North American Energy Partners Inc.
Form 6-K
June 10, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

For the month of June 2010

Commission File Number 001-33161

NORTH AMERICAN ENERGY PARTNERS INC.

Suite 2400, 500 4th Avenue SW

Calgary, Alberta T2P 2V6

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ¨ Form 40-F x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Documents Included as Part of this Report

1. Interim consolidated financial statements of North American Energy Partners Inc. for the three and nine months ended December 31, 2009 (restated to reflect conversion to U.S. generally accepted accounting principles).

2. Restated Interim Management s Discussion and Analysis for the three and nine months ended December 31, 2009.

2. Canadian Supplement to Restated Interim Management s Discussion and Analysis for the three and nine months ended December 31, 2009.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTH AMERICAN ENERGY PARTNERS INC.

By: /s/ David Blackley
Name: David Blackley

Title: Chief Financial Officer

Date: June 10, 2010

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NORTH AMERICAN ENERGY PARTNERS INC.

Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2009

(Expressed in thousands of Canadian Dollars)

(Unaudited)

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Interim Consolidated Balance Sheets

(Expressed in thousands of Canadian Dollars)

	December 31, 2009 (Unaudited)	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$94,877	$98,880
Accounts receivable, net (note 16(d))	89,864	78,323
Unbilled revenue	81,397	55,907
Inventories (note 8)	8,088	11,814
Prepaid expenses and deposits	7,968	4,781
Deferred tax assets	12,954	7,033
	295,148	256,738
Prepaid expenses and deposits	4,438	3,504
Assets held for sale	1,038	2,760
Property, plant and equipment (note 9)	333,582	316,115
Intangible assets, net (accumulated amortization of $4,977 March 2009 $2,972)	7,120	5,944
Deferred financing costs (note 10)	6,544	7,910
Investment in and advances to unconsolidated joint venture (note 11)	2,939	
Goodwill (note 6)	25,111	23,872
Deferred tax assets	9,305	12,432
	$685,225	$629,275
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$76,769	$56,204
Accrued liabilities	15,907	45,001
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	1,901	2,155
Current portion of capital lease obligations	5,287	5,409
Current portion of derivative financial instruments (note 16(a))	17,756	11,439
Current portion of long term debt (note 12(a))	6,072	
Deferred tax liabilities	13,211	7,749
	136,903	127,957
Deferred lease inducements (note 13)	788	836
Long term accrued liabilities	10,864	7,134
Capital lease obligations	9,083	12,075
Long term debt (note 12(a))	23,892	
Senior notes (note 12(b))	209,436	255,756
Director deferred stock unit liability (note 19(d))	1,834	546
Restricted share unit liability (note 19(c))	639	
Derivative financial instruments (note 16(a))	72,123	43,048
Asset retirement obligation	351	386

Deferred tax liabilities	37,463	30,745
	503,376	478,483
Shareholders equity:		
Common shares (authorized unlimited number of voting and non-voting common shares; issued and outstanding December 31, 2009 36,038,476 voting common shares (March 31, 2009 36,038,476 voting common shares) (note 14(a))	303,431	303,431
Additional paid-in capital (note 14(b))	7,361	5,466
Deficit	(128,943)	(158,105)
	181,849	150,792
	$685,225	$629,275

Contingencies (note 20)

Subsequent events (note 24)

United States and Canadian accounting policy differences (note 25)

See accompanying notes to unaudited interim consolidated financial statements.

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Interim Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of Canadian Dollars, except per share amounts)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Revenue	$221,175	$258,565	$538,396	$797,836
Project costs	89,207	129,912	208,906	433,504
Equipment costs	57,512	55,549	147,915	168,746
Equipment operating lease expense	16,287	11,934	44,320	30,317
Depreciation	10,543	9,727	30,693	27,793
Gross profit	47,626	51,443	106,562	137,476
General and administrative costs	14,532	19,170	43,426	57,760
Loss on disposal of property, plant and equipment	743	1,022	1,044	3,778
Loss on disposal of assets held for sale	649		373	24
Amortization of intangible assets	528	391	1,438	1,049
Equity in earnings of unconsolidated joint venture (note 11)	(98)		(66)	
Impairment of goodwill		32,753		32,753
Operating income (loss) before the undernoted	31,272	(1,893)	60,347	42,112
Interest expense, net (note 15)	6,764	7,319	19,725	21,276
Foreign exchange (gain) loss	(5,449)	32,935	(42,930)	39,621
Realized and unrealized loss (gain) on derivative financial instruments (note 16(a))	8,010	(26,770)	43,185	(25,826)
Other expenses (income)	471	(5,343)	804	(5,364)
Income (loss) before income taxes	21,476	(10,034)	39,563	12,405
Income taxes (note 17(c)):				
Current income taxes	591	1,779	1,855	1,842
Deferred income taxes	5,949	3,151	8,546	8,855
Net income (loss) and comprehensive income (loss) for the period	14,936	(14,964)	29,162	1,708
Net income (loss) per share basic (note 14(c))	$0.41	$(0.42)	$0.81	$0.05
Net income (loss) per share diluted (note 14(c))	$0.41	$(0.42)	$0.79	$0.05

See accompanying notes to unaudited interim consolidated financial statements.

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Interim Consolidated Statements of Changes in Shareholders Equity

(Expressed in thousands of Canadian Dollars)

	Common shares	Common non-voting shares	Additional paid-in capital	Deficit	Total
Balance at March 31, 2007	$297,594	$2,062	$3,606	$(64,235)	$239,027
Net income				41,534	41,534
Conversion of common shares	2,062	(2,062)			
Stock-based compensation			1,937		1,937
Reclassification on exercise of stock options	611		(611)		
Cash settlement of stock options			(581)		(581)
Issued upon the exercise of stock options	1,627				1,627
Balance at March 31, 2008	$301,894	$	$4,351	$(22,701)	$283,544
Net loss				(135,404)	(135,404)
Stock-based compensation			1,888		1,888
Performance share unit plan			61		61
Reclassification on exercise of stock options	834		(834)		
Issued upon the exercise of stock options	703				703
Balance at March 31, 2009	$303,431	$	$5,466	$(158,105)	$150,792
Net income				29,162	29,162
Stock-based compensation			1,768		1,768
Performance share unit plan			213		213
Reclassified to restricted share unit liability			(20)		(20)
Cash settlement of stock options			(66)		(66)
Balance at December 31, 2009 (Unaudited)	$303,431	$	$7,361	$(128,943)	$181,849

See accompanying notes to unaudited interim consolidated financial statements.

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Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	$14,936	$(14,964)	$29,162	$1,708
Items not affecting cash:				
Depreciation	10,543	9,727	30,693	27,793
Equity in earnings of unconsolidated joint venture	(98)		(66)	
Amortization of intangible assets	528	391	1,438	1,049
Amortization of deferred lease inducements	(19)	(26)	(80)	(79)
Amortization of deferred financing costs	847	764	2,489	2,190
Loss on disposal of property, plant and equipment	743	1,022	1,044	3,778
Loss on disposal of assets held for sale	649		373	24
Impairment of goodwill		32,753		32,753
Unrealized foreign exchange (gain) loss on senior notes	(5,120)	32,940	(42,720)	39,347
Unrealized loss (gain) on derivative financial instruments measured at fair value	3,818	(27,437)	31,793	(27,827)
Stock-based compensation expense (note 19)	1,439	511	3,888	1,846
Accretion expense asset retirement obligation	8	53	(4)	159
Deferred income taxes	5,949	3,151	8,546	8,855
Net changes in non-cash working capital (note 17(b))	(23,839)	22,026	(40,164)	(12,400)
	10,384	60,911	26,392	79,196
Investing activities:				
Acquisition (note 7)	(530)		(5,410)	
Purchase of property, plant and equipment	(3,542)	(8,960)	(46,002)	(76,354)
Addition to intangible assets	(1,232)	(409)	(2,037)	(1,941)
Additions to assets held for sale	(125)	(350)	(1,058)	(350)
Investment in and advances to unconsolidated joint venture	(1,887)		(2,873)	
Proceeds on disposal of property, plant and equipment	454	3,173	1,150	7,821
Proceeds on disposal of assets held for sale	1,170		2,282	194
Net changes in non-cash working capital (note 17(b))	(2,998)	(2,068)	(351)	3,191
	(8,690)	(8,614)	(54,299)	(67,439)
Financing activities:				
Cheques issued in excess of cash deposits		(665)		
Repayment of long term debt	(3,037)	(10,000)	(3,688)	
Increase in long term debt (note 12(a))			33,000	
Repayment of capital lease obligations	(1,271)	(2,029)	(4,219)	(4,719)
Cash settlement of stock options (note 14(b))			(66)	
Stock options exercised				702
Financing costs (note 12(a))			(1,123)	
	(4,308)	(12,694)	23,904	(4,017)

(Decrease) increase in cash and cash equivalents	(2,614)	39,603	(4,003)	7,740
Cash and cash equivalents, beginning of period	97,491		98,880	31,863
Cash and cash equivalents, end of period	$94,877	$39,603	$94,877	$39,603

Supplemental cash flow information (note 17(a))

See accompanying notes to unaudited interim consolidated financial statements.

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Notes to Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2009

(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

(Unaudited)

1. Nature of operations

North American Energy Partners Inc. (the Company), formerly NACG Holdings Inc. (NACG), was incorporated under the Canada Business Corporations Act on October 17, 2003. On November 26, 2003, the Company purchased all the issued and outstanding shares of North American Construction Group Inc. (NACGI), including subsidiaries of NACGI, from Norama Ltd. which had been operating continuously in Western Canada since 1953. The Company had no operations prior to November 26, 2003. The Company undertakes several types of projects including heavy construction, industrial and commercial site development and pipeline and piling installations in Canada.

2. Change in generally accepted accounting principles

As a Canadian-based company, the Company historically prepared its consolidated financial statements in conformity with accounting principles generally accepted in Canada (Canadian GAAP) and also provided a reconciliation on an annual basis to United States generally accepted accounting principles (U.S. GAAP).

The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. However, National Instrument 52-107 allows Securities and Exchange Commission (SEC) registrants, such as the Company, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. It is proposed that SEC registrants would be permitted to continue to report under U.S. GAAP beyond 2011. As such, the Company has decided to adopt U.S. GAAP instead of IFRS as its primary basis of financial reporting commencing in fiscal 2010.

The decision to adopt U.S. GAAP was also made to enhance communication with shareholders and improve the comparability of financial information reported with competitors and peer group. All comparative financial information contained herein has been revised to reflect the Company s results as if they had been historically reported in accordance with U.S. GAAP.

3. Significant accounting policies

a) Basis of presentation

These unaudited interim consolidated financial statements (the financial statements) are prepared in accordance with U.S. GAAP for interim financial statements and do not include all of the disclosures normally contained in the Company s annual consolidated financial statements. Material items that give rise to measurement differences to the consolidated financial statements under Canadian GAAP are outlined in note 25.

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, NACGI, and the following 100% owned subsidiaries of NACGI:

North American Caisson Ltd.	North American Road Inc.
North American Construction Ltd.	North American Services Inc.
North American Engineering Inc.	North American Site Development Ltd.
North American Enterprises Ltd.	North American Site Services Inc.

North American Industries Inc.
North American Mining Inc.
North American Maintenance Ltd.
North American Pipeline Inc.
North American Pile Driving Inc.
DF Investments Limited
Drillco Foundation Co. Ltd.

b) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures reported in these consolidated financial statements and accompanying notes.

Significant estimates made by management include the assessment of the percentage of completion on time-and-materials, unit-price or lump-sum contracts (including estimated total costs and provisions for estimated losses) and the recognition of claims and change orders on revenue contracts, assumptions used to value free standing derivatives and other financial instruments, assumptions used in periodic impairment testing, and estimates and assumptions used in the determination of the allowance for doubtful accounts, the recoverability of deferred tax assets and the useful lives of property, plant and equipment. Actual results could differ materially from those estimates.

