ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2015 and 2014

ALGOMA CENTRAL CORPORATION

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ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
Statements of Earnings
For the Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited and in thousands of dollars except per share figures)

	Notes	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
REVENUE	**17**	**$ 133,831**	$ 163,950	**$ 318,268**	$ 354,021
EXPENSES					
Operations	**17**	**92,534**	110,548	**256,088**	276,004
General and administrative		**5,946**	5,954	**21,783**	19,141
		98,480	116,502	**277,871**	295,145
EARNINGS BEFORE UNDERNOTED ITEMS		**35,351**	47,448	**40,397**	58,876
Depreciation of property, plant, and equipment and investment properties	**9, 10**	**(12,485)**	(10,929)	**(35,648)**	(33,008)
Net (loss) gain on cancellation of shipbuilding contracts	**5**	**(197)**	-	**13,697**	-
Impairment on parts and spares	**9**	**-**	(4,000)	**-**	(4,000)
Interest expense	**6**	**(4,289)**	(2,390)	**(9,515)**	(7,571)
Interest income		**202**	147	**946**	47
Net gain (loss) on foreign currency translation	**7**	**1,192**	(792)	**3,231**	913
EARNINGS BEFORE INCOME TAX EXPENSE AND EARNINGS OF JOINT VENTURES		**19,774**	29,484	**13,108**	15,257
INCOME TAX EXPENSE	**8**	**(5,811)**	(6,501)	**(3,400)**	(2,335)
EARNINGS OF JOINT VENTURES	**4**	**879**	1,384	**5,473**	4,526
NET EARNINGS		**$ 14,842**	$ 24,367	**$ 15,181**	$ 17,448
BASIC EARNINGS PER SHARE	**13**	**$ 0.38**	$ 0.63	**$ 0.39**	$ 0.45
DILUTED EARNINGS PER SHARE	**13**	**$ 0.37**	$ 0.59	**$ 0.39**	$ 0.45

See accompanying notes to the interim condensed consolidated financial statements.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
Statements of Comprehensive Earnings
For the Three and Nine Months Ended September 30, 2015 and 2014
(Unaudited and in thousands of dollars)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2015**	2014	**2015**	2014
NET EARNINGS		**$ 14,842**	$ 24,367	**$ 15,181**	$ 17,448
OTHER COMPREHENSIVE EARNINGS (LOSS)					
Items that may be subsequently reclassified to net earnings:					
Unrealized gain on translation of financial statements of foreign operations		**11,966**	5,812	**21,444**	6,295
Unrealized (loss) gain on hedging instruments, net of income tax		**(435)**	91	**166**	(300)
Foreign exchange gains on purchase commitment hedge reserve transferred to:					
Net earnings	**5**	**-**	-	**(13,444)**	-
Property, plant, and equipment		**(478)**	-	**(478)**	(819)
Items that will not be subsequently reclassified to net earnings:					
Employee future benefits					
Actuarial loss, net of income tax		**(2,808)**	(2,606)	**(1,252)**	(5,419)
		8,245	3,297	**6,436**	(243)
COMPREHENSIVE EARNINGS		**$ 23,087**	$ 27,664	**$ 21,617**	$ 17,205

See accompanying notes to the interim condensed consolidated financial statements.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
Balance Sheets
September 30, 2015 and December 31, 2014
(Unaudited and in thousands of dollars)

	Notes	September 30 2015	December 31 2014
ASSETS			
CURRENT			
Cash and cash equivalents		$ 204,404	$ 256,896
Accounts receivable		62,927	66,631
Materials and supplies		8,871	9,810
Prepaid expenses		5,777	5,016
Income taxes recoverable		19,292	3,397
		301,271	341,750
EMPLOYEE FUTURE BENEFITS		702	1,439
PROPERTY, PLANT, AND EQUIPMENT	9	501,871	530,726
GOODWILL		7,910	7,910
INVESTMENT PROPERTIES	10	79,173	78,493
OTHER ASSETS	11	85,699	-
INVESTMENT IN JOINT VENTURES	4	15,047	13,737
		$ 991,673	$ 974,055
LIABILITIES			
CURRENT			
Accounts payable and accrued charges		$ 49,424	$ 65,491
Dividends payable		1,440	1,242
Current portion of long-term debt	12	2,802	-
		53,666	66,733
DEFERRED INCOME TAXES		54,259	53,143
EMPLOYEE FUTURE BENEFITS		23,749	23,325
LONG-TERM DEBT	12	238,257	223,755
		316,265	300,223
COMMITMENTS	15		
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	13	8,344	8,319
CONTRIBUTED SURPLUS		11,917	11,917
CONVERTIBLE DEBENTURES		4,630	4,632
ACCUMULATED OTHER COMPREHENSIVE EARNINGS	14	18,777	11,089
RETAINED EARNINGS		578,074	571,142
		621,742	607,099
		$ 991,673	$ 974,055

