SNC-Lavalin Group Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)
(IN THOUSANDS OF CANADIAN DOLLARS)

	Note	December 31 2015	December 31 2014 (Revised) (Note 16B)
ASSETS			
Current assets			
Cash and cash equivalents		**$ 1,581,834**	$ 1,702,205
Restricted cash		**38,964**	27,503
Trade receivables		**1,200,890**	1,251,207
Contracts in progress		**985,852**	844,799
Inventories		**152,186**	101,771
Other current financial assets		**908,870**	844,727
Other current non-financial assets		**329,219**	271,580
Total current assets		**5,197,815**	5,043,792
Property and equipment		**265,077**	246,098
Capital investments accounted for by the equity method	4	**419,525**	362,336
Capital investments accounted for by the cost method	4	**48,331**	440,809
Goodwill		**3,386,849**	2,895,379
Intangible assets related to Kentz acquisition		**272,650**	311,022
Deferred income tax asset		**436,817**	419,639
Non-current portion of receivables under service concession arrangements		**291,858**	250,769
Other non-current financial assets		**74,064**	157,463
Other non-current non-financial assets		**110,167**	99,848
Total assets		**$ 10,503,153**	$ 10,227,155
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		**$ 2,330,538**	$ 2,329,172
Downpayments on contracts		**185,813**	249,521
Deferred revenues		**1,041,633**	1,196,273
Other current financial liabilities		**394,348**	354,492
Other current non-financial liabilities		**370,621**	603,151
Advances under contract financing arrangements		**394,144**	319,321
Current portion of provisions		**364,455**	349,484
Short-term debt and current portion of long-term debt:			
Non-recourse from Capital investments		**8,200**	7,750
Total current liabilities		**5,089,752**	5,409,164
Long-term debt:			
Recourse		**349,144**	348,932
Non-recourse from Capital investments		**525,800**	530,684
Other non-current financial liabilities		**6,897**	9,457
Non-current portion of provisions		**344,325**	341,268
Other non-current non-financial liabilities		**10,215**	3,702
Deferred income tax liability		**273,524**	259,062
Total liabilities		**6,599,657**	6,902,269
Equity			
Share capital	10	**526,812**	531,460
Retained earnings		**2,901,353**	2,785,067
Other components of equity	11	**440,013**	(2,721)
Equity attributable to SNC-Lavalin shareholders		**3,868,178**	3,313,806
Non-controlling interests		**35,318**	11,080
Total equity		**3,903,496**	3,324,886
Total liabilities and equity		**$ 10,503,153**	$ 10,227,155

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

YEAR ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

2015

	Equity attributable to SNC-Lavalin shareholders						
	Share Capital						
	Common shares (in thousands)	Amount	Retained earnings	Other components of equity (Note 11)	Total	Non-controlling interests	Total equity
Balance at beginning of the year [1]	**152,465**	**$ 531,460**	**$ 2,785,067**	**$ (2,721)**	**$ 3,313,806**	**$ 11,080**	**$ 3,324,886**
Net income	**–**	**–**	**404,336**	**–**	**404,336**	**33,199**	**437,535**
Other comprehensive income (loss)	**–**	**–**	**(503)**	**442,734**	**442,231**	**3,625**	**445,856**
Total comprehensive income	**–**	**–**	**403,833**	**442,734**	**846,567**	**36,824**	**883,391**
Dividends declared (Note 9)	**–**	**–**	**(150,863)**	**–**	**(150,863)**	**–**	**(150,863)**
Dividends declared by subsidiaries to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(28,480)**	**(28,480)**
Stock option compensation (Note 7A)	**–**	**–**	**(173)**	**–**	**(173)**	**–**	**(173)**
Shares issued under stock option plans	**111**	**5,210**	**(994)**	**–**	**4,216**	**–**	**4,216**
Shares redeemed and cancelled (Note 10)	**(2,804)**	**(9,858)**	**(111,919)**	**–**	**(121,777)**	**–**	**(121,777)**
Capital contributions by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**1,296**	**1,296**
Acquisition of non-controlling interests	**–**	**–**	**(5,122)**	**–**	**(5,122)**	**(3,878)**	**(9,000)**
Reduction of participation in a subsidiary	**–**	**–**	**(18,476)**	**–**	**(18,476)**	**18,476**	**-**
Balance at end of the year	**149,772**	**$ 526,812**	**$ 2,901,353**	**$ 440,013**	**$ 3,868,178**	**$ 35,318**	**$ 3,903,496**

YEAR ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

2014 [1]

	Equity attributable to SNC-Lavalin shareholders						
	Share Capital						
	Common shares (in thousands)	Amount	Retained earnings	Other components of equity (Note 11)	Total	Non-controlling interests	Total equity
Balance at beginning of the year	151,807	$ 497,130	$ 1,610,503	$ (70,975)	$ 2,036,658	$ 3,585	$ 2,040,243
Net income	–	–	1,333,344	–	1,333,344	1,243	1,334,587
Other comprehensive income (loss)	–	–	(8,752)	68,254	59,502	–	59,502
Total comprehensive income	–	–	1,324,592	68,254	1,392,846	1,243	1,394,089
Dividends declared (Note 9)	–	–	(146,182)	–	(146,182)	–	(146,182)
Dividends declared by subsidiaries to non-controlling interests	–	–	–	–	–	(375)	(375)
Stock option compensation (Note 7A)	–	–	3,567	–	3,567	–	3,567
Shares issued under stock option plans	658	34,330	(7,413)	–	26,917	–	26,917
Acquisition of non-controlling interests of Kentz (Note 16)	–	–	–	–	–	6,627	6,627
Balance at end of the year	152,465	$ 531,460	$ 2,785,067	$ (2,721)	$ 3,313,806	$ 11,080	$ 3,324,886

[1] See Note 16B for explanations relating to revised figures.

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)		FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	Note	**2015**	2014	**2015**	2014
Revenues from:					
E&C		**$ 2,590,297**	$ 2,617,318	**$ 9,363,508**	$ 7,334,676
Capital investments accounted for by the full consolidation or cost methods		**13,823**	157,737	**66,364**	732,640
Capital investments accounted for by the equity method		**42,167**	42,964	**157,082**	171,446
		2,646,287	2,818,019	**9,586,954**	8,238,762
Direct cost of activities		**2,237,504**	2,602,985	**8,154,155**	6,897,933
Gross margin		**408,783**	215,034	**1,432,799**	1,340,829
Selling, general and administrative expenses		**217,633**	242,048	**855,633**	841,415
Restructuring costs	5A	**94,788**	94,025	**116,396**	109,859
Impairment of investments	5B	**-**	28,461	**-**	28,461
Acquisition-related costs and integration costs	16	**340**	6,693	**19,574**	62,543
Amortization of intangible assets related to Kentz acquisition		**22,498**	24,173	**93,988**	36,472
Gain on disposals of Capital investments	4A	**-**	(1,619,490)	**(174,350)**	(1,615,358)
EBIT (1)		**73,524**	1,439,124	**521,558**	1,877,437
Financial expenses	6	**21,857**	77,784	**75,151**	280,480
Financial income and net foreign exchange losses (gains)	6	**(11,395)**	(45,680)	**(74,846)**	(60,672)
Earnings before income taxes		**63,062**	1,407,020	**521,253**	1,657,629
Income taxes		**(5,507)**	260,043	**83,718**	323,042
Net income for the period		**$ 68,569**	$ 1,146,977	**$ 437,535**	$ 1,334,587
Net income attributable to:					
SNC-Lavalin shareholders		**$ 49,244**	$ 1,146,645	**$ 404,336**	$ 1,333,344
Non-controlling interests		**19,325**	332	**33,199**	1,243
Net income for the period		**$ 68,569**	$ 1,146,977	**$ 437,535**	$ 1,334,587
Earnings per share (in $)					
Basic		**$ 0.33**	$ 7.52	**$ 2.68**	$ 8.76
Diluted		**$ 0.33**	$ 7.51	**$ 2.68**	$ 8.74
Weighted average number of outstanding shares (in thousands)	8				
Basic		**149,769**	152,463	**150,918**	152,218
Diluted		**149,833**	152,629	**150,988**	152,605

(1) Earnings before interest and income taxes ("EBIT")

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

THREE MONTHS ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS)

	2015			2014 (1)		
	Attributable to SNC-Lavalin shareholders	Non-controlling interests	Total	Attributable to SNC-Lavalin shareholders	Non-controlling interests	Total
Net income for the period	**$ 49,244**	**$ 19,325**	**$ 68,569**	$ 1,146,645	$ 332	$ 1,146,977
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 11)	**152,436**	**3,625**	**156,061**	68,602	–	68,602
Available-for-sale financial assets (Note 11)	**(987)**	**–**	**(987)**	(1,395)	–	(1,395)
Cash flow hedges (Note 11)	**(3,526)**	**–**	**(3,526)**	15,152	–	15,152
Share of other comprehensive income (loss) of investments accounted for by the equity method (Note 11)	**141**	**–**	**141**	(1,357)	–	(1,357)
Income taxes (Note 11)	**(3,897)**	**–**	**(3,897)**	(2,357)	–	(2,357)
Total of items that will be reclassified subsequently to net income	**144,167**	**3,625**	**147,792**	78,645	–	78,645
Defined benefit pension plans and other post-employment benefits (Note 11)	**(7,842)**	**–**	**(7,842)**	7,885	–	7,885
Income taxes (Note 11)	**805**	**–**	**805**	(2,675)	–	(2,675)
Total of items that will not be reclassified subsequently to net income	**(7,037)**	**–**	**(7,037)**	5,210	–	5,210
Total other comprehensive income for the period	**137,130**	**3,625**	**140,755**	83,855	–	83,855
Total comprehensive income for the period	**$ 186,374**	**$ 22,950**	**$ 209,324**	$ 1,230,500	$ 332	$ 1,230,832

YEAR ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS)

	2015			2014 (1)		
	Attributable to SNC-Lavalin shareholders	Non-controlling interests	Total	Attributable to SNC-Lavalin shareholders	Non-controlling interests	Total
Net income for the year	**$ 404,336**	**$ 33,199**	**$ 437,535**	$ 1,333,344	$ 1,243	$ 1,334,587
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 11)	**441,420**	**3,625**	**445,045**	75,087	–	75,087
Available-for-sale financial assets (Note 11)	**830**	**–**	**830**	(3,722)	–	(3,722)
Cash flow hedges (Note 11)	**14,412**	**–**	**14,412**	7,965	–	7,965
Share of other comprehensive loss of investments accounted for by the equity method (Note 11)	**(11,747)**	**–**	**(11,747)**	(15,643)	–	(15,643)
Income taxes (Note 11)	**(2,181)**	**–**	**(2,181)**	4,567	–	4,567
Total of items that will be reclassified subsequently to net income	**442,734**	**3,625**	**446,359**	68,254	–	68,254
Defined benefit pension plans and other post-employment benefits (Note 11)	**(341)**	**–**	**(341)**	(8,801)	–	(8,801)
Income taxes (Note 11)	**(162)**	**–**	**(162)**	49	–	49
Total of items that will not be reclassified subsequently to net income	**(503)**	**–**	**(503)**	(8,752)	–	(8,752)
Total other comprehensive income for the year	**442,231**	**3,625**	**445,856**	59,502	–	59,502
Total comprehensive income for the year	**$ 846,567**	**$ 36,824**	**$ 883,391**	$ 1,392,846	$ 1,243	$ 1,394,089

(1) See Note 16B for explanations relating to revised comparative figures.

