

Q2 2014

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

For the second quarter ended June 28, 2014

WSP Global Inc.

Interim Condensed Consolidated Financial Statements
(Unaudited)
June 28, 2014

(In millions of Canadian dollars)

WSP Global Inc.

Consolidated Statements of Financial Position (Unaudited)

(in millions of Canadian dollars)

	June 28, 2014	December 31, 2013
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 5)	103.1	131.9
Trade, prepaid and other receivables	575.2	483.3
Income taxes recoverable	30.2	23.7
Costs and anticipated profits in excess of billings	247.8	186.5
	<u>956.3</u>	<u>825.4</u>
Non-current assets		
Other assets	38.7	37.4
Deferred income tax assets	27.6	28.7
Property, plant and equipment	100.9	87.4
Intangible assets	163.1	146.4
Goodwill (note 6)	1,045.8	734.6
	<u>1,416.1</u>	<u>1,034.5</u>
Total assets	<u>2,332.4</u>	<u>1,859.9</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	411.9	363.5
Income taxes payable	15.1	18.4
Billings in excess of costs and anticipated profits	132.6	93.0
Dividends payable to shareholders (note 10)	23.1	19.6
Current portion of long-term debts	9.7	1.5
Other current financial liabilities (note 7)	41.1	46.2
	<u>633.5</u>	<u>542.2</u>
Non-current liabilities		
Long-term debt	268.4	187.7
Other non-current financial liabilities (note 7)	6.1	6.7
Provisions	14.1	11.4
Retirement benefit obligations	110.9	104.4
Deferred income tax liabilities	40.9	33.9
	<u>440.4</u>	<u>343.7</u>
Total liabilities	<u>1,073.9</u>	<u>886.3</u>
Equity		
Equity attributable to shareholders		
Share capital (note 8)	1,038.1	934.4
Contributed surplus (note 8)	200.0	-
Accumulated other comprehensive income	33.4	45.3
Deficit	(9.9)	(5.4)
	<u>1,261.6</u>	<u>974.3</u>
Non-controlling interest	(3.1)	(0.7)
	<u>1,258.5</u>	<u>973.6</u>
Total equity	<u>1,258.5</u>	<u>973.6</u>
Total liabilities and equity	<u>2,332.4</u>	<u>1,859.9</u>

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

Approved by the Board of Directors

(signed) Pierre Shoiry _____ Director

(3)
(signed) Pierre Seccareccia _____ Director

WSP Global Inc.

Interim Consolidated Statements of Earnings (Unaudited)

(in millions of Canadian dollars, except the number of shares and per share data)

	Second quarter ended		Year-to-date ended	
	June 28, 2014 \$	June 29, 2013 \$	June 28, 2014 \$	June 29, 2013 \$
Revenues	602.5	516.4	1,113.6	995.1
Personnel costs	388.8	321.1	725.0	628.6
Subconsultants and direct costs	89.4	89.7	159.9	161.6
Other operational costs	74.6	68.1	140.8	134.0
Depreciation of property, plant and equipment	7.4	6.2	13.8	12.3
Amortization of intangible assets	9.5	8.3	18.1	16.8
Exchange loss (gain)	0.6	(0.6)	(0.1)	(1.4)
Total operational costs	570.3	492.8	1,057.5	951.9
Net finance expenses (note 9)	3.1	2.3	6.5	4.7
Share of earnings of associates and joint ventures (net of tax)	(1.5)	(1.0)	(3.2)	(2.2)
Earnings before income taxes	30.6	22.3	52.8	40.7
Income tax expense	7.0	5.3	12.3	9.6
Net earnings for the period	23.6	17.0	40.5	31.1
Net earnings (loss) attributable to:				
Shareholders	24.3	17.2	41.6	31.7
Non-controlling interests	(0.7)	(0.2)	(1.1)	(0.6)
	23.6	17.0	40.5	31.1
Basic and diluted net earnings per share attributable to shareholders	0.40	0.33	0.73	0.62
Basic weighted average number of shares	61,403,192	51,666,146	57,092,188	51,513,457

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

WSP Global Inc.

