CONSOLIDATED
FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014

BLACK DIAMOND
GROUP

Independent Auditors' Report

To the Shareholders of Black Diamond Group Limited:

We have audited the accompanying consolidated financial statements of Black Diamond Group Limited, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of net income, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Ernst + Young LLP

Chartered Professional Accountants

Calgary, Canada
March 2, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31,

(Expressed in thousands)	2015	2014
	$	$
ASSETS		
Current		
Cash and cash equivalents	**5,889**	20,500
Accounts receivable (notes 5 and 26)	**39,037**	90,445
Prepaid expenses and other current assets (note 13)	**6,032**	5,401
Total Current Assets	**50,958**	116,346
Non-Current		
Long-term accounts receivable (note 5)	**362**	1,975
Note receivable (notes 6 and 26)	**5,550**	—
Investment in associate (note 6)	**1,563**	—
Property and equipment (notes 7 and 25)	**546,571**	540,622
Intangible assets (notes 8, 10 and 25)	**7,744**	8,372
Goodwill (notes 9, 10 and 25)	**34,740**	35,219
Total Non-Current Assets	**596,530**	586,188
Total Assets	**647,488**	702,534
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 11)	**33,734**	51,783
Deferred revenue	**5,184**	10,211
Dividends payable (note 12)	**2,055**	3,287
Total Current Liabilities	**40,973**	65,281
Non-Current		
Long-term debt (note 14)	**159,163**	196,397
Asset retirement obligations (note 17)	**7,337**	7,440
Deferred revenue	**2,020**	—
Deferred income taxes (note 13)	**71,806**	61,605
Total Non-Current Liabilities	**240,326**	265,442
Total Liabilities	**281,299**	330,723
Shareholders' Equity		
Share capital (note 18)	**321,050**	321,444
Contributed surplus	**12,139**	7,789
Accumulated other comprehensive income	**21,221**	1,391
Retained earnings	**7,453**	36,039
Total Shareholders' Equity	**361,863**	366,663
Non-controlling interests (note 19)	**4,326**	5,148
Total Equity	**366,189**	371,811
Total Liabilities and Equity	**647,488**	702,534

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 27.

On behalf of the Board of Directors

Signed "Robert Herdman"

Signed "Robert G. Brawn"

CONSOLIDATED STATEMENT OF NET INCOME
for the years ended December 31,

(Expressed in thousands, except per share amounts)	2015 $	2014 $
Revenue (notes 20 and 25)	**282,186**	386,567
Direct costs (note 20)	**147,531**	196,229
Gross profit	**134,655**	190,338
Operating expenses		
Administrative expenses (note 21)	**50,295**	55,968
Depreciation of property and equipment (notes 7 and 25)	**55,850**	53,079
Amortization of intangible assets (note 8)	**982**	1,707
Total operating expenses	**107,127**	110,754
Operating profit	**27,528**	79,584
Finance costs (note 22)	**8,412**	7,582
Gain on sale of construction services operation (note 6)	**(8,805)**	—
Write-down of property and equipment (note 7)	**1,199**	—
Impairment loss (note 10)	**1,369**	8,219
Share of loss of an associate (note 6)	**2,687**	—
Provision for guarantee of debt of an investee (note 11)	**—**	5,202
Profit before income taxes	**22,666**	58,581
Income taxes (note 13)		
Current	**3,286**	11,785
Deferred	**8,232**	6,399
Total income taxes	**11,518**	18,184
Profit before non-controlling interest	**11,148**	40,397
Profit attributable to non-controlling interest (note 19)	**2,748**	5,359
Profit for the year	**8,400**	35,038
Earnings per share (note 23)		
Basic	**0.20**	0.82
Diluted	**0.20**	0.81

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the years ended December 31,

(Expressed in thousands)	**2015**	2014
	$	$
Profit for the year	**8,400**	35,038
Other comprehensive income (loss) to be re-classified to Consolidated Statement of Net Income in subsequent period:		
Realized portion of derivative designated as cash flow hedge (net of tax)	**144**	(487)
Unrealized gain portion of derivative designated as cash flow hedge (net of tax)	**—**	941
Translation adjustments	**19,686**	6,235
Net other comprehensive income to be re-classified to Consolidated Statement of Net Income in subsequent period	**19,830**	6,689
Total comprehensive income	**28,230**	41,727

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2015 and 2014

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2014	321,533	4,931	(5,297)	64,201	385,368	4,066	389,434
Profit for the year	—	—	—	35,038	35,038	5,359	40,397
Realized loss on derivative instrument (gross)	—	—	(649)	—	(649)	—	(649)
Unrealized gain on derivative instrument (gross)	—	—	1,254	—	1,254	—	1,254
Tax effect of cash flow hedge	—	—	(152)	—	(152)	—	(152)
Translation adjustment	—	—	6,235	—	6,235	—	6,235
Dividends declared (note 12)	—	—	—	(39,251)	(39,251)	—	(39,251)
Shares repurchased and cancelled (note 18 (a))	(14,930)	—	—	(23,949)	(38,879)	—	(38,879)
Distributions declared to partners	—	—	—	—	—	(4,277)	(4,277)
Share capital issued on exercise of options (note 18 (b))	14,899	(1,993)	—	—	12,906	—	12,906
Purchase of shares in trust (note 18 (c))	(584)	—	—	—	(584)	—	(584)
Sale of shares in trust (note 18 (c))	128	—	—	—	128	—	128
Vesting of shares in trust (note 18 (c))	398	(398)	—	—	—	—	—
Share based compensation expense (note 18 (b))	—	4,799	—	—	4,799	—	4,799
Long-term share based compensation plans (note 18 (c))	—	450	—	—	450	—	450
As at December 31, 2014	321,444	7,789	1,391	36,039	366,663	5,148	371,811
Profit for the year	**—**	**—**	**—**	**8,400**	**8,400**	**2,748**	**11,148**
Realized gain on derivative instrument (gross)	**—**	**—**	**207**	**—**	**207**	**—**	**207**
Tax effect of cash flow hedge	**—**	**—**	**(63)**	**—**	**(63)**	**—**	**(63)**
Translation adjustments	**—**	**—**	**19,686**	**—**	**19,686**	**—**	**19,686**
Dividends declared (note 12)	**—**	**—**	**—**	**(36,986)**	**(36,986)**	**—**	**(36,986)**
Distributions declared to partners	**—**	**—**	**—**	**—**	**—**	**(3,570)**	**(3,570)**
Share capital issued on exercise of options (note 18 (b))	**221**	**(26)**	**—**	**—**	**195**	**—**	**195**
Purchase of shares in trust (note 18 (c))	**(941)**	**—**	**—**	**—**	**(941)**	**—**	**(941)**
Sale of shares in trust (note 18 (c))	**57**	**—**	**—**	**—**	**57**	**—**	**57**
Vesting of shares in trust (note 18 (c))	**269**	**(269)**	**—**	**—**	**—**	**—**	**—**
Share based compensation expense (note 18 (b))	**—**	**4,355**	**—**	**—**	**4,355**	**—**	**4,355**
Long-term share based compensation plans (note 18 (c))	**—**	**290**	**—**	**—**	**290**	**—**	**290**
As at December 31, 2015	**321,050**	**12,139**	**21,221**	**7,453**	**361,863**	**4,326**	**366,189**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended December 31,

(Expressed in thousands)	2015 $	2014 $
Operating activities		
Profit for the year	**8,400**	35,038
Add (deduct) non-cash / non-operating activities:		
Share based compensation expense (note 18)	**4,645**	5,249
Depreciation of property and equipment (note 7)	**55,850**	53,079
Amortization of intangible assets (note 8)	**982**	1,707
Provision for guarantee of debt of an investee (note 11)	**—**	5,202
Finance costs (note 22)	**8,412**	7,582
Share of loss of an associate (note 6)	**2,687**	—
Impairment loss (note 10)	**1,369**	8,219
Write-down of property and equipment (note 7)	**1,199**	—
Gain on sale of construction services operation (note 6)	**(8,805)**	—
Deferred income taxes (note 13)	**8,232**	6,399
Profit attributable to non-controlling interest (note 19)	**2,748**	5,359
Book value of used fleet sales in operating activities	**5,244**	21,666
	90,963	149,500
Change in long-term accounts receivable	**1,613**	1,324
Change in non-current deferred revenue	**2,020**	—
Change in non-cash working capital related to operating activities (note 24)	**42,708**	20,040
Net cash flows from operating activities	**137,304**	170,864
Investing activities		
Purchase of property and equipment (notes 7 and 25)	**(49,557)**	(119,778)
Change in non-cash working capital related to investing activities (note 24)	**(16,617)**	3,175
Net cash flows used in investing activities	**(66,174)**	(116,603)
Financing activities		
Proceeds from long-term debt (note 14)	**76,034**	90,000
Repayment of long-term debt (note 14)	**(113,400)**	(78,000)
(Repayments) net draws on previous operating facility	**—**	(491)
Costs associated with issue and restructuring of facilities	**(687)**	(344)
Net interest costs (note 22)	**(7,508)**	(6,965)
Dividends declared (note 12)	**(36,986)**	(39,251)
Distributions declared to non-controlling interest	**(3,570)**	(4,277)
Net purchase of shares in trust (note 18 (c))	**(884)**	(456)
Shares repurchased and cancelled (note 18 (a))	**—**	(38,879)
Share options exercised (note 18 (a))	**195**	12,906
Change in non-cash working capital related to financing activities (note 24)	**371**	(391)
Net cash flows used in financing activities	**(86,435)**	(66,148)
Decrease in cash and cash equivalents	**(15,305)**	(11,887)
Cash and cash equivalents, beginning of the year	**20,500**	31,786
Effect of foreign currency rate changes on cash and cash equivalents	**694**	601
Cash and cash equivalents, end of the year	**5,889**	20,500

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

The consolidated financial statements of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships ("Black Diamond" or the "Company") for the years ended December 31, 2015 and 2014 were authorized for issuance in accordance with a resolution of the Board of Directors on March 2, 2016. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

The common shares of the Company are listed on the Toronto Stock Exchange (TSX: BDI).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis using the historical cost basis, except for investment in associate and derivative financial instruments measured at fair value, and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The same accounting policies and methods of computation were followed in the preparation of these consolidated financial statements as at and for the year ended December 31, 2014. Certain figures in the prior year's financial statements have been reclassified to conform to the current year's presentation.