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)	Note	FOURTH QUARTER 2015	FOURTH QUARTER 2014 [1]	YEAR ENDED DECEMBER 31 2015	YEAR ENDED DECEMBER 31 2014 [1]
Operating activities					
Net income for the period		**$ 68,569**	$ 1,146,977	**$ 437,535**	$ 1,334,587
Adjustments	12A	**136,633**	(1,169,021)	**67,088**	(813,454)
Income taxes paid		**(8,370)**	(69,870)	**(309,352)**	(133,768)
Interest paid from E&C		**(3,513)**	(16,299)	**(37,394)**	(48,310)
Interest paid from Capital investments		**(2,640)**	(32,823)	**(28,385)**	(172,873)
		190,679	(141,036)	**129,492**	166,182
Net change in non-cash working capital items	12B	**53,681**	576,569	**(644,184)**	97,961
Net cash generated from (used for) operating activities		**244,360**	435,533	**(514,692)**	264,143
Investing activities					
Acquisition of property and equipment:					
From E&C		**(44,044)**	(30,646)	**(115,975)**	(70,166)
From Capital investments		**–**	(365,920)	**–**	(1,522,364)
Payments for Capital investments		**–**	(9,154)	**(16,949)**	(133,135)
Costs associated to a foreign exchange hedge	16	**–**	–	**–**	(50,000)
Recovery associated to a foreign exchange hedge	16	**–**	–	**–**	15,303
Recovery associated to the settlement of a financial arrangement		**49,279**	–	**49,279**	–
Acquisition of a business	16	**–**	–	**–**	(1,762,991)
Change in restricted cash position		**(4,730)**	(5,791)	**(7,207)**	8,565
Increase in receivables under service concession arrangements		**(30,189)**	(56,762)	**(129,733)**	(147,388)
Recovery of receivables under service concession arrangements		**21,825**	86,870	**93,000**	141,212
Increase in short-term and long-term investments		**–**	(71,131)	**–**	(331,623)
Decrease in short-term and long-term investments		**19,954**	91,928	**81,931**	159,290
Net cash inflow on disposal of Capital investments accounted for by the full consolidation method	4A	**–**	3,075,649	**–**	3,148,415
Net cash inflow on disposal of a Capital investment accounted for by the equity method	4A	**–**	104,898	**–**	104,898
Net cash inflow on disposal of a Capital investment accounted for by the cost method	4A	**–**	–	**600,717**	–
Payments for disposition-related costs on disposals of Capital investments	4A	**–**	(60,287)	**–**	(60,287)
Other		**(7,261)**	(4,253)	**28,965**	1,226
Net cash generated from (used for) investing activities		**4,834**	2,755,401	**584,028**	(499,045)
Financing activities					
Increase in recourse debt	14, 16	**–**	–	**430,000**	2,630,000
Repayment of recourse debt	14	**(90,000)**	(2,630,000)	**(430,000)**	(2,630,000)
Increase in non-recourse debt from Capital investments		**700**	251,527	**2,074**	1,657,827
Repayment of recourse debt of Kentz		**–**	–	**–**	(482,393)
Repayment of non-recourse debt from Capital investments		**(2,866)**	(274,258)	**(10,491)**	(427,519)
Increase in advances under contract financing arrangements		**96,336**	56,207	**173,490**	230,093
Repayment of advances under contract financing arrangements		**(102,971)**	–	**(102,971)**	–
Proceeds from exercise of stock options		**197**	75	**4,216**	26,917
Redemption of shares	10	**–**	–	**(121,777)**	–
Dividends paid to SNC-Lavalin shareholders	9	**(37,442)**	(36,591)	**(150,863)**	(146,182)
Dividends paid by subsidiaries to non-controlling interests		**(28,324)**	(375)	**(28,480)**	(375)
Other		**10,311**	(21,201)	**(6,671)**	(41,785)
Net cash generated from (used for) financing activities		**(154,059)**	(2,654,616)	**(241,473)**	816,583
Increase from exchange differences on translating cash and cash equivalents		**31,003**	10,679	**51,766**	11,830
Net increase (decrease) in cash and cash equivalents		**126,138**	546,997	**(120,371)**	593,511
Cash and cash equivalents at beginning of period		**1,455,696**	1,155,208	**1,702,205**	1,108,694
Cash and cash equivalents at end of period		**$ 1,581,834**	$ 1,702,205	**$ 1,581,834**	$ 1,702,205

[1] See Note 2C for explanations relating to revised comparative figures.

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3. SNC-Lavalin Group Inc. is a public company listed on the Toronto Stock Exchange in Canada. Reference to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements.

The Company provides engineering and construction and operations and maintenance expertise, which together are referred to as "E&C", through its network of offices in over 50 countries, and is currently working on projects around the world. SNC-Lavalin also makes select investments that are complementary to its other activities and referred to as "Capital investments" (previously "Infrastructure Concession Investments" or "ICI") in these financial statements.

2. BASIS OF PREPARATION

A) BASIS OF PREPARATION

The Company's financial statements are presented in **Canadian dollars**. All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34").

The IFRS accounting policies that are set out in Note 2 to the Company's annual audited consolidated financial statements for the year ended December 31, 2015 were consistently applied to all periods presented, except for the change in an accounting policy, as described in Note 2B, and for the new accounting policies, as described in Note 2E.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 in the Company's annual audited consolidated financial statements for the year ended December 31, 2015 and remained unchanged for the three-month and twelve-month periods ended December 31, 2015.

The Company's financial statements have been prepared on the historical cost basis, with the exception of i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; and ii) defined benefit liability, which is measured as the net total of the present value of the defined benefit obligation minus the fair value of plan assets. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2015 annual audited consolidated financial statements.

These Company's interim condensed consolidated financial statements were authorized for issue by the Board of Directors on March 2, 2016.

2. BASIS OF PREPARATION (CONTINUED)

B) CHANGE IN AN ACCOUNTING POLICY

In the first quarter of 2015, the Company changed its measure of profit or loss for its reportable segments, such measure of profit or loss is referred to as the segment EBIT, which no longer includes the corporate selling, general and administrative expenses that are not directly related to projects or segments. This change in an accounting policy did not have any impact on the Company's financial statements, other than on its segment disclosures, and was made in accordance with IAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*.

C) CHANGES IN PRESENTATION

Segment disclosures

In the first quarter of 2015, the Company revised its reportable segments to reflect a change made to its internal reporting structure and retrospectively reclassified the Environment & Water sub-segment included in the previously named Resources, Environment and Water segment to the Infrastructure & Construction sub-segment included in the Infrastructure segment, as detailed in Note 3. Therefore, the revenues of $44.0 million and of $135.7 million and the negative sub-segment EBIT of $15.5 million and of $29.2 million (prior to restatement) of the Environment & Water sub-segment in the three-month and the twelve-month periods ended December 31, 2014, respectively, were reclassified to the Infrastructure & Construction sub-segment.

In addition, on April 15, 2015, the Company announced certain organizational changes in order to further align its business structure with its markets. This reorganization resulted in certain changes in the way activities are regrouped and reportable segments are presented and analyzed. As such, the Company's reportable segments are now i) Mining & Metallurgy; ii) Oil & Gas; iii) Power; iv) Infrastructure; and v) Capital (previously ICI).

Statement of cash flows

In the fourth quarter of 2015, the Company made a retrospective change to the presentation of its statement of cash flows and comparative figures were reclassified for the: i) dividends paid by subsidiaries to non-controlling interests; ii) restructuring costs recognized in net income; and iii) restructuring costs paid, to provide details on these elements. Therefore, the amounts of the dividends paid by subsidiaries to non-controlling interests of $0.4 million in the three-month period ended December 31, 2014 and in the year ended December 31, 2014 were reclassified from "Other" to "Dividends paid by subsidiaries to non-controlling interests" in the financing activities in the statement of cash flows. Also, the amounts of the restructuring costs recognized in net income of $94.0 million in the three-month period ended December 31, 2014 and of $109.9 million in the year ended December 31, 2014 were reclassified from "Other" to "Restructuring costs recognized in net income" included in the "Adjustments" line in the operating activities in the statement of cash flows. Finally, the amounts of restructuring costs paid of $10.7 million in the three-month period ended December 31, 2014 and of $29.0 million in the year ended December 31, 2014 were reclassified from "Other" to "Restructuring costs paid" included in the "Adjustments" line in the operating activities in the statement of cash flows.

D) CHANGE IN AN ACCOUNTING ESTIMATE

During the first quarter of 2015, the Company conducted a formal review of its computer equipment and accordingly reassessed its useful life. As a result of the review, the depreciation period of the Company's computer equipment was changed from 2 years to a period varying between 2 and 5 years. This resulted in a decrease estimated to $2.7 million and $13.2 million of the depreciation charge for the three-month and twelve-month periods ended December 31, 2015, respectively. This change of useful life of the Company's computer equipment was applied prospectively.

E) NEW ACCOUNTING POLICIES ADOPTED IN THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2015

In the first quarter of 2015, the Company adopted the two following accounting policies:

Hedges of net investments in foreign operations

Hedges of net investments of foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under "Exchange differences on translating foreign operations" in the "Other components of equity". The gain or loss relating to the ineffective portion is recognized immediately in net income, and is included in the "Financial expenses" line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the "Exchange differences on translating foreign operations" are reclassified to net income on the disposal of the foreign operation.

2. BASIS OF PREPARATION (CONTINUED)

Fair value hedges of available-for-sale investments

Changes in the fair value of derivatives that are designated and qualify as fair value hedges of an available-for-sale investment are recognized in net income immediately, together with any changes in the fair value of the hedged available-for-sale investment that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in net income in the same line item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

F) **AMENDMENTS ADOPTED IN THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2015**

The following amendments to existing standards have been adopted by the Company on January 1, 2015:

- *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19, *Employee Benefits*) apply to contributions from employees or third parties to defined benefit plans, which objective is to simplify the accounting for contributions that are independent of the number of years of employee service.
- Annual improvements to IFRS (2010-2012 Cycle), which include among others:
    - Amendments to IFRS 8, *Operating Segments*, require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
    - Amendments to IFRS 13, *Fair Value Measurement*, ("IFRS 13") clarify that the issuance of IFRS 13 did not remove the ability to measure current receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.
- Annual improvements to IFRS (2011-2013 Cycle), which include among others:
    - Amendments to IFRS 3, *Business Combinations*, ("IFRS 3") clarify that the scope of IFRS 3 does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.
    - Amendments to IFRS 13, *Fair Value Measurement*, clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of IAS 39, *Financial Instruments: Recognition and Measurement*, even if those contracts do not meet the definition of financial assets or financial liabilities.

The adoption of the amendments listed above did not have any impact on the Company's financial statements.