The accuracy of the Company s revenue and profit recognition in a given period is dependent, in part, on the accuracy of its estimates of the cost to complete each time-and-materials, unit-price, or lump-sum project. The Company s cost

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Notes to Interim Consolidated Financial Statements

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estimates use a detailed bottom up approach, using inputs such as labour and equipment hours, detailed drawings and material lists. These estimates are reviewed and updated monthly. The Company believes its experience allows it to produce materially reliable estimates. However, the Company s projects can be highly complex. Profit margin estimates for a project may either increase or decrease from the amount that was originally estimated at the time of the related bid. With many projects of varying levels of complexity and size in process at any given time, changes in estimates can offset each other without materially impacting the Company s profitability. Major changes in cost estimates, particularly in larger, more complex projects, can have a significant effect on profitability.

c) Revenue recognition

The Company performs its projects under the following types of contracts: time-and-materials; cost-plus; unit-price; and lump sum. Revenue is recognized as costs are incurred for time-and-materials and cost-plus service contracts with no clearly defined scope. Revenue on cost-plus, unit-price, lump-sum and time-and-materials contracts with defined scope are recognized using the percentage-of-completion method, measured by the ratio of costs incurred to date to estimated total costs. The estimated total cost of the contract and percent complete is determined based upon estimates made by management. The costs of items that do not relate to performance of contracted work, particularly in the early stages of the contract, are excluded from costs incurred to date. The resulting percentage of completion methodology is applied to the approved contract value to determine the revenue recognized. Customer payment milestones typically occur on a periodic basis over the period of contract completion.

The length of the Company s contracts varies from less than one year for typical contracts to several years for certain larger contracts. Contract project costs include all direct labour, material, subcontract and equipment costs and those indirect costs related to contract performance such as indirect labour, supplies and tools. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in project performance, project conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue that are recognized in the period in which such adjustments are determined. Profit incentives are included in revenue when their realization is reasonably assured.

Once a project is underway, the Company will often experience changes in conditions, client requirements, specifications, designs, materials and work schedule. Generally, a change order will be negotiated with the customer to modify the original contract to approve both the scope and price of the change. Occasionally, however, disagreements arise regarding changes, their nature, measurement, timing and other characteristics that impact costs and revenue under the contract. When a change becomes a point of dispute between the Company and a customer, the Company will then consider it as a claim.

Costs related to unapproved change orders and claims are recognized when they are incurred. Revenues related to unapproved change orders and claims are included in total estimated contract revenue when they are approved.

Revenues related to unapproved change orders and claims are included in total estimated contract revenue only to the extent that contract costs related to the claim have been incurred and when it is probable that the unapproved change order or claim will result in:

- a bona fide addition to contract value; and

revenues can be reliably estimated.

These two conditions are satisfied when:

- the contract or other evidence provides a legal basis for the unapproved change order or claim or a legal opinion is obtained providing a reasonable basis to support the unapproved change order or claim;

- additional costs incurred were caused by unforeseen circumstances and are not the result of deficiencies in the Company s performance;

- costs associated with the unapproved change order or claim are identifiable and reasonable in view of work performed; and

- evidence supporting the unapproved change order or claim is objective and verifiable.

This can lead to a situation where costs are recognized in one period and revenue is recognized when customer agreement is obtained or claim resolution occurs, which can be in subsequent periods. Historical claim recoveries should not be considered indicative of future claim recoveries.

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The Company s long-term contracts typically allow its customers to unilaterally reduce or eliminate the scope of the work as contracted without cause. These long-term contracts represent higher risk due to uncertainty of total contract value and estimated costs to complete; therefore, potentially impacting revenue recognition in future periods.

A contract is regarded as substantially completed when remaining costs and potential risks are insignificant in amount.

Revenue recognition from equipment rentals occurs when there is a written arrangement in the form of a contract or purchase order with the customer, a fixed or determinable sales price is established with the customer, performance requirements are achieved, and ultimate collection of the revenue is reasonably assured. Equipment rental revenue is recognized as performance requirements are achieved in accordance with the terms of the relevant agreement with the customer, either at a monthly fixed rate or on a usage basis dependent on the number of hours that the equipment is used.

d) Balance sheet classifications

Included in current assets and liabilities are amounts receivable and payable under construction contracts (principally retentions) that may extend beyond one year. A one year time period is used as the basis for classifying all other current assets and liabilities.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances net of outstanding cheques and short-term investments with maturities of three months or less when purchased.

f) Accounts receivable and unbilled revenue

Accounts receivable in the accompanying Consolidated Balance Sheets are primarily comprised of amounts billed to clients for services already provided, but which have not yet been collected. Unbilled revenue represents revenue recognized in advance of amounts invoiced.

g) Billings in excess of costs incurred and estimated earnings on uncompleted contracts

Billings in excess of costs incurred and estimated earnings on uncompleted contracts represent amounts invoiced in excess of revenue recognized.

h) Allowance for doubtful accounts

The Company evaluates the probability of collection of accounts receivable and records an allowance for doubtful accounts, which reduces accounts receivable to the amount management reasonably believes will be collected. In determining the amount of the allowance, the following factors are considered; the length of time the receivable has been outstanding, specific knowledge of each customer s financial condition and historical experience.

i) Inventories

Inventories are carried at the lower of weighted average cost and market and consist primarily of tires.

j) Property, plant and equipment

Property, plant and equipment are recorded at cost. Major components of heavy construction equipment in use such as engines and transmissions are recorded separately. Equipment under capital lease is recorded at the present value of minimum lease payments at the inception of the lease. Depreciation is not recorded until an asset is available for use. Depreciation for each category is calculated based on the cost, net of the estimated residual value, over the estimated useful life of the assets on the following basis and annual rates:

Assets	Basis	Rate
Heavy equipment	Straight-line	Operating hours
Major component parts in use	Straight-line	Operating hours
Other equipment	Straight-line	5 10 years
Licensed motor vehicles	Declining balance	30%
Office and computer equipment	Straight-line	4 years
Buildings	Straight-line	10 years
Leasehold improvements	Straight-line	Over shorter of estimated useful life and lease term
Assets under capital lease	Declining balance	Over life of lease

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The costs for periodic repairs and maintenance are expensed to the extent the expenditures serve only to restore the assets to their normal operating condition without enhancing their service potential or extending their useful lives.

k) Capitalized interest

The Company capitalizes interest incurred on debt during the construction of assets for the Company s own use. The capitalization period covers the duration of the activities required to get the asset ready for its intended use, provided that expenditures for the asset have been made and interest cost incurred. Interest capitalization continues as long as those activities and the incurrence of interest cost continue. The capitalized interest is amortized at the same rate as the respective asset.

l) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized but instead is tested for impairment annually or more frequently if events or changes in circumstances indicate that it may be impaired. Goodwill is assigned, as of the date of the business combination, to reporting units that are expected to benefit from the business combination. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared to its fair value. When the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit s goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

The Company performs its annual goodwill assessment on October 1 of each year and when a triggering event occurs between annual impairment tests.

m) Intangible assets

Intangible assets include:

- customer contracts in process and related relationships, which are being amortized over the remaining lives of the related contracts and relationships;

- trade names, which are being amortized on a straight-line basis over their estimated useful lives of five and ten years;

- non-competition agreements, which are being amortized on a straight-line basis between the three and five year terms of the respective agreements; and

capitalized computer software and development costs.

The Company expenses or capitalizes costs associated with the development of internal use software as follows:

Preliminary project stage: Both internal and external costs incurred during this stage are expensed as incurred.

Application development stage: Both internal and external costs incurred to purchase and develop computer software are capitalized after the preliminary project stage is completed and management authorizes the computer software project. However, training costs and the process of data conversion from the old system to the new system, which includes purging or cleansing of existing data, reconciliation or balancing of old data to the converted data in the new system, are expensed as incurred.

Post-implementation/operation stage: All training costs and maintenance costs incurred during this stage are expensed as incurred.

Costs of upgrades and enhancements are capitalized if the expenditures will result in adding functionality to the software. Capitalized software costs are depreciated using the straight-line method over the estimated useful life of the related software, which may be up to four years.

n) Impairment of long-lived assets

Long-lived assets or asset groups held and used including plant, equipment and identifiable intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of an asset or group of assets is less than its carrying amount, it is considered to be impaired. The Company measures the impairment loss as the amount by which the carrying amount of the asset or

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(Unaudited)

group of assets exceeds its fair value, which is charged to depreciation expense. In determining whether an impairment exists, the Company makes assumptions about the future cash flows expected from the use of its long-lived assets, such as: applicable industry performance and prospects; general business and economic conditions that prevail and are expected to prevail; expected growth; maintaining its customer base; and achieving cost reductions. There can be no assurance that expected future cash flows will be realized, or will be sufficient to recover the carrying amount of long-lived assets. Furthermore, the process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections and discount rates.

o) Assets held for sale

Long-lived assets are classified as held for sale when certain criteria are met, which include:

- management, having the authority to approve the action, commits to a plan to sell the assets;
- the assets are available for immediate sale in their present condition;
- an active program to locate buyers and other actions to sell the assets have been initiated;
- the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year;
- the assets are being actively marketed at reasonable prices in relation to their fair value; and
- it is unlikely that significant changes will be made to the plan to sell the assets or that the plan will be withdrawn.

Assets to be disposed of by sale are reported at the lower of their carrying amount or fair value less costs to sell and are disclosed separately on the Interim Consolidated Balance Sheets. These assets are not depreciated.

p) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of property, plant and equipment that result from their acquisition, lease, construction, development or normal operations. The Company recognizes its contractual obligations for the retirement of certain tangible long-lived assets. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized using a systematic and rational method over its estimated useful life. In subsequent reporting periods, the liability is adjusted for the passage of time through an accretion charge and any changes in the

amount or timing of the underlying future cash flows are recognized as an additional asset retirement cost.

q) Foreign currency translation

The functional currency of the Company is Canadian Dollars. Transactions denominated in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities, denominated in foreign currencies, are translated into Canadian Dollars at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in the determination of earnings.

r) Fair value measurement

Financial instruments are categorized using a valuation hierarchy for disclosure of the inputs used to measure fair value, which prioritizes the inputs into three broad levels. Fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 include valuations using inputs based on observable market data, either directly or indirectly other than the quoted prices. Level 3 valuations are based on inputs that are not based on observable market data. The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

s) Derivative financial instruments

The Company uses derivative financial instruments to manage financial risks from fluctuations in exchange rates and interest rates. These instruments include cross-currency and interest rate swap agreements as well as embedded price escalation features in revenue and supplier contracts. All such instruments are only used for risk management purposes. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Derivative financial instruments are subject to standard credit terms and conditions, financial controls, management and

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Notes to Interim Consolidated Financial Statements

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(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

(Unaudited)

risk monitoring procedures. These derivative financial instruments are not designated as hedges for accounting purposes and are recorded at fair value with realized and unrealized gains and losses recognized in the Interim Consolidated Statements of Operations and Comprehensive Income (Loss).

t) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period of enactment. The Company recognizes the effect of income tax positions only if those positions are more likely than not (greater than 50%) of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. The Company accrues interest and penalties for uncertain tax positions in the period in which these uncertainties are identified. Interest and penalties are included in Other income in the Consolidated Statements of Operations and Comprehensive Income (Loss). A valuation allowance is recorded against any deferred tax asset if it is more likely than not that the asset will not be realized.

u) Stock-based compensation

The Company accounts for all stock-based compensation payments that are settled by the issuance of equity instruments at fair value. Compensation cost is measured using the Black-Scholes model at the grant date and is expensed on a straight-line basis over the award s vesting period, with a corresponding increase to additional paid-in capital. Upon exercise of a stock option, share capital is recorded at the sum of proceeds received and the related amount of additional paid-in capital.

The Company has a Deferred Performance Share Unit (DPSU) plan, which is described in note 19(b). This compensation plan is settled, at the Company s option, either by the issuance of equity instruments or by cash payment. Compensation cost is measured using the Black-Scholes model at the grant date and is expensed on a straight-line basis over the award s vesting period, with a corresponding increase to additional paid-in capital. The vesting of awards under the DPSU is contingent upon certain performance criteria being achieved. The fair value of each share option grant under the DPSU plan assumes that the relevant performance criteria will be achieved and compensation cost is recorded to the extent that vesting of the award is considered probable. When it is determined that such criteria are not probable of being achieved, no compensation cost is recognized and any previously recognized compensation cost is reversed.

