are revised annually.

Impairment of non-current assets

At the end of each reporting period, the Corporation assesses whether there is any indication that the non-current assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

If it is not possible to estimate the recoverable amount of the individual asset, the Corporation determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of cash flows have not been adjusted.

Except for goodwill, the Corporation assesses whether there is any indication that an impairment loss recognized in profit or loss may no longer exist or may have decreased. The reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of an impairment loss is immediately recognized in profit or loss.

Income taxes

Tax expense is the aggregate amount of current tax and deferred tax. Tax is recognized as income or an expense, except if it relates to items that are included in equity or comprehensive income.

a) **Current tax**

Recoverable tax assets or current tax liabilities represent the taxation authorities' obligations or claims for prior or current periods which are not received or paid at the end of the reporting period. Current tax is based on taxable profit which differs from accounting profit. Current tax liabilities are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) **Deferred tax**

Deferred tax is determined based on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax assets or liabilities are measured based on tax rates that have been enacted or substantively enacted by the end of the reporting period, and that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets or liabilities are recognized for all deductible or taxable temporary differences if it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when the Corporation has a legally enforceable right to offset tax assets against tax liabilities and when they are levied by the same taxation authority on either the same fiscal entity or different entities that plan to settle current tax assets and liabilities on a net basis.

Defined benefit pension plans

The Corporation has three defined benefit pension plans that are accounted for as follows:

- plan assets are recorded at fair value;
- the value of defined benefit obligations for pensions earned by participating employees is actuarially determined using the projected benefit method prorated on service and based on management's best estimate of, among others, the discount rate, the expected rate of return of plan investments, salary escalation, retirement age and mortality;
- net interest on the net defined benefit liability is calculated by multiplying the net defined benefit liability by a discount rate. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period;
- the current service cost, net interest and administrative expenses are recognized in profit or loss;
- actuarial gains and losses are recognized in comprehensive income immediately as they occur. The defined benefit asset or liability is recognized in full and included under caption "Long-term receivables and other assets" or "Other liabilities" in the consolidated balance sheets.

Defined contribution pension plan

The contributions made in relation to defined contribution plans are recorded as an expense when employees have rendered services entitling them to these contributions.

Borrowing costs

Capitalizable borrowing costs, which mainly consist of interest incurred on the Corporation's borrowings, include borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which take a substantial period of time to get ready for their intended use or sale. Borrowing costs that are not attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss.

Provisions

A provision is recognized when the Corporation has a legal or constructive obligation as a result of a past event, if it is probable that the Corporation will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. A provision is measured based on estimates of future cash flows required to settle the present obligation and its carrying amount is the present value of these cash flows.

Research and development expenses

Research expenses are charged to income or loss in the period they are incurred. Development expenses are charged to income or loss, except for those that meet the following criteria and are capitalized: the feasibility of the product has been established, management intends to manufacture the product and has the capacity to use or sell it, the future economic benefits are likely to occur, the market for the product is defined, and the Corporation has the resources to complete the project and can reliably measure development costs. Research and development expenses charged to income or loss for the year are included under "Cost of sales".

Government assistance

Government assistance, which mainly includes investment and other tax credits, is recognized where there is reasonable assurance that it will be received and all related conditions will be complied with. When government assistance relates to a liability item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the compensated costs. When government assistance relates to an asset, it is deducted from the cost of the related asset.

Benefits derived from government loans with below-market interest rates are measured at the inception of the loans as the difference between the cash received and the amount at which the loans are initially recognized in the consolidated balance sheets. At initial recognition, the fair value of a loan with a below-market rate of interest is estimated as the present value of all future cash disbursements, discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Earnings per share

Basic net earnings per share are based on the weighted average number of common shares issued and outstanding, and obtained by dividing net earnings by the weighted average number of outstanding shares during the period. Diluted net earnings per share are obtained by dividing basic net earnings by the sum of: a) the weighted average number of common shares used to calculate basic net earnings per share; b) the weighted average number of common shares that would be issued if all of the potentially dilutive outstanding common shares were converted using the treasury stock method for stock options and the if-converted method for convertible debentures; and c) the number of unamortized shares over the three-year vesting period related to the profit sharing program – stock ownership component.

Stock-based compensation and other stock-based payments

Stock option plan

Awards granted under the Corporation's stock option plan are recognized in income or loss using the fair value method. The Corporation ceased granting new stock options in 2004 following a change to its variable pay program.

Profit sharing program – Stock ownership component

Under its profit sharing program, the Corporation has introduced a stock ownership component whereby common shares are purchased on the secondary market and held by a trust on behalf of employees. Compensation costs are recognized over a three-year vesting period. These are charged to income or loss and offset by a recorded increase in other equity items. On delivery of the shares to the employees, a reduction in other equity items and an increase in share capital will be recorded.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible to determinable amounts of cash and have maturities of three months or less from the date of acquisition.

Financial assets and liabilities

Financial assets and liabilities are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances permitted under IFRS are present, the classification is not modified after initial recognition.

a) **Assets and liabilities at fair value through profit or loss**

   Financial instruments classified as assets or liabilities held for trading are recognized at fair value at each balance sheet date, and any change in the fair value is reflected in profit or loss in the period during which these changes take place.

b) **Loans and receivables and other financial liabilities**

   Financial instruments classified as loans and receivables and other financial liabilities are accounted for at amortized cost using the effective interest method. Interest income or expense is included in profit or loss over the expected life of the financial instrument.

c) **Available-for-sale assets**

   Financial instruments classified as available for sale are recorded at fair value, and the gains/losses resulting from the revaluation at the end of each period are recognized in comprehensive income. Securities classified as available for sale and whose fair value cannot be recorded in a reliable manner are recognized at cost. Available-for-sale securities are reduced to fair value (recognition of a loss in profit or loss) when it is necessary to reflect a permanent decline in value. Upon derecognition, all cumulative gains or losses previously recognized in accumulated other comprehensive income (loss) are reflected in profit or loss.

d) **Derivative financial instruments**

   The foreign currency forward contracts and interest rate swaps are not designated as hedging instruments for accounting purposes although they offer an effective hedge against economic risks. These derivative financial instruments are recognized at fair value and any subsequent change in fair value is recognized in profit or loss.

e) **Transaction costs**

   Transaction costs related to financial instruments that are not classified as assets and liabilities at fair value through profit or loss, are recognized on the balance sheet as an adjustment to the cost of the financial instrument upon initial recognition and amortized using the effective interest rate method. Deferred financing expenses related to revolving loans and recognized under non-current assets are amortized over the financing period.

Hedge of a net investment in foreign operations

The Corporation designated a debt denominated in US dollars as a hedging item of a portion equivalent to its net investment in its foreign operations, which use the US dollar as their functional currency. Hence, the effective portion of unrealized exchange gains or losses on translating debts denominated in US dollars and designated as hedging items is recognized in other comprehensive income (loss) and the ineffective portion is recognized in profit or loss. Unrealized exchange gains or losses on translating debts denominated in US dollars and designated as hedging items of the net investment in foreign operations, that are recognized in other comprehensive income (loss), are reclassified to profit or loss when the corresponding net investment is reduced.

3. Changes in Accounting Policies and Future Changes in Accounting Policies

Changes in accounting policies

Since January 1, 2015, the Corporation has not adopted any changes in accounting policies.

Future changes in accounting policies

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been issued by the IASB but are not yet effective, and have not been adopted early by the Corporation. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below.

Financial instruments

In 2014, the IASB released the complete and final version of IFRS 9, *Financial instruments*, which replaces the current standard on financial instruments (IAS 39). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities have been carried forward in IFRS 9. However, requirements for measuring a financial liability at fair value have changed, as the portion of fair value changes related to the entity's own credit risk must be presented in other comprehensive income (loss) rather than within profit or loss. This standard is effective for fiscal years beginning on or after January 1, 2018. The Corporation is currently assessing the impact of this new standard.

Revenue from contracts with customers

In May 2014, the IASB released IFRS 15, *Revenue from contracts with customers*, which establishes principles that an entity shall apply to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes IAS 18, *Revenue*, IAS 11, *Construction contracts*, as well as other interpretations related to products. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation is currently assessing the impact of this new standard.

Certain other new standards, amendments and interpretations to existing standards have been published but are not expected to have a significant impact on the Corporation's consolidated financial statements.

4. Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the amounts recorded as assets, liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and judgments. The items whose actual results could differ significantly from those estimates are described below.

Items requiring the use of estimates

Revenue recognition

The Corporation conducts its activities pursuant to contracts with customers and under which revenues and costs are recognized using the percentage-of-completion method. The nature of these contracts requires the use of estimates of a contract's total costs and revenues upon completion. Estimated revenues upon completion are adjusted according to order changes, claims, penalties and contractual terms providing for price adjustments. Management must exercise its judgment to determine if it is probable that additional revenues related to order changes and claims will be realized, and these amounts, if it is probable that they will be realized, are included in estimated revenues upon completion. Estimated contract costs upon completion include projected material and labor costs. These costs are impacted by the nature and complexity of the contracts in question, labor productivity and the effect of change requests and potential delivery delays. Estimates are based on economic trends and the experience acquired by management over the years. There can be no assurance that these estimates will not vary from the actual results.