G) **STANDARDS AND AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE**

The following amendments to the standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2016 and thereafter, with an earlier application permitted:

- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*): i) amendments to IAS 16, *Property, Plant and Equipment*, prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment; and ii) amendments to IAS 38, *Intangible Assets*, introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset, except in two limited circumstances.
- *Disclosure Initiative* (Amendments to IAS 1, *Presentation of Financial Statements*) comprises several narrow-scope amendments to improve presentation and disclosure requirements in existing standards.
- Annual Improvements to IFRS (2012-2014 Cycle):
    - Amendments to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, introduce guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued.

2. BASIS OF PREPARATION (CONTINUED)

- Amendments to IFRS 7, *Financial Instruments: Disclosure*, provide: i) additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets; and ii) guidance as to whether the disclosure requirements on offsetting financial assets and financial liabilities should be included in condensed interim financial statements.
- Amendments to IAS 19, *Employee Benefits*, clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid.
- Amendments to IAS 34, *Interim Financial Reporting*, ("IAS 34") clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The following amendments to the standard have been issued and are applicable to the Company for its annual periods beginning on January 1, 2017 and thereafter, with an earlier application permitted:

- *Disclosure Initiative* (Amendments to IAS 7, *Statement of Cash Flows*) require disclosures of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities.

The following standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2018 and thereafter, with an earlier application permitted:

- IFRS 9, *Financial Instruments*, covers mainly: i) the classification and measurement of financial assets and financial liabilities; ii) the new impairment model for the recognition of expected credit losses; and iii) the new hedge accounting model.
- IFRS 15, *Revenue from Contracts with Customers*, ("IFRS 15") outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede current revenue recognition guidance including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related Interpretations.

The following standard has been issued and is applicable to the Company for its annual periods beginning on January 1, 2019 and thereafter, with an earlier application permitted for entities that have also adopted IFRS 15:

- IFRS 16, *Leases*, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17, *Leases*, and its associated interpretative guidance.

The Company is currently evaluating the impact of adopting these amendments and standards on its financial statements.

In December 2015, the International Accounting Standards Board postponed the effective date of the following amendments to the standards indefinitely pending the outcome of its research project on the equity method of accounting:

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*).

3. SEGMENT DISCLOSURES

The following table presents revenues and EBIT according to the Company's segments:

	FOURTH QUARTER				YEAR ENDED DECEMBER 31			
	2015		2014 [1]		**2015**		2014 [1]	
	REVENUES	SEGMENT EBIT	REVENUES	SEGMENT EBIT	REVENUES	SEGMENT EBIT	REVENUES	SEGMENT EBIT
Mining & Metallurgy	**$ 127,049**	**$ 15,771**	$ 261,285	$ (41,206)	**$ 780,886**	**$ 73,135**	$ 971,781	$ 6,692
Oil & Gas [2]	**1,217,753**	**118,914**	1,049,437	(21,340)	**3,914,644**	**300,567**	1,730,075	(2,049)
Power	**502,886**	**31,172**	476,164	11,659	**1,784,821**	**116,399**	1,350,312	81,629
Infrastructure								
Infrastructure & Construction [3]	**497,428**	**10,467**	487,796	(123,415)	**1,847,676**	**(2,237)**	1,969,089	(128,840)
Operations & Maintenance	**245,181**	**15,021**	342,636	5,018	**1,035,481**	**54,421**	1,313,419	43,801
Sub-total - Infrastructure	**742,609**	**25,488**	830,432	(118,397)	**2,883,157**	**52,184**	3,282,508	(85,039)
E&C	**2,590,297**	**191,345**	2,617,318	(169,284)	**9,363,508**	**542,285**	7,334,676	1,233
Capital [2]	**55,990**	**49,030**	200,701	1,743,952	**223,446**	**368,423**	904,086	2,210,159
	$ 2,646,287	**240,375**	$ 2,818,019	1,574,668	**$ 9,586,954**	**910,708**	$ 8,238,762	2,211,392
Reversal of non-controlling interests before income taxes included above		**23,012**		951		**39,834**		1,501
Corporate selling, general and administrative expenses and others not allocated to the segments		**(72,237)**		(11,604)		**(199,026)**		(126,582)
Restructuring costs (Note 5A)		**(94,788)**		(94,025)		**(116,396)**		(109,859)
Acquisition-related costs and integration costs (Note 16)		**(340)**		(6,693)		**(19,574)**		(62,543)
Amortization of intangible assets related to Kentz acquisition		**(22,498)**		(24,173)		**(93,988)**		(36,472)
EBIT		**73,524**		1,439,124		**521,558**		1,877,437
Net financial expenses (Note 6)		**10,462**		32,104		**305**		219,808
Earnings before income taxes		**63,062**		1,407,020		**521,253**		1,657,629
Income taxes		**(5,507)**		260,043		**83,718**		323,042
Net income for the period		**$ 68,569**		$ 1,146,977		**$ 437,535**		$ 1,334,587
Net income attributable to:								
SNC-Lavalin shareholders		**$ 49,244**		$ 1,146,645		**$ 404,336**		$ 1,333,344
Non-controlling interests		**19,325**		332		**33,199**		1,243
Net income for the period		**$ 68,569**		$ 1,146,977		**$ 437,535**		$ 1,334,587

(1) Comparative figures have been revised to reflect a change made to the measure of profit or loss for the Company's reportable segments (see Note 2B) and a change made to the Company's internal reporting structure (see Note 2C).

(2) In 2014, impairment of investments related to two investments accounted for by the equity method, one in the Capital segment and one in the Oil & Gas segment. In 2014, the amount of impairment losses recognized was $19.1 million in the Capital segment and $9.4 million in the Oil & Gas segment (see Note 5B).

(3) In 2014, the negative sub-segment EBIT of $128.8 million was mainly due to legacy fixed-price contracts negatively impacting gross margin by a net amount of $112.4 million, mainly due to an additional loss and unfavourable cost reforecasts on certain major hospital projects. Further explaining the negative sub-segment EBIT in 2014 were additional costs on a mass transit project in Canada in the fourth quarter of 2014.

3. SEGMENT DISCLOSURES (CONTINUED)

The Company also discloses in the table below under "Supplementary Information" its net income (loss) from E&C, its dividends from 407 International Inc. ("Highway 407"), its net income from AltaLink, and its net income from other Capital investments, as this information may be useful in assessing the Company's value.

	FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	2015	2014 [1]	**2015**	2014 [1]
Supplementary information:				
Net income (loss) attributable to SNC-Lavalin shareholders from E&C	**$ 13,987**	$ (255,569)	**$ 95,834**	$ (300,515)
Net income (loss) attributable to SNC-Lavalin shareholders from Capital investments:				
From Highway 407	**31,452**	34,387	**125,807**	122,452
From AltaLink	**–**	48,780	**–**	175,552
From other Capital investments:				
From a net loss on disposal of Ovation (Note 4A)	**–**	–	**–**	(3,126)
From a net gain on disposal of Astoria (Note 4A)	**–**	16,664	**–**	16,664
From a net gain on disposal of AltaLink (Note 4A)	**–**	1,320,658	**–**	1,320,658
From a net gain on disposal of Ambatovy (Note 4A)	**–**	–	**145,719**	–
Excluding the net gains (loss) listed above [1]	**3,805**	(18,275)	**36,976**	1,659
Net income attributable to SNC-Lavalin shareholders for the period	**$ 49,244**	$ 1,146,645	**$ 404,336**	$ 1,333,344

(1) In 2014, the impairment loss of $19.1 million recognized in the Capital segment negatively impacted net income from other Capital investments (see note 5B).

4. CAPITAL INVESTMENTS

SNC-Lavalin makes investments in infrastructure concessions for public services such as airports, bridges, cultural and public service buildings, highways, mass transit systems, power and water treatment facilities.

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements,* ("IFRIC 12") are all accounted for under the financial asset model, except the Rayalseema Expressway Private Limited concession, which is accounted for under the intangible asset model, and the Société d'Exploitation de l'Aéroport de Mayotte S.A.S. concession, which is accounted for under the bifurcated model.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

A) ADDITIONS OF INVESTMENTS AND DECREASES IN OWNERSHIP INTERESTS IN INVESTMENTS

I) IN THE YEAR ENDED DECEMBER 31, 2015

SIGNATURE ON THE SAINT-LAURENT GROUP GENERAL PARTNERSHIP ("SSL")

In June 2015, the Company announced that the consortium SSL, of which SNC-Lavalin is a 50% partner, has finalized an agreement with the Government of Canada to design, build, finance and maintain the New Champlain Bridge Corridor project. SSL will operate and maintain the bridge for the duration of the concession period until 2049. The Company committed to invest in this Capital investment an amount of $43.1 million in equity.

SNC-Lavalin's investment in SSL is accounted for by the equity method.

CROSSLINX TRANSIT SOLUTIONS GENERAL PARTNERSHIP

In July 2015, the Company announced that the consortium Crosslinx Transit Solutions General Partnership, of which SNC-Lavalin is a 25% partner, has finalized an agreement on the Eglinton Crosstown Light Rail Transit project (the "Eglinton Crosstown") in Toronto, Canada. Under the project agreement, Crosslinx Transit Solutions General Partnership will provide the design, build, financing and 30-year maintenance and rehabilitation of the Eglinton Crosstown. The Company committed to invest in this Capital investment an amount of $24.9 million in equity.

SNC-Lavalin's investment in Crosslinx Transit Solutions General Partnership is accounted for by the equity method.

AMBATOVY NICKEL PROJECT ("AMBATOVY")

On September 21, 2015, the Ambatovy Nickel Project achieved financial completion. Accordingly, the project financing that was put in place to finance the construction of the project, for which SNC-Lavalin provided a US$105 million financial guarantee and a US$70 million cross-guarantee to the Ambatovy project's lenders, became non-recourse to all of the partners, including SNC-Lavalin. At the same time, the put/call arrangement (the "option") between SNC-Lavalin and two shareholders of Ambatovy became exercisable, allowing SNC-Lavalin to divest its 5% ownership interest in Ambatovy (the "investment") and the balance of its loans to a shareholder of Ambatovy (the "loans").

On September 30, 2015, the Company announced that it exercised its option. As such, SNC-Lavalin sold to one of Ambatovy shareholders its investment in Ambatovy and its loans for a cash consideration of US$449.7 million (CA$600.7 million).

<u>Net gain on disposal of Ambatovy</u>

YEAR ENDED DECEMBER 31	2015
Consideration received	$ 600,717
Carrying amount of the investment and loans	(425,367)
Disposition-related costs	(1,000)
Gain on disposal of Ambatovy	**174,350**
Income taxes	(28,631)
Net gain on disposal of Ambatovy	**$ 145,719**

4. CAPITAL INVESTMENTS (CONTINUED)

II) IN THE YEAR ENDED DECEMBER 31, 2014

INPOWER BC GENERAL PARTNERSHIP

In February 2014, the Company announced that InPower BC General Partnership, its wholly owned subsidiary, signed an agreement with BC Hydro to design, build, partially finance, maintain and rehabilitate the John Hart Generating Replacement Facility, in Canada, under a 20-year contract. The agreement stipulated that SNC-Lavalin will provide engineering and construction services, while the maintenance of the 132 MW generating station will be performed by a partnership between SNC-Lavalin and a third party.