The Company has a Restricted Share Unit (RSU) plan which is described in note 19(c). RSUs will be granted effective April 1 of each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs vest at the end of a three year term. The Company classifies RSUs as a liability as the Company has the ability and intent to settle the awards in cash. The compensation expense is calculated based on the fair value of each RSU as determined by the number of RSUs vested and the closing value of the Company s common shares on each period end date.

The Company has a Director s Deferred Stock Unit (DDSU) plan, which is described in note 19(d). The DDSU plan enables directors to receive all or a portion of their fee for that fiscal year in the form of deferred stock units. The deferred stock units are settled in cash and are classified as a liability on the Consolidated Balance Sheets. The measurement of the liability and compensation costs for these awards is based on the fair value of the award and is recorded as a charge to operating income over the vesting period of the award. Subsequent changes in the Company s payment obligation after vesting of the award and prior to the settlement date are recorded as a charge to operating income in the period such changes occur.

v) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding during the year (see note 14(c)). Diluted per share amounts are calculated using the treasury stock method. The treasury stock method increases the diluted weighted average shares outstanding to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming outstanding in-the-money stock options were exercised and the proceeds from such exercises, including any unamortized stock-based compensation cost, were used to acquire shares of common stock at the average market price during the year.

Notes to Interim Consolidated Financial Statements

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w) Leases

Leases entered into by the Company in which substantially all the benefits and risks of ownership transferred to the Company are recorded as obligations under capital leases, and under the corresponding category of property, plant and equipment. Obligations under capital leases reflect the present value of future lease payments, discounted at an appropriate interest rate, and are reduced by rental payments net of imputed interest. All other leases are classified as operating leases and leasing costs, including any rent holidays, leasehold incentives, and rent concessions, are amortized on a straight-line basis over the lease term.

x) Deferred financing costs

Underwriting, legal and other direct costs incurred in connection with the issuance of debt not measured under the fair value option is presented as deferred financing costs. The deferred financing costs related to the senior notes and the revolving and term loan facilities are amortized over the term of the related debt using the effective interest method.

y) Investments in unconsolidated joint ventures or affiliates

Investments in unconsolidated joint ventures or affiliates over which the Company has significant influence, including the Company s investment in Noramac Ventures Inc., are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, including subsequent capital contributions and loans from the Company, plus the Company s equity in undistributed earnings or losses since acquisition. Investments in unconsolidated joint ventures are included as investment in and advances to unconsolidated joint venture in the Company s Consolidated Balance Sheets.

z) Business combinations

The Company accounts for all business combinations using the acquisition method. Acquisition related costs which include finder s fees, advisory, legal, accounting, valuation, other professional or consulting fees, and administrative costs are expensed as incurred.

aa) Adjustments related to prior year financial statements

The financial statements for fiscal 2009 and fiscal 2008 as initially reconciled to U.S. GAAP have been amended to correct the following errors identified during preparation of the Company s 2010 financial statements under U.S. GAAP.

(i) Adoption of CICA Handbook Section 3031, Inventories . The Company identified an error related to the adoption of Canadian Handbook Section 3031, Inventories in fiscal 2009. The change in accounting policy was accounted for on a retrospective basis, without restatement of prior periods under Canadian GAAP resulting in a decrease to deficit of $991, net of taxes of $392, to reverse a tire impairment recorded in fiscal 2008. This decrease in deficit should have been adjusted for in the reconciliation to U.S. GAAP as the tire impairment should not have been recorded in fiscal 2008 under U.S. GAAP. As a result of this error, net income under U.S. GAAP for fiscal 2008 increased by $991 and deficit under U.S. GAAP as at March 31, 2008 decreased by $991.

(ii)

Reclassification of accrued liabilities. The financial statements for fiscal 2009 have been amended to correct a classification error with respect to accrued liabilities identified during the preparation of the Company s fiscal 2010 consolidated financial statements. Certain operating lease agreements provide a maximum hourly usage limit, above which the Company will be required to pay for the over hour usage. These contingent rentals are recognized when payment is considered probable and are due at the end of the lease term. The Company has historically classified the contingent rentals as a current liability; however, certain of the amounts are due beyond one year from the balance sheet date. In the current year, the Company has reclassified amounts due beyond one year, from the balance sheet date, as a long term liability and has reclassified comparative figures accordingly. The amount reclassified on the Consolidated Balance Sheet was $10,864 and $7,134 as at December 31, 2009 and March 31, 2009 respectively.

(iii) Buy-out of leased assets. The financial statements for fiscal 2008 and fiscal 2009 have been amended under U.S. GAAP to correct an error related to the method of accounting for an incentive at the time of buying previously leased assets, which was identified during the preparation of the Company s fiscal 2010 consolidated financial statements. When an asset is leased under an operating lease agreement, as stated in the paragraph above, contingent rentals are recognized when payment is considered probable and are due at the end of the lease term. The Company can buy the asset at the end of the lease term at a pre-determined market price at which point the liability is extinguished since the lease agreement is cancelled. The Company has been traditionally extinguishing the liability for such lease buyouts by reducing equipment costs related to leased equipment, instead of considering the extinguishment of the liability as an incentive to purchase the asset and therefore reducing the cost of the asset. The impact of the error on previously reported amounts under Canadian GAAP for the quarter ended

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December 31, 2009 is described in note 25(i) as U.S. GAAP amounts were previously only reported on an annual basis. The correction of this error reduced Property, plant and equipment by $8,580, reduced long term Deferred tax liabilities by $2,574 and increased Deficit by $5,838 in the Consolidated Balance Sheet as at Mach 31, 2009.

(iv) Valuation of derivative financial instruments. The financial statements for fiscal 2009 have also been amended under U.S. GAAP to correct an error related to the determination of the fair value of the cross-currency and interest rate swap liabilities (collectively, the swap liability) which was identified on settlement of the swap liability on April 8, 2010. The Company recorded the fair value of the swap liability and in addition recorded accrued interest on the swap liability. This resulted in the swap liability being misstated and the changes in the fair value of the swap liability being misstated by the change in the amount of the accrued interest at each reporting period from March 31, 2009. The periods before March 31, 2009 were not materially impacted because prior to February 2, 2009, the U.S. Dollar interest rate swap was still in place (note 16(c)(ii)), and therefore the net accrued interest payable under the swap liability was not material. The impact of the error on previously reported amounts under Canadian GAAP for the quarter ended December 31, 2009 is described in note 25(i) as U.S. GAAP amounts were only reported on an annual basis. It also reduced Derivative financial instruments by $7,514, increased long term Deferred tax liabilities by $1,676 and reduced Deficit by $5,838 in the Consolidated Balance Sheet as at March 31, 2009.

The impact of the above corrections on the previously reported Consolidated Balance Sheet under U.S. GAAP as at March 31, 2009 is as follows:

March 31, 2009	As previously reported	Adjustments	As amended
Property, plant and equipment	$324,695	$(8,580)	$316,115
Accrued liabilities	52,135	(7,134)	45,001
Long term accrued liabilities		7,134	7,134
Derivative financial instruments	50,562	(7,514)	43,048
Deferred tax liabilities	31,643	(898)	30,745
Deficit, end of period	(157,937)	(168)	(158,105)

The impact of the above corrections on previously reported amounts under U.S. GAAP for the years ended March 31, 2009 and March 31, 2008 are described in our annual consolidated financial statements for the year ended March 31, 2010.

4. United States accounting pronouncements recently adopted

i) The FASB accounting standards codification and the hierarchy of generally accepted accounting principles

In June 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (ASC) 105. The ASC amended the hierarchy of generally accepted accounting principles (GAAP) such that the ASC became the single source of authoritative non-governmental U.S. GAAP, except for SEC rules and interpretative releases which, for the Company, are also authoritative U.S. GAAP. The ASC did not change current U.S. GAAP, but was intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All previously existing accounting standard documents were superseded and all other accounting literature not included in the ASC is considered non-authoritative. The ASC identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements in accordance with U.S. GAAP. The Company adopted this standard during the quarter ended September 30, 2009. The adoption of this standard did not have a material impact on the

Company s interim consolidated financial statements.

ii) Fair value measurements

In September 2006, the FASB issued an accounting standard codified in ASC 820, Fair Value Measurements and Disclosures . This standard established a single definition of fair value and a framework for measuring fair value, set out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and required disclosures of assets and liabilities measured at fair value based on their level in the hierarchy. This standard applies under other accounting standards that require or permit fair value measurements. One of the amendments deferred the effective date for one year relative to non-financial assets and liabilities that are measured at fair value, but are recognized or disclosed at fair value on a non-recurring basis. This deferral applied to such items as non-financial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) or non-financial long-lived asset groups measured at fair value for an impairment assessment. These remaining

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aspects of the fair value measurement standard were adopted by the Company prospectively beginning April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

iii) Business combinations

In December 2007, the FASB issued SFAS No. 141R, Business Combinations (SFAS 141R), and, in April 2009, issued FAS 141 (R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies , to amend and clarify SFAS No. 141(R), Business Combinations , now part of ASC 805, Business Combinations . Effective for the Company beginning on April 1, 2009, the standard establishes principles and requirements for how an acquirer recognizes and measures, in its financial statements, the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree, and any goodwill and establishes disclosure requirements that enable users of the Company s financial statements to evaluate the nature and financial effects of the business combination. This new standard was applied to the acquisition of DF Investments Limited and its subsidiary Drillco Foundation Co. Ltd. (see note 7).

iv) Non-controlling interests in consolidated financial statements

In December 2007, the FASB issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements An Amendment of ARB No. 51 (SFAS 160), which is now part of ASC 810. The amendments to ASC 810 are effective for the fiscal year beginning April 1, 2009 and change the accounting and reporting for ownership interests in subsidiaries held by parties other than the parent. These non-controlling interests are to be presented in the consolidated balance sheet within equity but separate from the parent s equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of operations. In addition, this ASC establishes standards for a change in a parent s ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. The ASC also establishes reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company prospectively adopted this ASC effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s consolidated financial statements.

v) Determination of the useful life of intangible assets

In April 2008, the FASB issued FSP No. FAS 142-3, Determination of the Useful Life of Intangible Assets , which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, Goodwill and Other Intangible Assets . The guidance, now part of ASC 350, Intangibles Goodwill and Others , and ASC 275, Risks and Uncertainties , applies to (i) intangible assets that are acquired individually or with a group of other assets and (ii) intangible assets acquired in both business combinations and asset acquisitions. Entities estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension. The Company adopted this standard effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

vi) Equity method investment accounting considerations

In November 2008, the FASB issued EITF 08-06, Equity Method Investment Accounting Considerations , now part of ASC 323, Investments Equity Method and Joint Ventures , which clarifies the accounting for certain transactions and impairment considerations involving equity method investments. The intent is to provide guidance on: (i) determining the initial measurement of an equity method investment, (ii) recognizing other-than-temporary impairments of an equity method investment and (iii) accounting for an equity method investee s issuance of shares. The Company adopted this standard effective April 1, 2009. The adoption of this standard did not have a material impact on the

Company s interim consolidated financial statements.

vii) Interim disclosures about fair value of financial instruments

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments , which amends FASB Statement No. 107, Disclosures about Fair Value of Financial Statements . This new guidance, which is now a part of ASC 825, Financial Instruments , expands the disclosures about the fair value of financial instruments that were previously required only annually to be required for interim reporting periods. In addition, the ASC requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value of financial instruments. The Company adopted the amendments to ASC 825 effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

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viii) Equity method investment accounting considerations