Impairment of goodwill and non-current assets

The Corporation performs a goodwill impairment test that is based on calculations of fair value less costs of disposal and that makes use of valuation models such as the cash flow model currently used by management to make estimates. The key assumptions are indicated in Note 11. The identification of events that could have an impact on estimated cash flows requires the exercise of judgment, which could have a significant impact on the carrying amount of these assets.

Similarly, when property, plant and equipment and intangible assets undergo impairment testing, the calculation of recoverable amounts requires management to make estimates that could affect the respective values of these assets, and consequently, the amount of any impairment.

Employee future benefits

The Corporation offers defined benefit pension plans. The cost of pension benefits and other retirement benefits earned by participants is actuarially determined using the projected benefit method prorated on service. This method is based on management's best estimate of, among others, the discount rate, the rate of compensation increase, the retirement ages of participants and mortality. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period. Key assumptions are indicated in Note 25. All assumptions are reviewed at the end of each reporting period. The use of different assumptions could result in different carrying amounts for accrued benefit assets and thus affect the defined benefit expense.

Items requiring the use of estimates and judgments

Provisions for lawsuits, claims and litigations

A provision is made when it is probable and estimable. In order to determine the amount necessary for provisions, the Corporation makes assumptions and estimates mainly with regard to expected costs, which includes professional and compensation fees, and the anticipated cost schedule. The estimation of this provision is based on internal analyses and consultations with independent experts and legal advisors. Actual amounts could differ from those estimates.

Income taxes

Deferred tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities and the carrying amounts indicated in the financial statements. Deferred tax assets also reflect the benefits relating to unused tax losses that can be carried forward to reduce income taxes in future years. This method requires the exercise of judgment regarding the likelihood that the Corporation's deferred tax assets will be recovered from the estimated future taxable profit, and consequently, that they can be recognized in the consolidated financial statements of the Corporation. This method also requires the use of estimates in determining the expected timing of the realization of tax assets and the settlement of tax liabilities, and the enacted or substantively enacted tax rates that will then be applicable.

5. Business Acquisitions

Acquisition of Dessin Cadmax

On August 1, 2015, the Corporation acquired all outstanding shares of 137644 Canada Inc., which operates under the name of Dessin Cadmax, for a cash consideration of $3,862. This company has taken part in numerous large-scale projects, including several in collaboration with Canam Group. Dessin Cadmax is located in Boisbriand, Quebec, and specializes in detailing steel structures. This acquisition is in line with the Corporation's goal to enhance and integrate its product and service offering in the construction industry by partnering with a team of experienced drafters. The results have been included in the consolidated financial statements since the acquisition date.

The purchase price allocation has been finalized as follows:

Fair value of net assets acquired on the acquisition date		CAN$
Assets		
Current assets	$	1,254
Property, plant and equipment		53
Intangible assets		595
Goodwill		2,388
Total assets	$	4,290
Liabilities		
Current liabilities	$	324
Non-current liability		104
Total liabilities	$	428
Fair value of net assets acquired on the acquisition date	$	3,862
Consideration paid as at December 31, 2015		
Cash consideration	$	2,462
Balance of purchase price		1,400
	$	3,862

The Corporation has determined that no goodwill amount will be deductible for income tax purposes. The recorded goodwill represents the acquisition of a workforce that specializes in a field of expertise which is expected to complement our current activities.

Acquisition of assets of Montacier International Inc.

On August 15, 2015, a subsidiary of the Corporation finalized the purchase of assets of Montacier International Inc., a company located in Boisbriand, Quebec, that specializes in erecting steel structures. This transaction is also in line with the Corporation's goal to enhance and integrate its product and service offering in the construction industry.

On the acquisition date, the amount of the transaction corresponded to the value of the net acquired assets, i.e. $5,286. The allocation of the fair value of the net acquired assets represented $5,323 in property, plant and equipment and $37 in accounts payable and accrued liabilities. As at December 31, 2015, there was a balance of purchase price payable of $532 and a cash consideration of $4,754. The purchase price allocation has been finalized.

Acquisition of the assets of M&B Steel Fabricators, Inc.

On June 19, 2014, a U.S. subsidiary of the Corporation purchased all of the fabrication assets of M&B Steel Fabricators, Inc., a company located in Orlando, Florida, that fabricates miscellaneous metal products and offers erection services. The acquisition was made for a cash consideration of $1,136 (US$1,050). This transaction has allowed the Corporation to offer products and services that are complementary to light structural steel activities. The results have been included in the consolidated financial statements since the acquisition date.

The purchase price allocation has been finalized as follows:

Fair value of net assets acquired on the acquisition date		CAN$		US$
Assets				
Property, plant and equipment	$	711	$	657
Intangible assets – customer relationships		686		634
Total assets	$	1,397	$	1,291
Liabilities				
Debt	$	261	$	241
Total liabilities	$	261	$	241
Fair value of net assets acquired on the acquisition date	$	1,136	$	1,050

6. Cash and Cash Equivalents

		As at December 31, 2015		As at December 31, 2014
Cash	$	**6,726**	$	8,087
Cash equivalents		**324**		174
	$	**7,050**	$	8,261

7. Accounts Receivable

		As at December 31 2015		As at December 31, 2014
Trade	$	**307,813**	$	260,960
Associates and joint ventures		**6,108**		6,431
Other related parties[1]		**2,692**		5,592
Advances and others		**3,904**		3,708
	$	**320,517**	$	276,691

[1] Corresponds mainly to accounts receivable from Placements CMI Inc. and one of its subsidiaries. In 2015 and 2014, the balance includes the current portion of $2,000 of the note receivable from Placements CMI Inc. The long-term portion of $4,000 of this note receivable (balance of $6,000 as at December 31, 2014) is recognized in long-term receivables and other assets (Note 12). Placements CMI Inc. is a corporation indirectly controlled by the Chairman of the Board of the Corporation, which holds 10.94% (13.49% as at December 31, 2014) of the Corporation's common shares.

8. Construction Contracts

		As at December 31, 2015		As at December 31, 2014
Construction costs incurred, and estimated profits less recognized losses	$	**2,416,963**	$	1,256,249
Less: Progress billings		**(2,296,130)**		(1,204,025)
	$	**120,833**	$	52,224
Items recognized and included in the financial statements as:				
Costs and estimated profits in excess of billings	$	**194,298**	$	126,590
Billings in excess of costs and estimated profits		**(73,465)**		(74,366)
	$	**120,833**	$	52,224

The advances received from clients for the construction contracts are $1,060 as at December 31, 2015 ($3,877 as at December 31, 2014). Billed and unbilled contractual retentions from the construction contracts are $91,424 as at December 31, 2015 ($60,579 as at December 31, 2014).

9. Property, Plant and Equipment

	Land	Building and land improvement	Production equipment[1]	Automotive equipment	Computer and office equipment	Non-depreciable assets	Investment properties[2]	Total
As at December 31, 2014								
Cost								
Balance as at January 1, 2014	$ 25,424	$ 237,673	$ 208,260	$ 15,274	$ 17,356	$ 1,279	$ 19,498	$ 524,764
Acquisitions	– –	3,192	14,955	1,293	2,742	– –	598	22,780
Dispositions	– –	– –	(315)	(729)	(34)	– –	– –	(1,078)
Business acquisitions	– –	– –	244	360	107	– –	– –	711
Writeoff of fully depreciated property, plant and equipment	– –	– –	(2,587)	(923)	(1,712)	– –	– –	(5,222)
Grants	– –	– –	(176)	– –	– –	– –	– –	(176)
Exchange differences and others	1,243	11,229	9,667	563	176	– –	– –	22,878
Balance as at December 31, 2014	$ 26,667	$ 252,094	$ 230,048	$ 15,838	$ 18,635	$ 1,279	$ 20,096	$ 564,657
Accumulated depreciation and impairment losses								
Balance as at January 1, 2014	$ – –	$ (83,672)	$ (121,401)	$ (10,612)	$ (14,585)	$ – –	$ (638)	$ (230,908)
Dispositions	– –	– –	252	443	35	– –	– –	730
Depreciation	– –	(8,220)	(11,088)	(1,153)	(1,561)	– –	(646)	(22,668)
Writeoff of fully depreciated property, plant and equipment	– –	– –	2,587	923	1,712	– –	– –	5,222
Exchange differences and others	– –	(3,211)	(5,028)	(514)	82	– –	– –	(8,671)
Balance as at December 31, 2014	$ – –	$ (95,103)	$ (134,678)	$ (10,913)	$ (14,317)	$ – –	$ (1,284)	$ (256,295)
Net amount as at December 31, 2014	$ 26,667	$ 156,991	$ 95,370	$ 4,925	$ 4,318	$ 1,279	$ 18,812	$ 308,362
As at December 31, 2015								
Cost								
Balance as at January 1, 2015	$ 26,667	$ 252,094	$ 230,048	$ 15,838	$ 18,635	$ 1,279	$ 20,096	$ 564,657
Acquisitions	496	3,905	20,748	2,002	2,705	– –	512	30,368
Dispositions	(1,077)	(810)	(982)	(256)	(29)	– –	– –	(3,154)
Business acquisitions	– –	114	4,774	403	85	– –	– –	5,376
Writeoff of fully depreciated property, plant and equipment	– –	– –	(192)	(194)	(1,142)	– –	– –	(1,528)
Grants	– –	– –	(164)	– –	– –	– –	– –	(164)
Exchange differences and others	2,952	25,334	22,824	1,066	1,886	– –	– –	54,062
Balance as at December 31, 2015	$ 29,038	$ 280,637	$ 277,056	$ 18,859	$ 22,140	$ 1,279	$ 20,608	$ 649,617
Accumulated depreciation and impairment losses								
Balance as at January 1, 2015	$ – –	$ (95,103)	$ (134,678)	$ (10,913)	$ (14,317)	$ – –	$ (1,284)	$ (256,295)
Dispositions	– –	495	431	154	19	– –	– –	1,099
Depreciation	– –	(9,177)	(12,786)	(1,112)	(1,848)	– –	(737)	(25,660)
Writeoff of fully depreciated property, plant and equipment	– –	– –	192	194	1,142	– –	– –	1,528
Exchange differences and others	– –	(8,138)	(11,172)	(835)	(1,753)	– –	– –	(21,898)
Balance as at December 31, 2015	$ – –	$ (111,923)	$ (158,013)	$ (12,512)	$ (16,757)	$ – –	$ (2,021)	$ (301,226)
Net amount as at December 31, 2015	**$ 29,038**	**$ 168,714**	**$ 119,043**	**$ 6,347**	**$ 5,383**	**$ 1,279**	**$ 18,587**	**$ 348,391**