See accompanying notes to the interim condensed consolidated financial statements.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
Statements of Changes in Equity
For the Nine Months Ended September 30, 2015 and 2014
(Unaudited and in thousands of dollars)

	Share capital	Contributed Surplus and Convertible debentures	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Equity
	(Note 13)		(Note 14)		
BALANCE AT DECEMBER 31, 2013	$ 8,319	$ 16,549	$ 1,791	$ 534,427	$ 561,086
Net earnings	-	-	-	17,448	17,448
Dividends declared	-	-	-	(8,171)	(8,171)
Other comprehensive earnings (loss)	-	-	5,176	(5,419)	(243)
Refundable dividend tax on hand	-	-	-	494	494
BALANCE AT SEPTEMBER 30, 2014	$ 8,319	$ 16,549	$ 6,967	$ 538,779	$ 570,614
BALANCE AT DECEMBER 31, 2014	$ 8,319	$ 16,549	$ 11,089	$ 571,142	$ 607,099
Net earnings	-	-	-	15,181	15,181
Dividends declared	-	-	-	(8,171)	(8,171)
Other comprehensive earnings (loss)	-	-	7,688	(1,252)	6,436
Conversion of debentures	25	(2)	-	-	23
Refundable dividend tax on hand	-	-	-	1,174	1,174
BALANCE AT SEPTEMBER 30, 2015	$ 8,344	$ 16,547	$ 18,777	$ 578,074	$ 621,742

See accompanying notes to the interim condensed consolidated financial statements.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
Statements of Cash Flows
For the Nine Months Ended September 30, 2015 and 2014
(Unaudited and in thousands of dollars)

	Notes	September 30 2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net earnings		**$ 15,181**	$ 17,448
Earnings of joint ventures	**4**	**(5,473)**	(4,526)
Dividends received from joint ventures		**6,666**	2,715
Items not affecting cash			
Depreciation of property, plant, and equipment and investment properties	**9, 10**	**35,648**	33,008
Net gain on foreign currency translation		**(3,231)**	(913)
Income tax expense	**8**	**3,400**	2,335
Interest expense	**6**	**9,515**	7,571
Gain on cancellation of shipbuilding contracts	**5**	**(13,697)**	-
Impairment on parts and spares		**-**	4,000
Gain on sale of property, plant, and equipment		**(589)**	(64)
		47,420	61,574
Net change in non-cash operating working capital		**(6,035)**	(12,864)
Income taxes paid		**(15,121)**	(1,682)
Employee future benefits paid		**(3,167)**	(621)
Net cash generated from operating activities		**23,097**	46,407
INVESTING			
Additions to property, plant, and equipment		**(73,869)**	(23,423)
Additions to investment properties		**(4,624)**	(9,416)
Proceeds on sale of property, plant and equipment		**3,687**	535
Net cash used in investing activities		**(74,806)**	(32,304)
FINANCING			
Interest paid		**(13,839)**	(12,584)
Proceeds (repayment) of long-term debt		**2,802**	(13,500)
Dividends paid		**(8,172)**	(8,171)
Cash used in financing activities		**(19,209)**	(34,255)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(70,918)**	(20,152)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH HELD IN FOREIGN CURRENCIES		**18,426**	5,906
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**256,896**	216,057
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 204,404**	$ 201,811

See accompanying notes to the interim condensed consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Algoma Central Corporation (the “Company”) is incorporated in Canada and is listed on the Toronto Stock Exchange. The address of the Company’s registered office is 63 Church St, Suite 600, St. Catharines, Ontario, Canada. The interim condensed consolidated financial statements of the Company for the three and nine month periods ended September 30, 2015 and 2014 comprise the Company, its subsidiaries and the Company’s interest in jointly controlled entities.