In November 2008, the FASB issued EITF 08-06, Equity Method Investment Accounting Considerations , now part of ASC 323, Investments Equity Method and Joint Ventures , which clarifies the accounting for certain transactions and impairment considerations involving equity method investments. The intent is to provide guidance on: (i) determining the initial measurement of an equity method investment, (ii) recognizing other-than-temporary impairments of an equity method investment and (iii) accounting for an equity method investee s issuance of shares. The Company adopted this standard effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

ix) Determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly

In April 2009, the FASB issued FSP No. FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly . The guidance, now part of ASC 820, Fair Value Measurements and Disclosures , provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. It also includes guidance on identifying circumstances that indicate a transaction is not orderly. The Company adopted this standard effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

x) Subsequent events

In May 2009, the FASB issued ASC 855, Subsequent Events (formerly SFAS No. 165, Subsequent Events). ASC 855 is effective for interim or annual financial periods ending after June 15, 2009 and should be applied prospectively. This statement addresses accounting and disclosure requirements related to subsequent events. This statement also requires the Company to evaluate subsequent events through the date the financial statements are either issued or available to be issued, depending on the Company s expectation of whether it will widely distribute its financial statements to its shareholders and other financial statement users. The Company adopted this ASC effective April 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

xi) Measuring liabilities at fair value

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value , which provides additional guidance on how companies should measure liabilities at fair value under ASC 820, Fair Value Measurements and Disclosures . The ASU clarifies that the quoted price for an identical liability should be used; however, if such information is not available, an entity may use, the quoted price of an identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities traded as assets, or another valuation technique (such as the market or income approach). The ASU also indicates that the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer and indicates circumstances in which quoted prices for an identical liability or quoted price for an identical liability traded as an asset may be considered Level 1 fair value measurements. The Company adopted this ASU effective October 1, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

xii) Accounting and reporting for decreases in ownership of a subsidiary

In January 2010, the FASB issued ASU 2010-02, Consolidation (Topic 810) Accounting and Reporting for Decreases in Ownership of a Subsidiary A Scope Clarification . The ASU clarifies that the scope of the decrease in ownership provisions included in ASC 810, Consolidations and related guidance applies to: (i) a subsidiary or a group of assets that is a business or a non-profit activity; (ii) a subsidiary that

is a business or a non-profit activity that is transferred to an equity method investee or a joint venture; and (iii) an exchange of a group of assets that constitutes a business or non-profit activity for a non-controlling interest in an entity. The standard also clarifies that the decrease in ownership guidance does not apply to certain transactions, such as sales of in substance real estate or conveyance of oil and gas properties. The Company adopted this standard effective April 1, 2009 in conjunction with adoption of the non-controlling interest standard. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

xiii) Equity

In January 2010, the FASB issued ASU No. 2010-01, Equity , which clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or shares with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS

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prospectively and is not a stock dividend for purposes of earnings per share calculations. This Company adopted this ASU effective December 31, 2009. The adoption of this standard did not have a material impact on the Company s interim consolidated financial statements.

5. Recent United States accounting pronouncements not yet adopted

i) Revenue recognition

In October 2009, the FASB issued ASU No. 2009-13, Revenue Recognition: Multiple-Deliverable Revenue Arrangements , which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit. The amendments establish a selling price hierarchy for determining the selling price of a deliverable. The amendments also eliminate the residual method of allocation and require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. For the Company, this ASU is effective prospectively for revenue arrangements entered into or materially modified on or after April 1, 2011. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

ii) Improvements to financial reporting by enterprises involved with variable interest entities

In December 2009, the FASB issued ASU No. 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities , which amends ASC 810, Consolidation . The amendments give guidance and clarification of how to determine when a reporting entity should include the assets, liabilities, non-controlling interests and results of activities of a variable interest entity in its consolidated financial statements. The amendments in this ASU are effective for the Company beginning on April 1, 2010. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

iii) Improving disclosures about fair value measurements

In January 2010, the FASB issued ASU No. 2010-06, Improving Disclosures About Fair Value Measurements , that amends existing disclosure requirements under ASC 820 by adding required disclosures about items transferring into and out of Levels 1 and Level 2 in the fair value hierarchy; adding separate disclosures about purchase, sales, issuances, and settlements relative to Level 3 measurements; and clarifying, among other things, the existing fair value disclosures about the level of disaggregation. The ASU is effective for the Company beginning on January 1, 2010, except for disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements, which is effective for the Company beginning on April 1, 2011. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

6. Goodwill

The change in goodwill during the nine months ended December 31, 2009 is as follows:

Balance, March 31, 2009	$ 23,872
Additions (note 7)	1,239

Balance, December 31, 2009	$25,111

The Company conducted its annual goodwill impairment test on October 1, 2009 and concluded there was no impairment as the fair value of the Piling reporting unit exceeded its carrying value.

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7. Acquisition

On August 1, 2009, the Company acquired all of the issued and outstanding shares of DF Investments Limited (the holding company) and its subsidiary Drillco Foundation Co. Ltd., a piling company based in Milton, Ontario, for a consideration of $5,410. This acquisition gives the Company access to piling markets and customers in the Toronto area. The transaction has been accounted for using the acquisition method with the results of operations included in the financial statements from the date of acquisition. The goodwill acquired is not deductible for tax purposes. The preliminary purchase price allocation is as follows:

Net assets acquired at assigned values:	
Accounts receivable	$4,101
Inventories	59
Prepaid expenses and deposits	11
Property, plant and equipment	2,873
Land	281
Intangible assets	547
Goodwill (assigned to the Piling segment)	1,239
Accounts payable and accrued liabilities	(2,211)
Deferred income tax liability	(838)
Long term debt	(652)
	$5,410

The allocation of the purchase price to the fair value of the assets acquired and liabilities assumed is preliminary and may be subject to adjustments.

8. Inventories

	December 31, 2009	March 31, 2009
Spare tires	$4,795	$10,533
Job materials and other	3,293	1,281
	$8,088	$11,814

9. Property, plant and equipment

December 31, 2009	Cost	Accumulated Depreciation	Net Book Value
Heavy equipment	$339,943	$90,268	$249,675
Major component parts in use	30,058	6,631	23,427
Other equipment	24,558	10,266	14,292
Licensed motor vehicles	14,872	9,169	5,703
Office and computer equipment	8,862	3,412	5,450
Buildings	21,710	6,471	15,239
Land	281		281
Leasehold improvements	9,312	2,671	6,641
Assets under capital lease	25,586	12,712	12,874
	$475,182	$141,600	$333,582

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March 31, 2009	Cost	Accumulated Depreciation	Net Book Value
Heavy equipment	$310,406	$75,410	$234,996
Major component parts in use	25,187	2,535	22,652
Other equipment	22,056	8,268	13,788
Licensed motor vehicles	12,760	7,445	5,315
Office and computer equipment	6,759	3,459	3,300
Buildings	20,823	5,308	15,515
Leasehold improvements	6,589	1,929	4,660
Assets under capital lease	27,953	12,064	15,889
	$432,533	$116,418	$316,115

During the three and nine months ended December 31, 2009, additions to property, plant and equipment included $449 and $1,105 respectively, of assets that were acquired by means of capital leases (three and nine months ended December 31, 2008 $7,991 and $13,107 respectively). Depreciation of equipment under capital lease of $1,019 and $3,156 for the three and nine months ended December 31, 2009, respectively, was included in depreciation expense (three and nine months ended December 31, 2008 $1,337 and $3,570 respectively).

10. Deferred financing costs

December 31, 2009	Cost	Accumulated Amortization	Net Book Value
Senior notes	$16,521	$11,393	$5,128
Term facility and revolving facility	4,328	2,912	1,416
	$20,849	$14,305	$6,544

March 31, 2009	Cost	Accumulated Amortization	Net Book Value
Senior notes	$16,521	$9,613	$6,908
Term facility and revolving facility	3,205	2,203	1,002
	$19,726	$11,816	$7,910

Amortization of deferred financing costs included in interest expense for the three and nine months ended December 31, 2009 was of $847 and $2,489 respectively (three and nine months ended December 31, 2008 $764 and $2,190 respectively).

11. Investment in and advances to unconsolidated joint venture

The Company is engaged in one joint venture, Noramac Ventures Inc. . The joint venture is with Fort McKay Construction Ltd. and was formed for the purpose of expanding the Company s market opportunities and establishing strategic alliances in Northern Alberta. The Company has a 50% proportionate interest in Noramac Joint Venture.

As of December 31, 2009, the Company s investment in and advances to unconsolidated joint venture totaled $2,939 (March 31, 2009 $nil). Condensed financial data as at and for the three and nine months ended December 31, 2009 is as follows:

	December 31, 2009	March 31, 2009
Current assets	$8,527	$
Long term assets	8	
Current liabilities	2,656	
Long term liabilities	5,940	

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(Unaudited)

	Three Months Ended December 31, 2009	Nine Months Ended December 31, 2009
Gross revenues	$3,077	$5,163
Gross profit	847	1,226
Net income	195	132
Equity in earnings of unconsolidated joint venture	$98	$66

12. Debt

a) Long term debt

On June 24, 2009, the Company entered into an amended and restated credit agreement which matures on June 8, 2011 to provide for borrowings of up to $125.0 million under which revolving loans, term loans and letters of credit may be issued. This facility includes a $75.0 million Revolving Facility and a $50.0 million Term Facility. The Term Facility commitments were available until August 31, 2009 and aggregate borrowings under this facility had to exceed $25.0 million. Any undrawn amount under the Term Facility, up to a maximum of $15.0 million, could be reallocated to the Revolving facility. On August 31, 2009, the maximum undrawn portion of the Term Facility totaling $15.0 million was reallocated to the Revolving Facility resulting in Revolving Facility commitments of $90.0 million.

As of December 31, 2009, the Company had issued $20.4 million (March 31, 2009 $20.8 million) in letters of credit under the Revolving Facility to support performance guarantees associated with customer contracts. The total credit facility commitments are $120.0 million at December 31, 2009 and include the $90.0 million Revolving Facility and the outstanding borrowings of $30.0 million (March 31, 2009 $nil) under the Term Facility after mandatory principal repayments of $3.0 million in the quarter. The funds available under the Revolving Facility are reduced by any outstanding letters of credit. The Company s unused borrowing availability under the Revolving Facility was $69.6 million at December 31, 2009.

Borrowings under the Revolving Facility may be repaid and borrowed from time to time at the option of the Company. The Term facility is fully utilized and requires quarterly principal repayments. At December 31, 2009, there were no borrowings under the Revolving Facility.

Beginning December 31, 2009, and at the end of each fiscal quarter thereafter, the Company must make quarterly repayments on the Term Facility of $1,518 through June 2011, with the balance due at that time. The credit facility bears interest at Canadian prime rate, U.S. Dollar Base Rate, Canadian bankers   acceptance rate or London interbank offered rate (LIBOR) (all such terms as used or defined in the credit facility), plus applicable margins. In each case, the applicable pricing margin depends on the Company s credit rating.

The credit facility is secured by a first priority lien on substantially all of the Company s existing and after-acquired property and contains certain restrictive covenants including, but not limited to, incurring additional debt, transferring or selling assets, making investments including acquisitions or to pay dividends or redeem shares of capital stock. The Company is also required to meet certain financial covenants under the credit agreement and was in compliance with these covenants at December 31, 2009.

During the three and nine months ended December 31, 2009, financing fees of $nil and $1,123 respectively were incurred in connection with the modifications made to the amended and restated credit agreement. These fees have been recorded as deferred financing costs and are being amortized using the effective interest method over the term of the credit facility (note 9).

During the three and nine months ended December 31, 2009, the Company extinguished $nil and $652 respectively, of long term debt acquired through its August 1, 2009 acquisition of DF Investments Limited and its subsidiary Drillco Foundations Co. Ltd. (note 7).

b) Senior notes

	December 31, 2009	March 31, 2009
8 3/4% senior unsecured notes due 2011 ($U.S.)	$200,000	$200,000
Unrealized foreign exchange	9,320	52,040
Fair value of embedded early redemption option (note 16 (a))	116	3,716
	$209,436	$255,756

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The 8 3/4% senior notes were issued on November 26, 2003 in the amount of U.S. $200.0 million (Canadian $263.0 million). These notes mature on December 1, 2011 with interest payable semi-annually on June 1 and December 1 of each year. The 8 3/4% senior notes are unsecured senior obligations and rank equally with all other existing and future unsecured senior debt and senior to any subordinated debt that may be issued by the Company or any of its subsidiaries. The notes are effectively subordinated to all secured debt to the extent of the outstanding amount of such debt.