(1) Includes ongoing projects related to production equipment that will be used to conduct the Corporation's activities in the amount of $19,392 as at December 31, 2015 ($8,034 as at December 31, 2014).

(2) Includes land in the amount of $1,145 as at December 31, 2015 ($1,145 as at December 31, 2014) related to investment properties. The fair value of investment properties approximates $20,000 as at December 31, 2015. This fair value measurement is classified in level 3 of the fair value hierarchy. The Corporation determined fair value by discounting expected cash flows over five years and the final value of investment properties.

Land and buildings with a carrying amount of approximately $244,950 as at December 31, 2015 ($225,519 as at December 31, 2014) have been pledged as collateral for loans of the Corporation (Note 15).

10. Intangible Assets

		Software		Customer relationships		Total
As at December 31, 2014						
Cost						
Balance as at January 1, 2014	$	12,316	$	11,593	$	23,909
Acquisitions		1,830		– –		1,830
Business acquisitions (Note 5)		– –		686		686
Writeoff of fully amortized intangible assets		(504)		– –		(504)
Exchange differences and others		271		1,101		1,372
Balance as at December 31, 2014	$	13,913	$	13,380	$	27,293
Accumulated amortization and impairment losses						
Balance as at January 1, 2014	$	(9,706)	$	(4,443)	$	(14,149)
Amortization		(942)		(1,284)		(2,226)
Writeoff of fully amortized intangible assets		504		– –		504
Exchange differences and others		(147)		(464)		(611)
Balance as at December 31, 2014	$	(10,291)	$	(6,191)	$	(16,482)
Net amount as at December 31, 2014	$	3,622	$	7,189	$	10,811
As at December 31, 2015						
Cost						
Balance as at January 1, 2015	$	13,913	$	13,380	$	27,293
Acquisitions		1,695		– –		1,695
Business acquisitions (Note 5)		595		– –		595
Exchange differences and others		483		2,583		3,066
Balance as at December 31, 2015	$	16,686	$	15,963	$	32,649
Accumulated amortization and impairment losses						
Balance as at January 1, 2015	$	(10,291)	$	(6,191)	$	(16,482)
Amortization		(1,387)		(1,556)		(2,943)
Exchange differences and others		(400)		(1,324)		(1,724)
Balance as at December 31, 2015	$	(12,078)	$	(9,071)	$	(21,149)
Net amount as at December 31, 2015	**$**	**4,608**	**$**	**6,892**	**$**	**11,500**

11. Goodwill

		As at December 31, 2015		As at December 31, 2014
Cost				
Opening balance	$	58,267	$	53,491
Business acquisitions (Note 5)		2,388		– –
Exchange differences		11,079		4,776
Closing balance	$	71,734	$	58,267
Accumulated impairment losses				
Opening balance	$	(13,170)	$	(12,074)
Exchange differences		(2,541)		(1,096)
Closing balance	$	(15,711)	$	(13,170)
Net amount	$	56,023	$	45,097

For the purpose of impairment tests, goodwill has been allocated to the following cash-generating units:

		As at December 31, 2015		As at December 31, 2014
FabSouth and FS Real Estate Holdings, LLC	$	52,775	$	44,237
Others		3,248		860
	$	56,023	$	45,097

During fiscal 2015, the Corporation assessed the recoverable amount of the cash-generating unit "FabSouth LLC and FS Real Estate Holdings, LLC" and determined that there was no goodwill impairment loss (no goodwill impairment loss was incurred in fiscal 2014). The fair value less costs of disposal was used to determine the recoverable amount of this cash-generating unit by applying new discounted projections of future cash flows based on a five-year financial forecast approved by management.

	FabSouth LLC, and Real Estate Holdings, LLC
Growth rate[1]	2.62%
Discount rate	13.00%

[1] Average growth rate used for extrapolating the budget estimates over the next five years. The terminal growth rate is 0%.

The recoverable amount of cash-generating units included under caption "Others" was also assessed and no goodwill impairment loss was recognized.

12. Long-Term Receivables and Other Assets

	As at December 31, 2015	As at December 31, 2014
Long-term receivables	$ 457	$ 586
Note receivable - Placements CMI Inc.[1]	4,000	6,000
Deferred financing expenses	723	842
Defined benefit asset (Note 25)	384	- -
	$ 5,564	$ 7,428

(1) Repayable in quarterly installments of $500 since March 31, 2015, maturing in December 2018, and bearing interest at 5.81%.

13. Accounts Payable and Accrued Liabilities

	As at December 31, 2015	As at December 31, 2014
Accounts payable and accrued liabilities	$ 221,645	$ 183,637
Unrealized liabilities on foreign currency forward contracts	1,198	- -
Associates	383	228
Other related parties	354	72
	$ 223,580	$ 183,937

14. Provisions

Provisions are related to litigations and claims. The amounts recorded for provisions correspond to best estimate assumptions made by management. Activity in the provision amounts is as follows:

	Litigations
As at January 1, 2014	$ 6,816
Additional provisions recognized	1,021
Provisions used	- -
Unused reversed provisions	(825)
Exchange differences and others	405
As at December 31, 2014	$ 7,417

	Litigations
As at January 1, 2015	$ 7,417
Additional provisions recognized	11,109
Provisions used	- -
Unused reversed provisions	(275)
Exchange differences and others	1,234
As at December 31, 2015	$ 19,485

15. Debt

	Interest rate		As at December 31, 2015
Revolving credit a)	2.47%	$	31,460
Revolving credit (US$33,770) b)	2.5%		46,738
Revolving credit (US$17,514) c)	3.34%		24,239
Non-revolving credit d)	6%		745
Non-revolving credit e)	5.75%		21,449
Non-revolving credit f)	5.4%		4,003
Non-revolving credit g)	3.51%		11,579
Non-revolving credits h)	2.95%		9,600
Non-revolving credits (US$7,575) i)	6.75%		10,484
Non-revolving credit j)	4.47%		11,850
Non-revolving credit (US$13,211) j)	4.03%		18,283
Non-revolving credit (US$8,358) k)	2.4%		11,567
Industrial bond (US$2,200) l)	0.15%		3,045
Others	0.7%		2,397
		$	207,439
Less: Current portion			43,083
		$	164,356

	Interest rate		As at December 31, 2014
Revolving credit a)	3.1%	$	27,188
Revolving credit (US$42,684) b)	2.23%		49,517
Revolving credit (US$11,676) c)	3.09%		13,546
Non-revolving credit d)	6%		2,220
Non-revolving credit e)	5.75%		25,360
Non-revolving credit f)	5.4%		4,295
Non-revolving credits h)	3.41%		10,400
Non-revolving credits (US$7,893) i)	6.75%		9,157
Non-revolving credit j)	4.47%		15,739
Non-revolving credit (US$17,583) j)	4.03%		20,398
Industrial bond (US$8,312) k)	0.12%		9,642
Industrial bond (US$2,500) l)	0.14%		2,900
Others	0.76%		2,882
		$	193,244
Less: Current portion			17,659
		$	175,585

a) Authorized revolving credit in the amount of $70,000 which can be increased to an additional borrowing capacity of $50,000 conditional upon its approval by the banking syndicate members. This revolving credit, bearing interest at a floating rate based on prime rate or the bankers' acceptance rate plus a premium based on the net debt to Adjusted EBITDA ratio, will mature in June 2020. The accounts receivables and inventories have been pledged as collateral. The Corporation must comply with certain financial covenants under its revolving credit, including interest coverage and net debt-to-capital ratios, which were complied with as at December 31, 2015.

