CONSOLIDATED

FINANCIAL STATEMENTS

For the years ended December 31, 2013 and 2012

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, 2013 and 2012, 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

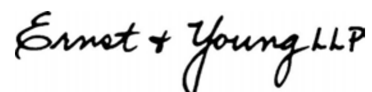
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered accountants

Calgary, Canada
March 12, 2013

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31,

(Expressed in thousands)	2013 $	2012 $
ASSETS		
Current		
Cash and cash equivalents	31,786	2,697
Accounts receivable (note 5)	99,290	76,699
Prepaid expenses and other current assets	2,911	7,477
Total Current Assets	133,987	86,873
Non-Current		
Long-term accounts receivable (note 5)	3,299	2,708
Property and equipment (note 7)	485,684	423,281
Intangible assets (note 8)	12,363	9,757
Goodwill (note 9)	39,530	34,577
Total Non-Current Assets	540,876	470,323
Total Assets	674,863	557,196
LIABILITIES AND EQUITY		
Current		
Operating facility (note 10)	491	—
Accounts payable and accrued liabilities (note 11)	36,353	39,486
Due to related parties (note 26)	2,171	1,174
Dividends payable (note 12)	3,162	2,472
Income taxes payable	791	8,524
Total Current Liabilities	42,968	51,656
Non-Current		
Long-term debt (note 14)	184,266	96,359
Risk management liability (note 15)	799	1,324
Asset retirement obligations (note 17)	3,143	1,955
Deferred income taxes (note 13)	54,253	44,821
Total Non-Current Liabilities	242,461	144,459
Total Liabilities	285,429	196,115
Shareholders' Equity		
Share capital (note 18)	321,533	309,140
Contributed surplus	4,931	4,431
Accumulated other comprehensive loss	(5,297)	(3,285)
Retained earnings	64,201	45,521
Total Shareholders' Equity	385,368	355,807
Non-controlling interests	4,066	5,274
Total Equity	389,434	361,081
Total Liabilities and Equity	674,863	557,196

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 27.

On behalf of the Board of Directors

Signed “Minaz Kassam”

Signed “Robert G. Brawn”

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

(Expressed in thousands, except per share amounts)	2013 $	2012 $
Revenue (note 20 and 25)	347,055	264,274
Direct costs	155,368	118,386
Gross Profit	191,687	145,888
Expenses		
Administrative expenses (note 21)	53,841	37,825
Depreciation of property and equipment (notes 7 and 25)	49,894	34,665
Amortization of intangible assets (note 8)	1,460	879
Write-down of investment in Britco Australia LP (note 6)	1,792	—
Operating profit	84,700	72,519
Finance costs (note 22)	7,895	5,783
Profit before income taxes	76,805	66,736
Income tax (note 13)		
Current	11,536	8,520
Deferred	9,472	7,061
Profit before non-controlling interest	55,797	51,155
Profit attributable to non-controlling interest	2,581	3,761
Profit for the year	53,216	47,394
Earnings per share (note 23)		
Basic	1.27	1.21
Diluted	1.26	1.18

See accompanying notes to the consolidated financial statements

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

(Expressed in thousands)	2013 $	2012 $
Profit for the year	53,216	47,394
Other comprehensive income (loss) to be re-classified to profit or loss in subsequent period:		
Realized portion of derivative designated as cash flow hedge (net of tax)	(452)	(452)
Unrealized gain/(loss) portion of derivative designated as cash flow hedge (net of tax)	845	1,015
Translation adjustments	(2,405)	(959)
Net other comprehensive income (loss) to be re-classified to profit or loss in subsequent period	(2,012)	(396)
Total comprehensive income	51,204	46,998

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2013 and 2012

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2012	**240,350**	**4,778**	**(2,889)**	**25,811**	**268,050**	**1,359**	**269,409**
Profit for the year	—	—	—	47,394	47,394	3,761	51,155
Realized loss on derivative instrument (gross)	—	—	(603)	—	(603)	—	(603)
Unrealized gain on derivative instrument (gross)	—	—	1,353	—	1,353	—	1,353
Tax effect of cash flow hedge	—	—	(187)	—	(187)	—	(187)
Translation adjustment	—	—	(959)	—	(959)	—	(959)
Dividends declared (note 12)	—	—	—	(27,684)	(27,684)	—	(27,684)
Capital transactions with partners	—	—	—	—	—	154	154
Share capital issued (note 18)	57,465	—	—	—	57,465	—	57,465
Tax savings from share issuance costs (note 18)	857	—	—	—	857	—	857
Share capital issued on exercise of options (note 18)	11,122	(3,535)	—	—	7,587	—	7,587
Purchase of shares in trust (note 18)	(993)	—	—	—	(993)	—	(993)
Sale of shares in trust	203	3	—	—	206	—	206
Vesting of shares in trust	136	(136)	—	—	—	—	—
Share based compensation expense (note 18)	—	2,790	—	—	2,790	—	2,790
Long term incentive plan ("LTIP") expense (note 18)	—	531	—	—	531	—	531
As at December 31, 2012	**309,140**	**4,431**	**(3,285)**	**45,521**	**355,807**	**5,274**	**361,081**
Profit for the year	—	—	—	53,216	53,216	2,581	55,797
Realized loss on derivative instrument (gross)	—	—	(603)	—	(603)	—	(603)
Unrealized gain on derivative instrument (gross)	—	—	1,127	—	1,127	—	1,127
Tax effect of cash flow hedge	—	—	(131)	—	(131)	—	(131)
Translation adjustment	—	—	(2,405)	—	(2,405)	—	(2,405)
Dividends declared (note 12)	—	—	—	(34,536)	(34,536)	—	(34,536)
Distributions to partners	—	—	—	—	—	(3,789)	(3,789)
Share capital issued on exercise of options (note 18)	12,302	(2,140)	—	—	10,162	—	10,162
Purchase of shares in trust (note 18)	(600)	—	—	—	(600)	—	(600)
Sale of shares in trust	296	—	—	—	296	—	296
Vesting of shares in trust	395	(395)	—	—	—	—	—
Share based compensation expense (note 18)	—	2,637	—	—	2,637	—	2,637
Long term incentive plan ("LTIP") expense (note 18)	—	398	—	—	398	—	398
As at December 31, 2013	**321,533**	**4,931**	**(5,297)**	**64,201**	**385,368**	**4,066**	**389,434**