The 8 3/4% senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after: December 1, 2008 at 102.2% of the principal amount; December 1, 2009 at 100.0% of the principal amount; plus, in each case, interest accrued to the redemption date.

If a change of control occurs, the Company will be required to offer to purchase all or a portion of each holder s 8 3/4% senior notes, at a purchase price in cash equal to 101.0% of the principal amount of the notes offered for repurchase plus accrued interest to the date of purchase.

13. Deferred lease inducements

Lease inducements applicable to lease contracts are deferred and amortized as a reduction of general and administrative costs on a straight-line basis over the lease term, which includes the initial lease term and renewal periods only where renewal is determined to be reasonably assured. During the three and nine months ended December 31, 2009, the Company recorded inducements from a lessor in the form of leasehold improvements to a new office facility of $32.

	December 31, 2009	March 31, 2009
Balance, beginning of period	$836	$941
Additions	32	
Amortization	(80)	(105)
Balance, end of period	$788	$836

14. Shares

a) Common shares

Authorized:

Unlimited number of common voting shares

Unlimited number of common non-voting shares issued and outstanding:

	Amount

	Number of Shares	
Common voting shares		
Issued and outstanding at December 31, 2009 and March 31, 2009	36,038,476	$303,431

b) Additional paid-in capital

Balance, March 31, 2009	$ 5,466
Stock-based compensation (note 19(a))	1,768
Deferred performance share unit plan (note 19(b))	213
Reclassified to restricted share unit liability (note 19(c))	(20)
Cash settlement of stock options	(66)
Balance, December 31, 2009	$7,361

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c) Net income (loss) per share

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Net income (loss) available to common shareholders	$14,936	$(14,964)	$29,162	$1,708
Weighted average number of common shares	36,038,476	36,038,476	36,038,476	36,015,172
Basic net income (loss) per share	$0.41	$(0.42)	$0.81	$0.05
Net income (loss) available to common shareholders	$14,936	$(14,964)	$29,162	$1,708
Weighted average number of common shares	36,038,476	36,038,476	36,038,476	36,015,172
Dilutive effect of stock options and performance units	651,550		672,960	668,687
Weighted average number of diluted common shares	36,690,026	36,038,476	36,711,436	36,683,859
Diluted net income (loss) per share	$0.41	$(0.42)	$0.79	$0.05

For the three and nine months ended December 31, 2009, there were 155,576 and 159,244 options and performance units respectively, which were anti-dilutive and therefore were not considered in computing diluted earnings per share (three and nine months ended December 31, 2008 2,223,736 and 126,302 options and performance units respectively).

15. Interest expense

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Interest on 8 3/4% senior notes	$4,517	$5,834	$14,468	$17,503
Interest on capital lease obligations	244	341	805	887
Amortization of deferred financing costs	847	764	2,489	2,190
Interest on credit facilities	893	116	1,385	206
Interest on long-term debt	6,501	7,055	19,147	20,786
Other interest	263	264	578	490
	$6,764	$7,319	$19,725	$21,276

16. Financial instruments and risk management

a) Fair value of financial instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing on each reporting date. Counterparty confirmations and standard market conventions and techniques, such as discounted cash flow analysis and option pricing models, are used to determine the fair value of the Company s financial instruments, including derivatives. All methods of fair value measurement result in a general approximation of value and such value may never actually be realized.

The fair values of the Company s cash and cash equivalents, accounts receivable, unbilled revenue, accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity for the instruments.

The fair values of amounts due under the Revolving facility and the Term facility are based on management estimates which are determined by discounting cash flows required under the instruments at the interest rate currently estimated to be available for instruments with similar terms. Based on these estimates and by using the outstanding balance of $30.0 million at December 31, 2009 and $nil at March 31, 2009, the fair value of amounts due under the Revolving facility and the Term facility as at December 31, 2009 and March 31, 2009 are not significantly different than their carrying value.

The fair values of the Company s cross-currency and interest rate swap agreements and the Company s embedded derivatives are based on appropriate price modeling commonly used by market participants to estimate fair value. Such modeling includes option pricing models and discounted cash flow analysis, using observable market based inputs to

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estimate fair value. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of future cash flows. Fair value amounts reflect management s best estimates using external readily observable market data such as future prices, interest rate yield curves, foreign exchange rates and discount rates for time value. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

Financial instruments with carrying amounts that differ from their fair values are as follows:

	December 31, 2009		March 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior notes [(i)]	$209,436	$208,273	$255,756	$181,469
Capital lease obligations [(ii)]	14,370	14,275	17,484	17,345

(i) The fair value of the U.S. Dollar denominated 8 3/4% senior notes is based upon their period end closing market price translated into Canadian Dollars at period end exchange rates as at December 31, 2009 and March 31, 2009.

(ii) The fair values of amounts due under capital leases are based on management estimates which are determined by discounting cash flows required under the instruments at the interest rates currently estimated to be available for instruments with similar terms.

Derivative financial instruments that are used for risk management purposes, as described in note 16(b) under Risk Management consist of the following:

December 31, 2009	Derivative Financial Instruments	Senior Notes
Cross-currency and interest rate swaps	$74,768	$
Embedded price escalation features in a long-term revenue construction contract	6,291	
Embedded price escalation features in certain long-term supplier contracts	8,820	
Embedded early redemption option on senior notes		116
Total fair value of derivative financial instruments	89,879	116
Less: current portion	17,756	
	$72,123	$116

March 31, 2009	Derivative Financial Instruments	Senior Notes
Cross-currency and interest rate swaps	$32,033	$
Embedded price escalation features in a long-term revenue construction contract	(324)	
Embedded price escalation features in certain long-term supplier contracts	22,778	

Embedded early redemption option on senior notes		3,716
Total fair value of derivative financial instruments	54,487	3,716
Less: current portion	11,439	
	$43,048	$3,716

i) Fair value hierarchy of financial instruments

The Company has segregated all financial assets and financial liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

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Financial assets and financial liabilities measured at fair value, net of accrued interest in the financial statements on a recurring basis are summarized below:

December 31, 2009	Location on Balance Sheet	Carrying Value	Level 2
Cross-currency swaps for U.S. dollar 8 3/4% senior notes	Derivative financial instruments	$57,711	$57,711
Interest rate swaps for U.S. dollar 8 3/4% senior notes	Derivative financial instruments	17,057	17,057
Cross-currency and interest rate swaps for U.S. dollar 8 3/4% senior notes (note 16(a))	Derivative financial instruments	74,768	74,768
Embedded price escalation features in a long-term revenue construction contract (note 16(a))	Derivative financial instruments	6,291	6,291
Embedded price escalation features in certain long-term supplier contracts (note 16(a))	Derivative financial instruments	8,820	8,820
Embedded early redemption option on 8 3/4% senior notes (note 16(a))	Senior notes	116	116
		$89,995	$89,995

March 31, 2009	Location on Balance Sheet	Carrying Value	Level 2
Cross-currency swaps for U.S. dollar 8 3/4% senior notes	Derivative financial instruments	$11,573	$11,573
Interest rate swaps for U.S. dollar 8 3/4% senior notes	Derivative financial instruments	20,460	20,460
Cross-currency and interest rate swaps for U.S. dollar 8 3/4% senior notes (note 16(a))	Derivative financial instruments	32,033	32,033
Embedded price escalation features in a long-term revenue construction contract (note 16(a))	Derivative financial instruments	(324)	(324)
Embedded price escalation features in certain long-term supplier contracts (note 16(a))	Derivative financial instruments	22,778	22,778
Embedded early redemption option on 8 3/4% senior notes (note 16(a))	Senior notes	3,716	3,716
		$58,203	$58,203

At December 31, 2009, the Company had no financial assets or financial liabilities classified as Level 1 or Level 3 under the fair value hierarchy. Since the Company primarily uses observable inputs in its valuation of its derivative financial instruments, these fair value measurements are classified with Level 2 of the fair value hierarchy. The fair values of the Company s cross-currency and interest rate swap agreements and the Company s embedded derivatives are based on appropriate price modeling commonly used by market participants to estimate fair value. Such modeling includes option pricing models and discounted cash flow analysis, using observable market based inputs to estimate fair value. The Company considers its own credit risk or the credit risk of the counterparty in determining fair value, depending on whether the fair values are in an asset or liability position. Fair value determined using valuation models requires the use of assumptions concerning the

amount and timing of future cash flows. Fair value amounts reflect management s best estimates using external, readily, observable market data such as future prices, interest rate yield curves, foreign exchange rates and discount rates for time value. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

The Company used the following methodologies and inputs to estimate the fair value of each class of Level 2 financial instruments:

To determine fair value of the Company s cross-currency and interest rate swap agreements, discounted cash flow analysis with inputs of observable market data including foreign currency exchange rates, implied volatilities, interest rates and the credit risk of the Company or the counterparties were used as appropriate, with resulting valuations periodically validated through third-party or counterparty quotes;

To determine fair value of the Company s optional redemption rights included in the senior notes, discounted cash flow analysis with inputs of observable market data including foreign currency exchange rates, implied volatilities and interest rates were used as appropriate; and

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To determine the fair value of the price escalation features in revenue and maintenance service contracts containing embedded derivatives, generally accepted valuation models based on discounted cash flows with inputs of observable market data, including foreign currency rates and discount factors were used.

Non-financial assets that were re-measured at fair value on a nonrecurring basis as at December 31, 2009 in the financial statements are summarized below:

December 31, 2009	Carrying Value	Level 3	Change in Fair Value
Assets held for sale	$1,038	$1,038	$(250)

Long-lived assets held for sale with a carrying amount of $1,288 were written down to their fair value of $1,038, resulting in a loss of $(250), which was included in depreciation expense in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended December 31, 2009. The fair value of the assets held for sale is determined internally by analyzing recent auction prices for equipment with similar specifications and hours used, the net book value, the residual value of the asset and the useful life of the asset. The inputs to estimate the fair value of the assets held for sale are classified under level 3 of the fair value hierarchy.

The Company did not re-measure non-financial liabilities to fair value as at December 31, 2009.

The realized and unrealized (gain) loss on derivative financial instruments is comprised as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Realized and unrealized (gain) loss on cross-currency and interest rate swaps	$8,108	$(28,087)	$54,126	$(34,309)
Unrealized loss (gain) on embedded price escalation features in a long-term revenue construction contract	342	(8,424)	6,615	(12,927)
Unrealized (gain) loss on embedded price escalation features in certain long-term supplier contracts	(254)	10,346	(13,958)	19,499
Unrealized (gain) loss on embedded early redemption option on 8 3/4% senior notes	(186)	(605)	(3,598)	1,911
	$8,010	$(26,770)	$43,185	$(25,826)

b) Risk Management

The Company is exposed to market and credit associated with its financial instruments. The Company will from time to time use various financial instruments to reduce market risk exposures from changes in foreign currency exchange rates and interest rates. The Company does not hold or use any derivative instruments for trading or speculative purposes.

Overall, the Company s Board of Directors has responsibility for the establishment and approval of the Company s risk management policies. Management performs a risk assessment on a continual basis to help ensure that all significant risks related to the Company and its operations

have been reviewed and assessed to reflect changes in market conditions and the Company s operating activities.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company s financial assets and liabilities held, non-trading physical assets and contract portfolios.

To manage the exposure related to changes in market risk, the Company uses various risk management techniques including the use of derivative instruments. Such instruments may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency.

The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts.