Algoma Central Corporation owns and operates the largest Canadian flag fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway. The Company’s Canadian flag fleet consists of 18 self-unloading dry-bulk carriers, six gearless dry bulk carriers and seven product tankers.

The Domestic Dry-Bulk marine transportation segment includes ownership and management of the operational and commercial activities of the Company’s 24 – vessel domestic dry-bulk fleet. The dry-bulk vessels carry cargoes of raw materials such as coal, grain, iron ore, salt and aggregates and operate throughout the Great Lakes – St. Lawrence Waterway, from the Gulf of St. Lawrence through all five Great Lakes. This segment also includes a diversified ship repair and steel fabricating facility active in the Great Lakes and St. Lawrence regions of Canada and the operational management of four vessels owned by other shipowners.

The Product Tankers marine transportation segment includes ownership and management of the operational and commercial activities of seven Canadian flag tanker vessels operating on the Great Lakes, the St. Lawrence Seaway and the east coast of North America.

The Ocean Shipping marine transportation segment includes direct ownership of two ocean-going self-unloading vessels and a 50% interest through a joint venture in two ocean-going self-unloaders. The ocean vessels are engaged in the carriage of dry-bulk commodities in worldwide ocean trades.

The Company also owns commercial real estate in Sault Ste. Marie, Waterloo and St. Catharines, Ontario.

The nature of the Company’s business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in a year. Due to the closing of the canal system and the winter weather conditions in the Great Lakes–St. Lawrence Waterway, the majority of the domestic dry-bulk fleet does not operate for much of the first quarter. In addition, significant repair and maintenance costs are incurred in the first quarter to prepare the domestic dry-bulk fleet for the upcoming navigation season. As a result, first quarter revenues and earnings are typically significantly lower than those for the remaining quarters in the year.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and using the same accounting policies and methods as were used for the Company’s Consolidated Financial Statements and the notes thereto for the years ended December 31, 2014 and 2013. The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2014 and 2013.

The reporting currency used is the Canadian dollar unless otherwise noted and all amounts are reported in thousands of dollars except for share data.

The financial statements were approved by the Board of Directors and authorized for issue on November 4, 2015.

3. NEW ACCOUNTING STANDARDS NOT YET APPLIED

Joint Arrangements

The amendments to IFRS 11 Joint Arrangements (IFRS 11) provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3, Business Combinations (IFRS 3). The amendment is effective for annual periods beginning on or after January 1, 2016. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The Company is currently evaluating the impact of this new amendment.

4. INTERESTS IN JOINT VENTURES

The Company has a 50% interest in Marbulk Canada Inc., which owns and operates ocean-going vessels and participates in an international commercial arrangement. The Company also has a 50% interest in Seventy-Five Corporate Park Drive Ltd. with an unrelated corporation. This joint venture owns an office building.

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited) (In thousands of dollars)

The revenues, expenses and net earnings of the jointly controlled operations, for the three and nine months ended September 30, 2015 and 2014 are as follows:

	Three Months Ended September 30		Nine Months Ended Septemer 30	
	2015	2014	**2015**	2014
Revenue	**$ 6,894**	$ 7,416	**$ 29,782**	$ 32,700
Operating expenses	**(5,396)**	(5,156)	**(16,104)**	(22,050)
Gain on sale of assets	**482**	1,388	**482**	1,388
General and administrative	**(118)**	(134)	**(428)**	(392)
Depreciation	**(876)**	(728)	**(2,802)**	(2,146)
Earnings before income taxes	**986**	2,786	**10,930**	9,500
Income tax recovery (expense)	**772**	(16)	**16**	(448)
Net earnings	**$ 1,758**	$ 2,770	**$ 10,946**	$ 9,052