The consolidated financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand ($'000), except per share amounts or as otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and its controlled limited partnerships as at December 31, 2015. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the the investee (ie. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Consolidated Statement of Net Income and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary,
- De-recognizes the carrying amount of any non-controlling interests,
- De-recognizes the translation differences recorded in equity,
- Recognizes the fair value of the consideration received,
- Recognizes any surplus or deficit in Consolidated Statement of Net Income,
- Reclassifies the parent's share of components previously recognized in OCI to Consolidated Statement of Net Income or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities, and
- Recognizes the fair value of the remaining investment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The consolidated financial statements of Black Diamond Group Limited include the following significant operational entities listed below. The ultimate holding entity of the companies listed below is Black Diamond Group Limited.

		Equity Interest	
Name	**Country of formation**	**2015**	2014
Black Diamond Limited Partnership	Canada	**100%**	100%
Black Diamond Capital Ltd.	Canada	**100%**	100%
Black Diamond Logistics Ltd.	Canada	**100%**	100%
Black Diamond Dene Limited Partnership	Canada	**50%**	50%
Black Diamond West Moberly Limited Partnership	Canada	**50%**	50%
Black Diamond Nehiyawak Limited Partnership	Canada	**50%**	50%
Whitecap Black Diamond Limited Partnership	Canada	**49%**	49%
Black Diamond Energy Services Inc.	United States	**100%**	100%
Black Diamond Capital USA Inc.	United States	**100%**	100%
Nortex Modular Leasing and Construction Company	United States	**100%**	100%
Black Diamond Modular Buildings Pty Ltd.	Australia	**100%**	100%
Australian Portable Buildings Pty Limited	Australia	**100%**	100%

Business acquisitions

The acquisition method of accounting is used to account for the combination of subsidiaries by the Company. The cost of the acquisition is the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets on a historical cost basis. Acquisition costs incurred are expensed and included in administrative expenses in the Consolidated Statement of Net Income.

When determining the nature of an acquisition, as either a business combination or an asset acquisition, management defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The primary focus in management's determination is the presence of processes capable of converting the inputs purchased into outputs, evidencing a business is purchased. If the processes are not present then this suggests an asset purchase and not a business combination.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the combination date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the combination date fair value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the combination date through Consolidated Statement of Net Income. Any contingent consideration to be transferred by the Company will be recognized at fair value at the combination date. Subsequent changes to the fair value of the contingent consideration

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

which is deemed to be an asset or liability will be recognized in accordance with *IAS 39 - Financial Instruments: Recognition and Measurement* either in Consolidated Statement of Net Income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of combination is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Net Income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, short term investments with maturity at time of purchase of less than 90 days, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position to the extent that there is no right of offset and no practice of net settlement with cash balances.

Trade receivables

Trade receivables are recognized initially at fair value and measured subsequently at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognized in the Consolidated Statement of Net Income. Determining the recoverability of a balance involves estimation as to the likely financial condition of the customer and their ability to make payment. Trade receivables are written off against the provision when recoverability is assessed as being remote. Subsequent recoveries of amounts previously written off are added back to the provision in the period received.

Investment in Associate

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The Consolidated Statement of Net Income reflects the Company's share of the results of operations of the associate. Any change in OCI of this investee is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the Consolidated Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the Consolidated Statement of Net Income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit/loss of an associate' in the Consolidated Statement of Net Income. The recoverable amount is determined based on trading values using average market prices.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in net income.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost is the fair value of the consideration given to acquire the asset at the time of acquisition and includes the direct cost of bringing the asset to the location and condition necessary for operation. Property and equipment are depreciated over their estimated useful lives using the following rates and methods:

Computers, furniture and service equipment	30% declining balance
Space rentals fleet equipment	6% declining balance
Workforce accommodation rental	10% declining balance
Surface rental equipment	10% - 50% declining balance
Buildings	5% declining balance
Carry-on options	Straight-line over two years
Leasehold improvements	Straight line over term of lease
Asset retirement obligation	Straight line over six to ten years

Land and deposits on equipment are not subject to depreciation.

The residual values and useful lives of property and equipment are reviewed and adjusted if appropriate at each Consolidated Statement of Financial Position date. Black Diamond uses estimates in determining appropriate useful lives and residual values.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Separately acquired intangible assets with finite lives are recorded at cost. The cost of intangible assets acquired in business combinations is their fair value on acquisition date. Intangible assets are amortized over their estimated useful lives on a straight line basis over 2 to 20 years.

Goodwill

Goodwill arises when the acquisition cost of an acquired business exceeds the sum of the amounts allocated to the net assets acquired on a fair value basis. Goodwill is allocated as at the acquisition date to the cash-generating units ("CGUs") of Black Diamond's operations that are expected to benefit from the business combination.

Goodwill is not amortized, but is evaluated on an annual basis for impairment, or when an event occurs that more likely than not reduces the recoverable value of a CGU below its carrying value.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the lowest level within the Company at which the associated goodwill is monitored for management purposes based on shared infrastructure, geographical proximity, exposure to market risk and product offering and is not larger than the operating segments determined in accordance with *IFRS 8 - Operating Segments*. Goodwill impairments are not reversed.

Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGUs recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs to sell (FVLCTS) and its value in use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The determination of VIU is highly sensitive to management's assessment of the growth rate and discount rate.

In determining FVLCTS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated five-year after tax discounted cash flow approach, cross-checked by comparable market transactions and public company trading multiples. Where available, these calculations are corroborated by implied valuation multiples for comparable industry participants or other available fair value indicators. For the Logistics CGU, a capitalized earnings approach was applied which uses estimated future cash flows, comparable market transactions and public company trading multiples.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognized

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Lease obligations

Where the Company is the lessee, leases are classified as finance or operating. A lease which transfers substantially all the risks and rewards of ownership of the asset is classified as a finance lease. Factors reviewed in this determination include, but are not limited to, the term of the lease, whether ownership is transferred at the end of the term, bargain purchase arrangements and a comparison of the present value of the minimum lease payments versus the fair value of the asset.

At the inception of the finance lease, an asset is capitalized in the Consolidated Statement of Financial Position and depreciated over the shorter of the lease term or the asset's useful life. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the Consolidated Statement of Financial Position and classified between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the Consolidated Statement of Net Income over the periods of the lease and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

All other leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and are not recognized on the Company's Consolidated Statement of Financial Position. The cost of operating leases is charged to the Statement of Net Income on a straight line basis over the periods of the leases.

Financial instruments

The Company classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss, loans and receivables, available for sale financial assets, financial liabilities measured at amortized cost and derivatives used for hedging.

(a) Financial assets at fair value through profit or loss
Financial assets designated at fair value through profit and loss are subsequently measured at fair value with changes in those fair values charged immediately to Consolidated Statement of Net Income. Cash and cash equivalents are classified as fair value through profit and loss.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are initially measured at fair value and then subsequently at amortized cost. Impairment tests are conducted when factors suggest impairment is required. Loans and receivables include accounts receivable, long-term accounts receivable and note receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and with no intention of being traded. They are included in current liabilities, except for maturities greater than 12 months after the Consolidated Statement of Financial Position date, which are classified as non-current liabilities. Financial liabilities include trade payables, dividends payable and all borrowings, and are initially recognized at fair value of the consideration received net of transaction costs and subsequent measurements are recorded at amortized cost using the effective interest rate method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In establishing such provisions the Company takes into account the relevant facts and circumstances of each matter and considers advice of professional advisors where needed. The ultimate liability may vary from the amounts currently provided and may be dependent upon the discovery of facts that are currently uncertain.

Black Diamond recognizes asset retirement obligations ("ARO") associated with its operations as required. The present value of the ARO is recognized in the period in which the obligations are incurred. The estimated present value of the ARO is the discounted expected future cash flows to settle the ARO at a pre-tax risk free interest rate that reflects current market assessments of the time value of money. The present value of the ARO is sensitive to estimates of the future obligations and interest rate used.

The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then depreciated over its estimated remaining useful life. In subsequent periods, the ARO is adjusted for the passage of time through accretion expense, which is recognized as a finance cost and for changes

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

in the amount or timing of the underlying future cash flows. Changes in the estimated future costs or in the discount rate applied are added to, or deducted from, the cost of the asset. Actual expenditures are charged against the provision when incurred with any differences between actual costs and estimated costs recorded in net income.

Share capital

The Company currently has one class of outstanding voting common shares, which is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Where the Company purchases its own shares and holds them in trust, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

When common shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from share capital. Any repurchased common shares are cancelled. The premium paid over the average book value of the common shares repurchased is charged to retained earnings. At the end of a reporting period, if there are shares that have not yet been cancelled, they are recognized as treasury shares at the purchase price of the transaction.

Share-based compensation

Black Diamond maintains share-based compensation plans, consisting of a share option plan and long-term share based compensation plans. Options granted pursuant to the share option plan to employees, officers and directors are accounted for using the fair value method whereby the compensation expense is recorded and a corresponding increase in contributed surplus, based on the fair values determined through the use of an option pricing model when the options are granted. The calculation of the fair value of option grants is sensitive to the expected forfeiture rate, volatility, dividend yield and expected life of the option. Any consideration paid to Black Diamond on the exercise of the options plus the attributed contributed surplus is recorded to share capital at the time of exercise.