b) Revolving credit of a U.S. subsidiary with a borrowing capacity of $96,880 (US$70,000). This revolving credit matures in September 2017 and bears interest at the LIBOR rate plus a premium between 2% and 2.75% calculated based on median availability per quarter for the previous period. The revolving credit varies according to accounts receivable and inventories, and is secured by a guarantee on these same assets and on certain items of property, plant, and equipment. The U.S. subsidiary must comply with certain financial covenants, including a fixed-charge coverage ratio, which have been met.

c) Authorized revolving credit of a U.S. subsidiary of $34,600 (US$25,000) maturing in December 2017, bearing interest at the LIBOR rate plus 1.5% and cannot be less than 2.5% per year. The U.S. subsidiary has complied with the financial covenants under this debt.

d) Non-revolving credit at a fixed rate, refundable in semi-annual payments. The building in St. Gédéon de Beauce has been pledged as collateral. The Corporation will make the last repayment in June 2016.

e) Non-revolving credit at a fixed rate, maturing in November 2016, and refundable monthly. The amortization period is fourteen years. Certain buildings located in Canada have been pledged as collateral.
f) Non-revolving credit at a fixed rate, maturing in November 2016, and refundable monthly. The amortization period is fifteen years. Certain items of production equipment in Canada have been pledged as collateral.
g) Three-year non-revolving credit facility of $13,000, maturing in September 2018 and bearing interest at 3.51% per year. Certain items of production equipment located in Canada have been pledged as collateral.
h) Non-revolving credits at variable rates maturing in December 2027, refundable monthly and amortized over a 15-year period. Two buildings located in St. Georges in the Beauce region have been pledged as collateral.
i) Non-revolving credits of a U.S. subsidiary at a floating rate based on interest rate swaps (Note 28), secured by buildings located in the United States and maturing in December 2018.
j) Non-revolving credit facilities, maturing in September 2018, for an initial tranche of $17,000 at a rate of 4.47% and a second tranche in US dollars of US$19,000 ($21,195) at a rate of 4.03%. Certain buildings and certain items of production equipment located in Canada and the United States have been pledged as collateral. The revolving credit that is denominated in US dollars has been designated as a hedging item of the net investment in foreign operations (Note 28).
k) Five-year non-revolving credit, maturing in October 2020 and bearing interest at the LIBOR rate plus 2%. This new non-revolving credit replaces the industrial bond presented as at December 31, 2014 (in the amount of $9,642 [US$8,312]).
l) Industrial bond of a U.S. subsidiary at a floating rate secured by a building and equipment and maturing in 2030. The industrial bond has been secured by a letter of credit in the amount of US$2,200 (US$2,500 as at December 31, 2014) reducing the authorized bank loan of a U.S. subsidiary.

The installments required to reimburse the long-term debt over the next five years, taking into account the exchange rate as at December 31, 2015, are as follows:

2016	$43,083
2017	$88,595
2018	$25,674
2019	$2,155
2020	$41,232

16. Convertible Debentures

On October 21, 2010, the Corporation had completed a $69,000 offering of convertible unsecured subordinated debentures, including the $9,000 over-allotment option, bearing interest at 6.25% and maturing on October 31, 2015. Interest was paid to debenture holders semi-annually in April and October of each year from April 30, 2011 to October 31, 2015. Each debenture was convertible at the holder's option into common shares, at any time prior to the maturity date at a conversion price of $12 per common share. The value of the conversion option was $5,764. This equity component of $5,764 was credited to other equity items. The liability component was recorded at amortized cost.

Between November 1, 2013 and the maturity date, the debentures were redeemable, in whole or in part, at the Corporation's option, at a price equal to their principal amount plus accrued and unpaid interest, provided that on the redemption notice date, the weighted average price of the Corporation's common shares for the 20 consecutive trading days ending five trading days prior to the redemption date was at least 125% of the conversion price or $15 per share. If the Corporation had elected to settle the principal amount in shares of the Corporation's common stock, the reference share price would have been equal to 95% of the weighted average price of the Corporation's common shares for the 20 consecutive trading days ending five trading days prior to the redemption date. Accrued and unpaid interest would have been paid in cash.

The proceeds from the offering of convertible debentures have been recognized as a liability component and an equity component, which represents the residual amount obtained after deducting the fair value of the financial liability from the fair value of the convertible debentures issued.

On October 31, 2015, the convertible unsecured subordinated debentures matured. During the holding period, 5,504 unsecured subordinated debentures were converted into shares, representing a value of $66,044, and the $2,956 balance of outstanding debentures was reimbursed in cash.

During fiscal year 2015, the conversion option in the amount of $5,758 that was presented in other equity items has been credited to share capital for an amount of $5,511 and to retained earnings for an amount of $247.

17. Other Liabilities

		As at December 31, 2015		As at December 31, 2014
Defined benefit liability (Note 25)	**$**	**– –**	$	5,629
Interest rate swaps (Note 28)		**705**		856
Others		**503**		605
	$	**1,208**	$	7,090

18. Share Capital

Authorized

- Unlimited number of common shares, without par value, voting and participating.
- Unlimited number of Class "D", "E" and "F" shares, without par value, issuable in one or more series and whose attributes are to be determined by the Board of Directors.

Issued and fully paid

Common shares	Number		Amount (in thousands of dollars)
Outstanding as at January 1, 2014	42,073,410		170,045
Shares purchased by a trust in employees' name on the secondary market	(367,377)		(1,988)
Net balance outstanding as at January 1, 2014	41,706,033	$	168,057
Issuance of shares upon the conversion of debentures and exercise of options related to this conversion	6,082		79
Shares acquired by employees[(1)]	3,272		26
Net balance outstanding as at December 31, 2014	41,715,387	$	168,162
Outstanding as at December 31, 2014	42,079,492		170,124
Shares purchased by a trust in employees' name on the secondary market	(364,105)		(1,962)
Net balance outstanding as at December 31, 2014	41,715,387	$	168,162
Repurchase of shares[(2)]	(26,025)		(105)
Issuance of shares upon the conversion of debentures and exercise of options related to this conversion	5,497,576		71,482
Shares acquired by employees[(1)]	74,888		238
Net balance outstanding as at December 31, 2015	**47,261,826**	**$**	**239,777**
Outstanding as at December 31, 2015	47,551,043		241,501
Shares purchased by a trust in employees' name on the secondary market	(289,217)		(1,724)
Net balance outstanding as at December 31, 2015	**47,261,826**	**$**	**239,777**

(1) These shares were delivered to employees. A reduction in employee benefits paid in equity instruments, included in other equity items, and an increase in share capital have been recorded.

(2) During fiscal 2015, under the stock ownership component of its profit sharing program, the Corporation repurchased 26,025 common shares at an average price of $12.24 for a total amount of $319. An amount of $105 has been applied against share capital, and an amount of $214 has been applied against retained earnings. The acquired common shares have been cancelled.

Profit sharing program – Stock ownership component

Under its profit sharing plan for management personnel, the Corporation has introduced a stock ownership component whereby common shares are purchased on the secondary market and held by a trust on behalf of employees until the rights related to those shares are acquired by the employees. The vesting period is three years and the related stock-based compensation costs are amortized on a straight-line basis over this period. The compensation cost is $85 in 2015 ($148 in 2014).

As at December 31, 2015, the trust held 289,217 of the Corporation's shares (364,105 as at December 31, 2014) with an acquisition cost of $1,724 ($1,962 as at December 31, 2014).

Stock option plan

In 1985, the Corporation introduced a stock option plan for key employees (the Plan). Options granted are exercisable over a period not to exceed 10 years from the date they are granted. Each option is exercisable at a cash price equal to the market price of the shares on the date of grant. The related rights vest at a rate of 20% per year for options granted before November 6, 2002. As of this date, rights vest at a rate of 20% per year, beginning two years after the date of grant. The Corporation ceased granting new stock options in 2004 following a change to its variable pay program. As at December 31, 2015 and 2014, no options were outstanding.

The value of each option was estimated on the date of grant using the Black-Scholes option pricing model.

19. Net Earnings Per Share Attributable to Shareholders

Net earnings per share attributable to shareholders and diluted net earnings per share have been calculated as follows:

	2015	2014
Numerator		
Net income attributable to shareholders	$ 46,765	$ 29,318
Denominator		
Basic weighted average number of shares	43,074	42,054
Effect of dilutive securities		
Shares purchased by a trust in employees' name on the secondary market	32	51
Diluted weighted average number of shares	43,106	42,105
Net earnings per share		
Basic	$ 1.09	$ 0.70
Diluted	$ 1.08	$ 0.70

As at December 31, 2014, the convertible debentures had not been included in the calculation of the potential dilutive effect of common shares due to their anti-dilutive effect.