See accompanying notes to the consolidated financial statements

BLACK DIAMOND GROUP

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

(Expressed in thousands)	2013 $	2012 $
Operating activities		
Profit for the year	53,216	47,394
Add (deduct) non-cash items:		
Depreciation of property and equipment (note 7)	49,894	34,665
Amortization of intangible assets (note 8)	1,460	879
Profit attributable to non-controlling interest	2,581	3,761
Write-down of investment in Britco Australia LP (note 6 and 21)	1,792	—
Finance costs (note 22)	7,895	5,783
Deferred income taxes	9,472	7,061
Share based compensation expense (note 18)	3,035	3,321
Book value of used fleet sales in operating activities	11,743	6,817
	141,088	109,681
Change in long-term accounts receivables	(591)	(2,708)
Change in non-cash working capital related to operating activities (note 24)	(25,188)	(3,458)
Net cash flows from operating activities	**115,309**	103,515
Investing activities		
Purchase of property and equipment (note 7)	(95,560)	(163,628)
Acquisition of Australian Portable Buildings Pty. Ltd. (note 6)	(39,067)	—
Purchase of investment in Britco Australia LP (note 6)	(1,792)	—
Change in non-cash working capital related to investing activities (note 24)	(3,737)	(404)
Net cash flows used in investing activities	**(140,156)**	(164,032)
Financing activities		
Proceeds from long-term debt (note 14)	143,000	10,000
Repayment of long-term debt (note 14)	(55,000)	—
Net draw on operating facility (note 10)	491	—
Costs of long-term debt issuance and refinancing (note 14)	(108)	(97)
Interest paid	(7,710)	(5,470)
Net proceeds from issuance of shares (note 18)	—	57,465
Dividend payments (note 12)	(33,846)	(26,983)
Distribution to non-controlling interest (note 19)	(3,789)	(1,218)
Purchase of shares in trust (note 18)	(600)	(993)
Sale of shares in trust (note 18)	296	206
Share options exercised (note 18)	10,162	7,587
Change in non-cash working capital related to financing activities (note 24)	997	(241)
Net cash flows from financing activities	**53,893**	40,256
Increase (decrease) in cash and cash equivalents	29,046	(20,261)
Cash and cash equivalents, beginning of the year	2,697	22,990
Effect of foreign currency rate changes on cash and cash equivalents	43	(32)
Cash and cash equivalents, end of the year	**31,786**	**2,697**

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

The consolidated financial statements of Black Diamond Group Limited for the years ended December 31, 2013 and 2012 were authorized for issuance in accordance with a resolution of the Board of Directors on March 12, 2014. Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships ("Black Diamond" or the "Company") are headquartered in Calgary, Alberta. 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 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 for the year ended December 31, 2012. 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries as at December 31, 2013. 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 controls 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. 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 profit or loss,
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss 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.

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**	**2013**	**2012**
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%
BOXX Modular Holdings 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%	—
Australian Portable Buildings Pty Limited	Australia	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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss. 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 which is deemed to be an asset or liability will be recognized in accordance with *IAS 39 - Financial Instruments: Recognition and Measurement* either in profit or loss 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2 years
Leasehold improvements	Straight line over term of lease

Certain workforce accommodation rental assets acquired as part of business combinations are depreciated at an accelerated rate of 50% declining balance.

Initial direct costs incurred by the Company, as lessor, in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognized as an expense over the lease term on the same basis as the rental income.

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.

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 using the following rates and methods:

Customer relationships	Straight line over 4 - 20 years
Non compete agreements	Straight line over 2 - 3 years
Trademarks	Straight line over 10 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ("CGU's") 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 CGU's (or groups of CGU's) for the purpose of impairment testing. Each of those CGU's (or group of CGU's) 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 recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's 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 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. A five-year discounted cash flow approach, cross-checked by comparable market transactions and public company trading multiples is also performed. Where available, these calculations are corroborated by implied valuation multiples for comparable industry participants or other available fair value indicators.

The Company bases its impairment calculation on maintainable earnings before interest, taxes, depreciation and amortization expense ("EBITDA") levels.

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 CGU's recoverable amount. A previously recognized 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 earnings. 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.

(c) Available for sale financial assets
Available for sale ("AFS") financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) Derivatives used for hedging

Derivatives used for cash flow hedging are derivative financial instruments measured at fair value and included in non-current assets or liabilities unless management intends to dispose of the investment within 12 months of the Consolidated Statement of Financial Position date, in which case they are classified as current. The instrument is remeasured to fair value at each reporting date. Fair value is determined using the discounted cash flow method and is highly sensitive to the yield curve assumed.

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognized in equity in accumulated other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Net Income.

The Company assesses the effectiveness of the hedging instrument by using the hypothetical derivative method. This compares the fair value of the hedging instrument, including the deal contingent option, with the fair value of the hedging instrument excluding the deal contingent option.

For financial derivative contracts settling in future periods, a financial asset or liability is recognized in the Consolidated Statement of Financial Position and measured at fair value, with changes in fair value recognized in other comprehensive income.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the Consolidated Statement of Net Income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income is transferred to the Consolidated Statement of Net Income.

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 fair value of the ARO is recognized in the period in which the obligations are incurred. The estimated fair value of the ARO is the discounted expected future cash flows to settle the ARO at a pre-tax risk free interest

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

rate that reflects current market assessments of the time value of money. The fair 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 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.

Share capital

The Company currently has one class of outstanding 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.

Share-based compensation

Black Diamond maintains share-based compensation plans, consisting of a share option plan and a long-term incentive plan ("LTIP"). 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 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.

The Company purchases and holds common shares in trust for the participants of the LTIP 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 at customer sites, servicing of fleet, catering, sale of new and used 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 sections (a) and (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 being 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.

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

(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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ("AUS"), 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.

Beginning in fiscal 2013, Black Diamond changed to five reportable segments to reflect a new operating structure. The reportable segments correspond to internal business units as follows: Structures (combination of Camps and BOXX Modular Divisions), Logistics, Energy Services, International and Corporate.

Previously, the reportable segments were Camps and Logistics, BOXX Modular, Energy Services and Corporate. The basis for the change is to better represent the unique skill sets and services of each business.