Compensation cost is recognized on a graded amortization basis over the vesting period. Forfeitures are estimated at the date of grant, with adjustments being made over the vesting period for changes in expectations due to actual forfeitures through failure to satisfy vesting conditions. Costs related to surrendered or canceled options are recognized immediately for the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

The Company has directed an independent trustee to purchase and hold common shares in trust for the participants of the long-term share based compensation plans until the applicable vesting date. The cost of the purchase of common shares held in trust is accounted for as a reduction in outstanding common shares and the trust is consolidated as a special purpose entity. Compensation expense, based on the fair value of the common shares underlying the rights granted, is recognized on a graded amortization basis over the vesting period with a corresponding increase to contributed surplus. Upon vesting, share capital is increased and contributed surplus is decreased.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue classification

Revenue is classified in three categories:
Rental - Relates to arrangements where the customer pays a rental rate related to the amount of time the equipment is used. Rental revenue is recognized under the criteria described by sections (a) and (e) below.

Non-Rental - Primarily relates to the transportation and installation of the Company's fleet units to and from customer sites, servicing of fleet, catering, sale of new and used fleet units and equipment, and the revenue generated from subleased equipment. Non-rental revenue is recognized under the criteria described by sections (b), (c) and (d) below.

Lodging - Relates to the income generated by providing operated and open camps charged on an occupancy, or per man-day utilized, basis. Lodging revenue is recognized under the criteria described by section (d) below.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Company acts as an agent, only the Company's interest in the transaction is recorded. In some instances, a single contract may contain multiple revenue sources that are recognized under different revenue recognition criterion. The specific recognition criteria described below must be met before revenue is recognized.

(a) Rental
Rental revenue is recognized in the period the equipment is used by the customer based on a straight-line basis over the term of the related rental agreement.

(b) Sale of Units
Revenue from the sale of new units, custom manufactured equipment and used rental equipment is recognized at the time the units are delivered to the customer, or at such time as the risks and rewards of ownership have transferred.

(c) Installation, Transportation, Maintenance Revenue
The provision of installation, transportation, maintenance and dismantlement services is recognized on the percentage-of-completion basis over the term of the service delivery period. Under this method, revenue for services is recognized proportionately with its percentage of completion at any given time. The percentage of completion is estimated by dividing the cumulative costs incurred as at the Consolidated Statement of Financial Position date by the sum of the incurred costs and anticipated costs for completing the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a service contract cannot be estimated reliably, revenue is recognized only to the extent of costs incurred that are probable of recovery.

(d) Other Sub-contracted Services
Revenue from sub-contracted services such as catering is recognized when the services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Finance Leases

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases and presented within trade and accrued receivables in the Consolidated Statement of Financial Position. When assets held are subject to a finance lease, the leased assets are de-recognized and a receivable is recognized which is equal to the present value of minimum lease payments discounted at the interest rate implicit in the lease. Finance lease income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantively enacted tax rates and laws that are expected to be in effect when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and investments subject to significant influence, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that future realization of the tax benefit is probable.

Current income taxes are amounts expected to be payable or recoverable as a result of operations in the current year and any adjustments to tax payable in respect of previous years.

Foreign currency translation

The operating results of the Company's United States and Australian operations, which have a functional currency of United States Dollars ("USD") and Australian Dollars ("AUD"), respectively, are translated into Canadian Dollars using the rate of exchange on the date of the transaction. The Company determines the functional currency to be that of the primary economic environment in which the undertaking operates. The Statement of Financial Position of the United States and Australian operations are translated into Canadian Dollars at the rates of exchange at the period end. Exchange differences arising between the translation into Canadian Dollars of the net assets of these operations at rates at the beginning and end of the period are recognized in other comprehensive income.

In the event that a foreign subsidiary is sold, the gain or loss on disposal recognized in the Consolidated Statement of Net Income is determined after taking into account the cumulative currency translation differences that are attributed to the subsidiary concerned.

Foreign currency transactions entered into by the Company during the year through the Canadian operations are translated into Canadian Dollars at the rates of exchange on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date. Non-monetary assets denominated in functional currency are translated at historical exchange rates. All foreign currency transaction translation differences relating to the Canadian operations are recorded in the Consolidated Statement of Net Income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Per share amounts

Basic net income per share is computed by dividing net income attributable to Black Diamond by the weighted average number of shares outstanding during the period.

The treasury stock method is used to determine the diluted per share amounts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding, in-the-money options are used to purchase shares of Black Diamond at their estimated average market price during the period, and the difference between Black Diamond shares issued upon the exercise of the options and the number of options exercisable under this method, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive options are not considered in computing diluted earnings per share.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, determined to be the Board of Directors and the senior executives, as these are the individuals that make strategic decisions and resource allocations.

Changes in accounting policy and disclosure

Several new standards and amendments apply for the first time in 2015. The nature and the impact of each new standard/amendment is described below:

IFRS 2 Share-Based Payments - Amendments to IFRS 2

The standard amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. The amendment did not have an impact on the Company as it reflects the current accounting policy of the Company.

IAS 8 Operating Segments - Amendments to IAS 8

The amended standard requires (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segmented assets to the Company's assets when segment assets are reported. The amendment did not have an impact on the disclosure and the financial results of the Company.

IFRS 13 Fair Value Measurement - Amendments to IFRS 13

The amended standard clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts if the effect of discounting is immaterial. It also clarifies that the portfolio exception can be applied not only to financial assets and liabilities, but also to other contracts within scope of IFRS 39 and IFRS 9. The amendment did not have an impact on the Company as it reflects the current accounting policy of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2016.

IAS 1 Presentation of Financial Statements
In December 2014, the IASB issued narrow-focus amendments to IAS 1 Presentation of Financial Statements to clarify existing requirements related to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amended standard is not expected to have a material impact on the Company's disclosure.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for the classification and measurement of financial assets, financial liabilities, impairment and includes the new general hedge accounting model. IFRS 9 *Financial Instruments (July 2014)* replaces earlier versions of IFRS 9 and supersedes IAS 39 *Financial instruments: Recognition and measurement* and the effective date of the new standard will be for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of the standard on the Company's financial statements.

IFRS 15 Revenue

IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the standards on the Company's financial statements.

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. Lessees will be required to recognize right-of-use (ROU) assets and lease liabilities while lessors will continue to classify each lease as either an operating lease or a finance lease. Lease and non-lease components must be separated and accounted for separately using the appropriate standards unless a policy election is made to account for the lease and non-lease components as lease components. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 has already been applied or will be applied at the same date as IFRS 16. The Company has not yet determined the impact of the standards on the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments,which have a significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the modular structures, that it retains all the significant risks and rewards of ownership of these structures and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the maintainable earnings and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 16 for further disclosures.

Impairment of non-financial assets

Goodwill is reviewed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment.

Determination of a CGU

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets.

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12 for the Company's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location. See Note 19.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue recognition

The Company has recognized revenue in certain types of contracts using the percentage of completion method. In determining the percentage of completion, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred. If it is probable that the costs will be recoverable, revenue is recognized only to the extent of costs. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its FVLCTS and its VIU. The FVLCTS calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCTS calculation is based on a DCF model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that will enhance the asset's performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capita for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with two land leases held by the Company. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements includes accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, and useful lives of intangible assets. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

If the underlying estimates and assumptions, upon which the consolidated financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

4. CAPITAL MANAGEMENT

Black Diamond's primary objectives when managing capital are:

- to maintain the strength of its statement of financial position, ensuring Black Diamond's strategic objectives are met, while retaining an appropriate amount of leverage; and
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets.

Black Diamond manages its capital structure within guidelines approved by the Board of Directors of the Company, and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. Black Diamond considers its capital structure to include shareholders' equity, short and long term credit facilities, and working capital. Black Diamond makes adjustments to its capital structure based on changes in economic conditions and Black Diamond's planned requirements. Black Diamond has the ability to adjust its capital structure by issuing or repurchasing equity or issuing or repaying debt, selling assets to reduce debt, controlling the amount it dividends to the shareholders and making adjustments to its capital expenditure program. The only restriction Black Diamond has on its capital is in respect of certain financial covenants contained in its credit facilities and senior secured notes disclosed in Note 14. Breaches in meeting the financial covenants would permit the bank and other long term lender to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or past periods.

Black Diamond monitors capital using the Funded Debt/ Adjusted EBITDA(1) ratio, calculated using interest bearing debt per the Consolidated Statement of Financial Position and Adjusted EBITDA(1). At December 31, 2015, the Funded Debt/Adjusted EBITDA(1) ratio is 1.79 (December 31, 2014 - 1.41). Adjusted EBITDA is defined as follows:

	December 31, 2015	December 31, 2014
	$	$
Profit for the year	**8,400**	35,038
Add (Deduct):		
Share-based compensation expense (note 18)	**4,645**	5,249
Depreciation (note 7) and amortization (note 8)	**56,832**	54,786
Gain on sale of construction services operation (note 6)	**(8,805)**	—
Finance costs (note 22)	**8,412**	7,582
Provision for guarantee of debt of an investee (note 11)	**—**	5,202
Write-down of property and equipment (note 7)	**1,199**	—
Impairment loss (note 10)	**1,369**	8,219
Share of loss of an associate (note 6)	**2,687**	—
Current income taxes (note 13)	**3,286**	11,785
Deferred income taxes (note 13)	**8,232**	6,399
Profit attributable to non-controlling interest (note 19)	**2,748**	5,359
Adjusted EBITDA (1)	**89,005**	139,619

(1) Adjusted EBITDA is not a recognized measure under IFRS. Management believes that in addition to net earnings, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt and fund capital programs, and it is regularly provided to the chief operating decision makers. The Company's method of calculating Adjusted EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

4. CAPITAL MANAGEMENT (continued)

Black Diamond also monitors capital using the Dividends/ annualized (Adjusted EBITDA – interest expense) ratio, calculated using dividends per Note 12, Adjusted EBITDA (1) as defined above, and interest on long-term debt per Note 22. For the year ended December 31, 2015 the ratio is 0.45 (December 31, 2014 - 0.30).

5. ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014
	$	$
Current		
Trade and accrued receivables	**39,426**	86,680
Finance lease receivables where Company is the lessor	**324**	3,822
Due from related parties (note 26)	**123**	—
Receivables from agency arrangements	**—**	1,130
Provision for doubtful accounts	**(836)**	(1,187)
Total current accounts receivable	**39,037**	90,445
Non-current		
Finance lease receivables where Company is the lessor	**362**	1,489
Other long-term receivables	**—**	486
Total long-term accounts receivable	**362**	1,975

a) Trade and accrued receivables

Trade receivables are aged from the date of invoicing, with normal payment terms being net 30 days.