The financing of the capital cost of the project came in part from a term credit facility and the issuance of long-term senior bonds, both non-recourse to SNC-Lavalin. The aggregate maximum principal amount of the term credit facility is $63.2 million. The term credit facility bears interest at a rate of: i) 4.15% up to 2019; and ii) CDOR plus 1.10% from 2019 to maturity in 2021. Senior bonds issued in the aggregate principal amount of $299.2 million bear interest at a rate of 4.471%, mature in 2033 and are presented as non-recourse long-term debt from Capital investments in the Company's consolidated statement of financial position. Upon issuance of senior bonds, an amount of $260.5 million was invested in deposit notes, maturing until 2017.

SNC-Lavalin's investment in InPower BC General Partnership is accounted for by the full consolidation method.

OVATION REAL ESTATE GROUP (QUEBEC) INC. ("OVATION")

On September 30, 2014, SNC-Lavalin sold its 100% ownership interest in Ovation which principal activity was to build, operate and maintain an acoustic concert hall in Montreal, Canada. SNC-Lavalin continues to provide operations and maintenance services for this acoustic concert hall to its new owner until 2038.

Net loss on disposal of Ovation

YEAR ENDED DECEMBER 31		2014
Consideration received	$	77,600
Net assets disposed of [(1)]		(76,257)
Cumulative loss on cash flow hedges reclassified from equity on loss of control of Ovation		(5,475)
Loss on disposal of Ovation		(4,132)
Income taxes		1,006
Net loss on disposal of Ovation	**$**	**(3,126)**

(1) As at September 30, 2014, net assets disposed of mainly included cash and cash equivalents of $2.8 million and receivables under a service concession arrangement of $74.1 million.

Net cash inflow on disposal of Ovation

YEAR ENDED DECEMBER 31		2014
Consideration received in cash	$	75,600
Less: cash and cash equivalents balances disposed of		(2,834)
Net cash inflow on disposal of Ovation	**$**	**72,766**

ASTORIA PROJECT PARTNERS LLC ("ASTORIA")

On October 15, 2014, SNC-Lavalin announced that it sold its 21% ownership interest in Astoria, the owner of the legal entity that owns and operates a gas-fired combined-cycle power plant in New York City. The total cash consideration received amounted to US$93.5 million (CA$104.9 million).

Net gain on disposal of Astoria

YEAR ENDED DECEMBER 31		2014
Consideration received	$	104,898
Carrying amount of the investment on loss of significant influence		(45,659)
Cumulative exchange gain on translating foreign operations reclassified from equity on loss of signifcant influence		4,557
Disposition-related costs and other		(2,745)
Gain on disposal of Astoria		61,051
Income taxes		(44,387)
Net gain on disposal of Astoria	**$**	**16,664**

4. CAPITAL INVESTMENT (CONTINUED)

ALTALINK HOLDINGS, L.P. ("AHLP" OR "ALTALINK")

On December 1, 2014, SNC-Lavalin sold its 100% ownership interest in AHLP, the parent company of AltaLink, L.P., the owner and operator of transmission lines and substations subject to rate regulation in Alberta, to Berkshire Hathaway Energy. The total cash consideration received amounted to $3.1 billion.

Net gain on disposal of AHLP

YEAR ENDED DECEMBER 31	2014
Consideration received	$ 3,090,939
Net assets disposed of	(1,418,132)
Cumulative loss on cash flow hedges reclassified from equity on loss of control of AHLP	(3,731)
Disposition-related costs and other	(110,637)
Gain on disposal of AHLP	1,558,439
Income taxes	(237,781)
Net gain on disposal of AHLP	**$ 1,320,658**

Net cash inflow on disposal of AHLP

YEAR ENDED DECEMBER 31	2014
Consideration received in cash	$ 3,090,939
Less: cash and cash equivalents balances disposed of	(17,290)
Net cash inflow on disposal of AHLP	**$ 3,073,649**

On December 1, 2014, major classes of assets and liabilities of AHLP disposed of were as follows:

	DECEMBER 1 2014
Cash and cash equivalents	$ 17,290
Restricted cash	2,419
Trade receivables, other current financial assets and other current assets	177,375
Property and equipment	6,835,472
Goodwill	203,786
Non-current financial assets	171,834
Other non-current assets	252,195
Assets disposed of	7,660,371
Trade payables, deferred revenues, other current financial liabilities and other current liabilities	688,362
Non-recourse short-term debt and current portion of non-recourse long-term debt	289,127
Non-recourse long-term debt	4,221,770
Other non-current financial liabilities	66,619
Provisions and other non-current liabilities	976,361
Liabilities disposed of	6,242,239
Net assets disposed of	**$ 1,418,132**

Gain on disposals of Capital investments before taxes

Following the dispositions of Ovation, Astoria and AHLP in the year ended December 31, 2014, the gain on disposals of Capital investments before taxes presented in the Company's consolidated income statement is as follows:

YEAR ENDED DECEMBER 31	2014
Loss on disposal of Ovation	$ (4,132)
Gain on disposal of Astoria	61,051
Gain on disposal of AHLP	1,558,439
Gain on disposals of Capital investments	**$ 1,615,358**

4. CAPITAL INVESTMENT (CONTINUED)

Net cash inflows on disposals of Capital investments

Following the dispositions of Ovation, Astoria and AHLP in the year ended December 31, 2014, the net cash inflows on disposals of Capital investments presented in the Company's consolidated statement of cash flows are as follows:

YEAR ENDED DECEMBER 31		2014
Net cash inflow on disposal of Ovation	$	74,766
Net cash inflow on disposal of AHLP		3,073,649
Net cash inflow on disposals of Capital investments accounted for by the full consolidation method	**$**	**3,148,415**
Net cash inflow on disposal of Astoria	$	104,898
Net cash inflow on disposal of a Capital investment accounted for by the equity method	**$**	**104,898**

B) NET BOOK VALUE OF CAPITAL INVESTMENTS

The Company's consolidated statement of financial position includes the following net assets (liabilities) from its fully consolidated Capital investments and net book value from its Capital investments accounted for by the equity and cost methods.

		DECEMBER 31 2015		DECEMBER 31 2014
Net assets (liabilities) from Capital investments accounted for by the full consolidation method	**$**	**(15,895)**	$	9,658
Net book value of Capital investments accounted for by the equity method [(1), (2)]		**419,525**		362,336
Net book value of Capital investments accounted for by the cost method		**48,331**		440,809
Total net book value of Capital investments	**$**	**451,961**	$	812,803

(1) Includes the Company's investment in Highway 407, for which the net book value was $nil as at December 31, 2015 and 2014.

(2) Includes the Company's subordinated loan receivable from a Capital investment of $109.3 million as at December 31, 2015 and 2014.

5. RESTRUCTURING COSTS AND IMPAIRMENT OF INVESTMENTS

	FOURTH QUARTER				YEAR ENDED DECEMBER 31			
		2015		2014		**2015**		2014
Restructuring costs	**$**	**94,788**	$	94,025	**$**	**116,396**	$	109,859
Impairment of investments	**$**	**–**	$	28,461	**$**	**–**	$	28,461

A) RESTRUCTURING COSTS

In 2014, the Company continued to restructure certain of its activities and, in November 2014, announced that it will take a number of steps to restructure and right-size certain areas of its business as it continues to execute its five-year strategic plan and to build a global Tier-1 engineering and construction firm. A total of $109.9 million of restructuring costs were incurred in 2014 (fourth quarter of 2014: $94.0 million).

In 2015, the Company extended its restructuring efforts by launching the "STEP Change" program. This program was designed to make the Company more agile customer-facing and allow the Company to further improve operational efficiency, including a realignment of its corporate and operating organization.

The Company incurred $116.4 million of restructuring costs in 2015 (fourth quarter of 2015: $94.8 million).

The restructuring costs recognized in 2015 and 2014 were mainly for severances, the disposal of certain activities and closure of certain offices.

5. RESTRUCTURING COSTS AND IMPAIRMENT OF INVESTMENTS (CONTINUED)

B) IMPAIRMENT OF INVESTMENTS

During the fourth quarter and the year ended December 31, 2014, SNC-Lavalin recognized impairment losses on two of its investments accounted for by the equity method, one included in the Capital segment and one included in the Oil & Gas segment, for a combined amount of $28.5 million. The events and circumstances that led to the recognition of impairment losses are mainly the deterioration of the expected return on these investments, in part due to a deteriorating economic environment of their respective country. The combined recoverable amount of the Company's investments was $3.3 million as at December 31, 2014, while the combined remaining cumulative exchange losses on translating foreign operations amounted to $17.5 million at the same date. The recoverable amounts were determined based on their value in use. The discount rates used in current estimates of value in use were 19.0% for the investment in the Capital segment and 16.4% for the investment in the Oil & Gas segment.

6. NET FINANCIAL EXPENSES

THREE MONTHS ENDED DECEMBER 31	2015			2014 (1)		
	FROM E&C	FROM CAPITAL INVESTMENTS	TOTAL	FROM E&C	FROM CAPITAL INVESTMENTS	TOTAL
Interest on debt:						
Recourse (2)	**$ 5,521**	**$ –**	**$ 5,521**	$ 34,889	$ –	$ 34,889
Non-recourse:						
AltaLink	**–**	**–**	**–**	–	35,280	35,280
Other	**–**	**6,796**	**6,796**	–	7,225	7,225
Other	**9,093**	**447**	**9,540**	1,469	(1,079)	390
Financial expenses	**14,614**	**7,243**	**21,857**	36,358	41,426	77,784
Financial income	**(4,924)**	**(3,494)**	**(8,418)**	(1,793)	(6,907)	(8,700)
Net foreign exchange gains	**(2,977)**	**-**	**(2,977)**	(30,173)	(6,807)	(36,980)
Financial income and net foreign exchange gains	**(7,901)**	**(3,494)**	**(11,395)**	(31,966)	(13,714)	(45,680)
Net financial expenses	**$ 6,713**	**$ 3,749**	**$ 10,462**	$ 4,392	$ 27,712	$ 32,104

YEAR ENDED DECEMBER 31	2015			2014 (1)		
	FROM E&C	FROM CAPITAL INVESTMENTS	TOTAL	FROM E&C	FROM CAPITAL INVESTMENTS	TOTAL
Interest on debt:						
Recourse (2)	**$ 24,857**	**$ –**	**$ 24,857**	$ 59,222	$ –	$ 59,222
Non-recourse:						
AltaLink	**–**	**–**	**–**	–	178,173	178,173
Other	**–**	**26,832**	**26,832**	–	25,128	25,128
Other	**22,742**	**720**	**23,462**	15,044	2,913	17,957
Financial expenses	**47,599**	**27,552**	**75,151**	74,266	206,214	280,480
Financial income	**(12,377)**	**(19,614)**	**(31,991)**	(6,620)	(16,168)	(22,788)
Net foreign exchange losses (gains)	**(42,915)**	**60**	**(42,855)**	(28,710)	(9,174)	(37,884)
Financial income and net foreign exchange losses (gains)	**(55,292)**	**(19,554)**	**(74,846)**	(35,330)	(25,342)	(60,672)
Net financial expenses (income)	**$ (7,693)**	**$ 7,998**	**$ 305**	$ 38,936	$ 180,872	$ 219,808

(1) In 2015, the Company has made a retrospective change to the presentation of its net financial expenses note to the consolidated financial statements and comparative figures were reclassified for the net foreign exchange losses (gains), to provide details on this element.