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i) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in foreign exchange rates. The Company has 8 3/4% senior notes denominated in U.S. Dollars in the amount of U.S. $200.0 million. In order to reduce its exposure to changes in the U.S. to Canadian Dollar exchange rate, the Company entered into a cross-currency swap agreement to manage this foreign currency exposure for both the principal balance due on December 1, 2011 as well as the semi-annual interest payments from the issue date to the maturity date. In conjunction with the cross-currency swap agreement, the Company also entered into a U.S. Dollar interest rate swap and a Canadian Dollar interest rate swap as discussed in note 16(c)(ii) below. These derivative financial instruments were not designated as hedges for accounting purposes. At December 31, 2009 and March 31, 2009, the notional principal amount of the cross-currency swap was U.S. $200.0 million and Canadian $263.0 million.

On December 17, 2008, the Company received notice that all three swap counterparties had exercised the cancellation option on the U.S. Dollar interest rate swap and, effective February 2, 2009, the U.S. Dollar interest rate swap was terminated. In addition to net accrued interest to the termination date of U.S. $0.7 million, the counterparties paid a cancellation premium of 2.2% on the notional amount of U.S. $200.0 million or U.S. $4.4 million (equivalent to Canadian $5.3 million), which is included in the caption Other income in the Interim Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended December 31, 2009 and December 31, 2008.

The Company s Canadian Dollar interest rate swap and cross-currency swap agreements are not cancellable at the option of the counterparties and remain in effect. The Company will continue to pay the counterparties an average fixed rate of 9.889% on the notional amount of Canadian $263.0 million or Canadian $13.0 million semi-annually until December 1, 2011. Beginning March 1, 2009, the Company received quarterly floating rate payments in U.S. Dollars on the cross-currency swap agreement at the prevailing three month LIBOR rate plus a spread of 4.2% on the notional amount of U.S. $200.0 million.

As a result of the cancellation of the U.S. Dollar interest rate swap, the Company is exposed to changes in the value of the Canadian Dollar versus the U.S. Dollar. To the extent that three month LIBOR rate is less than 4.6% (the difference between the 8 3/4% senior notes coupon and the 4.2% spread over three month LIBOR on the cross-currency swap agreement), the Company will have to acquire U.S. Dollars to fund a portion of its semi-annual coupon payment on its senior notes. At the three month U.S. Dollar LIBOR rate of 0.25% at December 31, 2009, a $0.01 increase (decrease) in exchange rates in the Canadian Dollar would result in an insignificant decrease (increase) in the amount of Canadian Dollars required to fund each semi-annual coupon payment.

The Company also regularly transacts in foreign currencies when purchasing equipment, spare parts as well as certain general and administrative goods and services. These exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past. The Company may fix its exposure in either the Canadian Dollar or the U.S. Dollar for these short-term transactions, if material.

At December 31, 2009, with other variables unchanged, a $0.01 increase (decrease) in exchange rates of the Canadian Dollar to the U.S. Dollar related to the U.S. Dollar denominated senior notes would decrease (increase) net income and decrease (increase) equity by approximately $1.7 million. With other variables unchanged, a $0.01 increase (decrease) in exchange rates in the Canadian to the U.S. Dollar related to the cross-currency swap would increase (decrease) net income and increase (decrease) equity by approximately $1.8 million. The impact of similar exchange rate changes on short-term exposures would be insignificant and there would be no impact to other comprehensive income.

ii) Interest rate risk

The Company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments. Amounts outstanding under the Company s revolving credit facility are subject to a floating rate. The Company s senior

notes are subject to a fixed rate. The Company s interest risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable borrowings that create cash flow interest rate risk. Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect earnings, as the Company s debt is carried at amortized cost and the carrying value does not change as interest rates change.

In some circumstances, floating rate funding may be used for short-term borrowings and other liquidity requirements. The Company may use derivative instruments to manage interest rate risk. The Company manages its interest rate risk exposure by using a mix of fixed and variable rate debt and may use derivative instruments to achieve the desired proportion of variable to fixed-rate debt.

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In conjunction with the cross-currency swap agreement discussed in note 16(c)(i) above, the Company also entered into a U.S. Dollar interest rate swap and a Canadian Dollar interest rate swap with the net effect of economically converting the 8 3/4% rate payable on the 8 3/4% senior notes into a fixed rate of 9.889% for the duration that the 8 3/4% senior notes are outstanding. These derivative financial instruments were not designated as hedges for accounting purposes.

As a result of the U.S. Dollar interest swap cancellation described in note 16(c)(i), the Company is exposed to changes in interest rates. The Company has a fixed semi-annual coupon payment of 8 3/4% on its U.S. $200.0 million senior notes. With the termination of the U.S. Dollar interest rate swap, the Company will no longer receive fixed U.S. Dollar payments from the counterparties to offset the coupon payment on its senior notes. As a result of this termination, the Company s effective annual interest costs at the current LIBOR rate will increase by U.S. $8.6 million. In addition, the Company is now exposed to interest rate risk where a 100 basis point increase (decrease) in the three month U.S. Dollar LIBOR rate will result in a U.S. $2.0 million decrease (increase) in effective annual interest costs.

At December 31, 2009 and March 31, 2009, the notional principal amounts of the interest rate swaps were U.S. $200.0 million and Canadian $263.0 million.

As at December 31, 2009, holding all other variables constant, a 100 basis point increase (decrease) to Canadian interest rates would impact the fair value of the interest rate swaps by $3.3 million with this change in fair value being recorded in net income. As at December 31, 2009, holding all other variables constant, a 100 basis point increase (decrease) to U.S. interest rates would impact the fair value of the interest rate swaps by $0.1 million with this change in fair value being recorded in net income. As at December 31, 2009, holding all other variables constant, a 100 basis point increase (decrease) of Canadian to U.S. interest rate volatility would impact the fair value of the interest rate swaps by $nil million with this change in fair value being recorded in net income.

At December 31, 2009, the Company held $30.0 million of floating rate debt pertaining to its Term facility (March 31, 2009 $nil). As at December 31, 2009, holding all other variables constant, a 100 basis point increase (decrease) to interest rates on floating rate debt will result in a $0.3 million increase (decrease) in annual interest expense. This assumes that the amount of floating rate debt remains unchanged from that which was held at December 31, 2009.

d) Credit risk

Credit risk is the risk that financial loss to the Company may be incurred if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages the credit risk associated with its cash by holding its funds with what it believes to be reputable financial institutions. The Company is also exposed to credit risk through its accounts receivable and unbilled revenue. Credit risk for trade and other accounts receivables, and unbilled revenue are managed through established credit monitoring activities.

The Company has a concentration of customers in the oil and gas sector. The concentration risk is mitigated primarily by the customers being large investment grade organizations. The credit worthiness of new customers is subject to review by management through consideration of the type of customer and the size of the contract.

At December 31, 2009 and March 31, 2009, the following customers represented 10% or more of accounts receivable and unbilled revenue:

	December 31, 2009	March 31, 2009

Customer A	30%	17%
Customer B	29%	29%
Customer C	5%	13%
Customer D	3%	11%

The Company reviews its accounts receivable amounts regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectible. This generally occurs when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have been considered and have not been successful. Bad debt expense is charged to net income in the period that the account is determined to be doubtful. Estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date taking into consideration the following factors: the length of time the receivable has been outstanding, specific knowledge of each customer s financial condition and historical experience.

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The Company s maximum exposure to credit risk for accounts receivable and unbilled revenue is as follows:

	December 31, 2009	March 31, 2009
Trade accounts receivables	$85,330	$76,499
Other receivables	4,534	1,824
Total accounts receivable	$89,864	$78,323
Unbilled revenue	$81,397	$55,907

On a geographic basis as at December 31, 2009, approximately 97% (March 31, 2009 99%) of the balance of trade accounts receivables (before considering the allowance for doubtful accounts) was due from customers based in Western Canada.

Payment terms are generally net 30 days. As at December 31, 2009 and March 31, 2009 trade receivables are aged as follows:

	December 31, 2009	March 31, 2009
Not past due	$55,034	$47,197
Past due 1-30 days	19,961	13,282
Past due 31-60 days	3,549	2,085
More than 61 days	6,786	13,935
Total	$85,330	$76,499

As at December 31, 2009, the Company has recorded an allowance for doubtful accounts of $2,262 (March 31, 2009 $2,597) of which 100% relates to amounts that are more than 61 days past due.

The allowance is an estimate of the December 31, 2009 trade receivable balances that are considered uncollectible. Changes to the allowance are as follows:

	December 31, 2009	March 31, 2009
Opening balance	$2,597	$742
Payments received on provided balances	(275)	(100)
Current year allowance	334	4,324
Write-offs	(394)	(2,369)

Ending balance	$2,262	$2,597

Credit risk on derivative financial instruments arises from the possibility that the counterparties to the agreements may default on their respective obligations under the agreements. This credit risk only arises in instances where these agreements have positive fair value for the Company.

17. Other information

a) Supplemental cash flow information

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Cash paid during the period for:				
Interest	$23,895	$13,736	$49,068	$27,558
Income taxes	1,562		9,113	
Cash received during the period for:				
Interest	2,424	8	8,495	(2)
Income taxes	453	4	453	67
Non-cash transactions:				
Acquisition of property, plant and equipment by means of capital leases	449	7,991	1,105	13,107

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b) Net change in non-cash working capital

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Operating activities:				
Accounts receivable	$(3,096)	$(8,173)	$(7,073)	$18,539
Allowance for doubtful accounts	158	1,217	(335)	2,517
Unbilled revenue	(13,943)	49,503	(25,490)	10,226
Inventory	1,991	(5,808)	3,785	(10,016)
Prepaid expenses and deposits	(2,858)	1,570	(4,140)	2,483
Accounts payable	9,364	(422)	18,706	(23,013)
Accrued liabilities	(14,053)	(9,191)	(29,093)	(15,532)
Long term accrued liabilities	894	81	3,730	326
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	(2,296)	(6,751)	(254)	2,070
	$(23,839)	$22,026	$(40,164)	$(12,400)
Investing activities:				
Accounts payable	$(2,998)	$(2,068)	$(351)	$3,191

c) Income taxes

Income tax expense as a percentage of income before income taxes for the three and nine months ended December 31, 2009 differs from the statutory rate of 28.91% primarily due to the impact of changes in enacted tax rates and the benefit from changes in the timing of the reversal of temporary differences. Income tax expense as a percentage of income before income taxes for the three and nine months ended December 31, 2008 differs from the statutory rate of 29.38% primarily due to the impact of changes in enacted tax rates, the benefit from changes in the timing of the reversal of temporary differences and a permanent difference related to the $32.8 million non-deductible goodwill impairment.

18. Segmented information

a) General overview

The Company operates in the following reportable operating segments, which follow the organization, management and reporting structure within the Company:

Heavy Construction and Mining:
The Heavy Construction and Mining segment provides mining and site preparation services, including overburden removal and reclamation services, project management, underground utility construction and equipment rental, to a variety of customers throughout Canada.

Piling:

The Piling segment provides deep foundation construction and design build services to a variety of industrial and commercial customers throughout Western Canada and Ontario.

Pipeline:

The Pipeline segment provides both small and large diameter pipeline construction and installation services as well as equipment rental to energy and industrial clients throughout Western Canada.

The accounting policies of the reportable operating segments are the same as those described in the significant accounting policies in note 3. Certain business units of the Company have been aggregated into the Heavy Construction and Mining segment as they have similar economic characteristics. These business units are considered to have similar economic characteristics based on similarities in the nature of the services provided, the customer base and the resources used to provide these services.