The aging of the trade and accrued receivables is as follows:

	December 31, 2015	December 31, 2014
Trade and accrued receivables	**$**	$
Amounts not yet due	**28,208**	50,229
Past due not more than 30 days	**4,829**	26,049
Past due not more than 60 days	**3,307**	3,106
Past due not more than 90 days	**927**	1,240
Past due greater than 90 days	**2,155**	6,056
Total trade and accrued receivables	**39,426**	86,680

Credit risk arises from the possibility that the entities to which Black Diamond provides rentals and/or services are unable to meet their payment obligations. Black Diamond manages this risk by assessing the creditworthiness of its customers on an ongoing basis and by monitoring the age of receivable balances outstanding. To date, Black Diamond's bad debts have been within expectations and are limited to specific customer circumstances.

5. ACCOUNTS RECEIVABLE (continued)

b) Finance lease receivables where Company is the lessor

The Company provided multi-year finance leases for space rentals and wellsite accomodations.

c) Receivables from agency arrangements

The Company acted as a procurement agent on behalf of a customer.

d) Provision for doubtful accounts

A provision for amounts that have been individually determined not to be collectible in full, because of known financial difficulties of the debtor or evidence of default or delinquency in payment.

	December 31, 2015	December 31, 2014
Movement in provision for doubtful accounts	**$**	$
As at January 1,	**1,187**	939
Amount provided in period	**191**	1,348
Written off in period	**(542)**	(1,100)
As at December 31,	**836**	1,187

As at December 31, 2015, 30% (December 31, 2014 - 33%) of Black Diamond's consolidated accounts receivable is due from two customers. These customers are significant participants in the oil and gas industry and have a proven track record of payment. The revenue is recognized in both the Structures and Logistics business segments.

6. INVESTMENT IN ASSOCIATE

On July 31, 2015 the Company sold its construction services operation to Northern Frontier Corp. ("Northern Frontier"), a company incorporated in Alberta. Northern Frontier provides civil construction, excavation, fabrication, and maintenance services to the industrial industry, provides bulk water transfer services, and installs and dismantles remote workforce lodging and modular offices in western Canada. Northern Frontier and the Company are related parties as Trevor Haynes is the Chairman of the Board for both the Company and Northern Frontier and is the President and Chief Executive Officer of Black Diamond. See note 26 Related Party Transactions. Management determined that the Company has significant influence over Northern Frontier due to this relationship.

6. INVESTMENT IN ASSOCIATE (continued)

		As at December 31, 2015	July 31, 2015	Change
		$	$	$
Fair value of consideration received:				
4.5 million shares of Northern Frontier, subject to restrictions on sale and transfer until July 31, 2017 and representing 19.5% of the issued and outstanding common shares of Northern Frontier	a)	**1,563**	2,448	(885)
Note receivable, principal payable October 31, 2018 and interest payable quarterly at 10% per annum	b)	**5,550**	7,352	(1,802)
Potential earn out of up to $11,600 if 80% of the three year average of annual revenue of the entire Northern Frontier construction services operations at July 31, 2018 is greater than $25,000, less $400. The earn out would be added to the note receivable and assumed to be added evenly over the three years for purposes of calculating interest.	c)	—	—	—
		7,113	9,800	(2,687)
Less: costs related to the sale			(995)	
Gain on sale of construction services operation			8,805	
Estimated consolidated net income of Northern Frontier for the seven month period ended December 31, 2015	d)			—
Share of loss in associate for the year ended December 31, 2015	e)			**(2,687)**

a) Fair value of the share consideration was determined with reference to average share prices, discounted for the restrictions on trading.

b) Fair value of the note receivable was determined using probability weighted scenarios of future expected cash flows, discounted to July 31, 2018. The fair value includes $1,400 relating to the Company's right to exercise a land lease conversion.

c) There was no fair value allocated to the earn-out as an amount could not be reliably estimated.

d) The Company is using Northern Frontier's September 30, 2015 condensed interim consolidated financial statements for purposes of recording its share of net income because more current information is not available. There were no significant transactions publicly disclosed by Northern Frontier in the three month period ended December 31, 2015. The Company's 19.5% share of net assets of Northern Frontier as at September 30, 2015 was $5,252. At July 31, 2015, the difference between the Company's share of net assets of Northern Frontier of $5,252 and the carrying amount of the Company's net investment of $2,448 was $2,804, which is related primarily to Northern Frontier's goodwill.

6. INVESTMENT IN ASSOCIATE (continued)

e) The note receivable and investment in Northern Frontier is assessed for impairment annually and independent of the Company's other CGUs if indicators of impairment exist. On February 16, 2016, Northern Frontier announced it had received an extension of its December 24, 2015 temporary waiver of certain financial covenants under its senior secured lending facility. This waiver extension expires March 31, 2016 and allows time for Northern Frontier and its lenders to renegotiate terms of the credit facility. Subsequent to December 31, 2015 and at the request of Northern Frontier, the Company waived the quarterly interest payment on the note receivable due January 31, 2016. As a result of these impairment indicators, the Company calculated an impairment of the investment in Northern Frontier of $885 and a write-down of the note receivable of $1,802 for a total share of loss in associate of $2,687.

The recoverable amount of the investment in Northern Frontier was determined using a FVLCTS method corroborated with reference to the amount by which the market value of the shares of Northern Frontier fell from the date of closing to after the December 24, 2015 announcement.

The recoverable amount of the note receivable was determined using a probability weighted discounted cash flow model over the term of the loan with an assumed discount rate of 14.0%, and includes $1,400 relating to the Company's right to exercise a land lease conversion. The Company and Northern Frontier are in discussions surrounding the impact of the new terms of Northern Frontier's senior secured lending facility on the terms of the note receivable held by the Company, however estimates of cash flows have been made for purposes of assessing impairment using all available information to date.

The summarized financial information of Northern Frontier is provided below. The information below is based on amounts reported in Northern Frontier's condensed interim consolidated financial statements for the nine months ended September 30, 2015 and 2014.

	For the nine months ended September 30,	
	2015	2014
Extract of Statement of Net Income:	**$**	$
Revenue	**37,602**	44,877
Direct costs	**26,722**	34,138
Gross profit	**10,880**	10,739
Profit for the year	**(2,508)**	(4,745)

	September 30, 2015	December 31, 2014
Summarized Statement of Financial Position:	**$**	$
Total current assets	**18,252**	21,952
Property and equipment and other non-current assets	**68,717**	60,919
Trade and other payables	**(15,421)**	(16,809)
Non-current liabilities	**(44,616)**	(39,174)
Total net assets	**26,932**	26,888

7. PROPERTY AND EQUIPMENT

	Land	Building	Leasehold improvements	Computers, furniture and service equipment	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
January 1, 2015	17,761	1,607	23,174	15,438	152,183	452,241	39,404	10,202	6,770	7,178	725,958
Additions	(87)	257	166	1,464	15,517	30,482	1,119	519	120	—	49,557
Write-down	—	—	—	—	—	(287)	(1,733)	—	—	—	(2,020)
Disposals	—	—	—	(107)	(4,549)	(2,866)	(71)	—	(392)	—	(7,985)
Transfers	1,436	3,403	(912)	(2,907)	2,346	2,260	132	236	(5,994)	—	—
Translation adjustment	1,029	78	98	351	16,082	5,755	—	84	—	—	23,477
December 31, 2015	20,139	5,345	22,526	14,239	181,579	487,585	38,851	11,041	504	7,178	788,987
Accumulated Depreciation											
January 1, 2015	—	77	11,422	8,312	29,980	112,060	14,268	7,553	—	1,664	185,336
Charge for the year	108	289	2,749	1,830	8,200	36,908	2,871	1,828	—	1,067	55,850
Write-down	—	—	—	—	—	(157)	(664)	—	—	—	(821)
Disposals	—	—	—	(65)	(1,096)	(1,141)	(47)	—	—	—	(2,349)
Transfers	590	1,308	(456)	(1,163)	(290)	41	6	(36)	—	—	—
Translation adjustment	43	69	73	207	2,999	965	34	10	—	—	4,400
December 31, 2015	741	1,743	13,788	9,121	39,793	148,676	16,468	9,355	—	2,731	242,416
Net Book Value											
December 31, 2015	19,398	3,602	8,738	5,118	141,786	338,909	22,383	1,686	504	4,447	546,571

Total additions excluding non-cash additions (relating to ARO) are $49,557 (2014 - $119,778).

Included in direct costs on the Consolidated Statement of Net Income are disposals of assets with a net book value of $5,244 (2014 - $21,666).

Transfers include reclassifications between asset categories to reflect the re-purposing of assets and the application of deposits.

7. PROPERTY AND EQUIPMENT (continued)

	Land	Building	Leasehold improvements	Computers, furniture and service equipment	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$		$	$	$	$
Cost											
January 1, 2014	10,790	2,435	21,751	12,149	133,908	391,678	40,745	7,338	4,089	2,882	627,765
Additions	6,719	6	808	2,853	17,878	80,219	304	3,290	7,701	4,500	124,278
Disposals	—	—	—	(237)	(10,232)	(20,064)	(1,621)	(446)	—	(204)	(32,804)
Transfers	(66)	(834)	552	510	5,048	(183)	(24)	17	(5,020)	—	—
Translation adjustment	318	—	63	163	5,581	591	—	3	—	—	6,719
December 31, 2014	17,761	1,607	23,174	15,438	152,183	452,241	39,404	10,202	6,770	7,178	725,958
Accumulated Depreciation											
January 1, 2014	—	152	7,296	5,860	23,435	86,258	12,327	5,753	—	1,000	142,081
Charge for the period	—	120	4,175	2,340	8,938	31,650	3,055	2,137	—	664	53,079
Disposals	—	—	(90)	(196)	(3,461)	(5,774)	(1,074)	(339)	—	—	(10,934)
Transfers	—	(195)	—	164	169	(98)	(40)	—	—	—	—
Translation adjustment	—	—	41	144	899	24	—	2	—	—	1,110
December 31, 2014	—	77	11,422	8,312	29,980	112,060	14,268	7,553	—	1,664	185,336
Net Book Value											
December 31, 2014	**17,761**	**1,530**	**11,752**	**7,126**	**122,203**	**340,181**	**25,136**	**2,649**	**6,770**	**5,514**	**540,622**

8. INTANGIBLE ASSETS

	December 31, 2015	December 31, 2014
	$	$
Cost		
January 1,	**15,181**	18,494
Impairment loss (note 10)	**—**	(4,163)
Translation adjustment	**773**	850
December 31,	**15,954**	15,181
Accumulated amortization		
January 1,	**6,809**	6,131
Charge for the year	**982**	1,707
Impairment loss (note 10)	**—**	(1,426)
Translation adjustment	**419**	397
December 31,	**8,210**	6,809
Net Book Value		
December 31,	**7,744**	8,372

Intangible assets consists mainly of customer relationships, non-compete agreements and trademarks. Intangible assets belong to the reportable segments as reflected in the segmented information (note 25).