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(in millions of Canadian dollars)

	Second quarter ended		Year-to-date ended	
	June 28, 2014 \$	June 29, 2013 \$	June 28, 2014 \$	June 29, 2013 \$
Comprehensive income				
Net earnings for the period	23.6	17.0	40.5	31.1
Other comprehensive income, net of tax <i>Items that may be reclassified subsequently to net income</i>				
Currency translation adjustments	(28.1)	3.7	(2.5)	5.6
Translation adjustments on financial instruments designated as net investment hedge (net of a tax expense/(recovery) of \$0.2 ((\$0.4) in 2013) and (\$0.5) year-to-date (0.7 in 2013)	2.1	(4.5)	(2.5)	1.5
<i>Items that will not be reclassified to net income</i> Actuarial gain/(loss) on pension scheme (net of a tax expense(recovery) of(\$1.5) (\$2.4 in 2013) and (\$1.6) year-to-date (\$2.1 in 2013)	(5.9)	8.1	(6.7)	7.2
Total comprehensive income for the period	(8.3)	24.3	28.8	45.4
Comprehensive income (loss) attributable to:				
Shareholders	(7.9)	24.6	29.7	45.9
Non-controlling interests	(0.4)	(0.3)	(0.9)	(0.5)
	(8.3)	24.3	28.8	45.4

WSP Global Inc.

Interim Consolidated Statements of Changes in Equity (Unaudited)

(in millions of Canadian dollars)

	Attributable to shareholders						Non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income	Total			
	\$	\$	\$	\$	\$	\$	\$	
Balance – January 1, 2013	903.3	-	0.7	13.1	917.1	2.0	919.1	
Common shares issued under the DRIP	14.2	-	-	-	14.2	-	14.2	
Comprehensive income								
Net earnings for the period	-	-	31.7	-	31.7	(0.6)	31.1	
Actuarial gain on pension schemes (net of tax)	-	-	-	7.2	7.2	-	7.2	
Currency translation adjustments	-	-	-	5.5	5.5	0.1	5.6	
Net investment hedge (net of tax)	-	-	-	1.5	1.5	-	1.5	
Total comprehensive income (loss)	-	-	31.7	14.2	45.9	(0.5)	45.4	
Declared dividends to shareholders	-	-	(38.7)	-	(38.7)	(1.5)	(40.2)	
Balance – June 29, 2013	917.5		(6.3)	27.3	938.5	-	938.5	
Balance – January 1, 2014	934.4	-	(5.4)	45.3	974.3	(0.7)	973.6	
Common shares issued under the DRIP (note 8)	19.5	-	-	-	19.5	-	19.5	
Common shares issued via private placements (note 8)	84.2	-	-	-	84.2	-	84.2	
Common shares issued via public issuance (note 8)	200.0	-	-	-	200.0	-	200.0	
Reduction of capital (note 8)	(200.0)	200.0	-	-	-	-	-	
Comprehensive income								
Net earnings for the period	-	-	41.6	-	41.6	(1.1)	40.5	
Actuarial gain on pension schemes (net of tax)	-	-	-	(6.7)	(6.7)	-	(6.7)	
Currency translation adjustments	-	-	-	(2.7)	(2.7)	0.2	(2.5)	
Net investment hedge (net of tax)	-	-	-	(2.5)	(2.5)	-	(2.5)	
Total comprehensive income (loss)	-	-	41.6	(11.9)	29.7	(0.9)	28.8	
Declared dividends to shareholders (note 10)	-	-	(46.1)	-	(46.1)	(1.5)	(47.6)	
Balance – June 28, 2014	1,038.1	200.0	(9.9)	33.4	1,261.6	(3.1)	1,258.5	

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

3. WSP Global Inc.

Interim Consolidated Statements of Cash Flows (Unaudited)

(in millions of Canadian dollars)