(2) In the fourth quarter of 2014 and in the year ended December 31, 2014, financial expenses included $24.9 million and $37.4 million, respectively, of financing costs related to the acquisition of Kentz by the Company.

7. SHARE-BASED PAYMENTS

A) STOCK OPTIONS

The reversal of the stock option compensation cost recorded in the fourth quarter of 2015 was $1.0 million (2014: $0.3 million). The reversal of the stock option compensation cost recorded in the year ended December 31, 2015 was $0.2 million (2014: stock option compensation cost of $3.6 million).

For the fourth quarters of 2015 and 2014 and for the years ended December 31, 2015 and 2014, no stock options were granted to employees.

As at December 31, 2015, 1,935,285 stock options were outstanding (2014: 3,179,369 stock options), while 3,200,000 stock options remained available for future grants under the Company's 2013 Stock Option Plan (2014: 2,865,402 stock options).

B) SHARE UNITS

The table below presents the number of granted share units and the weighted average fair value per granted share unit for the years ended December 31, 2015 and 2014:

YEAR ENDED DECEMBER 31	**2015**		2014	
	NUMBER OF GRANTED SHARE UNITS	WEIGHTED AVERAGE FAIR VALUE PER SHARE UNIT (IN DOLLARS)	NUMBER OF GRANTED SHARE UNITS	WEIGHTED AVERAGE FAIR VALUE PER SHARE UNIT (IN DOLLARS)
2014 PSU plan	**515,727**	**$ 40.87**	237,965	$ 47.04
2009 DSU plan	**23,288**	**$ 39.84**	63,651	$ 46.91
RSU plan	**656,101**	**$ 41.34**	377,538	$ 46.70
DSU plan	**29,796**	**$ 41.38**	28,270	$ 49.96

The compensation expense recorded in the fourth quarter ended December 31, 2015 related to the share unit plans was $4.5 million (2014: reversal of the compensation expense of $3.7 million). The compensation expense recorded in the year ended December 31, 2015 related to the share unit plans was $21.8 million (2014: $13.6 million).

8. WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES

The weighted average number of outstanding shares for the fourth quarters and the years ended December 31, 2015 and 2014 used to calculate the basic and diluted earnings per share were as follows:

(IN THOUSANDS)	FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	2015	2014	**2015**	2014
Weighted average number of outstanding shares - basic	**149,769**	152,463	**150,918**	152,218
Dilutive effect of stock options	**64**	166	**70**	387
Weighted average number of outstanding shares - diluted	**149,833**	152,629	**150,988**	152,605

In the fourth quarter and year ended December 31, 2015, 687,763 outstanding stock options (2014: 1,369,512 outstanding stock options) have not been included in the computation of diluted earnings per share because they were anti-dilutive.

9. DIVIDENDS

During the year ended December 31, 2015, the Company recognized as distributions to its equity shareholders dividends of $150.9 million or $1.00 per share (2014: $146.2 million or $0.96 per share).

YEAR ENDED DECEMBER 31	**2015**	2014
Dividends payable at January 1	**$ –**	$ –
Dividends declared during the year ended December 31	**150,863**	146,182
Dividends paid during the year ended December 31	**(150,863)**	(146,182)
Dividends payable at December 31	**$ –**	$ –

10. REDEMPTION OF SHARES

In the second quarter of 2015, the Company announced that it has received the required regulatory approval to proceed with its normal course issuer bid renewal to purchase, for cancellation, on the open market, up to 13,287,774 of its common shares commencing June 5, 2015 and ending June 4, 2016. In 2014, the number of common shares subject to the issuer bid was 3,000,000 common shares.

In 2015, the Company repurchased and cancelled 2,803,900 common shares under its current and previously authorized normal course issuer bid resulting in cash outflows of $121.8 million. There were no redemptions of shares in 2014.

11. OTHER COMPONENTS OF EQUITY

The Company has the following elements, net of income taxes, within its other components of equity at December 31, 2015 and 2014:

		DECEMBER 31 2015		DECEMBER 31 2014 [1]
Exchange differences on translating foreign operations	**$**	**472,355**	$	28,024
Available-for-sale financial assets		**1,768**		645
Cash flow hedges		**10,036**		4,244
Share of other comprehensive loss of investments accounted for by the equity method		**(44,146)**		(35,634)
Other components of equity	**$**	**440,013**	$	(2,721)

[1] See Note 16B for explanations relating to revised comparative figures.

- Exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company’s foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on the hedging instrument relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- Available-for-sale financial assets component arises upon the revaluation of available-for-sale financial assets. When a revalued financial asset is sold, the portion of the component that relates to that financial asset, and is effectively realized, is recognized in net income. When a revaluated financial asset is impaired, the portion of the component that relates to that financial asset is recognized in net income.
- Cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.
- Share of other comprehensive income (loss) of investments accounted for by the equity method component represents the Company’s share of the other comprehensive income (loss) from its investments accounted for by the equity method.

11. OTHER COMPONENTS OF EQUITY (CONTINUED)

The following table provides a reconciliation of each element of other components of equity for the fourth quarters and the years ended December 31, 2015 and 2014:

	FOURTH QUARTER 2015	FOURTH QUARTER 2014 [1]	YEAR ENDED DECEMBER 31 2015	YEAR ENDED DECEMBER 31 2014 [1]
Exchange differences on translating foreign operations:				
Balance at beginning of period	**$ 318,595**	$ (40,578)	**$ 28,024**	$ (47,063)
Current period gains [1]	**157,358**	67,554	**452,243**	74,039
Reclassification to net income	**-**	1,048	**-**	1,048
Net investment hedge - current period losses	**(4,922)**	–	**(10,823)**	–
Income taxes relating to current period losses	**1,324**	–	**2,911**	–
Balance at end of period	**472,355**	28,024	**472,355**	28,024
Available-for-sale financial assets:				
Balance at beginning of period	**2,311**	1,508	**645**	2,605
Current period gains (losses) [2]	**926**	(444)	**6,830**	(1,858)
Income taxes relating to current period gains (losses)	**444**	404	**(61)**	1,511
Reclassification to net income [2]	**(1,913)**	(951)	**(6,000)**	(1,864)
Income taxes relating to amounts reclassified to net income	**–**	128	**354**	251
Balance at end of period	**1,768**	645	**1,768**	645
Cash flow hedges:				
Balance at beginning of period	**19,187**	(7,812)	**4,244**	(2,375)
Current period losses	**(3,311)**	(6,815)	**(31,580)**	(21,331)
Income tax relating to current period losses	**(814)**	1,626	**6,663**	5,354
Reclassification to net income	**(215)**	21,967	**45,992**	29,296
Income taxes relating to amounts reclassified to net income	**(4,811)**	(4,722)	**(15,283)**	(6,700)
Balance at end of period	**10,036**	4,244	**10,036**	4,244
Share of other comprehensive income (loss) of investments accounted for by the equity method:				
Balance at beginning of period	**(44,247)**	(34,484)	**(35,634)**	(24,142)
Current period share	**(1,678)**	(3,530)	**(19,135)**	(27,292)
Income taxes relating to current period share	**444**	813	**5,201**	7,299
Reclassification to net income	**1,819**	2,173	**7,388**	11,649
Income taxes relating to amounts reclassified to net income	**(484)**	(606)	**(1,966)**	(3,148)
Balance at end of period	**(44,146)**	(35,634)	**(44,146)**	(35,634)
Other components of equity	**$ 440,013**	$ (2,721)	**$ 440,013**	$ (2,721)

(1) See Note 16B for explanations relating to revised figures.

(2) For the fourth quarter and year ended December 31, 2015, the loss arising on derivatives designated as hedging instruments in fair value hedges amounted to \$0.5 million and \$3.4 million, respectively, and the gain arising on adjustment for hedged item attributable to hedged risk in a designated fair value hedge accounting relationship amounted to \$0.5 million and \$3.4 million, respectively.

ACTUARIAL GAINS AND LOSSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME

The following tables provide a reconciliation of actuarial gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the fourth quarters and the years ended December 31, 2015 and 2014:

THREE MONTHS ENDED DECEMBER 31	2015			2014		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of period	**$ (25,677)**	**$ 5,436**	**$ (20,241)**	$ (41,063)	$ 9,078	$ (31,985)
Gains (losses) recognized during the period	**(7,842)**	**805**	**(7,037)**	7,885	(2,675)	5,210
Cumulative amount at end of period	**$ (33,519)**	**$ 6,241**	**$ (27,278)**	$ (33,178)	$ 6,403	$ (26,775)

YEAR ENDED DECEMBER 31	2015			2014		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at January 1	**$ (33,178)**	**$ 6,403**	**$ (26,775)**	$ (24,377)	$ 6,354	$ (18,023)
Losses recognized during the year	**(341)**	**(162)**	**(503)**	(8,801)	49	(8,752)
Cumulative amount at December 31	**$ (33,519)**	**$ 6,241**	**$ (27,278)**	$ (33,178)	$ 6,403	$ (26,775)

12. STATEMENTS OF CASH FLOWS

A) ADJUSTMENTS

The following table presents the adjustments to reconcile net income to cash flows from operating activities presented in the statements of cash flows:

	FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	2015	2014 [1]	**2015**	2014 [1]
Depreciation of property and equipment and amortization of other non-current assets from E&C	**$ 53,543**	$ 49,450	**$ 162,419**	$ 113,722
Depreciation of property and equipment and amortization of other non-current assets from Capital investments	**–**	–	**–**	53,513
Income taxes recognized in net income	**(5,507)**	260,043	**83,718**	323,042
Net financial expenses recognized in net income (Note 6)	**10,462**	32,104	**305**	219,808
Share-based expense (Note 7)	**3,519**	(4,125)	**21,625**	17,117
Income from Capital investments accounted for by the equity method	**(42,167)**	(42,964)	**(157,082)**	(171,446)
Dividends and distributions received from Capital investments accounted for by the equity method	**54,863**	37,011	**157,070**	158,675
Net change in provisions related to forecasted losses on certain contracts	**20,037**	23,827	**(24,717)**	(21,907)
Gain on disposals of Capital investments (Note 4A)	**–**	(1,619,490)	**(174,350)**	(1,615,358)
Remeasurement of a foreign exchange hedge (Note 16)	**–**	–	**–**	34,697
Impairment of investments (Note 5B)	**–**	28,461	**–**	28,461
Restructuring costs recognized in net income (Note 5A)	**94,788**	94,025	**116,396**	109,859
Restructuring costs paid	**(44,942)**	(10,692)	**(78,747)**	(29,004)
Other	**(7,963)**	(16,671)	**(39,549)**	(34,633)
Adjustments	**$ 136,633**	$ (1,169,021)	**$ 67,088**	$ (813,454)

[1] See Note 2C for explanations relating to revised comparative figures.

B) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

	FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	2015	2014	**2015**	2014
Decrease (increase) in trade receivables	**$ (92,069)**	$ 304,009	**$ 118,395**	$ 288,398
Decrease (increase) in contracts in progress	**(84,103)**	65,266	**(86,120)**	73,704
Decrease (increase) in inventories	**24,158**	6,136	**(27,033)**	6,136
Decrease (increase) in other current financial assets	**55,128**	181,483	**(81,605)**	151,482
Increase in other current non-financial assets	**(34,730)**	(28,923)	**(18,435)**	(11,370)
Increase (decrease) in trade payables	**204,694**	56,202	**(112,098)**	(480,769)
Increase (decrease) in downpayments on contracts	**(12,168)**	29,148	**(86,575)**	20,811
Increase (decrease) in deferred revenues	**21,452**	(11,131)	**(191,954)**	21,427
Increase (decrease) in other current financial liabilities	**(30,209)**	10,182	**(80,049)**	57,706
Increase (decrease) in other current non-financial liabilities	**1,528**	(35,803)	**(78,710)**	(29,564)
Net change in non-cash working capital items	**$ 53,681**	$ 576,569	**$ (644,184)**	$ 97,961

13. RELATED PARTY TRANSACTIONS

In the normal course of its operations, SNC-Lavalin enters into transactions with certain of its Capital investments. Investments in which SNC-Lavalin has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Consistent with IFRS, intragroup profits generated from revenues with Capital investments accounted for by the equity or full consolidation methods are eliminated in the period they occur, except when such profits are deemed to have been realized by the Capital investments. Profits generated from transactions with Capital investments accounted for by the cost method are not eliminated.

The accounting treatment of intragroup profits is summarized below:

CAPITAL INVESTMENT	ACCOUNTING METHOD	ACCOUNTING TREATMENT OF INTRAGROUP PROFITS
AltaLink [1]	Full consolidation method	Not eliminated upon consolidation in the period they occur, as they were considered realized by AltaLink via legislation applied by an independent governmental regulatory body.
Capital investments accounted for under IFRIC 12	Full consolidation method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
	Equity method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
Others	Equity method	Eliminated in the period they occur, as a reduction of the underlying asset and subsequently recognized over the depreciation period of the corresponding asset.
	Cost method	Not eliminated, in accordance with IFRS.

(1) Up until December 1, 2014, which is the effective disposal date of AltaLink, AltaLink was a subsidiary of the Company.

For the fourth quarter and the year ended December 31, 2015, SNC-Lavalin recognized revenues of $224.0 million (2014: $144.6 million) and $733.9 million (2014: $607.8 million), respectively, from contracts with Capital investments accounted for by the equity method. SNC-Lavalin also recognized its share of net income from these Capital investments accounted for by the equity method of $42.2 million for the fourth quarter of 2015 (2014: $43.0 million) and $157.1 million for year ended December 31, 2015 (2014: $171.4 million), respectively. Intragroup revenues generated from transactions with AltaLink, which amounted to $289.0 million in the period from October 1, 2014 to December 1, 2014 and $1,290.7 million in the period from January 1, 2014 to December 1, 2014, were eliminated upon consolidation, while profits from those transactions were not eliminated. Following the disposal of AltaLink, revenues generated from transactions with AltaLink that were realized after December 1, 2014 are recognized by the Company in its consolidated income statement.

SNC-Lavalin's trade receivables from Capital investments accounted for by the equity method amounted to $65.4 million as at December 31, 2015 (2014: $60.7 million). SNC-Lavalin's other current financial assets receivable from these Capital investments accounted for by the equity method amounted to $94.2 million as at December 31, 2015 (2014: $96.4 million). SNC-Lavalin's remaining commitment to invest in these Capital investments accounted for by the equity method was $113.9 million at December 31, 2015 (2014: $45.9 million).

All of these related party transactions are measured at fair value.

14. SHORT-TERM DEBT

In the year ended December 31, 2015, the Company withdrew and repaid cash under its credit facility as follows:

YEAR ENDED DECEMBER 31		2015
Balance at January 1, 2015	$	**–**
Increase during the year		**430,000**
Repayment during the year		**(430,000)**
Balance at December 31, 2015	**$**	**–**

In the second quarter of 2015, the Company's credit facility was amended to extend its maturity from August 2017 to August 2018.

15. FINANCIAL INSTRUMENTS

The following tables present the carrying value of financial assets held by SNC-Lavalin at December 31, 2015 and December 31, 2014 by category and classification, with the corresponding fair value, when available:

AT DECEMBER 31	2015					
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY					
	FVTPL [1]	AVAILABLE-FOR-SALE	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	**$ 1,581,834**	**$ –**	**$ –**	**$ –**	**$ 1,581,834**	**$ 1,581,834**
Restricted cash	**38,964**	**–**	**–**	**–**	**38,964**	**38,964**
Trade receivables	**–**	**–**	**1,200,890**	**–**	**1,200,890**	**1,200,890**
Other current financial assets	**–**	**–**	**899,128**	**9,742**	**908,870**	**911,004**
Capital investments accounted for by the equity method	**–**	**–**	**109,306**	**–**	**109,306**	**109,306**
Capital investments accounted for by the cost method [2]	**–**	**47,717**	**614**	**–**	**48,331**	**See [2]**
Non-current potion of receivables under service concession arrangements [3]	**–**	**–**	**291,858**	**–**	**291,858**	**327,619**
Other non-current financial assets [3]	**6,825**	**–**	**67,239**	**–**	**74,064**	**74,064**
Total	**$ 1,627,623**	**$ 47,717**	**$ 2,569,035**	**$ 9,742**	**$ 4,254,117**	

AT DECEMBER 31	2014 [4]					
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY					
	FVTPL [1]	AVAILABLE-FOR-SALE	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	$ 1,702,205	$ –	$ –	$ –	$ 1,702,205	$ 1,702,205
Restricted cash	27,503	–	–	–	27,503	27,503
Trade receivables	–	–	1,251,207	–	1,251,207	1,251,207
Other current financial assets	53,624	–	787,329	3,774	844,727	844,727
Capital investments accounted for by the equity method	–	–	109,306	–	109,306	109,306
Capital investments accounted for by the cost method [2]	–	347,494	93,315	–	440,809	See [2]
Non-current potion of receivables under service concession arrangements [3]	–	–	250,769	–	250,769	275,720
Other non-current financial assets [3]	11,381	8,585	137,497	–	157,463	157,463
Total	$ 1,794,713	$ 356,079	$ 2,629,423	$ 3,774	$ 4,783,989	

(1) Fair value through profit or loss ("FVTPL").

(2) These available-for-sale financial assets represent mainly equity instruments that do not have a quoted market price in an active market.

(3) For non-current portion of receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

(4) Revised (see Note 16B).

15. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value of financial liabilities held by SNC-Lavalin at December 31, 2015 and December 31, 2014 by category and classification, with the corresponding fair value, when available:

AT DECEMBER 31	2015			
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY			
	DERIVATIVES USED FOR HEDGES	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Trade payables	**$ –**	**$ 2,330,538**	**$ 2,330,538**	**$ 2,330,538**
Downpayments on contracts	**–**	**185,813**	**185,813**	**185,813**
Other current financial liabilities	**92,503**	**301,845**	**394,348**	**394,348**
Advances under contract financing arrangements (1)	**–**	**394,144**	**394,144**	**397,024**
Provisions	**–**	**93,057**	**93,057**	**93,057**
Short-term debt and long-term debt (2)	**–**	**883,144**	**883,144**	**977,513**
Other non-current financial liabilities	**2,857**	**4,040**	**6,897**	**6,897**
Total	**$ 95,360**	**$ 4,192,581**	**$ 4,287,941**	

AT DECEMBER 31	2014 (3)			
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY			
	DERIVATIVES USED FOR HEDGES	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Trade payables	$ –	$ 2,329,172	$ 2,329,172	$ 2,329,172
Downpayments on contracts	–	249,521	249,521	249,521
Other current financial liabilities	24,070	330,422	354,492	354,492
Advances under contract financing arrangements (1)	–	319,321	319,321	325,988
Provisions	–	65,587	65,587	65,587
Short-term debt and long-term debt (2)	–	887,366	887,366	999,925
Other non-current financial liabilities	3,187	6,270	9,457	9,457
Total	$ 27,257	$ 4,187,659	$ 4,214,916	

(1) The fair value of the advances under contract financing arrangements was determined using the market approach, which uses prices and other relevant information generated by market transactions involving similar or comparable liabilities.

(2) The fair value of short-term debt and long-term debt classified in the "other financial liabilities" category was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to SNC-Lavalin or to the Capital investments, depending on which entity has issued the debt instrument, for debt with the similar terms and conditions.

(3) Revised (see Note 16B).

For the years ended December 31, 2015 and 2014, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

16. KENTZ CORPORATION LIMITED ("KENTZ")

On August 22, 2014, the Company completed its acquisition of 100% of the voting shares of Kentz, a leading global engineering specialist which provides high-quality engineering, procurement and construction, construction management and technical support services to clients in the oil and gas sector. Kentz includes Valerus Field Solutions, a US-based integrated oil and gas surface facility solutions provider, acquired by Kentz on January 3, 2014.

To finance this acquisition, SNC-Lavalin entered in June 2014 into a recourse non-revolving acquisition credit agreement (the "Acquisition Facility") for an aggregate amount of $2,750 million comprised of the following: i) an asset sale bridge facility of $2,550 million, maturing the latest in December 2015; and ii) a term facility of $200 million, maturing the latest in June 2016. Amounts drawn under the asset sale bridge facility and term facility bore interest at variable rates plus an applicable margin. Under the terms of the Acquisition Facility, SNC-Lavalin had to make a mandatory prepayment on the outstanding balance of borrowings under the Acquisition Facility upon the receipt by SNC-Lavalin of net proceeds from disposition of certain of its Capital investments, including AltaLink. The Acquisition Facility was to be used solely to fund the acquisition of Kentz and its related indebtedness, fees and expenses.

16. KENTZ CORPORATION LIMITED ("KENTZ") (CONTINUED)

The Acquisition Facility was committed and subject to affirmative, negative and financial covenants, including a requirement to maintain at all times, on a rolling 12-month basis, a net recourse debt (excluding borrowings made under the asset sale bridge facility) to adjusted earnings before interest, taxes, depreciation and amortization ratio, as defined in the Acquisition Facility, not exceeding a certain limit. The financial covenants of the Company's unsecured revolving credit agreement (the "Facility") were modified to exclude borrowings made under the asset sale bridge facility from the definition of net recourse debt.

In case of an event of default, the Acquisition Facility was subject to customary accelerated repayment terms.

In December 2014, following the disposition of AltaLink, the Company repaid in full the outstanding balance of the Acquisition Facility, which was cancelled at the same time.