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b) Results by business segment

Three Months Ended December 31, 2009	Heavy Construction and Mining	Piling	Pipeline	Total
Revenues from external customers	$183,631	$20,592	$16,952	$221,175
Depreciation of property, plant and equipment	8,191	701	51	8,943
Segment profits	36,237	4,505	1,072	41,814
Segment assets	403,204	93,036	21,210	517,450
Capital expenditures	1,573	305	53	1,931

Three Months Ended December 31, 2008	Heavy Construction and Mining	Piling	Pipeline	Total
Revenues from external customers	$198,620	$41,565	$18,380	$258,565
Depreciation of property, plant and equipment	5,578	1,117	2	6,697
Segment profits	38,639	12,740	5,589	56,968
Impairment of goodwill			(32,753)	(32,753)
Segment assets	545,187	121,692	7,785	674,664
Capital expenditures	6,636	479	87	7,202

Nine Months Ended December 31, 2009	Heavy Construction and Mining	Piling	Pipeline	Total
Revenues from external customers	$469,512	$50,268	$18,616	$538,396
Depreciation of property, plant and equipment	24,113	2,108	298	26,519
Segment profits	81,730	9,139	1,301	92,170
Segment assets	403,204	93,036	21,210	517,450
Capital expenditures	37,627	307	53	37,987

Nine Months Ended December 31, 2008	Heavy Construction and Mining	Piling	Pipeline	Total
Revenues from external customers	$564,101	$132,709	$101,026	$797,836
Depreciation of property, plant and equipment	18,071	2,811	567	21,449
Segment profits	80,266	32,445	22,464	135,175
Impairment of goodwill			(32,753)	(32,753)
Segment assets	545,187	121,692	7,785	674,664
Capital expenditures	61,491	7,634	5,157	74,282

c) Reconciliations

i) Income (loss) before income taxes

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Total profit for reportable segments	$41,814	$56,968	$92,170	$135,175
Less: unallocated corporate expenses				
General and administrative costs	14,532	19,170	43,426	57,760
Loss on disposal of property, plant and equipment	743	1,022	1,044	3,778
Loss on disposal of assets held for sale	649		373	24
Amortization of intangible assets	528	391	1,438	1,049
Equity in earnings of unconsolidated joint venture	(98)		(66)	
Impairment of goodwill		32,753		32,753
Interest expense, net	6,764	7,319	19,725	21,276
Foreign exchange (gain) loss	(5,449)	32,935	(42,930)	39,621
Realized and unrealized loss (gain) on derivative financial instruments	8,010	(26,770)	43,185	(25,826)
Other expenses (income)	471	(5,343)	804	(5,364)
Unallocated equipment (recoveries) and costs [(i)]	(5,812)	5,525	(14,392)	(2,301)
Income (loss) before income taxes	$21,476	$(10,034)	$39,563	$12,405

(i) Unallocated equipment costs represent actual equipment costs, including non-cash items such as depreciation, which have not been allocated to reportable segments. Unallocated equipment recoveries arise when actual equipment costs charged to the reportable segment exceed actual equipment costs incurred.

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ii) Total assets

	December 31, 2009	March 31, 2009
Total assets for reportable segments	$517,450	$470,667
Corporate assets:		
Cash and cash equivalents	94,877	98,880
Property, plant and equipment	25,718	19,890
Deferred income taxes	22,259	19,465
Other	24,921	20,373
Total corporate assets	167,775	158,608
Total assets	$685,225	$629,275

The Company s goodwill of $25,111 is assigned to the Piling segment. All of the Company s assets are located in Canada.

iii) Depreciation of property, plant and equipment

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Total depreciation for reportable segments	$8,943	$6,697	$26,519	$21,449
Depreciation for corporate assets	1,600	3,030	4,174	6,344
Total depreciation	$10,543	$9,727	$30,693	$27,793

iv) Capital expenditures for property, plant and equipment

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Total capital expenditures for reportable segments	$1,931	$7,202	$37,987	$74,282
Capital expenditures for corporate assets	2,843	2,167	10,052	4,013

Total capital expenditures	$4,774	$9,369	$48,039	$78,295

d) Customers

The following customers accounted for 10% or more of total revenues:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Customer A	45%	34%	51%	28%
Customer B	20%	7%	17%	10%
Customer C	10%	15%	11%	15%
Customer D	5%	22%	5%	19%
Customer E	Nil%	7%	Nil%	12%

The revenue by major customer was earned in Heavy Construction and Mining, Piling and Pipeline segments.

19. Stock-based compensation plan

a) Share option plan

Under the 2004 Amended and Restated Share Option Plan, directors, officers, employees and certain service providers to the Company are eligible to receive stock options to acquire voting common shares in the Company. Each stock option provides the right to acquire one common share in the Company and expires ten years from the grant date or on

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termination of employment. Options may be exercised at a price determined at the time the option is awarded, and vest as follows: no options vest on the award date and twenty percent vest on each subsequent anniversary date.

	Three Months Ended December 31,			
	2009		2008	
	Number of options	Weighted average exercise price ($ per share)	Number of options	Weighted average exercise price ($ per share)
Outstanding, beginning of period	2,154,624	7.62	1,934,164	7.93
Granted			219,800	3.69
Exercised	(560)	(3.69)		
Forfeited	(25,400)	(9.60)	(29,400)	6.27
Outstanding, end of period	2,128,664	7.60	2,124,564	7.52

	Nine Months Ended December 31,			
	2009		2008	
	Number of options	Weighted average exercise price ($ per share)	Number of options	Weighted average exercise price ($ per share)
Outstanding, beginning of period	2,071,884	7.53	2,036,364	7.54
Granted	160,000	8.28	344,800	8.22
Exercised	(40,560)	4.98	(109,000)	(6.45)
Forfeited	(62,660)	(8.87)	(147,600)	(10.20)
Outstanding, end of period	2,128,664	7.60	2,124,564	7.52

At December 31, 2009, the weighted average remaining contractual life of outstanding options is 6.45 years (March 31, 2009   7.0 years). At December 31, 2009, the Company had 1,278,176 exercisable options (March 31, 2009   1,055,924) with a weighted average exercise price of $5.43 (March 31, 2009 $5.85).

For the nine months ended December 31, 2009, the 40,560 options exercised were settled in cash.

The Company recorded $414 and $1,768 of compensation expense related to the stock options for the three and nine months ended December 31, 2009, respectively (three and nine months ended December 31, 2008 $472 and $1,434 respectively), with such amount being credited to additional paid-in capital. As at December 31, 2009, the total compensation costs related to non-vested awards not yet recognized was $2,890 and these costs are expected to be recognized over a weighted average period of 3.03 years.

The fair value of each option granted by the Company was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Number of options granted		219,800	160,000	344,800
Weighted average fair value per option granted ($)		2.35	5.89	4.53
Weighted average assumptions:				
Dividend yield		Nil%	Nil%	Nil%
Expected volatility		65.70%	77.47%	59.01%
Risk-free interest rate		3.05%	3.44%	3.24%
Expected life (years)		6.5	6.5	6.5

The Company uses company specific historical data to estimate the expected life of the option, such as employee option exercise and employee post-vesting departure behavior. Since the Company s shares have been publicly traded for a period that is shorter than the expected life of the share option, expected volatility is estimated based on the historical volatility of a peer group of similar entities in addition to its own historical volatility.

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b) Deferred performance share unit plan

On March 19, 2008, the Company approved a Deferred Performance Share Unit (DPSU) Plan which became effective April 1, 2008.

DPSUs will be granted effective April 1 of each fiscal year in respect of services to be provided in that fiscal year and the following two fiscal years. The DPSUs vest at the end of a three year term and are subject to the performance criteria approved by the Compensation Committee of the Board of Directors at the date of grant. Such performance criterion includes the passage of time and is based upon return on invested capital calculated as operating income divided by average operating assets. The date of the third fiscal year-end following the date of the grant of DPSUs is the maturity date for such DPSUs. At the maturity date, the Compensation Committee assesses the participant against the performance criteria and determines the number of DPSUs that have been earned (earned DPSUs).

The settlement of the participant s entitlement is made either in cash in an amount equivalent to the number of earned DPSUs multiplied by the value of the Company s common shares at the date of maturity or in a number of common shares equal to the number of earned DPSUs. If settled in common shares, the common shares are purchased on the open market or through the issuance of shares from treasury.

The fair value of each unit under the DPSU Plan was estimated on the date of the grant using Black-Scholes option pricing model. The weighted average assumptions used in estimating the fair value of the units issued under the DPSU Plan at April 1, 2009 and April 1, 2008 are as follows:

	Three and Nine Months Ended December 31, 2009	Three and Nine Months Ended December 31, 2008
Number of units granted	748,791	111,020
Weighted average fair value per unit granted ($)	3.65	12.34
Weighted average assumptions:		
Dividend yield	Nil%	Nil%
Expected volatility	95.49%	56.25%
Risk-free interest rate	1.35%	2.83%
Expected life (years)	3.0	3.0

Since the Company s shares have been publicly traded for a period that is shorter than the expected life of the DPSU, expected volatility is estimated based on the average historical volatility of a peer group of similar entities in addition to its own historical volatility.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
	Number of Units		Number of Units	
Outstanding, beginning of period	807,901	101,636	91,005	
Granted			748,791	111,020
Exercised				
Forfeited	(42,194)	(2,464)	(74,089)	(11,848)
Converted to RSUs (note 19(c))	(389,204)		(389,204)	

Outstanding, end of period	376,503	99,172	376,503	99,172

The weighted average exercise price per unit is $nil.

At December 31, 2009, the weighted average remaining contractual life of outstanding DPSU Plan units is 2.14 years (March 31, 2009 2.0 years). For the three and nine months ended December 31, 2009, respectively, the Company granted nil and 748,791 units under the Plan and recorded compensation (recovery) expense of $(65) and $213 respectively after adjusting for the conversion to RSUs (three and nine months ended December 31, 2008 $80 and $222 respectively) which is included in general and administrative costs. Compensation expense was adjusted based upon management s assessment of performance against return on invested capital targets and the ultimate number of units expected to be issued. As at December 31, 2009, there was approximately $831 of total unrecognized compensation cost related to non-vested share-based payment arrangements under the DPSU Plan, which is expected to be recognized over a weighted average period of 1.88 years and is subject to performance adjustments. On December 18, 2009, the Company converted 389,204 DPSUs into RSUs (note 19(c)).

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c) Restricted Share Units

On December 3, 2009, the Company approved a Restricted Share Unit (RSU) Plan which became effective December 18, 2009.

RSUs will be granted effective April 1 of each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs vest at the end of a three year term. The Company classifies RSUs as a liability as the Company has the ability and intent to settle the awards in cash.

Compensation expense is calculated based on the fair value of each RSU as determined by the closing value of the Company s common shares on each period end date. The Company recognizes compensation expense over the vesting period of the RSU term.

On December 18, 2009, the Company converted certain middle manager s DPSUs (note 19(b)) into RSUs at a conversion factor of 80%. The following table summarizes this conversion.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
	Number of Units		Number of Units	
Outstanding, beginning of period				
Converted from DPSUs at a conversion factor of 80%	311,358		311,358	
Exercised				
Forfeited				
Outstanding, end of period	311,358		311,358	

The Company recorded compensation expense with respect to RSUs of $619 for the three and nine months ended December 31, 2009 (three and nine months ended December 31, 2008 $nil). Compensation expense related to RSUs is included in general and administration costs. At December 31, 2009, the redemption value of these units was $7.60/unit (March 31, 2009 $nil). Using the redemption value of $7.60/unit, at December 31, 2009 there was approximately $1,727 of total unrecognized compensation cost related to non-vested share-based payment arrangements under the RSU Plan. On approval of the RSU plan, the Company reclassified $20 from additional paid-in capital to restricted share unit liability related to the conversion of those employees converted from the DPSU plan to the RSU plan.

d) Director s deferred stock unit plan

On November 27, 2007, the Company approved a Directors Deferred Stock Unit (DDSU) Plan, which became effective January 1, 2008. Under the DDSU Plan, non-officer directors of the Company receive 50% of their annual fixed remuneration (which is included in general and administrative costs in the Consolidated Statements of Operations and Comprehensive Income (Loss)) in the form of DDSUs and may elect to receive all or a part of their annual fixed remuneration in excess of 50% in the form of DDSUs. The number of DDSUs to be credited to the participants deferred unit account shall be determined by dividing the amount of the participant s deferred remuneration by the fair market value per common share on the date the DDSUs are credited to the Participant (the date the services are rendered by the participant). The DDSUs vest immediately upon grant and are only redeemable upon death or retirement of the participant for cash determined by the market price of the

Company s common shares for the five trading days immediately preceding death or retirement. Directors, who are not U.S. taxpayers, may elect to defer the maturity date until a date no later than December 1st of the calendar year following the year in which the actual maturity date occurred.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
	Number of Units		Number of Units	
Outstanding, beginning of period	209,714	38,261	139,691	11,822
Granted	31,570	54,444	101,593	80,883
Outstanding, end of period	241,284	92,705	241,284	92,705

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For the three and nine months ended December 31, 2009, the Company recorded an expense of $471 and $1,288 respectively, which is included in general and administrative costs (three and nine months ended December 31, 2008 $(41) recovery and $190 respectively) related to the grants of DDSUs.