	Second quarter ended		Year-to-date ended	
	June 28, 2014 \$	June 29, 2013 \$	June 28, 2014 \$	June 29, 2013 \$
Cash flows generated from (used in) operating activities				
Net earnings for the period	23.6	17.0	40.5	31.1
Adjustments (note 11a))	13.6	12.3	23.3	21.5
Income tax expense	7.0	5.3	12.3	9.6
Income taxes paid	(9.4)	(5.8)	(18.2)	(12.6)
Net finance expenses (note 9)	3.1	2.3	6.5	4.7
	37.9	31.1	64.4	54.3
Changes in non-cash working capital items (note 11b))	(1.4)	0.4	(28.0)	(22.4)
Net cash and cash equivalents generated from (used in) operating activities	36.5	31.5	36.4	31.9
Cash flows generated from (used in) financing activities				
Dividends paid to shareholders	(13.1)	(12.2)	(23.2)	(24.2)
Net variation in long-term debt	1.5	(0.2)	1.5	0.8
Repayment of other financial liabilities	(2.5)	(6.9)	(6.4)	(12.3)
Finance expenses paid and financing costs	(2.4)	(1.9)	(4.8)	(3.3)
Net variation in bank advances	83.6	(2.8)	83.6	(13.9)
Issuance of common shares, net of issuance costs	281.8	-	281.8	-
Dividends paid to a non-controlling interest	-	-	(1.5)	(1.5)
Net cash and cash equivalents generated from (used in) financing activities	348.9	(24.0)	331.0	(54.4)
Cash flows generated from (used in) investing activities				
Business acquisitions, net of cash acquired (note 4)	(374.8)	-	(375.6)	-
Additions to property, plant and equipment	(7.6)	(5.1)	(13.5)	(10.7)
Proceeds from disposal of property, plant and equipment	0.1	-	1.1	0.2
Additions to intangible assets	(0.9)	(1.7)	(2.2)	(3.2)
Dividend received from associates	1.8	1.7	1.8	1.7
Net cash and cash equivalents generated from (used in) investing activities	(381.4)	(5.1)	(388.4)	(12.0)
Effect of exchange rate change on cash and cash equivalents	(1.4)	0.8	0.7	0.5
Net change in cash and cash equivalents	2.6	3.2	(20.3)	(34.0)
Cash and cash equivalents net of bank overdraft – Beginning of period	77.2	84.1	100.1	121.3
Cash and cash equivalents net of bank overdraft (note 5) – End of period	79.8	87.3	79.8	87.3

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

4. WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

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WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

1. Business description

WSP Global Inc. (the "Corporation" or "WSP") is a professional services firm, working with governments, businesses, architects and planners and providing integrated solutions across many disciplines, from designing zero-carbon cities to project managing large-scale Infrastructure projects. The Corporation offers a variety of project services throughout all project execution phases, from the initial development and planning studies through to the design, construction, commissioning and maintenance phases. WSP operates in different market segments: Buildings, Infrastructure (including Transportation and Municipal Infrastructure), Industrial and Energy (including Mining, Oil and Gas) and Environment. The address of its main registered office is 1600, René-Lévesque Boulevard West, Montreal, Quebec.

On January 1, 2014, a corporate reorganization pursuant to a court-approved plan of arrangement (the "Arrangement") came into effect. The Arrangement, which was approved by the Corporation's shareholders at the Annual and Special Meeting of Shareholders held on May 23, 2013 and which received final approval of the Superior Court of Québec on May 27, 2013, resulted in the reorganization whereby a newly created company named WSP Global Inc. replaced GENIVAR Inc. as the publicly traded company. Pursuant to the Arrangement, shareholders of GENIVAR Inc. became shareholders of WSP as of the effective date.

Having fulfilled the requirements of the Toronto Stock Exchange ("TSX"), the common shares of the Corporation, as of January 1, 2014, are listed under the trading symbol "WSP" on the TSX.

2. Summary of significant accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting." The accounting policies followed in these interim condensed consolidated financial statements are the same as those applied in the Corporation's annual consolidated financial statements for the year ended December 31, 2013, except as described below. All disclosures required for annual consolidated financial statements have not been included in these interim condensed consolidated financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation's most recent audited annual consolidated financial statements.