To enable readers to understand the changes and to assess trends, prior period segment information was restated to reflect the new business structure.

Changes in accounting policy and disclosure

Several new standards and amendments apply for the first time in 2013. The nature and the impact of each new standard/amendment is described below:

Amendments to IAS 1 – Presentation of Financial Statements
The Company adopted amendments to IAS 1 - Presentation of Financial Statements by introducing a grouping of items presented in Other Comprehensive Income ("OCI") that can be reclassified to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Company's financial position or income.

Amendments to IFRS 7 – Financial Instruments: Disclosures
The amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

accordance with IAS 32. The Company provided additional disclosure relating to its netting arrangements as a result of this amendment.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
The Company adopted IFRS 10 in 2013. The definition of control in IFRS 10 was amended in 2013. However, the new definition of control did not change the conclusion of control over the entities the Company has consolidated in the past.

IFRS 11 Joint Arrangements, IAS 28 Investment in Associates and Joint Ventures
IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The Company has provided additional disclosure relating to its interests in subsidiaries as a result of this amendment.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not impacted the fair value measurements of the Company. The Company has provided additional disclosure relating to the fair value hierarchy of its assets and liabilities as result of IFRS 13.

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 Company's consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011. Subsequent developments in February 2014 moved the mandatory effective date to January 1, 2018. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. It is expected that the adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after January 1, 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company, since none of the entities in the Company would qualify as an investment entity under IFRS 10.

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 addition to the estimates and judgments discussed in Note 2, 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.

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. Management has determined that the Company does not exert significant influence over APB Britco LP in respect of which it holds a 20% interest. See Note 6.

Definition of a business

Management has had to apply judgments relating to its acquisitions during the year with respect to whether the acquisitions were a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the respective acquisitions in order to reach a conclusion.

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.

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

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.

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.

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.

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. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's budget for the next two years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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

Provision for decommissioning

The Company has recognized a provision for decommissioning obligations associated with two open camps operated 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 site 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, useful lives of intangible assets, and percentage complete for certain types of revenue recognition. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and LTIP, 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;
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets; and
- to maintain a private credit rating that Black Diamond considers appropriate for its circumstances.

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 new equity or 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 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/EBITDA[(1)] ratio, calculated using interest bearing debt per the Consolidated Statement of Financial Position and EBITDA[(1)], which is defined as follows:

4. CAPITAL MANAGEMENT (continued)

	December 31, 2013	December 31, 2012
	$	$
Profit for the year	53,216	47,394
Add:		
Depreciation (note 7) and amortization (note 8)	51,354	35,544
Finance costs (note 22)	7,895	5,783
Deferred income taxes (note 13)	9,472	7,061
Current income taxes (note13)	11,536	8,520
Profit attributable to non-controlling interest (note 19)	2,581	3,761
Acquisition costs (notes 6 and 21)	300	707
Share-based compensation expense (notes 18 and 21)	3,035	3,321
Write-down of investment in Britco Australia LP (note 6)	1,792	—
EBITDA [1]	**141,181**	**112,091**

(1) EBITDA is not a recognized measure under IFRS. Management believes that in addition to net earnings, 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 EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

The Company targets to maintain the Funded Debt/EBITDA[1] ratio at a level below 2.00. At December 31, 2013, the ratio is 1.31 (December 31, 2012 - 0.86). Black Diamond also monitors capital using the Dividends/ annualized (EBITDA – interest expense) ratio, calculated using dividends per Note 12, EBITDA [1] as defined above, and interest on long-term debt per Note 22. Black Diamond targets to maintain this ratio below a level of 0.60. For the year ended December 31, 2013 the ratio is 0.26 (December 31, 2012 - 0.25).

5. ACCOUNTS RECEIVABLE

	December 31, 2013	December 31, 2012
	$	$
Current		
Trade and accrued receivables	94,165	72,471
Work completed but not yet contractually billable	3,589	4,643
Finance lease receivables where Company is the lessor	2,475	204
Provision for doubtful accounts	(939)	(619)
Total current accounts receivable	**99,290**	**76,699**
Non-current		
Finance lease receivables where Company is the lessor	2,989	—
Work completed but not yet contractually billable	310	2,708
Total long-term accounts receivable	**3,299**	**2,708**

5. ACCOUNTS RECEIVABLE (continued)

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:

Trade and accrued receivable	December 31, 2013 $	December 31, 2012 $
Amounts not yet due	71,341	59,837
Past due not more than 30 days	10,397	5,716
Past due not more than 60 days	5,270	2,489
Past due not more than 90 days	4,499	1,973
Past due greater than 90 days	2,658	2,456
Total trade and accrued receivables	94,165	72,471

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.

b) Work Completed but not billable

Revenue recognized for multiple services delivered within certain contracts are billable over the term of the contract. The amount of receivables recorded as long term consists of amounts to be invoiced in more than one year, with the services having been completed and the revenue recognized during current or previous periods, pursuant to agreements with significant customers which are considered to have high credit worthiness.

c) Finance lease receivables where Company is the lessor

The Company provided multi-year finance leases for workforce accommodations.

d) Provisions for doubtful debts

This has two components:

- 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; and
- A provision estimate based on historic experience of non-collectability of receivables.

Movement in provision for doubtful accounts	December 31, 2013 $	December 31, 2012 $
As at January 1,	619	238
Amount provided in period	672	695
Written off in period	(352)	(314)
As at December 31,	**939**	**619**

5. ACCOUNTS RECEIVABLE (continued)

As at December 31, 2013, 12% (December 31, 2012 - 21%) of Black Diamond's consolidated accounts receivable is due from one customer. This customer is a significant participant in the oil and gas industry and is considered to have high creditworthiness, with the revenue recognized in both the Structures and Logistics segments.

6. BUSINESS COMBINATION AND INVESTMENT

Effective January 1, 2013, Black Diamond completed the purchase of 90% of the shares of the modular rental business of Australian Portable Buildings Pty. Limited ("APB"), and the remaining 10% was purchased in March 2013. As at the effective date, APB owned 913 modular accommodation and workspace units that were rented to a diverse customer base throughout Australia. The transactions were completed for a total cash consideration of $39,067 and have been accounted for as a single business acquisition, within the International Business Unit.