The Company's share of the jointly controlled operations, for the three and nine months ended Septemer 30, 2015 and 2014 are as follows:

Marbulk Canada Inc.	**$ 805**	$ 1,318	**$ 5,253**	$ 4,321
Seventy-Five Corporate Park Drive Ltd.	**74**	67	**220**	205
	$ 879	$ 1,385	**$ 5,473**	$ 4,526

(Unaudited) (In thousands of dollars)

The assets and liabilities of the jointly controlled operations at September 30, 2015 and December 31, 2014 are as follows:

	September 30 2015	December 31 2014
Cash and cash equivalents	**$ 6,976**	$ 4,390
Other current assets	**2,728**	3,592
Property, plant, and equipment	**20,456**	21,924
Investment property	**3,250**	3,166
Current liabilities	**(3,278)**	(2,818)
Deferred income taxes	**(38)**	(4,458)
	$ 30,094	$ 25,796

The Company's net investment of the jointly controlled operations at September 30, 2015 and December 31, 2014 is as follows:

Marbulk Canada Inc.	**$ 13,256**	$ 11,875
Seventy-Five Corporate Park Drive Ltd.	**1,791**	1,862
	$ 15,047	$ 13,737

5. (LOSS) GAIN ON CANCELLATION OF SHIPBUILDING CONTRACTS

The Company entered into contracts in 2010 and 2011 to construct a total of six Equinox Class dry-bulk vessels.

The Company took delivery of two gearless dry-bulk ships, the *Algoma Equinox* in 2013 and the *Algoma Harvester* in 2014. The remaining four ships, all self unloaders, were expected to be delivered in 2015 and 2016. Although progress on this construction project had been slower than anticipated, the Company still intended to take delivery of the vessels, provided the Shipyard, Nantong Mingde Heavy Industry Co., Ltd., met its contractual obligations.

On December 26, 2014, the Shipyard entered a court ordered bankruptcy restructuring process. This process was initiated by Sainty Marine Co. Ltd which is both the largest creditor of the Shipyard and also the seller of record under certain of the ship building contracts held by the Company. All monies paid by the Company against these shipbuilding contracts are supported by refund guarantees issued by Chinese state banks.

(Unaudited) (In thousands of dollars)

During the second quarter of 2015, after consultation with counsel and meeting with the restructuring administrator of the Shipyard, Management concluded it is unlikely the restructuring process was going to succeed and therefore advised the shipyard it no longer intended to take delivery of the four vessels. On July 31, 2015, the Tongzhou Court overseeing the bankruptcy ordered a termination of the reorganization proceedings and a compulsory wind-up of the Shipyard.

The Company has issued formal cancellation notices on the four contracts, and deposits made to the Shipyard totalling U.S. $65,760 have been re-classified from property, plant, and equipment to other assets.

During the third quarter, the Company incurred $197 of expenses relating to protecting its interest during bankruptcy. The Company has recognized a net gain for the nine months ended September 30, 2015 of $10,067 consisting of the following items:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Write-off of capitalized costs relating to ship construction	**$ -**	$ -	**$ (4,406)**	$ -
Gain on conversion of amounts designated as a purchase commitment hedge of future construction payments	**-**	-	**18,300**	-
Ongoing costs related to the cancellation	**(197)**	-	**(197)**	-
Pre-tax gain	**$ (197)**	-	**$ 13,697**	$ -
Income tax recovery (expense)	**52**	-	**(3,630)**	-
	$ (145)	$ -	**$ 10,067**	$ -

(Unaudited) (In thousands of dollars)

6. INTEREST EXPENSE

The interest expense consists of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Interest expense on borrowings	**$ 3,810**	$ 3,579	**$ 11,122**	$ 10,621
Interest on employee future benefits, net	**210**	109	**627**	373
Amortization of financing costs	**269**	102	**721**	1,637
Interest capitalized on vessels under construction	**-**	(1,400)	**(2,955)**	(5,060)
	$ 4,289	$ 2,390	**$ 9,515**	$ 7,571

The interest capitalized on vessels under construction relates to interest incurred on payments made to the Shipyard for the construction of the Equinox vessels. The capitalization of interest ceased in the 2015 second quarter with the cancellation of the shipbuilding contracts (Note 5)