The accompanying interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by Management to fairly state the Corporation's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim condensed consolidated financial statements were approved by the Corporation's Board of Directors on August 5, 2014.

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

These interim condensed consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through the consolidated statement of earnings and in the consolidated statement of comprehensive income.

The Corporation's operations are affected by seasonality with the third quarter usually its highest and the first quarter usually its lowest.

Changes in accounting policies

On January 1, 2014, the Corporation adopted IFRS Interpretation Committee 21 ("IFRIC 21"), "Levies", which sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to paying a levy and when a liability should be recognized.

The adoption of IFRIC 21 did not have a significant impact on the Corporation's interim condensed consolidated financial statements.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates, judgments and assumptions made by management in applying the Corporation's accounting policies are the same as those applied and described in the annual consolidated financial statements for the year ended December 31, 2013.

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

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(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

4. Business acquisitions

The acquisitions have been accounted for using the acquisition method, and the operating results have been included in the consolidated financial statements from the date of acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Acquisitions

- On April 10, 2014, the Company concluded the transaction pertaining to the acquisition of Focus Group Holdings Inc. ("Focus") by acquiring all of the issued and outstanding shares of Focus for an aggregate amount of \$365.7, \$233.5 net of debt. Focus is a multi-disciplinary engineering and geomatics firm based in Alberta principally serving the oil and gas industry in western Canada. Management was assisted by an independent valuator.
- On April 30, 2014, the Company acquired all the outstanding shares of Technip TPS ("TPS") for an aggregate amount of approximately \$18.2 (12.0 Euros). TPS is a French subsidiary of Technip S.A., which specializes in building and infrastructure engineering.
- On June 1, 2014, the Company made the acquisition of WINWARD Group ("WINWARD"), an Australia-based engineering firm specializing in structural engineering services.

The table below presents Management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. The final assessment of the fair values will be finalized after the values of assets and liabilities have been definitively determined. Accordingly, the following values are subject to changes and such changes may be material.

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

	FOCUS	Others*
Recognised amounts of identifiable assets acquired and liabilities assumed		
Current Assets		
Cash	9.8	14.0
Trade, prepaid and other receivables	61.3	13.0
Costs and anticipated profits in excess of billings	11.8	2.0
Property and equipment	13.0	1.0
Computer Software	2.3	-
Non-trading intangibles	24.6	3.9
Deferred income tax assets	1.4	-
Current Liabilities		
Accounts payable and accrued liabilities	(56.5)	(12.9)
Billings in excess of costs and anticipated profits	(0.2)	(13.9)
Long-term debt	(113.3)	-
Deferred income tax liabilities	(11.7)	(1.2)
Fair value of identifiable assets and liabilities assumed	(57.5)	5.9
Goodwill	291.0	24.8
Total purchase consideration	233.5	30.7
Cash acquired	(9.8)	(14.0)
Consideration receivable (payable)	2.0	(6.8)
Repayment of debt and payables	140.0	-
Cash disbursements	365.7	9.9

*Includes TPS and WINWARD.

Goodwill is attributable to the workforce of the acquired business and the synergies expected to arise with the Company after the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes

Management is in the process of assessing the fair value of the acquired companies' receivables. These receivables had a gross contractual amount of approximately \$68.3.

Acquisition-related costs of approximately \$1.4 have been expensed and included in other operational costs.

WSP Global Inc.

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(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The acquired businesses contributed revenues of \$74.9 and net earnings of \$7.4 from their dates of acquisition to June 28, 2014. If the businesses would have been acquired on January 1, 2014, the Company's revenues and net earnings for the six months of the year would have increased to \$1,215.3 and \$44.2, respectively.