The final allocation of the purchase price is as follows:

Fair value of assets acquired:	$
Accounts receivable	5,493
Other current assets	713
Property and equipment	28,589
Deferred tax asset	640
Intangible assets	4,163
Goodwill	5,139
Total assets	44,737
Current liabilities	5,670
Net assets acquired for cash	39,067

Goodwill comprises the fair value of expected synergies arising from the acquisition and the established workforce. None of the goodwill is deductible for tax purposes.

For the twelve months ended December 31, 2013, the Company included in its Consolidated Statement of Net Income, revenue of $19,609 and profit after tax of $1,755 relating to the operations of the International Business Unit. The functional currency of APB is the Australian Dollar ("AUS").

Transaction costs for these acquisitions of $707 were charged to administrative expenses in fourth quarter 2012 with an additional $300 being expensed in the first quarter of 2013.

Concurrent with the purchase of APB, and also effective January 1, 2013, the Company completed the purchase of a 20% interest in Britco Australia LP, which holds the portable building manufacturing business of APB, for cash consideration of $1,792. The Company also issued a guarantee for AUS $5,168 as part of the purchase consideration for the Company's 20% interest in Britco Australia LP which serves to guarantee a portion of its debt. The Company has written down its $1,792 interest in Britco Australia LP due to the accumulation of losses in operations of that entity eroding the Company's interest.

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, 2013	8,295	1,642	13,412	8,485	109,515	325,263	40,631	5,948	6,191	1,780	521,162
Additions	2,409	793	5,109	3,553	30,053	48,771	278	1,409	3,185	1,102	96,662
Acquisition (note 6)	—	—	—	—	—	28,589	—	—	—	—	28,589
Disposals	—	—	—	(45)	(6,901)	(10,520)	(559)	(15)	—	—	(18,040)
Transfers	—	—	3,203	—	(376)	2,065	395	—	(5,287)	—	—
Translation adjustment	86	—	27	156	1,617	(2,490)	—	(4)	—	—	(608)
December 31, 2013	10,790	2,435	21,751	12,149	133,908	391,678	40,745	7,338	4,089	2,882	627,765
Accumulated Depreciation											
January 1, 2013	—	46	3,645	4,317	16,898	59,537	8,891	4,016	—	531	97,881
Charge for the period	—	106	3,626	1,462	7,398	31,139	3,943	1,751	—	469	49,894
Disposals	—	—	—	(37)	(1,289)	(4,553)	(404)	(14)	—	—	(6,297)
Transfers	—	—	—	—	(5)	108	(103)	—	—	—	—
Translation adjustment	—	—	25	118	433	27	—	—	—	—	603
December 31, 2013	—	152	7,296	5,860	23,435	86,258	12,327	5,753	—	1,000	142,081
Net Book Value											
December 31, 2013	**10,790**	**2,283**	**14,455**	**6,289**	**110,473**	**305,420**	**28,418**	**1,585**	**4,089**	**1,882**	**485,684**

Included in depreciation expense is a write-down of assets relating to the Energy Services Business Unit of $790 (2012 - $746).

Total additions excluding non-cash additions relating to ARO are $95,560 (2012 - $163,628).

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, 2012	6,805	—	10,377	7,419	90,593	200,088	39,118	4,266	7,985	1,780	368,431
Additions	1,512	342	2,393	1,504	25,735	125,770	4,464	1,893	15	—	163,628
Disposals	—	—	—	(134)	(4,013)	(5,056)	(741)	(157)	—	—	(10,101)
Transfers	—	1,300	650	(266)	(2,072)	4,461	(2,210)	(50)	(1,813)	—	—
Translation adjustment	(22)	—	(8)	(38)	(728)	—	—	(4)	4	—	(796)
December 31, 2012	8,295	1,642	13,412	8,485	109,515	325,263	40,631	5,948	6,191	1,780	521,162
Accumulated Depreciation											
January 1, 2012	—	—	2,197	3,479	12,190	40,574	6,106	2,432	—	380	67,358
Charge for the period	—	46	1,454	1,048	5,766	18,579	5,844	1,777	—	151	34,665
Disposals	—	—	—	(98)	(1,066)	(2,174)	(548)	(146)	—	—	(4,032)
Transfers	—	—	—	(85)	83	2,558	(2,511)	(45)	—	—	—
Translation adjustment	—	—	(6)	(27)	(75)	—	—	(2)	—	—	(110)
December 31, 2012	—	46	3,645	4,317	16,898	59,537	8,891	4,016	—	531	97,881
Net Book Value											
December 31, 2012	**8,295**	**1,596**	**9,767**	**4,168**	**92,617**	**265,726**	**31,740**	**1,932**	**6,191**	**1,249**	**423,281**

8. INTANGIBLE ASSETS

	Customer relationships	Non-compete agreements	Trademarks	Total
	$	$	$	$
Cost				
January 1, 2013	14,344	—	11	14,355
Acquisitions (note 6)	3,563	600	—	4,163
Translation adjustment	(24)	—	—	(24)
December 31, 2013	17,883	600	11	18,494
Accumulated amortization				
January 1, 2013	4,592	—	6	4,598
Charge for the period	1,259	200	1	1,460
Translation adjustment	73	—	—	73
December 31, 2013	5,924	200	7	6,131
Net Book Value				
December 31, 2013	**11,959**	**400**	**4**	**12,363**
Cost				
January 1, 2012	14,413	—	11	14,424
Translation adjustment	(69)	—	—	(69)
December 31, 2012	14,344	—	11	14,355
Accumulated amortization				
January 1, 2012	3,729	—	5	3,734
Charge for the period	878	—	1	879
Translation adjustment	(15)	—	—	(15)
December 31, 2012	4,592	—	6	4,598
Net Book Value				
December 31, 2012	**9,752**	**—**	**5**	**9,757**

9. GOODWILL

	December 31, 2013	December 31, 2012
	$	$
As at January 1,	34,577	34,657
Acquisitions (note 6)	5,139	—
Translation adjustment (net)	(186)	(80)
As at December 31,	**39,530**	**34,577**

Goodwill including that acquired through business combinations has been allocated to the three CGUs as reflected in the segmented information (note 25), which are also operating and reportable segments for impairment testing for the year ended 2013. Black Diamond changed the basis of its segmentation for reporting purposes beginning January 1, 2013. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular, Energy Services and Corporate. Further, BOXX Modular comprised of three CGUs namely BOXX West, BOXX East and BOXX US to which goodwill was allocated. Camps and BOXX Modular meet the aggregation criteria based on the similarity in the nature of the products and services, methods used to distribute the products or provide the services and the type or class of customers.