At December 31, 2009, the redemption value of these units was $7.60/unit (March 31, 2009 $3.91/unit). There is no unrecognized compensation expense related to deferred share units, since these awards vest immediately when granted.

20. Contingencies

During the normal course of the Company s operations, various legal and tax matters are pending. In the opinion of management, these matters will not have a material effect on the Company s consolidated financial position or results of operations.

21. Seasonality

The Company generally experiences a decline in revenues during the first quarter of each fiscal year due to seasonality, as weather conditions make operations in the Company s operating regions difficult during this period. The level of activity in the Heavy Construction and Mining and Pipeline segments declines when frost leaves the ground and many secondary roads are temporarily rendered incapable of supporting the weight of heavy equipment. The duration of this period is referred to as spring breakup and has a direct impact on the Company s activity levels. Revenues during the fourth quarter of each fiscal year are typically highest as ground conditions are most favorable in the Company s operating regions. As a result, full-year results are not likely to be a direct multiple of any particular quarter or combination of quarters. In addition to revenue variability, gross margins can be negatively impacted in less active periods because the Company is likely to incur higher maintenance and repair costs due to its equipment being available for service.

22. Claims revenue

For the three and nine months ended December 31, 2009, due to the timing of receipt of signed change orders, the Heavy Construction and Mining segment had approximately $0.2 million and $1.1 million respectively in claims revenue recognized to the extent of costs incurred, the Piling segment had $0.8 million and $1.0 million respectively in claims revenue recognized to the extent of costs incurred, and the Pipeline segment had $0.2 million and $1.7 million respectively in claims revenue recognized to the extent of costs incurred.

23. Comparative figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation of the current period consolidated financial statements.

24. Subsequent events

On December 1, 2009, the Company was notified by a major customer that they had reduced the letter of credit required to support performance guarantees from $20.0 million to $10.0 million. As a result of this notification, the borrowing capacity under the Company s Revolving facility increased $10.0 million. Effective January 6, 2010, the Company s borrowing availability was $79.6 million.

On April 7, 2010, the Company issued, through private placement in Canada and the U.S., $225.0 million of 9.125% Series 1 Senior Unsecured Debentures (the Debentures). The Debentures mature on April 7, 2017. The Debentures will bear interest from the date of issue at 9.125% per annum and such interest is payable in equal installments semi-annually in arrears on April 7 and October 7 in each year, commencing on October 7, 2010.

The Debentures are unsecured senior obligations and rank equally with all other existing and future unsecured senior debt and senior to any subordinated debt that may be issued by the Company or any of its subsidiaries. The Debentures are effectively subordinated to all secured debt to the extent of collateral on such debt.

At any time prior to April 7, 2013, the Company may redeem up to 35% of the aggregate principal amount of the Debentures, with the net cash proceeds of one or more of the Company s Public Equity Offerings at a redemption price equal to 109.125% of the principal amount; plus accrued and unpaid interest to the date of redemption, so long as:

i) at least 65% of the original aggregate amount of the Debentures remains outstanding after each redemption; and

ii) any redemption by the Company is made within 90 days of the equity offering.

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At any time prior to April 7, 2013, the Company may on one or more occasions redeem the Debentures, in whole or in part, at a redemption price which is equal to the greater of (a) the Canada Yield Price and (b) 100% of the aggregate principal amount of Debentures redeemed, plus, in each case, accrued and unpaid interest to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Debentures are redeemable at the option of the Company, in whole or in part, at any time on or after: April 7, 2013 at 104.563% of the principal amount; April 7, 2014 at 103.042% of the principal amount; April 7, 2015 at 101.520% of the principal amount; April 7, 2016 and thereafter at 100% of the principal amount; plus, in each case, interest accrued to the redemption date.

If a change of control occurs, the Company will be required to offer to purchase all or a portion of each Debenture holder s Debentures, at a purchase price in cash equal to 101% of the principal amount of the Debentures offered for repurchase plus accrued interest to the date of purchase.

On April 8, 2010, the Company settled the cross-currency and interest rate swaps for a total of $92.5 million. On April 28, 2010, the Company redeemed the 8 3/4% senior notes for a total of $207.6 million and wrote off deferred financing costs of $4.5 million. These payments were funded by the net proceeds received from the issuance of the Debentures and available cash on hand.

On April 30, 2010, the Company entered into an amended and restated credit agreement to extend the term of the credit facilities and increase the amount of the term loans. The new credit facilities provide for total borrowings of up to $163.4 million (previously $125.0 million) under which revolving loans, term loans and letters of credit may be issued. The Revolving Facility of $85.0 million (previously $90.0 million) was undrawn at closing. The new agreement includes two term facilities providing for borrowings of up to $78.4 million. At April 30, 2010, the Term A Facility and Term B Facility were both fully drawn at $28.4 million and $50.0 million, respectively. The new facilities mature on April 30, 2013.

Advances under the Revolving Facility may be repaid from time to time at the Company s option. The term facilities include mandatory repayments totaling $10.0 million per year with $2.5 million paid on the last day of each quarter commencing June 30, 2010. In addition, the Company must make annual payments within 120 days of the end of its fiscal year in the amount of 50% of Consolidated Excess Cash Flow (as defined in the credit agreement) to a maximum of $4.0 million.

Interest on Canadian base rate loans is paid at variable rates based on the Canadian prime rate plus the applicable pricing margin (as defined within the credit agreement). Interest on US base rate loans is paid at a rate per annum equal to the US base rate plus the applicable pricing margin. Interest on prime and US base rate loans is payable monthly in arrears and computed on the basis of a 365 day or 366 day year, as the case may be. Interest on LIBOR loans is paid during each interest period at a rate per annum, calculated on a 360 day year, equal to the LIBOR rate with respect to such interest period plus the applicable pricing margin.

Subsequent to March 31, 2010, the Company recorded additional financing costs on the Debentures and the amended credit agreement of $6.9 million and $1.0 million respectively. These additional costs will be recorded as deferred financing costs in the Interim Consolidated Balance Sheets.

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25. United States and Canadian accounting policy differences

These consolidated financial statements have been prepared in accordance with U.S. GAAP, which differs in certain respects from Canadian GAAP. If Canadian GAAP were employed, the Company s net income (loss) would be adjusted as follows:

Consolidated Statements of Operations, Comprehensive Income and Deficit Three months ended December 31, 2009	U.S. GAAP	Adjustments	Canadian GAAP (restated see note 25(i))
Revenue (g)	$221,175	$1,539	$222,714
Project costs (g)	89,207	1,115	90,322
Equipment costs	57,512		57,512
Equipment operating lease expense	16,287		16,287
Depreciation (a)	10,543	(31)	10,512
Gross profit	47,626	455	48,081
General and administrative costs (c) and (g)	14,532	315	14,847
Loss on disposal of property, plant and equipment	743		743
Loss on disposal of assets held for sale	649		649
Amortization of intangible assets	528	210	738
Equity in earnings of unconsolidated joint venture	(98)	98	
Operating income before the undernoted	31,272	(168)	31,104
Interest expense, net (b)	6,764	(637)	6,127
Foreign exchange gain (b)	(5,449)	46	(5,403)
Realized and unrealized loss on derivative financial instruments (d)	8,010	(392)	7,618
Other expenses	471		471
Income before income taxes	21,476	815	22,291
Income taxes:			
Current income taxes	591		591
Deferred income taxes (h)	5,949	174	6,123
Net income and comprehensive income for the period	14,936	641	15,577
Deficit, beginning of period	(143,879)	2,461	(141,418)
Deficit, end of period	$(128,943)	$3,102	$(125,841)
Net income per share basic	$0.41	$0.02	$0.43
Net income per share diluted	$0.41	$0.02	$0.43

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Consolidated Statements of Operations, Comprehensive Income and Deficit Nine months ended December 31, 2009	U.S. GAAP	Adjustments	Canadian GAAP (restated see note 25(i))
Revenue (g)	$538,396	$2,531	$540,927
Project costs (g)	208,906	1,928	210,834
Equipment costs	147,915		147,915
Equipment operating lease expense	44,320		44,320
Depreciation (a)	30,693	(93)	30,600
Gross profit	106,562	696	107,258
General and administrative costs (c) and (g)	43,426	502	43,928
Loss on disposal of property, plant and equipment	1,044		1,044
Loss on disposal of assets held for sale	373		373
Amortization of intangible assets	1,438	623	2,061
Equity in earnings of unconsolidated joint venture	(66)	66	
Operating income before the undernoted	60,347	(495)	59,852
Interest expense, net (b)	19,725	(1,840)	17,885
Foreign exchange gain (b)	(42,930)	450	(42,480)
Realized and unrealized loss on derivative financial instruments (d)	43,185	(2,720)	40,465
Other expenses	804		804
Income before income taxes	39,563	3,615	43,178
Income taxes:			
Current income taxes	1,855		1,855
Deferred income taxes (h)	8,546	639	9,185
Net income and comprehensive income for the period	29,162	2,976	32,138
Deficit, beginning of period	(158,105)	126	(157,979)
Deficit, end of period	$(128,943)	$3,102	$(125,841)
Net income per share basic	$0.81	$0.08	$0.89
Net income per share diluted	$0.79	$0.08	$0.87

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Notes to Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2009

(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

(Unaudited)

Consolidated Statements of Operations, Comprehensive Loss and Deficit Three months ended December 31, 2008	U.S. GAAP	Adjustments	Canadian GAAP (restated see note 25(i))
Revenue	$258,565	$	$258,565
Project costs	129,912		129,912
Equipment costs	55,549		55,549
Equipment operating lease expense	11,934		11,934
Depreciation (a)	9,727	(31)	9,696
Gross profit	51,443	31	51,474
General and administrative costs (c)	19,170	(14)	19,156
Loss on disposal of property, plant and equipment	1,022		1,022
Amortization of intangible assets	391	209	600
Impairment of goodwill	32,753		32,753
Operating loss before the undernoted	(1,893)	(164)	(2,057)
Interest expense, net (b)	7,319	(545)	6,774
Foreign exchange loss (b)	32,935	(431)	32,504
Realized and unrealized gain on derivative financial instruments (d)	(26,770)	247	(26,523)
Other income	(5,343)		(5,343)
Loss before income taxes	(10,034)	565	(9,469)
Income taxes:			
Current income taxes	1,779		1,779
Deferred income taxes (h)	3,151	195	3,346
Net loss and comprehensive loss for the period	(14,964)	370	(14,594)
Retained earnings (deficit), beginning of period	(6,029)	(609)	(6,638)
Deficit, end of period	$(20,993)	$(239)	$(21,232)
Net loss per share basic	$(0.42)	$0.01	$(0.41)
Net loss per share diluted	$(0.42)	$0.01	$(0.41)

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Notes to Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2009

(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

(Unaudited)

Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit Nine months ended December 31, 2008	U.S. GAAP	Adjustments	Canadian GAAP (restated see note 25(i))
Revenue	$797,836	$	$797,836
Project costs	433,504		433,504
Equipment costs	168,746		168,746
Equipment operating lease expense	30,317		30,317
Depreciation (a)	27,793	(93)	27,700
Gross profit	137,476	93	137,569
General and administrative costs (c)	57,760	(43)	57,717
Loss on disposal of property, plant and equipment	3,778		3,778
Loss on disposal of assets held for sale	24		24
Amortization of intangible assets	1,049	627	1,676
Impairment of goodwill	32,753		32,753
Operating income before the undernoted	42,112	(491)	41,621
Interest expense, net (b)	21,276	(1,613)	19,663
Foreign exchange loss (b)	39,621	(522)	39,099
Realized and unrealized gain on derivative financial instruments (d)	(25,826)	4,655	