5. Cash and cash equivalents

	June 28, 2014 \$	December 31, 2013 \$
Cash at banks and on hand	103.1	131.9
Less: Bank overdraft (note 7)	(23.3)	(31.8)
Cash and cash equivalents net of bank overdraft	<u>79.8</u>	<u>100.1</u>

6. Goodwill

	June 28, 2014 \$	December 31, 2013 \$
Balance – Beginning of period	734.6	701.1
Goodwill resulting from business acquisitions	315.8	0.6
Exchange differences	(4.6)	32.9
Balance – End of period	<u>1,045.8</u>	<u>734.6</u>

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

7. Other financial liabilities

	June 28, 2014 \$	December 31, 2013 \$
Bank overdraft	23.3	31.8
Loan payable	4.4	4.6
Notes payable	8.9	4.5
Balances payable to former shareholders	-	0.1
Obligations under finance leases	8.8	11.4
Other obligations	1.8	0.5
	<u>47.2</u>	<u>52.9</u>
Less: Current portion	<u>41.1</u>	<u>46.2</u>
	<u>6.1</u>	<u>6.7</u>

8. Share capital

Authorized

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

Issued and paid

	<u>Common shares</u>	
	Number	\$
Balance as at January 1, 2013	51,056,441	903.3
Shares issued under the DRIP	<u>1,324,622</u>	<u>31.1</u>
Balance as at December 31, 2013	52,381,063	934.4
Shares issued under the DRIP (note 10)	584,371	19.5
Shares issued via private placements (net of fees)	2,547,750	84.2
Shares issued via public issuance (net of fees)	6,132,950	200.0
Reduction of capital	<u>-</u>	<u>(200.0)</u>
Balance as at June 28, 2014	<u>61,646,134</u>	<u>1,038.1</u>

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

In conjunction with the Corporation's reorganization (note 1), the stated capital of WSP, in respect of common shares, was reduced by \$200.0 and contributed surplus was increased by the same amount.

As at June 28, 2014, no preferred shares were issued.

9. Net finance expenses

	<u>Second quarter ended</u>		<u>Year-to-date ended</u>	
	<u>June 28, 2014</u>	<u>June 29, 2013</u>	<u>June 28, 2014</u>	<u>June 29, 2013</u>
	\$	\$	\$	\$
Interest on bank advances and overdrafts	2.3	1.5	3.8	2.8
Interest on notes payable and on balances payable to former shareholders	-	0.1	-	0.2
Net finance expenses on pension obligations	1.1	1.0	2.3	2.0
Exchange loss (gain) on liabilities in foreign currencies	(0.6)	0.7	(0.1)	(0.3)
Other interest and bank charges	0.5	0.9	0.9	2.1
Interest income	(0.2)	(1.9)	(0.4)	(2.1)
	<u>3.1</u>	<u>2.3</u>	<u>6.5</u>	<u>4.7</u>

10. Dividends

The Corporation aims to declare and pay cash dividends on a quarterly basis to shareholders. The total amount of dividends declared by the Corporation for the second quarter ended June 28, 2014, was \$23.1 (\$46.1 year-to-date) or \$0.375 per share.

Following the payments of dividends declared on November 6, 2013 and March 12, 2014, \$19.5 was reinvested in 584,371 common shares under the dividend reinvestment plan ("DRIP") (note 8).

On July 15, 2014, on the payment of the second quarter dividend, \$11.5 was reinvested in 323,783 additional shares under the DRIP.

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

11. Statements of cash flows

a) Adjustments

	<u>Second quarter ended</u>		<u>Year-to-end ended</u>	
	<u>June 28, 2014</u>	<u>June 29, 2013</u>	<u>June 28, 2014</u>	<u>June 29, 2013</u>
	\$	\$	\$	\$
Depreciation and amortization	16.9	14.5	31.9	29.1
Share of earnings of associates and joint ventures	(1.5)	(1.0)	(3.2)	(2.2)
Defined benefit pension scheme expense	0.2	0.1	0.4	0.3
Cash contribution to defined benefit pension schemes	(2.3)	(1.9)	(4.7)	(3.9)
Foreign exchange and non-cash movements	(0.3)	0.6	(0.2)	(1.7)
Others	0.6	-	(0.9)	(0.1)
	<u>13.6</u>	<u>12.3</u>	<u>23.3</u>	<u>21.5</u>