20. Cost of Sales

	2015	2014
Salaries and fringe benefits	$ 222,712	$ 179,118
Purchases of raw materials	525,199	463,525
Transformation of raw materials and other costs	629,155	414,262
	$1,377,066	$ 1,056,905

21. Selling and Administrative Expenses

	2015	2014
Salaries and fringe benefits	$ 75,575	$ 62,855
Occupancy and maintenance expenses	5,707	4,278
Computer services	6,032	5,567
Other selling expenses	7,098	6,043
Other administrative expenses	13,946	12,713
	$ 108,358	$ 91,456

22. Other Gains – Net

	2015	2014
Exchange gain	$ (1,556)	$ (525)
Loss (gain) on disposal of property, plant and equipment	$ (190)	$ 178
Distributions received from a limited partnership	(106)	(740)
Gain on disposal of investments	(5)	– –
Loss on decline in value of an investment	– –	200
	$ (1,857)	$ (887)

23. Finance Costs

	2015	2014
Interest on long-term debt	**$ 9,950**	$ 11,379
Imputed interest on balances of purchase price of business and on debentures	**2,365**	2,337
Interest on bank loans and others	**1,419**	990
Amortization of deferred financing expenses	**699**	419
	$ 14,433	$ 15,125

24. Tax Expense

	2015	2014
Current tax:		
Current tax expense for the year	**$ 13,554**	$ 9,166
Total current tax expense	**$ 13,554**	$ 9,166
Deferred tax:		
Origination and reversal of temporary differences	**$ 7,787**	$ 1,270
Revaluation of deferred tax liabilities	**– –**	(675)
Total deferred tax	**$ 7,787**	$ 595
Total tax expense	**$ 21,341**	$ 9,761

The Canadian corporate statutory tax rate is 26,46% as at December 31, 2015 (26.30% as at December 31, 2014). The reconciliation of income taxes, calculated using the Canadian corporate tax rate, to the tax expense for 2015 and 2014 is as follows:

	2015	2014
Income before income tax and share of loss of a joint venture and associates	**$ 69,632**	$ 39,812
Tax expense at statutory tax rate (26.46% in 2015 and 26.30% in 2014)	**18,425**	10,471
Increase (decrease) due to the following items:		
Revaluation of current and deferred tax liabilities	**82**	(675)
Income tax based on rates different from the Canadian tax rate	**2,188**	823
Non-deductible expenses (non-taxable income)	**340**	(1,575)
Tax losses for which no benefits have been recognized	**315**	435
Miscellaneous	**(9)**	282
Total tax expense	**$ 21,341**	$ 9,761

As at December 31, 2015, the Corporation has available deductible capital losses of $43,251 ($42,629 as at December 31, 2014), which may be carried forward indefinitely and will be applied against future capital gains. These losses, for which no deferred tax assets have been recognized in the consolidated financial statements, are available at the federal and Alberta levels. In Quebec, deductible capital losses totaled $21,691 as at December 31, 2015 ($21,069 as at December 31, 2014), and no deferred tax assets have been recognized.

As at December 31, 2015, the U.S. subsidiary has an available non-capital loss of $39,689 ($60,190 as at December 31, 2014). This loss may be applied against future years' taxable income, an amount of $26,358 expires in 2031, and an amount of $13,331 expires in 2032. Deferred tax assets of $19,994 have been recognized in connection with this loss.

Deferred tax

	As at December 31, 2015	As at December 31, 2014
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**$ 4,007**	$ 10,128
Deferred tax liabilities		
Deferred tax liability payable after more than 12 months	**$ (8,897)**	$ (7,477)
Deferred tax assets (liabilities), net	**$ (4,890)**	$ 2,651

The movement of the deferred income tax account is as follows:

	As at December 31, 2015	As at December 31, 2014
Opening balance	**$ 2,651**	$ 2,035
Exchange differences	**1,095**	859
Tax expense	**(7,787)**	(595)
Tax income credited (tax expense charged) directly to comprehensive income	**(780)**	352
Business acquisitions	**(69)**	– –
Closing balance	**$ (4,890)**	$ 2,651

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	Accelerated tax depreciation	Loss carryovers	Others	Total
Balance as at January 1, 2014	$ (16,832)	$ 28,766	$ 23	$ 11,957
Credited (charged) to the statement of income	2,268	(4,970)	(13)	(2,715)
Exchange differences	(1,363)	2,249	– –	886
Balance as at December 31, 2014	$ (15,927)	$ 26,045	$ 10	$ 10,128
Credited (charged) to the statement of income	$ 2,680	$ (9,909)	$ 6	$ (7,223)
Exchange differences	(2,759)	3,858	3	1,102
Balance as at December 31, 2015	**$ (16,006)**	**$ 19,994**	**$ 19**	**$ 4,007**

Deferred tax liabilities	Accelerated tax depreciation	Actuarial pension plan obligation	Others	Total
Balance as at January 1, 2014	$ (9,784)	$ 1,949	$ (2,087)	$ (9,922)
Credited (charged) to the statement of income	314	(757)	2,563	2,120
Credited to comprehensive income	– –	352	– –	352
Exchange differences	– –	4	(31)	(27)
Balance as at December 31, 2014	$ (9,470)	$ 1,548	$ 445	$ (7,477)
Credited (charged) to the statement of income	$ 38	$ (776)	$ 174	$ (564)
Credited to comprehensive income	– –	(780)	– –	(780)
Exchange differences	– –	– –	(7)	(7)
Business acquisitions	(69)	– –	– –	(69)
Balance as at December 31, 2015	**$ (9,501)**	**$ (8)**	**$ 612**	**$ (8,897)**

The deferred tax asset recognition related to the tax loss carry-forward is justified because, based on the Corporation's financial projections, taxable profits will be sufficient in the next fiscal years. The 20-year carry-forward period is another positive factor supporting the realization of the loss carry-forward and the deferred tax asset recognition.

As at December 31, 2015, a deferred tax asset of $149 (deferred tax asset of $12 as at December 31, 2014) has not been recognized for the tax that would be recoverable on the retained earnings of associates. Such amounts are not expected to reverse in the foreseeable future.

25. Employee Future Benefits

The Corporation offers various defined contribution and defined benefit pension plans that provide pension benefits to its employees.

The defined contribution plan expenses total $7,647 ($5,376 in 2014).

Defined benefit pension plans provide benefits that are calculated based on employees' years of service and average retirement income. Pension expenses and accrued benefit obligations are established using actuarial calculations based on management's best assumptions that are reviewed by actuaries. These defined benefit plans are subject to an actuarial valuation for funding purposes annually (as at December 31).

Defined benefit plans expose the Corporation to certain risks, the most significant of which are as follows:

Investment risk

The present value of defined benefit obligations is calculated using a discount rate that is determined by reference to market yields on high-quality corporate bonds. If, in a given year, the rate of return of plan assets is below this rate, a loss will be recognized.

Interest rate risk

Variations in corporate bond yields have an impact on the present value of the defined benefit obligation.

Longevity risk

An increase in life expectancy will increase plan liabilities as benefits must be paid longer than expected.

Information regarding the Corporation's defined benefit pension plans, considered collectively, is as follows:

The following table presents the amounts recognized in the balance sheet.

	As at December 31, 2015	As at December 31, 2014
Fair value of plan assets	**$ 62,857**	$ 57,863
Defined benefit obligation	**62,473**	63,492
Defined benefit asset (liability) (Notes 12 and 17)	**$ 384**	$ (5,629)

The movement in the defined benefit obligation is as follows:

	2015	2014
Balance at beginning	**$ 63,492**	$ 56,763
Current service cost	**529**	544
Finance costs	**2,446**	2,686
Employee contributions by plan participants	**140**	152
Benefits paid by the plans	**(3,545)**	(2,984)
Actuarial losses (gains) arising from:		
Experience adjustments	**218**	(95)
Changes in demographic assumptions	**– –**	242
Changes in financial assumptions	**(807)**	6,184
Balance at end	**$ 62,473**	$ 63,492

The movement in the fair value of plan assets is as follows:

	2015	2014
Balance at beginning	**$ 57,863**	$ 49,550
Expected return on plan assets	**2,264**	2,406
Employer contributions	**3,872**	3,850
Other participant-employer contributions	**30**	60
Employee contributions by plan participants	**140**	152
Benefits paid by the plans	**(3,545)**	(2,984)
Administrative expenses	**(126)**	(159)
Return on assets (excluding expected returns on plan assets)	**2,359**	4,988
Balance at end	**$ 62,857**	$ 57,863

The amounts recognized in the statements of income are as follows:

	2015	2014
Current service cost	$ 529	$ 544
Interest, net	182	280
Administrative expenses	126	159
Other participant-employer contributions	(30)	(60)
Total amount recognized in the statements of income	$ 807	$ 923

The amounts recognized in the consolidated statements of comprehensive income are as follows:

	2015	2014
Actuarial gains (losses) arising from:		
Experience adjustments	$ (218)	$ 95
Changes in demographic assumptions	- -	(242)
Changes in financial assumptions	807	(6,184)
Return on plan assets (excluding expected returns on plan assets)	2,359	4,988
Tax income (expense)	(780)	352
Amounts recognized in the consolidated statements of comprehensive income	$ 2,168	$ (991)

	2015	2014
Defined benefit obligations		
Discount rate	4.00%	3.90%
Rate of compensation increase	3.50%	3.50%

Assumptions regarding mortality are based on statistics and mortality tables published in Canada, i.e. 85% of rates from the 2014 Private Sector Mortality Table for Canadian pensioners (85% as at December 31, 2014).