7. NET GAIN (LOSS) ON FOREIGN CURRENCY TRANSLATION

The net gain (loss) on foreign currency translation consists of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Total gain on U.S. cash	**$ 7,519**	$ 5,479	**$ 7,983**	$ 5,932
Portion of the gain on U.S. cash recorded in Other Comprehensive Earnings	**(6,327)**	(5,180)	**(6,327)**	(5,684)
Realized gain on return of capital from foreign joint venture	**-**	208	**1,575**	208
Mark-to-market for derivatives that are not eligible for hedge accounting	**-**	(1,111)	**-**	340
Other	**-**	(188)	**-**	117
	$ 1,192	$ (792)	**$ 3,231**	$ 913

As of October 1, 2013 the Company began designating a portion of its U.S. dollar cash balances as a hedge against its U.S. dollar purchase commitments relating to the Equinox Class project with the Nantong Mingde Shipyard. In June, 2015, the cash hedge against the U.S. dollar purchase commitments became ineffective as a result of the cancellation of the shipbuilding contracts (see Note 5). Gains and losses on the translation of the U.S. dollar cash from the date on which the respective hedges were designated to the date on which the hedge ceased to be so designated, were recorded in other comprehensive earnings.

(Unaudited) (In thousands of dollars)

As of July 1, 2015, the Company re-designated its U.S. dollar cash balances as a hedge against its U.S. dollar purchase commitments for two new Equinox Class 650' self unloaders with a Croatian shipyard. Gains and losses on the translation of the U.S. dollar cash from the date on which these respective hedges were designated to the end of the financial reporting period are being recorded in other comprehensive earnings.

8. INCOME TAXES

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the interim condensed consolidated financial statements is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Combined federal and provincial statutory income tax rate	**26.5%**	26.5%	**26.5%**	26.5%
Earnings before income tax expense and earnings of joint ventures	**$ 19,774**	$ 29,484	**$ 13,108**	$ 15,257
Expected income tax expense	**$ 5,240**	$ 7,813	**$ 3,474**	$ 4,043
Increase (decrease) resulting from:				
Effect of items that are not taxable	**546**	(295)	**237**	(103)
Foreign tax rates different from statutory rate	**(323)**	(839)	**(1,154)**	(2,692)
Adjustments of prior years taxes on filing	**673**	(202)	**673**	368
Other	**(325)**	24	**170**	719
	$ 5,811	$ 6,501	**$ 3,400**	$ 2,335

(Unaudited) (In thousands of dollars)

9. PROPERTY, PLANT, AND EQUIPMENT

Details of property, plant, and equipment are as follows:

Cost	Domestic Dry-Bulk	Product Tankers	Ocean Shipping	Total
Balance at December 31, 2014	$ 754,609	$ 235,127	$ 88,228	$ 1,077,964
Additions	71,607	-	4,204	75,811
Disposals	(8,030)	(11,122)	-	(19,152)
Cancellation of shipbuilding contracts (Note 5)	(90,106)	-	-	(90,106)
Fully depreciated assets no longer in use	(1,520)	(535)	(2,180)	(4,235)
Effect of foreign currency exchange differences	12,800	5,081	12,763	30,644
Balance September 30, 2015	$ 739,360	$ 228,551	$ 103,015	$ 1,070,926

Accumulated depreciation	Domestic Dry-Bulk	Product Tankers	Ocean Shipping	Total
Balance at December 31, 2014	$ 411,675	$ 97,957	$ 37,606	$ 547,238
Depreciation expense	19,628	7,446	4,002	31,076
Disposals	(5,783)	(10,378)	-	(16,161)
Fully depreciated assets no longer in use	(1,520)	(446)	(2,180)	(4,146)
Effect of foreign currency exchange differences	2,990	2,595	5,463	11,048
Balance September 30, 2015	$ 426,990	$ 97,174	$ 44,891	$ 569,055

Net Book Value	Domestic Dry-Bulk	Product Tankers	Ocean Shipping	Total
September 30, 2015				
Cost	$ 739,360	$ 228,551	$ 103,015	$ 1,070,926
Accumulated depreciation	426,990	97,174	44,891	569,055
	$ 312,370	$ 131,377	$ 58,124	$ 501,871

At September 30, 2015, the Company had certain property, plant, and equipment in the Domestic Dry-Bulk segment determined to no longer be required, and will be sold for their respective scrap values which approximate the carrying value. These assets have a combined net book value of $937 and $1,905 at September 30, 2015 and December 31, 2014, respectively.