9. GOODWILL

	December 31, 2015	December 31, 2014
	$	$
As at January 1,	**35,219**	39,530
Impairment loss (note 10)	**(1,369)**	(5,139)
Translation adjustment (net)	**890**	828
As at December 31,	**34,740**	35,219

Goodwill is allocated to the reportable segments as reflected in the segmented information (note 25).

10. IMPAIRMENT

At December 31, 2015, the Company performed impairment tests on all CGUs. The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. Management determined the recoverable amount of all CGUs exceeded carrying value, except for the Energy Services CGU. The recoverable amount of Energy Services was below carrying value by $1,369 which resulted in an impairment of goodwill (December 31, 2014 - International Business Unit for $8,219). The Energy Services reportable segment is equivalent to the Energy Services CGU.

The Company assessed the Energy Services CGU and considered the reduction in demand expected from customers in the resources sector in the foreseeable future due to lower commodity prices. The Company used the FVLCTS method to calculate the recoverable amount. The recoverable amount was $46,300 and was determined by discounting the future cash flows to be generated from the continuing operations of the Energy Services CGU, using a 5-year model, a discount rate of 12.8% (2014 - 12.5%) and a terminal value growth rate of 2.0% (level 3 inputs). Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth.

After this impairment charge there remains no goodwill associated with the Energy Services CGU. The impairment loss is non-cash in nature and does not affect the Company's liquidity, cash flows from operating activities, or debt covenants and does not have an impact on the future operations of the Energy Services CGU.

The remaining goodwill is allocated to Camps CGU and the group of BOXX CGUs ("BOXX CGU") and each portion is significant. The carrying amount of goodwill allocated to Camps CGU is $24,471 and $10,268 is allocated to the BOXX CGU. The Company used the FVLCTS method to calculate the recoverable amounts for each CGU. The recoverable amounts were determined by discounting the future cash flows to be generated from the continuing operations of the CGUs, using a 5-year model and a terminal value growth rate of 2.0% (level 3 inputs). A discount rate of 12.0% was used for the Camps CGU and a discount rate of 10.3% was used for the BOXX CGU. Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth. For both CGUs, the recoverable amounts were in excess of their carrying amounts and reasonably possible changes in key assumptions do not cause the carrying amounts to exceed their recoverable amounts.

The recoverable amounts of all other CGUs as at December 31, 2015 were based on FVLCTS calculations, except for the Logistics CGU. The FVLCTS for each CGU at December 31, 2015 was determined in the same manner as described above and was a change from the capitalized earnings approach used in 2014. Where a reasonable cushion exists between the recoverable amount and the carrying value under a capitalized earnings approach, the Company will use that method. If there is less than a 20% difference between the recoverable amount and the carrying value, the Company will switch to a discounted cash flow approach as it will more accurately reflect future cash flow expectations. A capitalized earnings approach was still used for the Logistics CGU, which used estimated future cash flows, comparable market transactions and public company trading multiples.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014
	$	$
Trade payables	**9,503**	17,719
Accruals	**15,270**	18,415
Provision for guarantee of debt of an investee	**2,073**	5,202
Due to related parties (note 26)	**1,534**	667
Income taxes payable	**64**	1,324
Other payables	**5,290**	8,456
Total accounts payable and accrued liabilities	**33,734**	51,783

During 2013, the Company issued a financial guarantee for $5,202 (AUD $5,168) related to the demand debt of the Company's 20% interest in APB Britco's manufacturing business. The Company accrued a provision for the full amount of the financial guarantee in the second quarter of 2014. During 2015, a payment pursuant to this guarantee was made in the amount of $3,129 with a corresponding decrease in the provision recorded.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Provision for guarantee of debt of an investee is payable on demand.
- Other payables are non-interest bearing and are normally settled within one year and includes payables of $1,495 (2014 - $5,877) from agency agreements.

12. DIVIDENDS

At the Board of Directors discretion, cash dividends are declared and paid by Black Diamond on the common shares on a monthly basis to shareholders of record on the last business day of each month. Dividends are payable on or about the 15th day of the month following the record date. During the year ended December 31, 2015 and 2014, Black Diamond's dividends on common shares of record were as follows:

	2015			2014		
	Dividends per share	**Dividends**		Dividends per share	Dividends	
Month Ended	**$**	**$**		$	$	
January	**0.080**	**3,287**	(a)	0.075	3,175	
February	**0.080**	**3,287**	(a)	0.075	3,175	
March	**0.080**	**3,287**	(a)	0.075	3,182	
April	**0.080**	**3,287**	(a)	0.075	3,201	
May	**0.080**	**3,288**	(a)	0.075	3,202	
June	**0.080**	**3,288**	(a)	0.075	3,212	
July	**0.080**	**3,288**	(a)	0.075	3,213	
August	**0.080**	**3,288**	(a)	0.080	3,431	
September	**0.080**	**3,288**	(a)	0.080	3,435	
October	**0.080**	**3,288**	(a)	0.080	3,438	
November	**0.050**	**2,055**	(a)	0.080	3,300	
December	**0.050**	**2,055**	(b)	0.080	3,287	(a)
Total dividends declared		**36,986**			39,251	

(a) - Dividend payments made in 2015
(b) - Dividends payable

13. INCOME TAXES

Deferred Tax Liabilities and Assets

The following are the major deferred tax liabilities and assets recognized by the Company and movements thereon during the year:

	Property & Equipment	Partnership deferral	Goodwill and intangible assets	Finance fees	Cash flow hedge	Tax loss carry forward	Other	Total
	$	$	$	$	$	$	$	$
January 1, 2014	51,788	4,789	4,200	(1,145)	(201)	(4,601)	(577)	54,253
Recognized in profit for the year	14,796	(1,471)	(1,269)	450	—	(5,543)	(564)	6,399
Recognized in OCI	1,391	—	119	—	152	(690)	(19)	953
December 31, 2014	67,975	3,318	3,050	(695)	(49)	(10,834)	(1,160)	61,605
Recognized in profit for the year	**11,576**	**(1,354)**	**317**	**358**	**49**	**(3,636)**	**922**	**8,232**
Recognized in OCI	**4,126**	**—**	**140**	**—**	**—**	**(2,297)**	**—**	**1,969**
December 31, 2015	**83,677**	**1,964**	**3,507**	**(337)**	**—**	**(16,767)**	**(238)**	**71,806**

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

Unrecognized Tax Assets

As at December 31, 2015, deferred tax assets were not recognized on the following deductible temporary differences, which are in the International business unit and do not expire. Previous unrecognized Canadian net capital losses were able to be recognized and utilized during 2015.

	2015	2014
	$	$
Net capital losses	—	2,601
Non-capital losses	**7,327**	4,321
Total	**7,327**	6,922

Effective Tax Rate

The following is a reconciliation of income tax expense calculated at the statutory Canadian income tax rate to the income tax provision included in the Consolidated Statement of Net Income.

13. INCOME TAXES (continued)

	2015	2014
	$	$
Profit before income taxes	**22,666**	58,581
Provision for income taxes at statutory rate of 26.03% (2014 - 25.20%)	**5,900**	14,764
Increase/(Decrease) in income taxes due to:		
Non-deductible items	**1,306**	1,467
Non-controlling interests	**(715)**	(1,351)
Changes in tax rates impacting deferred taxes	**3,476**	49
Foreign jurisdiction rate difference	**198**	164
Change in unrecognized tax benefits	**190**	2,018
Impairment of goodwill	**356**	1,476
Other	**807**	(403)
Income tax expense for the year	**11,518**	18,184

The statutory rate increased from 25.20% in 2014 to 26.03% in 2015 due to a change in provincial tax rates. There is a current income tax receivable balance of $2,470 (2014 - nil) recorded in prepaid expenses and other current assets on the Consolidated Statement of Financial Position related to installments for income taxes in Canada.

14. LONG-TERM DEBT

	December 31, 2015	December 31, 2014
	$	$
Committed extendible revolving operating facility	**70,034**	95,000
Senior secured notes	**89,600**	102,000
Costs associated with issue and restructuring of facilities	**(1,942)**	(1,942)
Amortization of costs associated with issue	**1,471**	1,339
Total long-term debt	**159,163**	196,397

Committed Extendible Revolving Operating Facility

Effective June 18, 2015, Black Diamond increased the maximum principal amount of its committed extendible revolving operating facility to $168,000 (December 31, 2014 - $150,000) and extended its maturity to April 30, 2019 (December 31, 2014 - April 30, 2018). The facility is collateralized by a general security agreement from Black Diamond and a guarantee and general security agreement from each of its material subsidiaries. The facility also has an accordion feature that allows for the expansion of the facility up to an aggregate of $268,000 (December 31, 2014 - $250,000), upon lender commitment. If all or any portion of the $100 million accordion is not provided by the lenders, the committed extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third parties subject to certain conditions in the committed extendible revolving operating facility.