At the end of fiscal 2015, the estimated duration of defined benefit plan obligations is 12 years (12 years in 2014).

Pension plan assets are allocated in the following main categories of investments:

	2015	2014
Fair value of defined benefit plan assets		
Equity instruments		
Canadian shares	$ 12,216	$ 10,179
Foreign shares	23,040	21,055
Fixed-income securities	27,290	24,166
Short-term investments and cash	311	2,463
	$ 62,857	$ 57,863

All equity instruments and almost all fixed-income securities are traded in an active market.

The significant actuarial assumptions for the purposes of determining the Corporation's defined benefit obligations are the discount rate and mortality assumptions. The following sensitivity analyses were determined based on reasonably possible changes to the respective assumptions occurring at the end of the period in question, assuming that all other variables remain unchanged.

- If the reduction is 25 basis points higher (lower), defined benefit obligations would decrease by $1,792 (increase by $1,879).
- If the mortality rate is 10% higher (lower), defined benefit obligations would decrease by $1,475 (increase by $1,614).

The above sensitivity analysis may not be representative of actual changes to defined benefit obligations since it is unlikely that variations in the assumptions would occur in isolation from each other and that certain assumptions could be correlated.

Service cost related to pension benefit plans for the year ending December 31, 2016 is estimated at $601. As at December 31, 2015, the net accumulated actuarial losses recognized in "Other comprehensive income" and presented as a separate line item under retained earnings are $3,291 ($5,459 as at December 31, 2014).

26. Related Party Transactions

a) Balances with related parties are presented separately in the notes to consolidated financial statements. The "Other related parties" heading corresponds to balances of companies that are controlled by Placements CMI Inc., a company indirectly controlled by the Chairman of Board of the Corporation, which holds 10.94% (13.49% as at December 31, 2014) of the Corporation's common shares.

b) During the year, the following transactions were carried out with related parties, i.e. revenues, purchases, selling and administrative expenses as well as purchases of property, plant and equipment:

	2015			
	Revenues	**Purchases**	**Selling and administrative expenses**	**Property, plant and equipment**
Associates and joint venture	**$ 564**	**$ 1,858**	**$ 1,401**	**$ – –**
Other related parties	**2,497**	**667**	**1,523**	**244**
	$ 3,061	**$ 2,525**	**$ 2,924**	**$ 244**

	2014			
	Revenues	Purchases	Selling and administrative expenses	Property, plant and equipment
Associates and joint venture	$ 1,469	$ 127	$ 2,179	$ – –
Other related parties	2,014	1,488	1,457	706
	$ 3,483	$ 1,615	$ 3,636	$ 706

c) Compensation of key management

Compensation awarded to key management included:

	2015	2014
Salaries and short-term employee benefits	**$ 5,749**	$ 4,421
Post-employment benefits	**254**	295
Share-based payments	**817**	459
	$ 6,820	$ 5,175

27. Segment Information

The Corporation is organized under one single business segment, being the construction products segment, which includes many complementary goods and services.

	2015			
	Revenues	**Property, plant and equipment**	**Intangible assets**	**Goodwill**
Information by geographic area				
Canada	**$ 462,856**	**$ 142,398**	**$ 3,969**	**$ 3,248**
United States	**1,140,064**	**199,530**	**7,259**	**52,775**
Europe and Asia	**3,935**	**5,331**	**272**	**– –**
Mexico	**– –**	**1,132**	**– –**	**– –**
	$ 1,606,855	**$ 348,391**	**$ 11,500**	**$ 56,023**

	2014			
	Revenues	Property, plant and equipment	Intangible assets	Goodwill
Information by geographic area				
Canada	$ 430,361	$ 137,718	$ 3,130	$ 860
United States	797,958	164,460	7,368	44,237
Europe and Asia	4,490	4,913	313	– –
Mexico	– –	1,271	– –	– –
	$ 1,232,809	$ 308,362	$ 10,811	$ 45,097

28. Financial Instruments

Fair value of financial instruments

The Corporation has established the following classification:

- Foreign currency forward contracts and interest rate swaps are classified under "Assets or liabilities at fair value through profit or loss";
- Cash and cash equivalents, accounts receivable and long-term receivables are classified under "Loans and receivables";
- Investments are classified under "Available-for-sale assets";
- Accounts payable and accrued liabilities, long-term debt and convertible debentures are classified under "Other financial liabilities".

The Corporation uses the following methods and assumptions to estimate the fair value of each category of financial instruments whose values are included in the consolidated balance sheet:

Loans and receivables

The carrying amounts of financial instruments approximate their fair values due to their short-term maturity and the prevailing interest rates of these instruments, which are comparable to those of the market.

Available-for-sale assets

Bid quoted market prices on the balance sheet date are used to establish the fair value of investments for which active markets exist.

The fair value of the other investments for which no active markets exist was established by discounting expected cash flows at rates currently being offered to the Corporation for debts with the same maturities and conditions.

Other financial liabilities

The carrying amounts of financial instruments approximate their fair values due to their short-term maturity and the prevailing interest rates of these instruments, which are comparable to those of the market. The fair value of long-term debts, balance of purchase price of businesses and convertible debentures was established by discounting expected cash flows at rates currently being offered to the Corporation for debts with the same maturities and conditions.

Hierarchy of fair value measurements

The Corporation classifies its financial assets and liabilities measured at fair value into three levels according to the observability of the inputs used in their measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.

Level 2: This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.

Level 3: The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value of instruments.

The following table presents information on the Corporation's assets and liabilities measured at fair value and indicates the fair value hierarchy of the valuation techniques used to determine this fair value.

	2015			
	Level 1	Level 2	Level 3	Total
Assets				
Investments	$ 1,477	$ – –	$ 4,696 [1]	$ 6,173
Liabilities				
Foreign currency forward contracts	$ – –	$ 1,198	$ – –	$ 1,198
Interest rate swaps	$ – –	$ 705	$ – –	$ 705

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Investments	$ 1	$ – –	$ 4,592 [1]	$ 4,593
Liabilities				
Interest rate swaps	$ – –	$ 856	$ – –	$ 856

[1] For investments without a quoted market price in an active market, the Corporation classified the fair value measurement as Level 3. No profit or loss was recognized in net income or comprehensive income.

Risk management policies and processes

In the normal course of its operations, the Corporation is exposed to liquidity and funding risk, interest rate risk, credit risk as well as currency risk. Management analyses these risks and implements strategies in order to minimize their impact on the Corporation's performance.

Liquidity and funding risk

The Corporation makes use of medium and long-term financing at several financial institutions and matches operating and investing activities with financing activities to manage its liquidity risk.

	Principal installments of financial liabilities by year of maturity				
	Within 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 223,580	$ – –	$ – –	$ – –	$ 223,580
Balance of purchase price of businesses	1,282	650	– –	– –	1,932
Revolving credit of $31,460	– –	– –	31,460	– –	31,460
Revolving credit of $46,738 (US$33,770)	– –	46,738	– –	– –	46,738
Revolving credit of $24,239 (US$17,514)	– –	24,239	– –	– –	24,239
Non-revolving credit of $745	769	– –	– –	– –	769
Non-revolving credit of $21,449	22,494	– –	– –	– –	22,494
Non-revolving credit of $4,003	4,150	– –	– –	– –	4,150
Non-revolving credit of $11,579	3,493	9,521	– –	– –	13,014
Non-revolving credits of $9,600	1,116	2,150	2,041	6,284	11,591
Non-revolving credits of $10,484 (US$7,575)	581	10,185	– –	– –	10,766
Non-revolving credit of $11,850	4,649	8,136	– –	– –	12,785
Non-revolving credit of $18,283 (US$13,211)	7,129	12,476	– –	– –	19,605
Non-revolving credit of $11,567 (US$8,358)	775	1,550	9,300	– –	11,625
Industrial bond of $3,045 (US$2,200)	415	830	830	970	3,045
Other debts	630	1,340	365	291	2,626
	$ 271,063	$ 117,815	$ 43,996	$ 7,545	$ 440,419

Interest rate risk

The Corporation's policy is to limit its exposure to interest rate risk fluctuations by ensuring that a reasonable portion of its bank loan and long-term debt are at fixed rates. As at December 31, 2015, 38% of the bank loan and long-term debt were at fixed rates (43% as at December 31, 2014), i.e. $78,393 ($82,709 as at December 31, 2014) of a total debt of $207,439 ($193,244 as at December 31, 2014). The fixed weighted average interest rate for long-term debt was 4.94% as at December 31, 2015 (5.05% as at December 31, 2014) for an average weighted period of 2.14 years (3.58 years as at December 31, 2014). As at December 31, 2015, if interest rates had been 50 basis points higher with all other variables held constant, net income for the year would have been $587 lower ($419 lower as at December 31, 2014), as a result of higher finance costs on floating rate bank loans and debt.