(Unaudited) (In thousands of dollars)

For the period ended September 30, 2014, an impairment of $4,000 was recognized on certain major vessel parts and spares due to a significant decline in the market value. The Company concluded these vessel components are not useable on the Company's marine assets.

10. INVESTMENT PROPERTIES

Details of investment properties are as follows:

		Cost		Accumulated Depreciation		**Net book value**
Balance December 31, 2014	$	139,036	$	60,543	**$**	**78,493**
Additions		4,935		4,572		**363**
Disposal		(407)		(724)		**317**
Balance September 30, 2015	$	143,564	$	64,391	**$**	**79,173**

11. OTHER ASSETS

Other assets consist of the following:

		September 30 2015
Construction payments made to Shipyard	**$**	**67,369**
Interest related to construction payments		**18,330**
	$	**85,699**

The Company has a claim against Nantong Mingde Heavy Industries Co., Ltd. for the return of U.S. $65,760 of instalment payments on cancelled construction contracts. Under IFRS, these claims do not meet the standard for recognition as a financial instrument as a result of the ongoing arbitration, and consequently, the asset is carried at its historic book value as set out above. As at the balance sheet date, the estimated recoverable amount of these claims, which includes the amount of the deposits plus accrued interest and restated to its Canadian dollar equivalent value is $109,413. These instalments and the associated accrued interest are supported by guarantees issued by Chinese national banks.

(Unaudited) (In thousands of dollars)

12. LONG-TERM DEBT

		September 30 2015		December 31 2014
Convertible unsecured subordinated debentures, due March 31, 2018, interest at 6.0%	**$**	**66,254**	$	65,554
Senior Secured Notes, due July 19, 2021				
U.S. $75,000, interest fixed at 5.11%		**100,088**		87,008
Canadian $75,000, interest fixed at 5.52%		**75,000**		75,000
Non-revolving loan, due July 19, 2016 U.S. $2,100, interest floating at U.S. base rate in Canada of 3.75% plus 1%		**2,802**		-
		244,144		227,562
Less unamortized financing expenses		**3,085**		3,807
	$	**241,059**	$	223,755
Current portion		**2,802**		-
	$	**238,257**	$	223,755

The Company is subject to covenants with respect to maintaining certain financial ratios and other restrictions under the terms of the Bank Facility and the Senior Secured Notes. At September 30, 2015 and December 31, 2014 the Company was in compliance with all of the covenants.

13. SHARE CAPITAL

Share capital

Authorized share capital consists of an unlimited number of common and preferred shares with no par value.

The Company has 38,913,733 and 38,912,110 common shares outstanding at September 30, 2015 and December 31, 2014, respectively.

At September 30, 2015 and December 31, 2014 there were no preferred shares issued and outstanding.

The Company's Board of Directors on November 4, 2015 authorized payment of a dividend to shareholders of $0.07 per common share. The dividend is payable on December 1, 2015 to shareholders of record on November 17, 2015.

(Unaudited) (In thousands of dollars)

The basic and diluted net earnings are computed as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Net earnings for basic earnings per share	**$ 14,842**	$ 24,367	**$ 15,181**	$ 17,448
Interest expense on debentures, net of tax	**1,036**	1,023	**-**	-
Net earnings for diluted earnings per share	**15,878**	25,390	**15,181**	17,448
Basic weighted average common shares	**38,913,733**	38,912,110	**38,912,831**	38,912,110
Shares due to dilutive effect of debentures	**4,478,896**	4,480,519	**-**	-
Diluted weighted average common shares	**43,392,629**	43,392,629	**38,912,831**	38,912,110
Basic earnings per common share	**$ 0.38**	$ 0.63	**$ 0.39**	$ 0.45
Diluted net earnings per common share	**$ 0.37**	$ 0.59	**$ 0.39**	$ 0.45

The impact of the convertible debentures is anti-dilutive for the nine months ended September 30, 2015 and 2014.