14. LONG-TERM DEBT (continued)

As at December 31, 2015, the Company's draws under the committed extendible revolving operating facility were comprised of $1,034 related to an overdraft balance (December 31, 2014 - $nil), $69,000 (December 31, 2014 - $70,000) of bankers' acceptances and $nil (December 31, 2014 - $25,000) of bankers acceptances for which the interest rate had been fixed through a swap contract which expired on April 10, 2015.

For the year ended December 31, 2015, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 2.69% (December 31, 2014 - 3.75%).

In addition, the Company has a corporate credit card facility with a limit of $1,000 which bears interest at 18.4%. As at December 31, 2015, the Company's draws under the corporate credit card facility were $nil (December 31, 2014 - $nil).

Demand Operating Facility

Black Diamond, through one of its partnerships, has a $5,000 operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15% and incurs standby fees of 0.25% for any unused portion of the authorized amount whereby the authorized limit is 75% of good accounts receivable calculated at the end of each month. At December 31, 2015, the effective interest rate was 3.85% (2014 - 4.15%). The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at December 31, 2015, the Company's draws under the demand operating facility were $nil (December 31, 2014 - $nil).

US Demand Operating Facility

Effective May 15, 2015, Black Diamond, through its indirect wholly owned US subsidiaries, increased its demand revolving loan to US $10,000 (December 31, 2014 - US $3,000) to fund working capital requirements in the US. The facility bears interest at a rate of US prime plus 0.50% and is payable monthly with any principal outstanding to be repaid upon maturity on May 30, 2016. At December 31, 2015, the effective interest rate was 4.00% (2014 - 4.00%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at December 31, 2015, the Company's draws under the US demand operating facility were $nil (December 31, 2014 - $nil).

Australian Demand Operating Facility

Black Diamond, through an indirect wholly owned Australian subsidiary, has a AUD$5,000 operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.0% and incurs standby fees for any unused portion of the facility at 0.50%. At December 31, 2015, the effective interest rate was 3.12% (2014 - 3.69%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at December 31, 2015, the Company's draws under the Australian demand operating facility were $nil (December 31, 2014 - $nil).

14. LONG-TERM DEBT (continued)

Senior Secured Notes

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $49,600 (December 31, 2014 - $62,000), an interest rate of 5.44% per annum and mature on July 8, 2019. The senior secured notes are repaid through annual payments, each in the amount of $12,400. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40,000, an interest rate of 4.58% per annum and mature on July 3, 2022. The senior secured notes are repaid through annual repayments, each in the amount of $13,333 with the first annual payment beginning July 3, 2020.

On July 3, 2013, Black Diamond Limited Partnership also entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21,315, for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. These senior secured notes may be issued until the earlier of (i) July 3, 2016, or (ii) the 30th day after notice has been given to terminate the private shelf facility.

Debt Covenants

Effective June 18, 2015 the committed extendible revolving operating facility debt covenants and restrictions on dividends were amended. The committed extendible revolving operating facility interest coverage covenant was amended to a minimum interest coverage ratio of 3.00:1. The restriction on dividends covenant calculation was amended to exclude purchases made under a normal course issuer bid. Corresponding covenant amendments were also granted under Black Diamond's senior secured notes.

At December 31, 2015, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the extendible revolving operating facility, demand operating facilities, or the senior secured notes would result in an event of default in which case Black Diamond may have available specific cure periods to remedy such default. If the default is not remedied or waived, the lenders have the option to declare the obligations of Black Diamond under the extendible revolving operating facility and the senior secured notes to be immediately due and payable without presentment, demand, protest or further notice of any kind.

Offset Banking System

Effective April 1, 2013, the Company entered into an offset banking system with Bank of Montreal ("BMO") whereby BMO will calculate its compensation for operation of the accounts and the availability of credit to the Company on a net basis over all its designated Canadian dollar accounts provided each account and the consolidation of all accounts is maintained within credit limits. Accordingly, the cash and cash equivalents for the Canadian dollar denominated accounts is reflected on a net basis in the Consolidated Statement of Financial Position.

Effective February 1, 2016, the Company entered into an account consolidation agreement which allows for the inclusion of US dollar accounts in the compensation calculation noted above.

15. FINANCIAL INSTRUMENTS

Analysis of financial assets and liabilities

	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortized cost	Derivatives used for hedging
	$	$	$	$
Cash and cash equivalents	**5,889**	**—**	**—**	
Current accounts receivable	**—**	**39,037**	**—**	**—**
Long term accounts receivable	**—**	**362**	**—**	**—**
Long term note receivable		**5,550**		
Accounts payable and accrued liabilities	**—**	**—**	**33,734**	**—**
Dividends payable	**—**	**—**	**2,055**	**—**
Long term debt [(a)]	**—**	**—**	**159,634**	**—**
December 31, 2015	**5,889**	**44,949**	**195,423**	**—**
Cash and cash equivalents	20,500	—	—	—
Current accounts receivable	—	91,632	—	—
Long term accounts receivable	—	1,975	—	—
Accounts payable and accrued liabilities [(a)]	—	—	49,598	—
Due to related parties	—	—	667	—
Dividends payable	—	—	3,287	—
Income taxes payable	—	—	1,324	—
Long term debt [(a)]	—	—	197,000	—
Risk management liability	—	—	—	194
December 31, 2014	20,500	93,607	251,876	194

(a) The amounts in the table above exclude deferred financing costs (note 14) as they are not considered financial assets.

Black Diamond had no held to maturity investments, available for sale financial assets or liabilities at fair value through profit or loss at December 31, 2015 or December 31, 2014.

Fair value of financial instruments

The fair value of the Company's senior secured notes (level 2) are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. At December 31, 2015, the fair value of the senior secured notes was $91,127 (December 31, 2014 - $102,157) compared to the carrying value of $89,600 (December 31, 2014 - $102,000). The Company's own non-performance risk as at December 31, 2015 was assessed to be insignificant.

15. FINANCIAL INSTRUMENTS (continued)

There are no other material differences in the carrying amounts of those instruments classified as financial assets at fair value through profit or loss, loans and receivables, available for sale financial assets, or financial liabilities measured at amortized cost and their estimated fair values.

The financial instrument classified as a derivative used for hedging is measured in the Consolidated Statement of Financial Position at fair value and by using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (level 3).

As at each reporting date, the financial instrument classified as a derivative used for hedging was level 2 on the hierarchy. Those assets classified as loans and receivables and financial liabilities measured at amortized cost do not require input into the hierarchy analysis.

Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, are comprised of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to interest rate risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury department that advises on financial risks and the appropriate financial risk governance and cash management strategies for the Company.

a) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. Black Diamond is subject to both cash flow interest rate risk on its committed extendible revolving operating facility and fair value risk on the senior secured notes based on their fixed rate of interest. The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates. Black Diamond had entered into an interest rate swap contract to fix a portion of its floating rate interest on long-term debt. The interest rate swap contract required the periodic exchange of payments without the exchange of the notional principal amounts on which the payment is based. At December 31, 2014, Black Diamond had the following interest rate swap contract outstanding:

	Remaining term	Notional amount		Fixed rate	Floating rate
Swap - Floating to fixed	January 2015 - April 2015	$	25,000	3.63%	30 day Canadian Dealer Offered Rate

The interest rate related derivative financial instrument designated as a hedge at December 31, 2014 was classified as a cash flow hedge.

The interest rate swap contract expired April 2015 and Black Diamond has not entered into any other interest rate swap contracts as at December 31, 2015.

15. FINANCIAL INSTRUMENTS (continued)

A 1% increase in interest rates in the year, assuming debt patterns consistent with those that actually occurred in 2015, when annualized, would have resulted in a 2015 net income sensitivity of approximately $927 (2014 - $294).

b) Liquidity risk

Black Diamond is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash resources to meet its commitments as they come due. Black Diamond mitigates this risk through its management of cash, debt, capital expenditures and its level of dividends.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3-12 months	1-5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	**31,661**	**2,073**	**—**	**—**	**33,734**
Dividends payable	**2,055**	**—**	**—**	**—**	**2,055**
Long term debt	**—**	**—**	**132,496**	**26,667**	**159,163**
December 31, 2015	**33,716**	**2,073**	**132,496**	**26,667**	**194,952**
Accounts payable and accrued liabilities	43,266	6,332	—	—	49,598
Due to related parties	667	—	—	—	667
Dividends payable	3,287	—	—	—	3,287
Income taxes payable	1,324	—	—	—	1,324
Long term debt	—	—	156,397	40,000	196,397
Risk management liability	—	194	—	—	194
December 31, 2014	48,544	6,526	156,397	40,000	251,467

Black Diamond maintains sufficient unused capacity in its revolving credit facilities to meet short-term working capital requirements. Black Diamond manages its liquidity requirements through the use of short and long-term cash forecasts maintaining conservative working capital balances as well as a conservative payout ratio in respect of its dividends.

On a regular basis, management monitors its ability to meet long-term debt, capital lease and asset retirement obligations as well as the commitments as disclosed in Note 27. Management believes the Company has adequate liquidity to meet these obligations, due to the contracted revenue that Black Diamond has in future periods and the unused capacity of the committed extendible revolving operating facility.

15. FINANCIAL INSTRUMENTS (continued)

c) Credit risk

Credit risk arises from the possibility that the counterparties for which Black Diamond provides rentals and/or services are unable to meet their payment obligations, leading to financial loss. The Company is also exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Black Diamond manages customer credit risk by assessing the creditworthiness of its customers on an ongoing basis subject to the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

The maximum exposure to credit risk at the reporting date relating to the counterparties to which Black Diamond provides rentals and/or services, is the carrying value of the Company's accounts receivables as disclosed in Note 5. The Company evaluates the level of riskiness with respect to trade receivables as low, as the majority of significant contracts in place with customers are with established players in their respective industries and a proven track record of payment. To date, Black Diamond's bad debts have been within expectations and are limited to specific customer circumstances.