In addition, in June 2014, in relation with the agreement to acquire Kentz, SNC-Lavalin entered into a foreign exchange hedge to hedge the foreign exchange exposure of the transaction. This hedge was classified as a derivative used for cash flow hedges and was measured at its fair value with gains and losses arising from periodic remeasurements and not qualifying for hedge accounting being recognized in net income and included in "Acquisition-related costs and integration costs" in the Company's consolidated income statement. For the fourth quarters and the years ended December 31, 2015 and 2014, the acquisition-related costs and integration costs were as follows:

	FOURTH QUARTER		YEAR ENDED DECEMBER 31	
	2015	2014	**2015**	2014
Remeasurement of a foreign exchange hedge	**$ –**	$ –	**$ –**	$ 34,697
Professional fees and other related costs	**340**	6,693	**19,574**	27,846
Acquisition-related costs and integration costs	**$ 340**	$ 6,693	**$ 19,574**	$ 62,543

A) FINAL ALLOCATION OF PURCHASE PRICE

In the third quarter of 2015, the Company finalized the preliminary allocation of purchase price and has retrospectively revised the impact of changes to the preliminary allocation of purchase price. However, since the effect on net income from adjustments made in 2015 was not material to the periods subsequent to the acquisition date and prior to December 31, 2014, the cumulative adjustment to earnings was accounted for in the three-month period ended September 30, 2015.

AT AUGUST 22, 2014	PRELIMINARY ALLOCATION OF PURCHASE PRICE	NOTE	ADJUSTMENTS (1)	FINAL ALLOCATION OF PURCHASE PRICE
Cash and cash equivalents	$ 310,605		$ –	$ 310,605
Trade receivables	479,590	A	(96,817)	382,773
Contracts in progress	189,405	A	(10,220)	179,185
Other current assets	210,130	A	(4,037)	206,093
Other non-current assets	110,840	A	34,464	145,304
Intangible assets (2)	–	B	331,056	331,056
Trade payables and other current liabilities	(885,960)	C	(380,768)	(1,266,728)
Short-term debt	(495,175)		–	(495,175)
Non-current liabilities and non-controlling interests	(104,272)	D	(2,349)	(106,621)
Net identifiable liabilities of business acquired	(184,837)		(128,671)	(313,508)
Goodwill and other intangible assets (2), (3)	2,258,433		128,671	2,387,104
Total purchase price	**$ 2,073,596**		**$ –**	**$ 2,073,596**

(1) Adjustments include presentation reclassifications.

(2) The goodwill amount determined according to the preliminary allocation of purchase price included identifiable intangible assets, which are now presented separately under "Intangible assets related to Kentz acquisition" in the final allocation of purchase price.

(3) Goodwill represents the excess of the cost of acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as revenue backlog, customer relationships and trademarks. The total amount of goodwill that is expected to be deductible for tax purposes is $397.1 million.

16. KENTZ CORPORATION LIMITED ("KENTZ") (CONTINUED)

The total purchase price related to the acquisition of Kentz included in the consolidated statement of cash flows is as follows:

YEAR ENDED DECEMBER 31		2014
Total purchase price as per above	$	2,073,596
Less: Cash and cash equivalents at acquisition as per above		310,605
Total purchase price, net of cash and cash equivalents at acquisition, included in the consolidated statement of cash flows	**$**	**1,762,991**

The main adjustments made to the preliminary allocation of purchase price and to the consolidated statement of financial position as at December 31, 2014, as presented in Note 16B, are as follows:

A. Project-related assets

The Company adjusted the initial value of project-related assets, such as trade receivables and contracts in progress, to reflect new information obtained about facts and circumstances that existed at the date of acquisition related to these projects.

B. Intangible assets

The Company has determined the fair value of identifiable intangible assets acquired.

C. Trade payables and other current liabilities

The Company adjusted the initial value allocated to certain trade payables and other current liabilities, mainly on project-related liabilities and on the short-term portion of certain provisions existing at the date of acquisition.

D. Non-current liabilities and non-controlling interests

This adjustment mainly represents the impact on deferred income tax liability from adjustments discussed above, as well as adjustments made to the fair value of certain provisions existing at the date of acquisition.

B) IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

The following represents the revised consolidated statement of financial position as at December 31, 2014 which reflects the final purchase price allocation adjustments and the related additional reclassifications applied to the consolidated statement of financial position as at December 31, 2014.

AT DECEMBER 31, 2014	AS ORIGINALLY REPORTED	NOTE [1]	FINAL PURCHASE PRICE ADJUSTMENTS AND RECLASSIFICATIONS	REVISED
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,702,205		$ –	$ 1,702,205
Restricted cash	27,503		–	27,503
Trade receivables	1,254,360	A	(3,153)	1,251,207
Contracts in progress	836,593	A	8,206	844,799
Inventories	111,374	A	(9,603)	101,771
Other current financial assets	844,727		–	844,727
Other current non-financial assets	274,130	A	(2,550)	271,580
Total current assets	5,050,892		(7,100)	5,043,792
Property and equipment	246,098		–	246,098
Capital investments accounted for by the equity method	362,336		–	362,336
Capital investments accounted for by the cost method	440,809		–	440,809
Goodwill	2,706,068		189,311	2,895,379
Intangible assets related to Kentz acquisition	301,071	B	9,951	311,022
Deferred income tax asset	395,987	D	23,652	419,639
Non-current portion of receivables under service concession arrangements	250,769		–	250,769
Other non-current financial assets	157,463		–	157,463
Other non-current non-financial assets	99,848		–	99,848
Total assets	$ 10,011,341		$ 215,814	$ 10,227,155
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	$ 2,372,489	C	$ (43,317)	$ 2,329,172
Downpayments on contracts	249,521		–	249,521
Deferred revenues	1,149,653	C	46,620	1,196,273
Other current financial liabilities	354,492		–	354,492
Other current non-financial liabilities	485,429	C	117,722	603,151
Advances under contract financing arrangements	319,321		–	319,321
Current portion of provisions	256,392	C	93,092	349,484
Short-term debt and current portion of long-term debt:				
Non-recourse from Capital investments	7,750		–	7,750
Total current liabilities	5,195,047		214,117	5,409,164
Long-term debt:				
Recourse	348,932		–	348,932
Non-recourse from Capital investments	530,684		–	530,684
Other non-current financial liabilities	9,457		–	9,457
Non-current portion of provisions	341,268		–	341,268
Other non-current non-financial liabilities	3,702		–	3,702
Deferred income tax liability	265,541	D	(6,479)	259,062
Total liabilities	6,694,631		207,638	6,902,269
Equity				
Share capital	531,460		–	531,460
Retained earnings	2,785,067		–	2,785,067
Other components of equity	(10,897)		8,176	(2,721)
Equity attributable to SNC-Lavalin shareholders	3,305,630		8,176	3,313,806
Non-controlling interests	11,080		–	11,080
Total equity	3,316,710		8,176	3,324,886
Total liabilities and equity	$ 10,011,341		$ 215,814	$ 10,227,155

[1] See Note 16A for explanations relating to adjustments and presentation reclassifications.

17. CONTINGENT LIABILITIES

A) ONGOING INVESTIGATIONS

In February 2012, the Board of Directors initiated an independent investigation (the "Independent Review"), led by its Audit Committee, of the facts and circumstances surrounding certain payments that were documented (under certain agreements presumed to be agency agreements) to construction projects to which they did not relate, and certain other contracts. On March 26, 2012, the Company announced the results of the Independent Review and related findings and recommendations of the Audit Committee to the Board of Directors and provided information to the appropriate authorities. The Company understands that investigations by law enforcement and securities regulatory authorities remain ongoing in connection with this information, which are described in greater detail below. The Company also continues to review compliance matters (including matters beyond the scope of the Independent Review), including to assess whether amounts may, directly or indirectly, have been improperly paid to persons owing fiduciary duties to the Company, and as additional information, if any, arises as a result thereof, the Company will continue to investigate and review such information as it has in the past.

Charges and RCMP Investigations

On February 19, 2015, the Royal Canadian Mounted Police (the "RCMP") and the Public Prosecution Service of Canada laid charges against the Company and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. Each entity has been charged with one count of fraud under section 380 of the Criminal Code (Canada) (the "Criminal Code") and one count of corruption under Section 3(1)(b) of the Corruption of Foreign Public Officials Act (Canada) (the "CFPOA"), (the "Charges"). These Charges follow the RCMP's formal investigation (including in connection with the search warrant executed by the RCMP at the Company on April 13, 2012) into whether improper payments were made or offered, directly or indirectly, to be made, to a government official of Libya to influence the award of certain engineering and construction contracts between 2001 and 2011. This investigation, referred to as Project Assistance by the RCMP, also led to criminal charges being laid against two former employees of the Company. The Company understands that the charges laid against one or both of these former employees include bribery under the CFPOA, fraud, laundering the proceeds of crime and possession of property obtained by crime under the Criminal Code, and contravention of the *Regulations Implementing the United Nations Resolutions on Libya* in Canada. Due to the inherent uncertainties of these proceedings, it is not possible to predict the final outcome of the Charges, which could possibly result in a conviction on one or more of the Charges. The Company cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Company's customers or other third parties as a result of the Charges, or whether additional charges may be brought in connection with the RCMP investigation of these matters.

The RCMP is also conducting a formal investigation into whether improper payments were made or offered to government officials in Bangladesh to influence the award of a proposed construction supervision consulting contract to a subsidiary of the Company in violation of the CFPOA and its involvement in projects in certain North African countries (the "RCMP Investigation"). This investigation has led to criminal charges being laid against three former employees of a subsidiary of the Company pursuant to the anti-bribery provisions of the CFPOA. Although, to date, the Company has not been charged in connection with the subject matter of this RCMP Investigation, it may result in criminal charges being laid against the Company and/or certain of its subsidiaries under the CFPOA and could result in a conviction on one or more of such charges.

The Charges and the RCMP Investigation and potential outcomes thereof, and any negative publicity associated therewith, could adversely affect the Company's business, results of operations and reputation and could subject the Company to sanctions, fines and other penalties, some of which may be significant. In addition, potential consequences of the Charges and/or the RCMP Investigation could include, in respect of the Company or one or more of its subsidiaries, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain governments (such as the Government of Canada and/or Canadian provincial governments) or by certain administrative organizations under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual global revenue (and an even larger percentage of its annual Canadian revenue) from government and government-related contracts. As a result, suspension, prohibition or debarment, whether discretionary or mandatory, from participating in certain government and government-related contracts (in Canada, Canadian provinces or elsewhere) would have a material adverse effect on the Company's business, financial condition and liquidity and the market prices of the Company's publicly traded securities.

17. CONTINGENT LIABILITIES (CONTINUED)

AMF Investigation; AMF Certification under the Quebec Act Respecting Contracting by Public Bodies

The Company understands that there is an ongoing investigation being conducted in the context of applicable securities laws and regulations by the securities regulator in the Province of Quebec, the Autorité des marchés financiers (the "AMF").

In addition, as announced on February 5, 2014, certain subsidiaries of the Company obtained the requisite certification from the AMF to contract with public bodies in the Province of Quebec, as required pursuant to the *Act Respecting Contracting by Public Bodies*. In the event an entity or any of its affiliates is convicted of certain specified offences under the Criminal Code or the CFPOA, AMF certification can be automatically revoked. In addition, the AMF has the discretionary power to refuse to grant an authorization or revoke an authorization if it determines that the enterprise concerned fails to meet the high standards of integrity that the public is entitled to expect from a party to a public contract or subcontract.