(Unaudited) (In thousands of dollars)

14. ACCUMULATED OTHER COMPREHENSIVE (LOSS) EARNINGS

The components of accumulated other comprehensive (loss) earnings are as follows:

	Reserves			
	Hedges		Foreign	
	Net Investment	Purchase commitment (Note 7)	exchange translation	Total
Balance December 31, 2014	$ (7,840)	$ 7,059	$ 11,870	$ 11,089
(Loss) gain	(13,080)	15,022	21,444	23,386
Reclassified to earnings (Note 5)	-	(18,300)	-	(18,300)
Income tax recovery	1,733	869	-	2,602
Net (loss) gain	(11,347)	(2,409)	21,444	7,688
Balance September 30, 2015	**$ (19,187)**	**$ 4,650**	**$ 33,314**	**$ 18,777**

15. COMMITMENTS

The table below reflects the commitments as at September 30, 2015.

650' Equinox Class vessels	**$ 98,706**
Employee future benefit payments	**4,369**
	103,075

Annual expected payments are as follows:

Due in 2015	**$ 96**
Due in 2016	**35,988**
Due in 2017	**47,600**
Due in 2018	**18,567**
Due in 2019	**824**
	$ 103,075

(Unaudited) (In thousands of dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The carrying value and fair value of financial assets and financial liabilities are as follows:

	September 30 2015	December 31 2014
Financial assets carrying and fair value		
Cash and cash equivalents	**$ 204,404**	$ 256,896
Accounts receivable	**$ 62,927**	$ 66,631
Financial liabilities carrying and fair value		
Accounts payable and accrued charges	**$ 49,424**	$ 65,491
Carrying value of long-term debt	**$ 244,144**	$ 227,562
Fair value of long-term debt	**$ 262,498**	$ 247,106

Risk management and financial instruments

The Company is exposed to various risks arising from financial instruments. The following analysis provides a measurement of those risks.

Liquidity risk

The contractual maturities of non-derivative financial liabilities at September 30, 2015 are as follows:

	Within one year	2-3 years	4-5 years	Over 5 years	Total
Accounts payable and and accrued charges	$ 49,424	$ -	$ -	$ -	$ 49,424
Dividends payable	1,440	-	-	-	1,440
Long-term debt including convertible debenture equity portion	2,802	68,975	-	175,088	246,865
Interest payments	13,393	24,717	18,509	9,138	65,757
Total	$ 67,059	$ 93,692	$ 18,509	$ 184,226	$ 363,486

Foreign currency exchange risk

At September 30, 2015 and December 31, 2014, 41% and 28%, respectively, of the Company's total assets were denominated in U.S. dollars.

The assets include U.S. cash of $95,241 and $113,185 at September 30, 2015 and December 31, 2014, respectively.

17. SEGMENT DISCLOSURES

The following presents the Company's results from operations by reportable segment, including joint ventures, for the three and nine months ended September 30, 2015 and 2014:

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited) (In thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
Revenues	**2015**	2014	**2015**	2014
Domestic Dry-Bulk	**$ 93,108**	$ 120,705	**$ 207,471**	$ 230,676
Product Tankers	**20,751**	25,168	**58,909**	69,931
Ocean Shipping	**14,456**	13,658	**42,214**	46,983
Real Estate	**8,963**	8,127	**24,565**	22,781
	$ 137,278	167,658	**$ 333,159**	$ 370,371
Revenues of the joint ventures	**(3,447)**	(3,708)	**(14,891)**	(16,350)
	$ 133,831	$ 163,950	**$ 318,268**	$ 354,021