b) Changes in non-cash working capital items

	<u>Second quarter ended</u>		<u>Year-to-end ended</u>	
	<u>June 28, 2014</u>	<u>June 29, 2013</u>	<u>June 28, 2014</u>	<u>June 29, 2013</u>
	\$	\$	\$	\$
Decrease (increase) in:				
Trade, prepaid and other receivables	(16.2)	(9.7)	(10.4)	17.2
Costs and anticipated profits in excess of billings	(16.0)	(8.6)	(47.1)	(17.4)
Increase (decrease) in:				
Accounts payable and accrued liabilities	21.1	10.6	4.4	(9.5)
Billings in excess of costs and anticipated profits	9.7	8.1	25.1	(12.7)
	<u>(1.4)</u>	<u>0.4</u>	<u>(28.0)</u>	<u>(22.4)</u>

WSP Global Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 28, 2014

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

c) Transactions not affecting cash and cash equivalents

	<u>Second quarter ended</u>		<u>Year-to-date ended</u>	
	<u>June 29, 2014</u>	<u>June 29, 2013</u>	<u>June 28, 2014</u>	<u>June 29, 2013</u>
	\$	\$	\$	\$
Additions to intangible assets and prepaid through the assumption of a finance lease and financial liabilities	-	-	2.3	17.9

12. Credit facilities

The Corporation amended its committed credit facility increasing the maximum amount from \$400.0 to \$600.0 with no changes to conditions, effective March 12, 2014.

13. Long-Term Incentive Plan ("LTIP")

In 2011, the Corporation adopted a LTIP for certain employees. Under this plan, units could be issued in the form of restricted share units ("RSUs") or stock options. The total number of shares reserved and available for grant and issuance pursuant to RSUs and stock options is limited to 2,080,950 shares. In 2014, the Corporation also adopted a Performance Share Unit Plan ("PSUs").

RSUs

The RSUs can be settled in cash or in shares, vest if certain Corporation performance targets are met and payable, at the earliest, on March 28, 2016. The measurement of the compensation expense and corresponding liability for these awards is based on the fair value of the award, and is recorded as an expense, or recovery, over the vesting period of the award. At the end of each financial reporting period, changes in the Corporation's payment obligation due to changes in the market value of the common shares on the TSX, or change in the number of units based on the expected Corporation's performance, are recorded as an expense or recovery. As at June 28, 2014, 176,798 RSUs are outstanding. The Corporation recorded an expense of \$0.2 during the quarter (recovery of \$0.2 in 2013) and \$1.3 year-to-date (nil in 2013) related to the RSUs in Personnel Costs.

Stock options

Options granted under the stock option plan, to officers and employees, may be exercised during a period not exceeding ten years from the date of grant. Options vest 3 years after the date of grant. Any unexercised options will expire at the earlier of one month after the date a beneficiary ceases to be an employee or the expiration date of the stock options granted. As at June 28, 2014, 225,197 stock options were outstanding at an exercise price of \$35.45. During the quarter an additional 346,221 stock options were issued at an exercise price of \$37.75.

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On March 31, 2014 the Board of Directors granted a single award of 20,000 stock options to an officer of the Corporation to purchase common shares of the Corporation. These stock options vest in three equal instalments over a period of two years, with the first instalment vesting on the date of the grant, the second on the first anniversary of the date of the grant and the third on the second anniversary of the date of the grant at an exercise price of \$35.12. These stock options may be exercised during a period not exceeding ten years from the date of the grant.

The Corporation recorded a stock based compensation expense of \$0.2 for the quarter and year-to-date in Personnel Costs.

The fair value of stock options at the grant date was measured using the Black-Scholes option pricing model. The historical share price of the Corporation's common shares is used to estimate expected volatility, and government bond rates are used to estimate the risk-free interest rate. The following table illustrates the inputs used in the measurement of the fair values of the stock options at the grant date granted during the period ended June 28, 2014:

	For the six months ended June 28, 2014
Expected stock price volatility	22.3%
Dividend	4.3%
Risk-free interest rate	1.6%-1.7%
Expected option life	5 years
Fair value – weighted average of options issued	\$4.92-\$5.79

PSUs

The PSUs are settled in cash and vest if certain Corporation performance targets are met and payable at the earliest on March 25, 2017. The measurement of the compensation expense and corresponding liability for these awards is based on the fair value of the award, and is recorded as an expense or recovery over the vesting period of the award. At the end of each financial reporting period, changes in the Corporation's payment obligation due to changes in the market value of the common shares on the TSX, or change in the number of units based on the expected Corporation's performance, are recorded as an expense or recovery. As at June 28, 2014, there are 171,724 PSUs outstanding. The Corporation recorded an expense of \$0.3 during the quarter, and \$0.6 year-to-date related to the PSUs in Personnel Costs.