As at December 31, 2015 and 2014, the Corporation held the following interest rate swap contracts:

	2015				
	Fixed rate	**Variable exchange rate**	**Par value**	**Maturity**	**Fair value**
Interest rate swaps	**4.46%**	**LIBOR**	**US$ 6,117**	**April 2018**	**US$ (475)**
	3.43%	**LIBOR**	**US$ 1,617**	**September 2016**	**US$ (35)**

	2014				
	Fixed rate	Variable exchange rate	Par value	Maturity	Fair value
Interest rate swaps	4.46%	LIBOR	US$ 6,441	April 2018	US$ (656)
	3.43%	LIBOR	US$ 1,688	September 2016	US$ (82)

Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to settle some or all of their debts at due date. The Corporation is mostly exposed to credit risk by its cash and cash equivalents, accounts receivable and long-term receivables.

Cash equivalents mainly include highly liquid investments such as term deposits and bankers' acceptances issued by recognized financial institutions. Management believes that the risk of loss is minimal.

The Corporation considers that its debtors' credit risk is limited for the following reasons:

a) The Corporation conducts an ongoing evaluation of its clients and has adopted a credit policy defining evaluation criteria. The established procedures ensure that the Corporation benefits from maximum protection through guarantees available in the North American construction industry.

b) The Corporation sells to a wide range of clients that operate in various sectors and geographical regions.

c) The Corporation is exposed to a normal risk of credit for its accounts receivable. The debtors' financial position is analyzed to determine if there is an indication of impairment, and a provision is established accordingly. The Corporation takes into account the specific credit risk of clients, their historical tendencies and the economic situation.

As at December 31, 2015, outstanding accounts receivable, i.e. trade accounts receivable outstanding for over 90 days excluding underlying amounts, and not provisioned, amount to $27,208 ($28,746 as at December 31, 2014). The other portion representing non-risk trade accounts receivable total $280,605 as at December 31, 2015 ($232,214 as at December 31, 2014).

As at December 31, 2015, trade accounts receivable that were provisioned amount to $5,017 ($4,660 as at December 31, 2014). These accounts were provisioned due mostly to hardship related to unfavorable economic conditions.

The following table summarizes the changes in the allowance for doubtful accounts.

	As at December 31, 2015	As at December 31, 2014
Opening balance	**$ 4,660**	$ 3,990
Provision for impairment of trades	**3,685**	3,498
Impairment of trades	**(2,076)**	(1,031)
Unused provision reversed	**(1,522)**	(2,002)
Exchange rate fluctuations	**270**	205
Closing balance	**$ 5,017**	$ 4,660

No provision was established for the other classes of receivables.

The Corporation also believes that the credit risk related to its long-term receivables, including the note receivable from Placements CMI Inc., is limited. Long-term receivables are from creditworthy companies with no historical default of payment. The Corporation has access to the financial statements of those companies in order to monitor their solvency. No provision was established for long-term receivables.

The amounts representing the Corporation's maximum exposure to credit risk are recognized on the Corporation's consolidated balance sheet.

Currency risk

The Corporation is exposed to the three following types of currency risk:

a) **Translation of foreign currency transactions**

The Corporation is mainly exposed to currency risk on sales of Canadian-made products in US dollars. The Corporation considers this currency risk to be limited for the following reasons:

i) the Corporation's presence on North American markets as well as its fabrication and delivery capabilities allow it to select the most appropriate fabrication location according to price, cost and exchange rate fluctuations;

ii) for raw materials purchases, particularly steel, prices are usually denominated in US dollars, and the Corporation maximizes its purchases from the United States and international sources through payment in US dollars.

As at December 31, 2015, the Corporation held the following foreign currency forward contracts:

Instruments		Currency	Average rate	Nominal amount	Contractual maturity
Foreign currency forward contracts	Sale	US	1.3530	US$60,000	Until December 2017

As at December 31, 2014, the Corporation held no foreign currency forward contracts.

b) **Translation of financial statements of foreign operations**

The translation of financial statements of foreign operations generates an exchange loss or gain that is recorded in other comprehensive income and in other equity items. For the year ended December 31, 2015, the unrealized exchange gain totals $62,653 ($24,431 as at December 31, 2014). Gains result mainly from the translation of the operations of the Corporation's U.S. subsidiaries.

c) **Hedge of a net investment in foreign operations**

In 2015, the Corporation designated a new debt denominated in US dollars (as a hedging item of a portion equivalent to its net investment in its foreign operations, which use the US dollar as their functional currency. As at December 31, 2015, the amount of the debt (Note 15) designated as a hedge of the Corporation's net investment in foreign operations totaled $18,283 (US$13,211). The unrealized exchange loss on this hedge of the net investment that was recorded in other comprehensive income for the year ended December 31, 2015 was $3,473.

However, the above analysis applies only to financial instruments based on year-end balances and excludes the impact of exchange rate fluctuations on revenues and other miscellaneous expenses for a full fiscal year.

29. Capital Management

In terms of capital management, the Corporation's objectives consist in preserving its ability to pursue operations in order to continue generating returns to shareholders and advantages to other stakeholders as well as maintaining an optimal capital structure to reduce capital costs.

In order to maintain or readjust its capital structure according to economic conditions, the Corporation may be required to modify the amount of dividends paid to shareholders, remit capital to shareholders, issue new shares or sell assets in order to lower debt.

In compliance with mainstream practices in its industry, the Corporation uses the net debt to equity ratio. Net debt comprises bank loans and the long-term debt, net of cash and cash equivalents, but excludes balances of purchase price of businesses and convertible debentures.

Net debt to equity ratios as at December 31, 2015 and 2014 are as follows:

	As at December 31, 2015	As at December 31, 2014
Net debt	**$ 200,389**	$ 184,983
Equity attributable to shareholders	**$ 624,325**	$ 457,188
Net debt to equity ratio	**0.32**	0.40

30. Interests in a Joint Venture and Associates

The Corporation has interests in a joint venture and associates, which when considered separately are not significant, in the amount of $39,370 as at December 31, 2015 ($40,919 as at December 31, 2014) and that exerted a negative contribution in the amount of $1,536 on net income and comprehensive income in fiscal 2015 (negative contribution in the amount of $866 on net income and comprehensive income in fiscal 2014).

In 2015, the Corporation did not record any loss on decline in value of an investment that it still holds ($200 in 2014).

31. Subsidiaries

The following table presents information on the Corporation's major subsidiaries as at December 31, 2015:

Name of subsidiary	**Place of incorporation**[1]	**Interests %**	**Main activity**
Canam Steel Corporation	United States	100	Manufacturing
FabSouth LLC	United States	100	Manufacturing
FS Real Estate Holdings, LLC	United States	100	Building lease

[1] Also corresponds to principal place of operations.

32. Contingencies and Commitments

- The Corporation is a defendant in a number of lawsuits, claims and imminent litigations. In the opinion of the management, the resolution of these lawsuits, claims and litigations will not have a significant adverse effect on the financial position of the Corporation.
- In the normal course of business, the Corporation contracted letters of credit for an amount of up to $5,743 as at December 31, 2015 ($4,814 as at December 21, 2014).
- The Corporation's total commitments under operating leases amount to $9,259. Future minimum payments required over the next five years are as follows:

2016	$3,151
2017	$1,801
2018	$1,439
2019	$1,091
2020	$766

Lease payments recorded during fiscal 2015 totaled $3,495 ($2,999 as at December 31, 2014).

- In the normal course of business, the Corporation acts as a guarantor for insurance and maintenance contracts worth up to $4,262 (nil in 2014).

33. Subsequent Event

Dividend on common shares

On February 17, 2016, the Board of Directors approved the payment of a quarterly dividend of $0.04 per common share that will be paid on March 31, 2016, to shareholders of record on March 17, 2016.

Board of Directors

As at December 31, 2015

Élaine Beaudoin
Corporate Director
Age: 51
Director since 2000

Anne-Marie Dutil Blatchford
Corporate Director
Age: 48
Director since 1998

***Marc Dutil**, C.M.*
President and Chief Executive Officer
Canam Group Inc.
Age: 51
Director since 2002

***Marcel Dutil**, C.M.*
Chairman of the Board
Canam Group Inc.
Age: 73
Director since 1972

Sean Finn
Executive Vice President, Corporate Services, and Chief Legal Officer
Canadian National Railway Company
Age: 57
Director since 2010

***Pierre Lortie**, C.M.*
Senior Business Advisor, Dentons Canada LLP
Age: 68
Director from 1990 to 2003 and since 2004

Pierre Marcouiller
Chairman of the Board and Chief Executive Officer
Camso Inc.
Age: 59
Administrator since 2007

Normand Morin
Corporate Director
Age: 73
Administrator since 2005

Chantal Petitclerc
Speaker
Age: 45
Administrator since 2015

Pierre Thabet
President
Boa-Franc G.P.
Age: 58
Administrator since 2006

Jean-Marie Toulouse
President
Jean-Marie Toulouse Recherche Action et Gestion ltée.
Age: 73
Administrator since 2006

Audit Committee

Élaine Beaudoin
***Pierre Lortie**, C.M.**
Normand Morin
Pierre Thabet
Jean-Marie Toulouse

Human Resources Committee

Élaine Beaudoin*
Sean Finn
Pierre Marcouiller
Chantal Petitclerc

Corporate Governance Committee

***Pierre Lortie**, C.M.*
Normand Morin*
Jean-Marie Toulouse

* Committee Chairman

Management

François Bégin
Vice President, Communications

Mario Bernard
Executive Vice President and Chief Manufacturing Officer

John Bradley
Vice President, Credit

Michael Burnet
Vice President, Purchasing

Mihran Cicek
Vice President, Research and Analysis

Tim Day
Senior Vice President, Manufacturing Operations

Robert Dutil
Senior Vice President, Canam-Bridges

Peter Frantz
Senior Vice President, Canam-Heavy

Louis Guertin
Vice President, Legal Affairs and Secretary

René Guizzetti
Vice President and Chief Financial Officer

Kurt Langsenkamp
President, Canam Steel Corporation, FabSouth LLC and Steel Fabricators LLC

Claude Létourneau
Senior Vice President, Integrated Lean Project Delivery

Joël Nadeau
Senior Vice President, Business Operations

François de Paul Nkombou
Vice President, Internal Audit and Risk Management

Annie Paquet
Senior Vice President, Innovation Support

Claude Provost
Senior Vice President, Shared Services and Organizational Development

Jean Thibodeau
Senior Vice President, Information Technology

Corporate Directory

Canam Group Inc.