The Company performed its annual impairment test in December 2013 and 2012. The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at December 31, 2013, no indicators of an impairment of goodwill or an impairment of the assets of the operating segments existed.

The recoverable amounts of all CGUs at December 31, 2013 were based on FVLCTS calculations. The FVLCTS for each CGU at December 31, 2013 is determined using a capitalized earnings approach using maintainable EBITDA levels and with reference to comparable market transactions and public company trading multiples specific to each CGU. The analysis was conducted as a threshold test and management believes that no reasonably foreseeable change in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed their recoverable amount.

10. OPERATING FACILITY

Committed Revolving Operating Facility

Black Diamond has a committed revolving operating loan facility of $15,000 (December 31, 2012 - $15,000) that matures December 31, 2016 and is available by way of overdraft, prime rate advances, U.S. base rate advances, LIBOR advances, bankers acceptances and letters of credit using interest rates that fluctuate based on the ratio of funded debt to EBITDA. The facility may not exceed the aggregate of 75% of Canadian trade accounts receivable and 60% of US trade accounts receivable, in each case, less than 90 days old. As at December 31, 2013, $15,000 was available under the facility and the Company had drawn $nil (December 31, 2012 - $15,000 available and $nil drawn). The facility is collateralized by a general security agreement over all assets. The revolving operating loan facility incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of funded debt to EBITDA.

Black Diamond also has a hedging credit facility authorizing it to enter into non-speculative interest rate hedges and/or foreign currency hedges with its lenders, and providing credit against losses on the hedge instruments up to a maximum of $7,500. Any hedges subject to this arrangement are collateralized by the same security and guarantees as the operating and committed revolving capital expenditure facilities (note 14).

10. OPERATING FACILITY (continued)

Black Diamond, through an indirect wholly-owned US subsidiary, also has a US $3,000 revolving loan facility to fund working capital requirements of such subsidiary. The facility bears interest at a rate of US prime plus 0.5% (December 31, 2012 - 1%) subject to a 4% minimum rate (December 31, 2012 - 5%). At December 31, 2013, the effective rate was 4% (December 31, 2012 – 5%). Interest on drawings is to be paid monthly with any principal outstanding to be repaid by November 30, 2014. The facility is collateralized by a guarantee agreement issued by Black Diamond Limited Partnership guaranteeing the loan. At December 31, 2013, there was $491 (December 31, 2012 - $nil) drawn on the US $3,000 committed revolving loan facility.

Black Diamond, through its indirect wholly-owned Australian subsidiaries, also has an AUS $5,000 revolving loan facility to fund working capital requirements of such subsidiaries. The facility bears interest at a rate of BBOR plus 1.0%. At December 31, 2013 the effective rate was 3.66%. Interest on drawings is to be paid monthly with any principal outstanding payable on demand. The facility is collateralized by a guarantee agreement issued by Black Diamond Limited Partnership guaranteeing the loan. At December 31, 2013, there was $nil drawn on the AUS $5,000 revolving loan facility.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2013 $	December 31, 2012 $
Trade payables	7,679	5,758
Accruals	24,210	25,397
Deferred revenue	1,603	4,587
Other payables	2,861	3,744
Total accounts payable and accrued liabilities	**36,353**	**39,486**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Deferred revenue is non-interest bearing and has an average term of less than six months.
- Other payables are non-interest bearing and are normally settled within one year.

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, 2013 and 2012, Black Diamond's dividends on common shares of record were as follows:

	2013			2012		
	Dividend per share	**Dividends**		**Dividends per share**	**Dividends**	
Month Ended	**$**	**$**		**$**	**$**	
January	0.060	2,485	(a)	0.055	2,052	
February	0.060	2,485	(a)	0.055	2,052	
March	0.070	2,906	(a)	0.055	2,083	
April	0.070	2,912	(a)	0.055	2,093	
May	0.070	2,935	(a)	0.060	2,296	
June	0.070	2,939	(a)	0.060	2,296	
July	0.070	2,939	(a)	0.060	2,464	
August	0.070	2,942	(a)	0.060	2,469	
September	0.070	2,942	(a)	0.060	2,469	
October	0.070	2,942	(a)	0.060	2,469	
November	0.070	2,947	(a)	0.060	2,469	
December	0.075	3,162	(b)	0.060	2,472	(a) (b)
Total dividends declared		**34,536**			**27,684**	

(a) - Dividend payments made in 2013
(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	Goodwill and intangible assets	Finance fees	Cash flow hedge	Tax loss carry forward	Other	Total
	$	$	$	$	$	$	$	$
January 1, 2012	34,831	7,129	3,575	(1,044)	(519)	(4,953)	(127)	38,892
Recognized in profit for the year	8,732	(1,419)	(348)	564	—	(418)	(50)	7,061
Recognized in equity	—	—	—	(899)	—	—	—	(899)
Recognized in OCI	—	—	—	—	187	—	—	187
Exchange differences	(505)	—	(23)	—	—	108	—	(420)
December 31, 2012	43,058	5,710	3,204	(1,379)	(332)	(5,263)	(177)	44,821
Acquisition adjustments (note 6)	—	—	1,249	(199)	—	(78)	(1,612)	(640)
Recognized in profit for the year	7,957	(921)	(215)	417	—	1,103	1,131	9,472
Recognized in OCI	—	—	—	—	131	—	—	131
Exchange differences	773	—	(38)	16	—	(363)	81	469
December 31, 2013	**51,788**	**4,789**	**4,200**	**(1,145)**	**(201)**	**(4,601)**	**(577)**	**54,253**

Tax losses have been recognized on the basis that the Company is forecasted to have sufficient taxable profits in the future to enable these to be utilized. Tax losses recognized expire in 2029 and beyond.

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.