14. Segment information

The Corporation manages through five reportable operating segments, which are the following: Canada, United States, United Kingdom, Northern Europe and Rest of the World.

The Executive Committee assesses the performance of the operating segments based on revenues, net revenues and adjusted EBITDA. Adjusted EBITDA excludes global corporate costs. Global corporate costs are expenses and salaries related to centralized functions, like global finance,

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human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, amortization, depreciation and income taxes.

Sales between segments are carried out at arm's length. The revenues reported to the Executive Team are measured in a similar manner as in the consolidated statements of earnings and exclude intercompany sales.

The table below presents the Corporation's operations based on its reportable operating segments.

Second quarter ended June 28, 2014						
	Canada	United States	United Kingdom	Northern Europe	Rest of the World	Total
Revenues	220.2	56.3	105.0	136.5	84.5	602.5
Less: Subconsultants and direct costs	(32.7)	(7.5)	(18.7)	(17.0)	(13.5)	(89.4)
Net revenues	187.5	48.8	86.3	119.5	71.0	513.1
Adjusted EBITDA	26.5	7.3	7.6	14.5	4.7	60.6
Global corporate costs						(5.6)
Non-operating expenses						(2.6)
Financial expenses						(3.3)
Depreciation and amortization						(16.9)
Share of taxation and amortization of associates						(1.6)
Earnings before income tax						30.6
Second quarter ended June 29, 2013						
	Canada	United States	United Kingdom	Northern Europe	Rest of the World	Total
Revenues	169.3	50.6	88.9	138.2	69.4	516.4
Less: Subconsultants and direct costs	(29.2)	(6.5)	(23.7)	(18.4)	(11.9)	(89.7)
Net revenues	140.1	44.1	65.2	119.8	57.5	426.7
Adjusted EBITDA	20.9	6.7	4.4	12.1	4.1	48.2
Global corporate costs						(5.4)
Non-operating expenses						(0.8)
Financial expenses						(4.2)
Depreciation and amortization						(14.5)
Share of taxation and amortization of associates						(1.0)
Earnings before income tax						22.3

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	Year-to-date ended June 28, 2014					
	Canada	United States	United Kingdom	Northern Europe	Rest of the World	Total
Revenues	346.8	111.3	211.7	284.4	159.4	1,113.6
Less: Subconsultants and direct costs	(48.1)	(13.0)	(40.8)	(33.6)	(24.4)	(159.9)
Net revenues	298.7	98.3	170.9	250.8	135.0	953.7
Adjusted EBITDA	37.0	12.8	15.3	33.4	5.8	104.3
Global corporate costs						(7.2)
Non-operating expenses						(2.6)
Financial expenses						(6.9)
Depreciation and amortization						(31.9)
Share of taxation and amortization of associates						(2.9)
Earnings before income tax						52.8

	Year-to-date ended June 29, 2013					
	Canada	United States	United Kingdom	Northern Europe	Rest of the World	Total
Revenues	319.5	95.5	170.8	276.5	132.8	995.1
Less: Subconsultants and direct costs	(51.9)	(10.2)	(41.7)	(36.4)	(21.4)	(161.6)
Net revenues	267.6	85.3	129.1	240.1	111.4	833.5
Adjusted EBITDA	37.1	11.3	10.0	29.4	5.6	93.4
Global corporate costs						(12.2)
Non-operating expenses						(2.1)
Financial expenses						(6.8)
Depreciation and amortization						(29.1)
Share of taxation and amortization of associates						(2.5)
Earnings before income tax						40.7

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.