Head Office

11535, 1re Avenue, bureau 500
Saint-Georges (Québec) G5Y 7H5
Telephone: 418-228-8031
Toll-free: 1-877-499-6049

Administrative Center

270, chemin Du Tremblay
Boucherville (Québec) J4B 5X9
Telephone: 450-641-4000
Toll-free: 1-866-506-4000

Canam Steel Corporation

Management

4010 Clay Street, PO Box 285
Point of Rocks, Maryland 21777
Telephone: 301-874-5141
Toll-free: 1-800-638-4293

FabSouth LLC

Management

721 Northeast 44th Street
Fort Lauderdale, Florida 33334
Telephone: 954-938-5800

PLANTS

Canada

Alberta

323 53rd Avenue SE
Calgary, Alberta T2H 0N2
Telephone: 403-252-7591
Toll-free: 1-866-203-2001

Ontario

1739 Drew Road
Mississauga, Ontario L5S 1J5
Telephone: 905-671-3460
Toll-free: 1-800-446-8897

Quebec

200, boulevard Industriel
Boucherville (Québec) J4B 2X4
Telephone: 450 641-8770
Toll-free: 1 800 463-1582

807, rue Marshall, bureau 100
Laval (Québec) H7S 1J9
Telephone: 450-786-1300
Toll-free: 1-800-361-3510

1445, rue du Grand-Tronc
Québec (Québec) G1N 4G1
Telephone: 418-683-2561
Toll-free: 1-877-304-2561

115, boulevard Canam Nord
Saint-Gédéon-de-Beauce (Québec) G0M 1T0
Telephone: 418-582-3331
Toll-free: 1-888-849-5910

United States

Arizona

22253 West Southern Avenue
Buckeye, Arizona 85326
Telephone: 623-386-1900

North Carolina

1947 Union Cross Road
Winston-Salem, North Carolina 27107
Telephone: 336-785-0848

216 Junia Avenue
Winston-Salem, North Carolina 27127
Telephone: 336-785-0848

2300 Albemarle Paper Co. Road
Kinston, North Carolina 28501
Telephone: 336-785-0848

Florida

1490 Frances Drive
Daytona Beach, Florida 32124
Telephone: 386-252-3730

721 Northeast 44th Street
Fort Lauderdale, Florida 33334
Telephone: 954-938-5800

140 South Ellis Road
Jacksonville, Florida 32254
Telephone: 904-781-0898
Toll-free: 1-888-781-0898

2536 Hansrob Road
Orlando, Florida 32804
Telephone: 407-295-3864

Georgia

405 North Clarendon Avenue
Scottdale, Georgia 30079
Telephone: 404-292-7373

Illinois

9 Unytite Drive
Peru, Illinois 61354
Telephone: 815-224-9588

Maryland

4010 Clay Street, PO Box 285
Point of Rocks, Maryland 21777
Telephone: 301-874-5141
Toll-free: 1-800-638-4293

Missouri

2000 West Main Street
Washington, Missouri 63090-1008
Telephone: 636-239-6716

New Hampshire

386 River Road
Claremont, New Hampshire 03743
Telephone: 603-542-5202

New Jersey

14 Harmich Road
South Plainfield, New Jersey 07080
Telephone: 908 561-3484
Toll-free: 1-800-631-1215

Washington

2099 Sheller Road
Sunnyside, Washington 98944
Telephone: 509-837-7008
Toll-free: 1-800-359-7308

OTHER ACTIVITIES

Hong Kong

InteliBuild Technyx Asia Ltd.
26th Floor
North Point Asia-Pac Commercial Centre
10 North Point Road, Hong Kong
Telephone: (852) 8102-7466

India

Steel Plus Limited
GN 37/B, Sector V, Salt Lake
Kolkata, India 700091
Telephone: (91 33) 23-57-58-65

Romania

Technyx Euro Services S.R.L.
Ionescu Crum Street, Nr. 9
Judetul Brasov, Romania 500446
Telephone: (40 268) 31-80-57

Alberta

Central Steel Erectors LP
131-2 Avenue East
Cochrane, AB T4C 2B9
Telephone: 403-851-3894

Quebec

St. Lawrence Erectors Inc.
535, Curé-Boivin
Boisbriand (Québec) J7G 2A8
Telephone: 450-430-2212

Structure Fusion Inc.
114-6700, Pierre-Bertrand
Québec (Québec) G2J 0B4
Telephone: 418-907-9713

Shareholder Information

Annual General Meeting of Shareholders

Friday, April 29, 2016 at 11:00 a.m.
Georgesville Convention Center
300, 118e Rue
Saint-Georges (Québec) G5Y 3E3

The Annual General Meeting of Shareholders will be presented live on the Internet at the following address: www.canamgroupinc.com

Major Shareholders

As at February 17, 2016	Number of common shares	Percentage of shares
Marcel Dutil[1]	5,200,000	10.94%
Public	42,351,043	89.06%
TOTAL	47,551,043	100%

[1] The shares are held by Placements CMI Inc. and its wholly-owned subsidiary, 9085-6063 Québec Inc., which are indirectly controlled by Marcel Dutil.

Head Office

11535, 1re Avenue, bureau 500
Saint-Georges (Québec) G5Y 7H5
Telephone: 418-228-8031
Fax: 418-228-1750

Administrative Center

270, chemin Du Tremblay
Boucherville (Québec) J4B 5X9
Telephone: 450-641-4000
Fax: 450-641-4001

Relations with Financial Analysts

René Guizzetti
Vice President and Chief Financial Officer
Telephone: 450-641-4000
Fax: 450-641-5503

Relations with Shareholders and Media

François Bégin
Vice President, Communications
Telephone: 418-228-8031
Fax: 418-228-1750

To Contact Us

You may also reach us via the "Investors" section of our website at the following address: www.canamgroupinc.com

Registrar and Transfer Agent

Computershare Investor Services Inc.
1500, boulevard Robert-Bourassa, 7e étage
Montréal (Québec) H3A 3S8
Telephone: 514-982-7888
Fax: 514-982-7580

Stock Exchange Listings

Common shares
TSX
Trading symbol: CAM

CUSIP Numbers

Common shares: 13710C 10 7
ISIN CA 13710C1077

Earnings Release Dates

1st quarter of 2016: April 29, 2016
2nd quarter of 2016: August 4, 2016
3rd quarter of 2016: October 27, 2016
4th quarter of 2016: February 16, 2017

Annual Information Form

The Annual Information Form, the financial analysis as well as additional information are available on the SEDAR website at www.sedar.com and on the Corporation's website at www.canamgroupinc.com.

Banking Institutions

National Bank Financial
Bank of Montreal
Laurentian Bank of Canada
Caisse centrale Desjardins
GE Canada Equipment Financing G.P.
Wells Fargo Capital Finance, LLC
BMO Harris Bank
Export Development Canada
Investissement Québec

Auditors

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., Québec

Stock Variation Information

	Volume	High $	Low $	Close $
2005	15,049,848	7.60	5.00	7.06
2006	27,593,888	11.66	6.80	9.26
2007	27,347,059	15.98	9.00	14.15
2008	28,192,817	14.15	3.73	6.65
2009	10,125,959	7.93	4.54	7.13
2010	9,641,369	9.81	6.65	7.27
2011	13,535,762	8.85	2.81	4.10
2012	6,185,349	6.03	3.85	5.98
2013	22,635,868	13.87	5.96	13.61
2014	31,949,865	15.48	9.09	11.33
2015	24,289,790	15.26	9.93	13.89

La version française de ce rapport est disponible sur demande.

CANAM
Better Building Solutions

Head Office
11535, 1re Avenue, bureau 500
Saint-Georges (Québec) G5Y 7H5
Telephone : 418-228-8031
1-877-499-6049

Administrative Center
270, chemin Du Tremblay
Boucherville (Québec) J4B 5X9
Telephone : 450-641-4000
1-866-506-4000

canamgroupinc.com

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