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)

	2013 $	2012 $
Profit before income taxes	76,805	66,736
Provision for income taxes at statutory rate of 25.18% (2012 - 25%)	19,339	16,684
Increase/(Decrease) in income taxes due to:		
Non-deductible items	1,016	800
Non-controlling interests	(650)	(1,223)
Loss in equity investment	451	—
Changes in tax rates impacting deferred taxes	270	—
Foreign jurisdiction rate difference	581	(208)
Other	1	(472)
Income tax expense for the year	**21,008**	**15,581**

The statutory rate increased from 25% in 2012 to 25.18% in 2013 due to a 1% increase in the British Columbia provincial corporate tax rate.

14. LONG-TERM DEBT

	December 31, 2013 $	December 31, 2012 $
Committed Revolving Capital Expenditure Facility	83,000	35,000
Senior Secured Notes	102,000	62,000
Costs associated with issue of Senior Secured Notes	(1,057)	(949)
Amortization of costs associated with issue	323	308
Total long-term debt	**184,266**	**96,359**

Committed revolving capital expenditure facility

Black Diamond has a committed revolving capital expenditure facility of $130,000 (December 31, 2012 - $130,000) that matures December 31, 2016 and is available by way of prime rate advances, U.S. base rate advances, LIBOR advances, bankers acceptances and letters of credit using interest rates that fluctuate based on the ratio of funded debt to EBITDA. The facility may not exceed 60% of the net book value of tangible capital property and equipment less the principal and any accrued and unpaid interest on the senior secured notes of the Company. As at December 31, 2013, $130,000 (December 31, 2012 - $130,000) was available prior to any draw downs on the facility. The facility is interest only payable monthly in arrears until December 31, 2015 and if the interest only period is not extended, the facility in aggregate, will be reduced beginning March 31, 2016 by equal quarterly amounts in an amount equal to 1/16th of the commitment on December 31, 2015. The facility is collateralized by a general security agreement from Black Diamond, a

14. LONG-TERM DEBT (continued)

guarantee and general security agreement from each of its material subsidiaries and a pledge of the equity interests owned by Black Diamond in such material subsidiaries.

The committed revolving capital expenditure facility incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of funded debt to EBITDA.

As at December 31, 2013, the Company's draws under the committed revolving capital expenditure facility were comprised of $58,000 (December 31, 2012 - $10,000) of bankers' acceptances and $25,000 (December 31, 2012 - $25,000) of bankers acceptances for which the interest rate has been fixed through a swap contract (note 15).

For the twelve months ended December 31, 2013, the average interest rate applied to amounts drawn on both the operating and capital expenditure facilities was 3.53% (2012 - 4.34%).

Senior Secured Notes

On July 8, 2011, Black Diamond completed a private placement of senior secured notes. The notes, which rank pari passu with the senior credit facilities, have a principal amount of $62,000, an interest rate of 5.44% per annum and mature on July 8, 2019. The scheduled annual repayment of the senior secured notes begins July 7, 2015.

On July 3, 2013, Black Diamond completed a private placement of senior secured notes. The notes, which rank pari passu with the senior credit facilities, have a principal amount of $40,000, an interest rate of 4.58% per annum and mature on July 3, 2022. The scheduled annual repayment of the senior secured notes begins July 3, 2020.

On July 3, 2013 Black Diamond entered into a Private Shelf Facility which may be drawn to the lessor of $20.0 million or US $21.3 million, 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. The Shelf Notes may be issued until the earlier of (i) July 3, 2016 or (ii) the thirtieth day after notice has been given to terminate the issuance of the Shelf Notes.

Debt Covenants

At December 31, 2013, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the facilities 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 credit facilities 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 has entered into an arrangement known as 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 is maintained within its credit limits and the consolidated credit limit is maintained as well. 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.

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	31,786	—	—	
Current accounts receivable	—	99,290	—	—
Long term accounts receivable	—	3,299	—	—
Committed revolving operating facility	—	—	491	—
Accounts payable [(a)]	—	—	34,750	—
Due to related parties	—	—	2,171	—
Dividends payable	—	—	3,162	—
Income taxes payable	—	—	791	—
Long term debt [(a)]	—	—	185,000	—
Risk management liability	—	—	—	799
December 31, 2013	31,786	102,589	226,365	799
Cash and cash equivalents	2,697	—	—	—
Current accounts receivable	—	76,699	—	—
Long term accounts receivable	—	2,708	—	—
Accounts payable [(a)]	—	—	34,899	—
Due to related parties	—	—	1,174	—
Dividends payable	—	—	2,472	—
Income taxes payable	—	—	8,524	—
Long term debt [(a)]	—	—	97,000	—
Risk management liability	—	—	—	1,324
December 31, 2012	2,697	79,407	144,069	1,324

(a) The amounts in the table above exclude deferred revenue (note 11) and deferred financing costs (note 14) as they are not considered financial liabilities or financial assets, respectively.

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, 2013 or December 31, 2012.

Fair value of financial instruments

There are no 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.

15. FINANCIAL INSTRUMENTS (continued)

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 holds available-for-sale investments and 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 revolving capital expenditure 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 has 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 requires the periodic exchange of payments without the exchange of the notional principal amounts on which the payment is based. At December 31, 2013, Black Diamond had the following interest rate swap contract outstanding:

	Remaining term	Notional amount	Fixed rate	Floating rate
Swap - Floating to fixed	January 2014 - 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, 2013 was classified as a cash flow hedge.

A 1% increase in interest rates in the year, assuming debt patterns consistent with those that actually occurred in 2013, when annualized, would have resulted in a 2013 net income sensitivity of approximately $353 (2012 - $75).

15. FINANCIAL INSTRUMENTS (continued)

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
	$	$	$	$	$
Committed revolving operating facility	—	491	—	—	491
Trade and other payables	34,750	—	—	—	34,750
Due to related parties	2,171	—	—	—	2,171
Dividends payable	3,162	—	—	—	3,162
Income taxes payable	791	—	—	—	791
Long term debt	—	—	111,850	73,150	185,000
Risk management liability	—	—	799	—	799
December 31, 2013	40,874	—	112,649	73,150	226,673
Trade and other payables	34,899	—	—	—	34,899
Due to related parties	1,174	—	—	—	1,174
Dividends payable	2,472	—	—	—	2,472
Income taxes payable	8,524	—	—	—	8,524
Long term debt	—	—	73,750	23,250	97,000
Risk management liability	—	—	1,324	—	1,324
December 31, 2012	47,069	—	75,074	23,250	145,393

In addition to the above, the Company issued a guarantee for AU $5,168 as part of the purchase consideration for the Company's 20% interest in Britco Australia LP which serves to guarantee a portion of its debt which is repayable on demand.