The Company is exposed to credit risk associated with possible non-performance by financial instrument counterparties. The Company does not generally require collateral from its counterparties but believes the risk of non-performance is low. The counterparties are major financial institutions with investment grade credit ratings as determined by recognized credit rating agencies.

d) Foreign currency sensitivity

The impact on the Company's profit before tax due to changes in the fair value of the monetary assets and liabilities denominated in USD and AUD exchange rates is not material.

Risk Management Liability

The Company had entered into an interest rate swap contract to fix $25,000 of its floating rate interest on long-term debt. The contract expired on April 10, 2015. As at December 31, 2015, the Company's risk management liability was $nil (2014 - $194).

16. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of assets and liabilities measured at fair value:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
	$	$	$	$
December 31, 2015				
Assets measured at fair value:				
Cash and cash equivalents	5,889	5,889	—	—
Investment in associate	1,563	1,563		
December 31, 2014				
Assets measured at fair value:				
Cash and cash equivalents	20,500	20,500	—	—
Liabilities measured at fair value:				
Risk management liability	194	—	194	—

17. ASSET RETIREMENT OBLIGATIONS

Black Diamond's asset retirement obligations relate to closure and post-closure costs related to camps where the Company has assumed the land lease obligations. Black Diamond estimates the undiscounted, inflation-adjusted cash flows required to settle these obligations at December 31, 2015 to be $8,072 (December 31, 2014 - $8,288). Management has estimated the value of this obligation at December 31, 2015 to be $7,337 (December 31, 2014 - $7,440) using an inflation rate of 2.0% (December 31, 2014 - 2.0%) and pre-tax weighted average risk-free interest rate of 2.0% (December 31, 2014 - 2.0%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2016 to 2020.

These estimates are based upon current and proposed reclamation and closure techniques in view of current contractual obligations, environmental laws and regulations. Therefore, it is possible the costs could change in the future and changes to these estimates could have a significant effect on Black Diamond's consolidated financial statements. Black Diamond recorded the following asset retirement obligation activity during the year:

	December 31, 2015	December 31, 2014
	$	$
As at January 1,	**7,440**	3,143
Additions	**—**	4,500
Accretion in year	**85**	114
Revisions / settled	**(188)**	(317)
As at December 31,	**7,337**	7,440

18. SHARE CAPITAL

a) Share capital

Authorized: An unlimited number of voting common shares with no par value and an unlimited number of preferred shares, issuable in series.

	December 31, 2015		December 31, 2014	
	Number	**Amount**	Number	Amount
Issued - Common shares		**$**		$
As at January 1,	**41,048**	**321,444**	42,116	321,533
Issued on exercise of options (note 18 (b))	**15**	**195**	831	12,906
Purchase of shares in trust (note 18 (c))	**(64)**	**(941)**	(17)	(584)
Sale of shares in trust (note 18 (c))	**4**	**57**	5	128
Vesting of shares in trust (note 18 (c))	**21**	**269**	21	398
Transfer from contributed surplus	**—**	**26**	—	1,993
Shares repurchased and cancelled	**—**	**—**	(1,908)	(14,930)
As at December 31,	**41,024**	**321,050**	41,048	321,444

In 2014, the Company repurchased its common shares under a normal course issuer bid. When common shares were repurchased, the amount of the consideration paid, which included directly attributable costs, was recognized as a deduction from share capital. All repurchased common shares were cancelled. The premium of $23,949 paid over the average book value of $7.82 of the common shares repurchased was charged to retained earnings in 2014. The normal course issuer bid expired on October 5, 2015.

b) Share Option Plan

Black Diamond has a share option plan (the "Option Plan") pursuant to which options to purchase common shares may be granted to directors, officers, employees and consultants of Black Diamond in order to provide an opportunity for these individuals to obtain a proprietary interest in Black Diamond's long-term success.

The aggregate number of common shares of the Company that may be issued pursuant to the exercise of options granted under the Option Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares of Black Diamond from time to time. At December 31, 2015, there were 2,988 common shares (December 31, 2014 - 3,311) reserved for issuance upon the exercise of options granted pursuant to the Option Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

18. SHARE CAPITAL (continued)

(expressed in thousands except per share amounts and years)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value
		$			$
March 25, 2011	323	12.97	0.23	323	1.79
March 25, 2012	710	20.61	1.22	710	2.47
April 5, 2012	313	19.94	1.26	313	2.71
March 22, 2013	542	20.98	2.22	348	3.30
November 15, 2013	85	27.43	2.88	57	5.21
March 21, 2014	20	33.27	3.22	10	6.60
August 21,2014	200	28.04	3.64	67	4.61
November 13, 2014	20	18.95	3.87	7	2.59
January 9, 2015	765	12.35	4.03	—	1.46
March 20, 2015	10	13.67	4.22	—	1.78
Balance December 31, 2015	2,988			1,835	
Weighted average		18.41	2.27	19.77 [1]	

(1) Amount refers to the weighted average exercise price of the exercisable options as at December 31, 2015.

Black Diamond recorded the following share option activity during 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Number of options outstanding	**Weighted average exercise price per share**	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	**3,311**	**24.09**	3,068	18.64
Granted	**775**	**12.37**	1,270	32.22
Exercised	**(15)**	**12.97**	(831)	15.51
Cancelled	**(1,083)**	**31.52**	(196)	27.95
As at December 31,	**2,988**	**18.41**	3,311	24.09

During the year ended December 31, 2015, the Company recorded share-based compensation expense of $4,355 (2014 – $4,799) related to options granted under the Option Plan. Options granted in the year ended December 31, 2015 have a weighted average exercise price of $12.37 per share (2014 - $32.22). During the year, a significant number of options were surrendered by optionees and canceled by the Company for options that had high exercise prices when compared with current market prices. The remaining share-based compensation expense relating to the unvested portion of the canceled options was immediately expensed.

The Black-Scholes option pricing model was used in determining the fair values of these options using a forfeiture rate of 5%, based on historical experience and future expectations, and the following assumptions:

18. SHARE CAPITAL (continued)

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
March 25, 2011	4.41	30	1.69
March 25, 2012	3.34	30	1.24
April 5, 2012	3.61	34	1.19
June 5, 2012	3.19	36	1.10
March 22, 2013	3.95	30	1.02
November 15, 2013	2.95	31	1.09
March 21, 2014	2.60	31	1.02
August 21, 2014	3.39	29	1.09
November 13, 2014	5.11	30	1.05
January 9, 2015	8.00	34	1.00
March 20, 2015	7.31	37	0.46

The expected life of the options is three years and is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not occur.

c) Long-term Share Based Compensation Plans

During the year ended December 31, 2015, the Company recorded share-based compensation expense of $290 (2014 – $450) related to the graded vesting of incentive awards granted under long-term share based compensation plans, with a corresponding increase to contributed surplus.

To satisfy the Company's obligation to deliver shares upon the payment dates of the incentive awards, the Company, through an independent trustee, purchased 64 common shares (2014 - 17) on the open market for $941 (2014 - $584) during the twelve months ended December 31, 2015.

These common shares are held in trust until the common shares vest to the holders of the incentive awards. The Company is not exposed to fluctuations in the stock price in respect of the common shares held by the trustee, except when shares are forfeited by the employee and sold in the open market. The Company, through the trustee, sold 4 common shares (2014 - 5) for proceeds of $57 (2014 - $128), as a result of forfeitures.

During the twelve months ended December 31, 2015, 21 shares vested (2014 - 21) and were released to incentive award holders. The release of these shares triggered a transfer from contributed surplus to share capital in the amount of $269 (2014 – $398). There were 76 common shares held in trust at December 31, 2015 (December 31, 2014 - 38).

19. NON-CONTROLLING INTERESTS

The non-controlling interests represent earnings attributable to the Fort Nelson First Nations' approximate 50% interest in the Black Diamond Dene Limited Partnership ("BDDLP"), the West Moberly First Nation's approximate 50% interest in the Black Diamond West Moberly Limited Partnership ("BDWMLP"), the Beaver Lake Cree Nation's approximate 50% interest in the Black Diamond Nehiyawak Limited Partnership ("BDNLP") and the Whitecap Dakota First Nation's approximate 50% interest in Whitecap Black Diamond Limited Partnership ("WCBDLP"). Management determines that the Company has control of all of these limited partnerships as it controls the general partner in all cases.

On October 8, 2009, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Fort Nelson First Nation, as limited partners, formed Black Diamond Dene Limited Partnership through which Black Diamond and the Fort Nelson First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Fort Nelson First Nation territory in northeastern British Columbia.

On October 21, 2010, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and West Moberly First Nations, as limited partners, formed Black Diamond West Moberly Limited Partnership through which Black Diamond and the West Moberly First Nations work together to provide services to resource development companies as well as other commercial and industrial activity in the West Moberly First Nations territory in northeastern British Columbia.

On April 2, 2013, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Beaver Lake Cree Nation, as limited partners, formed Black Diamond Nehiyawak Limited Partnership through which Black Diamond and the Beaver Lake Cree Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Beaver Lake Cree Nation territory in northeastern Alberta.

On December 2, 2014, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Whitecap Dakota First Nation, as limited partners, formed Whitecap Black Diamond Limited Partnership through which Black Diamond and Whitecap Dakota First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Whitecap Dakota Nation territory in central Saskatchewan.

The summarized aggregate financial information of these subsidiaries is provided below. Aggregate financial information is appropriate as the Company's subsidiaries are involved in a similar course of business in the same industry, as well as operating in western Canada. The information below is based on amounts before inter-company eliminations.

	2015	2014
Extract of Statement of Net Income:	**$**	$
Revenue	**101,141**	117,397
Direct costs	**92,313**	105,534
Gross profit	**8,828**	11,863
Profit for the year	**5,496**	10,717

19. NON-CONTROLLING INTERESTS (continued)

	December 31, 2015	December 31, 2014
Summarized Statement of Financial Position:	**$**	$
Total current assets	**16,450**	45,955
Property and equipment and other non-current assets	**6,773**	8,412
Trade and other payables	**(9,063)**	(38,546)
Asset retirement obligation	**(4,411)**	(4,546)
Total net assets	**9,749**	11,275

20. REVENUE AND DIRECT COSTS

	2015	2014
Revenue	**$**	$
Rental revenue		
Workforce accommodation	**83,012**	113,165
Space rentals	**27,590**	33,182
Surface equipment	**4,875**	7,833
Total rental revenue	**115,477**	154,180
Lodging revenue	**87,189**	119,191
Non-rental revenue	**79,520**	113,196
Total revenue	**282,186**	386,567

During the year ended December 31, 2015, the Company had three significant customers in Canada (2014 - three customers) that contributed greater than 10% of the Company's consolidated revenue, for a total of 50% (2014 - 51%).