	Three Months Ended September 30		Nine Months Ended September 30	
Net Earnings	**2015**	2014	**2015**	2014
Operating income (loss) net of income tax				
Domestic Dry-Bulk	**$ 11,003**	$ 19,835	**$ (9,778)**	$ 3,877
Impairment on parts and spares	**-**	(2,940)	**-**	(2,940)
(Loss) gain on cancellation of shipbuilding contracts	**(145)**	-	**10,067**	-
	10,858	16,895	**289**	937
Product Tankers	**3,766**	4,940	**9,397**	9,238
Ocean Shipping	**2,346**	3,084	**8,533**	10,327
Real Estate	**1,054**	960	**2,068**	1,707
	18,024	25,879	**20,287**	22,209
Not specifically identifiable to segments				
Net gain (loss) on translation of foreign-denominated monetary assets and liabilities	**1,192**	(792)	**3,231**	913
Interest expense	**(4,289)**	(2,390)	**(9,515)**	(7,571)
Interest income	**202**	147	**946**	47
Income tax (expense) recovery	**(287)**	1,523	**232**	1,850
	$ 14,842	$ 24,367	**$ 15,181**	$ 17,448

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited) (In thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
Operating Expenses	**2015**	2014	**2015**	2014
Domestic Dry-Bulk	**$ 67,787**	$ 84,171	**$ 187,671**	$ 195,882
Product Tankers	**12,194**	15,185	**35,797**	46,813
Ocean Shipping	**9,810**	8,289	**25,813**	29,548
Real Estate	**5,200**	4,788	**14,618**	14,093
	94,991	112,433	**263,899**	286,336
Operating expenses of the joint ventures	**(2,457)**	(1,885)	**(7,811)**	(10,332)
	$ 92,534	$ 110,548	**$ 256,088**	$ 276,004

Assets	September 30 2015	December 31 2014
Domestic Dry-Bulk	$ 460,814	$ 410,856
Product Tankers	143,752	151,596
Ocean Shipping	77,501	69,082
Real Estate	86,865	84,429
Total assets allocated to segments	768,932	715,963
Not specifically identifiable to segments	224,397	261,728
	$ 993,329	$ 977,691
Liabilities in investment in the joint ventures	(1,656)	(3,636)
Total assets	$ 991,673	$ 974,055

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited) (In thousands of dollars)

Additions to Property, Plant, and Equipment	Three Months Ended September 30 **2015**	2014	Nine Months Ended September 30 **2015**	2014
Domestic Dry-Bulk	**$ 20,559**	$ 1,052	**$ 71,607**	$ 22,175
Product Tankers	**-**	4	**-**	581
Ocean Shipping	**24**	-	**6,228**	-
	$ 20,583	$ 1,056	**$ 77,835**	$ 22,756
Less additions by the joint venture	**(4)**	-	**(2,024)**	-
Total additions property, plant, and equipment (Note 9)	**$ 20,579**	$ 1,056	**$ 75,811**	$ 22,756
Capitalized interest			**(2,955)**	(5,060)
Amounts included in working capital			**1,013**	5,727
Total per cash flow statement			**$ 73,869**	$ 23,423

Additions to Investment Properties	Three Months Ended September 30 **2015**	2014	Nine Months Ended September 30 **2015**	2014
Investment properties	**$ 1,524**	$ 2,138	**$ 5,041**	$ 9,441
Less additions by the joint venture	**(41)**	(25)	**(106)**	(25)
Total additions investment properties (Note 10)	**$ 1,483**	$ 2,113	**$ 4,935**	$ 9,416
Amounts included in working capital			**(311)**	-
Total per cash flow statement			**$ 4,624**	$ 9,416

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited) (In thousands of dollars)

Depreciation of Property, Plant, and Equipment and Investment Properties	Three Months Ended September 30 **2015**	2014	Nine Months Ended September 30 **2015**	2014
Domestic Dry-Bulk	**$ 7,012**	$ 6,005	**$ 19,629**	$ 18,372
Product Tankers	**2,489**	2,416	**7,446**	7,261
Ocean Shipping	**1,885**	1,503	**5,339**	4,505
Real Estate	**1,537**	1,369	**4,635**	3,943
	$ 12,923	$ 11,293	**$ 37,049**	$ 34,081
Depreciation of the joint ventures	**(438)**	(364)	**(1,401)**	(1,073)
	$ 12,485	$ 10,929	**$ 35,648**	$ 33,008

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