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 revolving capital expenditure 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 with high credit ratings and a strong 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.

The Company's cash equivalents are in high-quality commercial paper money market funds and time deposits with major international banks and financial institutions. The Company's management believes that credit risk associated with these investments is low.

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 AUS exchange rates is not material.

16. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	(Level 1)	(Level 2)	(Level 3)
	$	$	$	$
December 31, 2013				
Assets measured at fair value:				
Cash and cash equivalents	31,786	31,786	—	—
Liabilities measured at fair value:				
Risk management liability	799	—	799	—
December 31, 2012				
Assets measured at fair value:				
Cash and cash equivalents	2,697	2,697	—	—
Liabilities measured at fair value:				
Risk management liability	1,324	—	1,324	—

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, 2013 to be $3,187 (December 31, 2012 - 2,060). Management has estimated the value of this obligation at December 31, 2013 to be $3,143 (December 31, 2012 - $1,955) using an inflation rate of 2.0% (December 31, 2012 - 2.0%) and pre-tax weighted average risk-free interest rate of 2.1% (December 31, 2012 - 3.0%) 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 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:

17. ASSET RETIREMENT OBLIGATIONS (continued)

	December 31, 2013 $	December 31, 2012 $
As at January 1,	**1,955**	**1,907**
Additions	1,021	—
Discount rate change	81	—
Accretion in year	86	48
As at December 31,	**3,143**	**1,955**

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, 2013		December 31, 2012	
	Number	Amount	Number	Amount
Issued - Common shares		$		$
As at January 1,	**41,154**	**309,140**	**37,240**	**240,350**
Issued on public offering, net of costs	—	—	2,750	57,465
Tax savings from share issuance costs	—	—	—	857
Issued on exercise of options (note 18 (b))	957	10,162	1,178	7,587
Purchase of shares in trust (note 18 (c))	(28)	(600)	(47)	(993)
Sale of shares in trust (note 18 (c))	12	296	10	203
Vesting of shares in trust (note 18 (c))	21	395	23	136
Transfer from contributed surplus	—	2,140	—	3,535
As at December 31,	**42,116**	**321,533**	**41,154**	**309,140**

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, 2013, there were 3,068 common shares (December 31, 2012 - 3,389) 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
		$			$
April 1, 2010	201	9.81	1.25	201	2.58
March 25, 2011	609	12.97	2.23	337	1.73
March 25, 2012	920	20.61	3.22	303	2.39
April 5, 2012	413	19.94	3.26	133	2.63
June 5, 2012	75	22.60	3.43	25	3.17
March 22, 2013	735	20.98	4.22	—	3.30
May 21, 2013	30	22.60	4.39	—	3.71
November 15, 2013	85	27.43	4.88	—	5.21
Balance December 31, 2013	3,068			999	
Weighted average		18.64	3.21	15.83	

Black Diamond recorded the following share option activity during 2013 and 2012:

	December 31, 2013		December 31, 2012	
	Number of options outstanding	Weighted average exercise price per share	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	3,389	15.62	2,972	9.16
Granted	965	21.60	1,674	20.47
Exercised	(957)	10.62	(1,178)	6.48
Cancelled	(329)	19.54	(79)	11.77
As at December 31,	**3,068**	**18.64**	**3,389**	**15.62**

During the year ended December 31, 2013, the Company recorded share-based compensation expense of $2,637 (2012 – $2,790) related to options granted under the Option Plan. Options granted in the year ended December 31, 2013 have a weighted average exercise price of $21.60 per share (2012 - $20.47).

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	Expected life
	%	%	%	years
April 1, 2010	5.51	30	1.62	3.00
March 25, 2011	4.41	30	1.69	3.00
March 25, 2012	3.34	30	1.24	3.00
April 5, 2012	3.61	34	1.19	3.00
May 15, 2012	3.66	34	1.42	3.00
June 6, 2012	3.19	36	1.10	3.00
March 22, 2013	3.95	30	1.02	3.00
May 21, 2013	3.63	29	0.99	3.00
November 15, 2013	2.95	31	1.09	3.00

The expected life of the options 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 Incentive Plan ("LTIP")

During the year ended December 31, 2013, the Company recorded share-based compensation expense of $398 (2012 – $531) related to the graded vesting of shares issued under the LTIP, with a corresponding increase to contributed surplus.

To satisfy the Company's obligation to deliver shares pursuant to the LTIP, the Company purchased 28 common shares (2012 - 47) on the open market for $600 (2012 - $993) during the twelve months ended December 31, 2013.

These common shares are held in trust until the common shares vest to the participants. 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 pursuant to the LTIP and sold in the open market. The Company sold 12 common shares (2012 - 10) for proceeds of $296 (2012 - $206), as a result of forfeitures.

During the twelve months ended December 31, 2013, 21 shares vested (2012 - 23) and were released to participants. The release of these shares triggered a transfer from contributed surplus to share capital in the amount of $395 (2012 – $136).

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"), and the Beaver Lake Cree Nation's approximate 50% interest in the Black Diamond Nehiyawak Limited Partnership ("BDNLP"). 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.

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.

	2013	2012
Extract of Statement of Net Income:	**$**	**$**
Revenue	79,395	67,158
Direct costs	73,595	55,869
Gross profit	5,800	11,289
Profit for the year	5,159	10,438

	December 31, 2013	December 31, 2012
Summarized statement of financial position:	**$**	**$**
Total current assets	46,190	20,988
PP&E and other non-current assets	3,332	4,322
Trade and other payables	(41,705)	(14,658)
Total net assets	7,817	10,652

20. REVENUE

	2013 $	2012 $
Rental revenue		
Workforce accommodation	112,687	77,912
Space rentals	31,713	25,803
Surface equipment	8,466	11,382
Total rental revenue	152,866	115,097
Lodging revenue	83,456	62,098
Non-rental revenue	110,733	87,079
Total revenue	**347,055**	**264,274**

During the year ended December 31, 2013, the Company had two significant customers that contributed greater than 10% of the Company's consolidated revenue, for a total of 24%.