	2015	2014
Direct Costs	**$**	$
Catering, utilities and other consumable costs	**51,115**	70,983
Construction and transportation services	**41,366**	46,604
Subleased equipment	**13,200**	18,983
Repairs and maintenance	**11,775**	11,803
Personnel costs	**11,019**	11,986
New and used asset sales and other direct costs	**19,056**	35,870
Total direct costs	**147,531**	196,229

20. REVENUE AND DIRECT COSTS (continued)

Operating lease commitments as lessor

Operating leases with the Company as lessor may include rentals of modular structures. Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2015 are as follows:

	December 31, 2015	December 31, 2014
	$	$
Due within one year	**42,773**	50,322
Due later than one year and less than five	**24,474**	43,975
	67,247	94,297

21. ADMINISTRATIVE EXPENSES

	2015	2014
	$	$
Personnel costs	**27,382**	29,877
General administrative expenses	**11,463**	14,847
Occupancy and insurance	**6,805**	5,995
Share based compensation (note 18)	**4,645**	5,249
Total administrative expenses	**50,295**	55,968

22. FINANCE COSTS

	2015	2014
	$	$
Interest expense - net	**7,508**	6,965
Costs associated with negotiating debt facilities	**345**	—
Amortization of long-term debt set-up costs	**474**	475
Accretion of asset retirement obligation (note 17)	**85**	114
Unrealized foreign exchange loss	**—**	28
Total finance costs	**8,412**	7,582

23. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated on the profit attributable to Black Diamond per the Consolidated Statement of Net Income for the period.

Reconciliation of weighted average number of shares	2015	2014
Weighted average common shares outstanding - basic	**41,098**	42,547
Effect of share option plan	**—**	626
Weighted average common shares outstanding - diluted	**41,098**	43,173

Excluded from diluted weighted average number of shares are 2,988 anti-dilutive options for the year ended December 31, 2015 (2014 - 1,232).

24. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2015	December 31, 2014
	$	$
Decrease in accounts receivable	**53,032**	9,226
Increase in prepaid expenses and other current assets	**(510)**	(1,664)
Increase / (Decrease) in accounts payable and accrued liabilities	**(26,060)**	15,262
Change in non-cash working capital	**26,462**	22,824
Attributable to operating activities	**42,708**	20,040
Attributable to investing activities	**(16,617)**	3,175
Attributable to financing activities	**371**	(391)

The difference between the amounts disclosed above and the difference between balances per the Consolidated Statement of Financial Position is due to foreign currency translation adjustments.

Total tax paid in cash for the year ended December 31, 2015 was $7,126 (2014 - $11,594).

25. SEGMENTED INFORMATION

Black Diamond determines its reportable segments based on the structure of its operations in a manner consistent with the internal reporting provided to the chief operating decision makers. Operations are primarily focused in five business segments – Structures, Logistics, Energy Services, International and Corporate. This determination is based on an overlapping set of components (product/services, internal reporting structure and geography). With the exception of the International Business Unit, all other reportable segments are located in North America.

Black Diamond Structures provides modular structures designed for remote site accommodation and space rentals. The remote site accommodations, when assembled together, form large dormitories, kitchen/dining facilities and recreation complexes. Space rental modular structures provide high quality, cost effective modular space solutions to a diverse customer base in Canada and the United States. The space rentals fleet includes office units, storage units, office complexes, training facilities, lavatories and custom manufactured structures. The primary revenue sources consist of rental revenue for this equipment, and non-rental revenue consisting primarily of sales of modular units, as well as transportation and installation revenues.

Black Diamond Logistics operates remote lodging facilities for third parties, and includes the Sunday Creek Lodge and the Horn River Lodge where the Company also owns the lodging facility within the Structures Business Unit. The primary revenue sources consist of turnkey lodging services for camps operated by Black Diamond, remote facility management and supply chain solutions. The majority of the business activity within this segment occurs in western Canada.

Black Diamond Energy Services provides accommodations fleets for drill camps, geologist/engineer quarters and staff quarters. Energy Services also provides a complement of surface rental assets that would typically support a drilling or completions operation such as solid and liquids containment, rig matting, and support equipment. The primary revenue sources consist of rental revenue for this equipment, and non-rental revenue consisting primarily of catering, transportation and servicing of equipment revenues.

Black Diamond International provides modular structures for remote workforce housing and modular workspace solutions and provides associated services in Australia and other areas outside of North America. The primary revenue sources consist of rental revenue for this equipment, and non-rental revenue consisting primarily of catering, transportation and installation revenues.

Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

Transactions between operating segments are priced on an arm's length basis in a manner similar to transactions with third parties.

25. SEGMENTED INFORMATION (continued)

	2015 $	2014 $
Revenue		
Structures	**169,732**	220,745
Energy Services	**17,962**	32,444
Logistics	**87,189**	119,191
International	**7,303**	14,187
Total Revenue	**282,186**	386,567
Depreciation of Property and Equipment		
Structures	**39,184**	34,348
Energy Services	**6,132**	6,416
Logistics	**4,043**	4,949
International	**4,484**	5,074
Corporate	**2,007**	2,292
Total Depreciation	**55,850**	53,079
Profit (Loss)		
Structures	**41,098**	81,676
Energy Services (Note 10)	**(4,809)**	3,025
Logistics	**12,798**	19,947
International (note 10)	**(3,876)**	(9,674)
Corporate	**(36,811)**	(59,936)
Total Profit	**8,400**	35,038
Capital Expenditures (Gross)		
Structures	**43,388**	91,787
Energy Services	**1,416**	9,391
Logistics	**320**	3,273
International	**4,411**	10,076
Corporate	**22**	5,251
Total Capital Expenditures	**49,557**	119,778

25. SEGMENTED INFORMATION (continued)

	December 31, 2015	December 31, 2014
	$	$
Property and Equipment		
Structures	**419,787**	404,222
Energy Services	**52,372**	58,303
Logistics	**19,552**	23,274
International	**37,716**	35,644
Corporate	**17,144**	19,179
Total Property and Equipment	**546,571**	540,622
Intangible Assets		
Structures	**7,744**	8,372
Total Intangible Assets	**7,744**	8,372
Goodwill		
Structures	**34,740**	33,850
Energy Services	**—**	1,369
Total Goodwill	**34,740**	35,219
Total Assets		
Structures	**477,582**	496,549
Energy Services	**54,773**	66,749
Logistics	**38,750**	58,092
International	**39,507**	37,401
Corporate	**36,876**	43,743
Total Assets	**647,488**	702,534

25. SEGMENTED INFORMATION (continued)

Geographic and customer information

	December 31, 2015	December 31, 2014
	$	$
Revenue		
Canada	**241,588**	345,004
United States	**33,295**	27,376
Australia	**7,303**	14,187
Total Revenue	**282,186**	386,567

The allocation of sales to the geographic segments is based upon the customer location where the product is utilized.

	December 31, 2015	December 31, 2014
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**434,627**	463,698
United States	**116,712**	84,871
Australia	**37,716**	35,644
Total Property and Equipment, Intangibles and Goodwill	**589,055**	584,213

26. RELATED PARTY TRANSACTIONS

The amount due to related parties relates to the distribution and royalties payable to the non-controlling interests, are non-interest bearing and due on demand.

Key Management Personnel Compensation

	2015	2014
	$	$
Salaries, bonuses, fees and other short-term employee benefits	**3,056**	5,284
Share-based compensation	**2,969**	3,558
Total Compensation	**6,025**	8,842

The Company has defined key management personnel as senior executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel.

26. RELATED PARTY TRANSACTIONS (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the year, as well as balances with related parties as at December 31, 2015 and 2014.

	For the years ended December 31,		Due from related party as at December 31,		Due to related party as at December 31,	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Associate						
Northern Frontier						
Interest income on note receivable	**308**	—	**123**	—	**—**	—
Construction services operation expenses	**(3,789)**	—	**—**	—	**349**	—
Non-controlling interests						
Limited partnerships						
Royalties and distributions declared	**(4,867)**	(5,957)	**—**	—	**1,185**	667
	(8,348)	(5,957)	**123**	—	**1,534**	667

The amount due from related party relates to current interest receivable on the note receivable.

27. COMMITMENTS AND CONTINGENCIES

As Lessee

Black Diamond rents workforce accommodation and space rental premises, surface rental equipment, office equipment and vehicles under multiple operating leases with varying expiration dates. No arrangements have been entered into for contingent rental payments. The minimum lease payments over the next five fiscal years and thereafter are as follows:

	December 31, 2015	December 31, 2014
	$	$
Due within one year	**5,078**	3,562
Due later than one year and less than five	**14,913**	3,802
Due after five years	**20,896**	—
	40,887	7,364

Capital Commitments

At December 31, 2015, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $2,700 (December 31, 2014 - $29,354) for delivery of modular structures in the next six months.

27. COMMITMENTS AND CONTINGENCIES (continued)

Contingent Liabilities

The Company has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers from all personal liability and loss that may arise in service to the Company.

28. SUBSEQUENT EVENTS

Effective January 1, 2016, the Company re-organized its North American business units to streamline its operations and gain efficiencies. The new Camps & Lodging business unit combines the workforce accommodation business from the previous Structures business unit and the lodging services business from the previous Logistics business unit. The BOXX Modular business unit is now operating separately from the previous Structures business unit and includes the Canadian and US space rentals businesses. The Energy Services business unit now incorporates the US well site business which was previously included in the Structures business unit. The International business unit remains unchanged. Segmented information for 2015 will be restated in 2016 to reflect this change in organizational structure, with no impact to consolidated net income.