World Bank Settlement

On April 17, 2013, the Company announced a settlement in connection with the previously announced investigations by the World Bank Group relating to the project in Bangladesh referred to above and a project in Cambodia, which includes a suspension of the right to bid on and to be awarded World Bank Group-financed projects by SNC-Lavalin Inc., a subsidiary of the Company, and its controlled affiliates for a period of 10 years (the "World Bank Settlement"). The suspension could be lifted after eight years, if the terms and conditions of the settlement agreement are complied with fully. According to the terms of the World Bank Settlement, the Company and certain of its other affiliates continue to be eligible to bid on and be awarded World Bank Group-financed projects as long as they comply with all of the terms and conditions imposed upon them under the terms of the World Bank Settlement, including an obligation not to evade the sanction imposed. The World Bank Settlement also requires that the Company cooperate with the World Bank on various compliance matters in the future. The World Bank Settlement does not include a financial penalty. The World Bank Settlement has led to certain other multilateral development banks following suit, debarring SNC-Lavalin Inc. and its controlled affiliates on the same terms.

African Development Bank Settlement

On October 1, 2015, the Company announced a settlement with the African Development Bank relating to allegations of corruption in two African countries. The settlement included the payment by SNC-Lavalin Group Inc. of $1.9 million to the African Development Bank (the "African Development Bank Settlement"). The African Development Bank Settlement also requires that the Company cooperate with the African Development Bank on various compliance matters in the future.

Canada's Integrity Regime

The Canadian government announced the Integrity Regime for procurement and real property transactions on July 3, 2015. The scope of offences which may cause a supplier to be deemed ineligible to carry on business with the federal government are broad and encompass offences under the Criminal Code, the Competition Act, and the Corruption of Foreign Public Officials Act, among others. Some of the offences qualifying for ineligibility include: bribery, fraud, money laundering, falsification of books and documents, extortion, and offences related to drug trafficking. A determination of ineligibility to participate in federal government procurement projects may apply for 10 years for listed offences. However, the Integrity Regime permits the ineligibility period to be reduced by up to five years if a supplier can establish that it has cooperated with law enforcement authorities or addressed the causes of misconduct.

If a supplier is charged with a listed offence (as is presently the case with the Company), it may under the Integrity Regime be ineligible to do business with the Canadian government while legal proceedings are ongoing.

If a supplier applies for a reduced ineligibility period, or if a supplier charged with a listed offence is notified that it could be ineligible to do business with the Canadian government, as a condition of granting the reduced ineligibility period or not suspending the supplier an administrative agreement may be imposed to monitor the supplier. Administrative agreements include conditions and compliance measures that the supplier must meet to remain eligible to contract with the federal government.

The Company announced on December 10, 2015 that it has signed an administrative agreement with Public Services and Procurement (PSP) of the Government of Canada under the Integrity Regime.

17. CONTINGENT LIABILITIES (CONTINUED)

Failure of the Company to abide by the terms of any of its certification from the AMF, the World Bank Settlement, the African Development Bank Settlement and/or the PSP Administrative Agreement could result in serious consequences for the Company, including new sanctions, legal actions and/or suspension from eligibility to carry on business with the government or agency involved or to work on projects funded by them. The Company is taking steps that are expected to mitigate this risk.

Other Investigations

The Company understands that there are also investigations by various authorities ongoing in various jurisdictions with respect to the above and other matters. In addition, Pierre Duhaime and Riadh Ben Aïssa, former Company employees, have been charged by authorities in the Province of Quebec with various fraud offences allegedly in connection with a Company project in the Province of Quebec.

On October 1, 2014, Mr. Ben Aïssa entered guilty pleas to certain criminal charges in the Federal Criminal Court of Switzerland following a lengthy investigation by Swiss authorities and the detention of Mr. Ben Aïssa by Swiss authorities from April 2012 to October 2014. The Company was recognized as an injured party in the context of the Swiss proceedings and has been awarded for certain offences for which Mr. Ben Aïssa has plead guilty a sum equivalent to CA$17.2 million (representing the equivalent of 12.9 million CHF and US$2.0 million) plus interest, out of which a sum of CA$11.9 million has been received as at December 31, 2015 with the balance expected to be received upon the forced execution of seized assets.

The Company is currently unable to determine when any of the above investigations will be completed, whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened. While the Company continues to cooperate and communicate with authorities in connection with all ongoing investigations as noted above, if regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to injunctions on future conduct or lead to other penalties including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain administrative organizations (such as those provided for in the World Bank Settlement) or by governments (such as the Government of Canada and/or the Government of Quebec) under applicable procurement laws, regulations, policies or practices, each of which could, materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's publicly traded securities.

The outcomes of the above investigations or the Charges could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market prices of the Company's publicly traded securities. In addition, the Charges, these investigations and outcomes of these investigations or Charges (including the World Bank Settlement) and any negative publicity associated therewith, could damage SNC-Lavalin's reputation and ability to do business. Finally, the findings and outcomes of the Charges or these investigations (including the World Bank Settlement) may affect the course of the class action lawsuits (described below).

Due to the uncertainties related to the outcome of the Charges and each of the above investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with the Charges or any of these investigations.

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above, the World Bank Settlement and ongoing related matters which have distracted and may continue to distract from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with these investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or other employees or additional former employees of the Company could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or other matters which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

17. CONTINGENT LIABILITIES (CONTINUED)

B) CLASS ACTION LAWSUITS

On March 1, 2012, a “Motion to Authorize the Beginning of a Class Action and to Obtain the Status of Representative” (the “Quebec Motion”) was filed with the Quebec Superior Court, on behalf of persons who acquired SNC-Lavalin securities from and including March 13, 2009 through and including February 28, 2012, whether in a primary market offering or in the secondary market. The defendants in the Quebec Motion are SNC-Lavalin and certain of its current and former directors and former officers. The Quebec Motion raises both statutory and negligent misrepresentation claims.

On May 9, 2012, two proposed class actions were commenced in the Ontario Superior Court on behalf of all persons who acquired SNC-Lavalin securities during different time periods. These two actions were consolidated into a single action (the “Ontario Action”) on June 29, 2012. The defendants in the Ontario Action are SNC-Lavalin and certain of its current and former directors and former officers. The Ontario Action seeks damages on behalf of all persons who acquired securities of SNC-Lavalin between November 6, 2009 and February 27, 2012 (the “Class Period”). The Ontario Action raises, among other things, both statutory and common law misrepresentation claims.

The Quebec Motion and the Ontario Action (collectively, the “Actions”) allege that certain documents filed by SNC-Lavalin contained misrepresentations concerning, among other things, SNC-Lavalin’s corporate governance practices, adequacy of controls and procedures, reported net income for the year ended December 31, 2010, and adherence to SNC-Lavalin’s Code of Ethics.

The Actions each seek damages based on the decline in market value of the securities purchased by proposed class members when SNC-Lavalin issued a press release dated February 28, 2012, as well as other damages and costs. The Ontario Action seeks additional damages based on various further drops in share price.

On September 19, 2012, the Ontario judge agreed to the discontinuance of the plaintiffs’ claims other than the statutory misrepresentation claims under securities legislation in accordance with an agreement with the plaintiffs. The judge granted the plaintiffs leave to proceed with those statutory claims and has certified a class action covering shareholders who bought SNC-Lavalin shares during the Class Period except for Quebec residents. On January 24, 2013, a judge of the Quebec Superior Court rendered a similar judgment covering Quebec residents.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these lawsuits or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. While SNC-Lavalin has directors’ and officers’ liability insurance insuring individuals against liability for acts or omissions in their capacities as directors and officers, the Company does not maintain any other insurance in connection with the Actions. The amount of coverage under the directors’ and officers’ policy is limited and such coverage may be an insignificant portion of any amounts the Company is required or determines to pay in connection with the Actions. In the event the Company is required or determines to pay amounts in connection with these lawsuits or other litigation, such amounts could be significant and may have a material adverse impact on SNC-Lavalin’s liquidity and financial results.

C) OTHER

On June 12, 2014, the Quebec Superior Court rendered a decision in the matter commonly referred to as the “Pyrrhotite Case” in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately $168 million in damages apportioned amongst the defendants, on an *in solidum* basis. SNC-Lavalin, among other parties, filed a Notice to Appeal the Superior Court decision both on merit and apportionment of liability. Based on the current judgment, SNC-Lavalin’s share of the damages would be approximately 70%, a significant portion of which the Company would expect to recover from its external insurers. In addition to the Appeal of the decision, recourses in warranty have been filed against another party, which may result in reduction of SNC-Lavalin’s share of the damages.

<u>Legal proceedings</u>

SNC-Lavalin becomes involved in various legal proceedings as a part of its ordinary course of business and this section describes certain important ordinary course of business legal proceedings, including the general cautionary language relating to the risks inherent to all litigation and proceedings against SNC-Lavalin, which is equally applicable to the legal proceedings described below.

17. CONTINGENT LIABILITIES (CONTINUED)

While SNC-Lavalin cannot predict with certainty the final outcome or timing of the legal proceedings described below, based on the information currently available (which in some cases remains incomplete), SNC-Lavalin believes that it has strong defences to these claims and intends to vigorously defend its position.

SNC-Lavalin's subsidiary SNC-Lavalin Inc. and a joint arrangement partner are in arbitration with a client which has claimed damages in relation to the design and construction of a mining facility. The client is alleging, among other things, breach of contract and negligence, gross negligence and negligent misrepresentation. SNC-Lavalin Inc. and its joint arrangement partner have launched a separate arbitration to recover amounts due but unpaid under the agreement with the client. The dispute resolution process is subject to confidential and binding arbitration.

SNC-Lavalin Inc. has initiated court proceedings against a Canadian client stemming from engineering, procurement, and construction management services that SNC-Lavalin Inc. provided in relation to the client's expansion of an ore-processing facility. SNC-Lavalin claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin defaulted under the project contracts and seeking damages.

A project-specific wholly-owned subsidiary of SNC-Lavalin ("SNC SUB") has received a notice of arbitration from a client for, amongst other things, breach of contract and gross negligence in relation to the design and construction of a facility. SNC SUB has counterclaimed for unpaid invoices and costs arising from termination, plus the return of funds improperly drawn under a bank guarantee.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these and other related proceedings generally, determine if the amount included in the Company's provisions is sufficient or determine the amount of any potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and vendors presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and-or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations.

18. EVENT AFTER THE REPORTING PERIOD

On February 1, 2016, SNC-Lavalin announced that it has reached an agreement to sell its indirect ownership interest in SNC-Lavalin (Malta) Limited ("SNCL Malta") to an affiliate of Flughafen Wien AG for cash consideration of approximately €63 million (approximately CA$96 million), pending the satisfaction of certain closing conditions by both parties and subject to working capital adjustments. SNCL Malta is the indirect owner of the Company's 15.5% ownership interest in Malta International Airport p.l.c.