21. ADMINISTRATIVE EXPENSES

	2013 $	2012 $
Personnel costs	27,991	20,282
General administrative expenses	14,730	9,097
Occupancy and insurance	6,093	4,418
Share based compensation (note 18)	3,035	3,321
Severance payments (note 26)	1,692	—
Acquisition costs (note 6)	300	707
Total administrative expenses	**53,841**	**37,825**

22. FINANCE COSTS

	2013 $	2012 $
Total interest expense	7,710	5,470
Unrealized foreign exchange loss	84	36
Amortization of senior secured note set-up costs	15	229
Accretion of asset retirement obligation (note 17)	86	48
Total finance costs	**7,895**	**5,783**

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	2013	2012
Weighted average common shares outstanding - basic	41,752	39,205
Effect of share option plan	454	800
Weighted average common shares outstanding - diluted	**42,206**	**40,005**

Excluded from diluted weighted average number of shares are 925 anti-dilutive options for the year ended December 31, 2013 (2012 - 1,647).

24. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2013	December 31, 2012
	$	$
(Increase) in Trade and accrued receivables	(17,075)	(27,740)
Decrease in Prepaid expenses and other current assets	4,638	672
(Decrease) / Increase in Accounts payable and accrued liabilities	(6,785)	14,726
Increase / (Decrease) in Due to related parties	997	(241)
(Decrease) / Increase in Income taxes payable	(9,703)	8,480
Change in non-cash working capital	(27,928)	(4,103)
Attributable to operating activities	(25,188)	(3,458)
Attributable to investing activities	(3,737)	(404)
Attributable to financing activities	997	(241)

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 year ended December 31, 2013 was $21,381 (2012 - $0).

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 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 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.

Black Diamond changed the basis of its segmentation for reporting purposes beginning January 1, 2013. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular, Energy Services and Corporate. The change had an impact on the segment information reported but did not change aggregate financial information reported for Black Diamond. To enable users to understand the changes and to assess trends, prior period segment information included in the financial statements for comparative purposes was restated to reflect the new business structure.

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

Inter-segment revenues are eliminated upon consolidation and are reflected in the 'inter-segment eliminations' column.

25. SEGMENTED INFORMATION (continued)

	2013			2012		
		Inter segment eliminations (a)	Total		Inter segment eliminations (a)	Total
	$	$	$	$	$	$
Revenue						
Structures	186,144	26,264	212,408	153,377	10,998	164,375
Energy Services	31,152	430	31,582	37,801	—	37,801
Logistics	110,150	(26,694)	83,456	73,096	(10,998)	62,098
International	19,609	—	19,609	—	—	—
Total Revenue	347,055	—	347,055	264,274	—	264,274

(a) All inter segment revenue eliminated is in respect to inter-divisional services provided within the Company.

	2013			2012		
Depreciation of Property and Equipment						
Structures	32,626	—	32,626	26,631	—	26,631
Energy Services	7,334	—	7,334	5,861	—	5,861
Logistics	2,907	—	2,907	968	—	968
International	5,109	—	5,109	—	—	—
Corporate	1,918	—	1,918	1,205	—	1,205
Total Depreciation	49,894	—	49,894	34,665	—	34,665
Profit (Loss)						
Structures	73,375	—	73,375	62,149	—	62,149
Energy Services	3,733	—	3,733	7,956	—	7,956
Logistics	29,276	—	29,276	15,385	—	15,385
International	1,755	—	1,755	—	—	—
Corporate	(54,923)	—	(54,923)	(38,096)	—	(38,096)
Total Profit	53,216	—	53,216	47,394	—	47,394
Capital Expenditures (Gross)						
Structures	69,096	—	69,096	135,918	—	135,918
Energy Services	3,249	—	3,249	20,868	—	20,868
Logistics	8,230	—	8,230	—	—	—
International	12,848	—	12,848	—	—	—
Corporate	2,137	—	2,137	6,842	—	6,842
Total Capital Expenditures	95,560	—	95,560	163,628	—	163,628

25. SEGMENTED INFORMATION (continued)

	December 31, 2013 $	December 31, 2012 $
Property and Equipment ("PP&E")		
Structures	359,162	337,859
Energy Services	56,736	61,553
Logistics	20,824	7,290
International	32,736	—
Corporate	16,226	16,579
Total PP&E	**485,684**	**423,281**
Intangible Assets		
Structures	9,032	9,669
Energy Services	70	83
International	3,257	—
Corporate	4	5
Total Intangible Assets	**12,363**	**9,757**
Goodwill		
Structures	33,472	33,208
Energy Services	1,369	1,369
International	4,689	—
Total Goodwill	**39,530**	**34,577**
Total Assets		
Structures	467,418	429,803
Energy Services	67,138	70,597
Logistics	44,216	35,442
International	47,010	—
Corporate	49,081	21,354
Total Assets	**674,863**	**557,196**

26. RELATED PARTY TRANSACTIONS

	December 31, 2013 $	December 31, 2012 $
Due to related parties	2,171	1,174

The amount due to related parties relates to the distribution and royalties payable to the non-controlling interests.

Key Management Personnel Compensation

Key management personnel compensation	2013 $	2012 $
Salaries, bonuses, fees and other short-term employee benefits	4,778	2,096
Severance payments	1,692	—
Share-based compensation	2,172	2,285
Total Compensation	**8,642**	**4,381**

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel.

27. COMMITMENTS AND CONTINGENCIES

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, 2013 are as follows:

	December 31, 2013 $	December 31, 2012 $
Due within one year	66,266	64,925
Due later than one year and less than five	64,460	39,373
Due after five years	—	—
	130,726	104,298

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:

27. COMMITMENTS AND CONTINGENCIES (continued)

	December 31, 2013	December 31, 2012
	$	$
Due within one year	2,108	3,272
Due later than one year and less than five	3,638	3,533
Due after five years	—	232
	5,746	7,037

Capital Commitments

At December 31, 2013, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $18.6 million for delivery of modular structures in the next six months.

Contingent Liabilities

The Company issued a guarantee for AUS $5,168 as part of the purchase consideration for the Company's 20% interest in Britco Australia LP which serves to guarantee a portion of its debt which is repayable on demand.

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.