Consolidated Financial Statements of

For the years ended December 31, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Horizon North Logistics Inc.

We have audited the accompanying consolidated financial statements of Horizon North Logistics Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising 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 our 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, we 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 consolidated financial position of Horizon North Logistics Inc. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

February 24, 2016
Calgary, Canada

Consolidated statement of financial position

(000's)	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Trade and other receivables (Note 11)	$ 48,878	$ 116,074
Inventories (Note 12)	11,316	14,656
Prepayments	3,677	3,612
Income taxes receivable	3,648	-
Total Current assets	67,519	134,342
Non-current assets:		
Property, plant and equipment (Note 13)	398,727	401,130
Goodwill (Note 14)	-	1,664
Deferred tax assets (Note 18)	283	414
Other assets (Note 15)	2,975	2,428
Total Non-current Assets	401,985	405,636
Total Assets	$ 469,504	$ 539,978
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 30,626	$ 55,577
Deferred revenue	832	2,268
Income taxes payable	-	2,492
Current portion of asset retirement obligation (Note 17)	985	-
Current portion of loans and borrowings (Note 16)	-	7,668
Total Current liabilities	32,443	68,005
Non-current liabilities:		
Asset retirement obligations (Note 17)	9,063	5,890
Loans and borrowings (Note 16)	57,527	146,370
Deferred tax liabilities (Note 18)	37,110	33,139
Total Liabilities	136,143	253,404
Shareholders' equity:		
Share capital (Note 19)	265,867	185,592
Contributed surplus	14,451	13,523
Accumulated other comprehensive income	831	774
Retained earnings	52,212	86,685
Total Shareholders' equity	333,361	286,574
Total Liabilities and Shareholders' equity	$ 469,504	$ 539,978

The accompanying notes are an integral part of the consolidated financial statements.

Ann Rooney
Director

Rod Graham
Director

Consolidated statement of comprehensive income
Twelve months ended December 31, 2015 and 2014

(000's except per share amounts)	December 31, 2015	December 31, 2014
Revenue (Note 5)	$ 369,889	$ 476,060
Operating expenses:		
Direct costs (Note 6)	284,278	360,304
Depreciation (Note 13)	53,964	53,927
Impairment loss (Note 14)	1,664	-
Share based compensation (Note 19)	971	1,222
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
Direct operating expenses (Note 6)	341,214	411,787
Gross profit	28,675	64,273
Selling & administrative expenses:		
Selling & administrative expenses (Note 7)	23,151	22,890
Amortization of intangible assets (Note 14)	-	2,968
Share based compensation (Note 19)	746	913
Selling & administrative expenses (Note 7)	23,897	26,771
Operating earnings	4,778	37,502
Finance costs (Note 9)	3,491	4,551
Earnings on equity investments	(347)	-
Profit before tax	1,634	32,951
Current tax (recovery) expense	(2,573)	6,385
Deferred tax expense (Note 18)	5,039	2,920
Income tax expense (Note 10)	2,466	9,305
Total (loss) profit	(832)	23,646
Other comprehensive income:		
Translation of foreign operations	57	380
Other comprehensive income, net of income tax	57	380
Total comprehensive (loss) income	$ (775)	$ 24,026
(Loss) earnings per share:		
Basic (Note 20)	$ (0.01)	$ 0.21
Diluted (Note 20)	$ (0.01)	$ 0.21

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(000's)		Share Capital		Contributed Surplus		Accumulated Other Comprehensive Income		Retained Earnings		Total
Balance at December 31, 2013	$	183,851	$	11,836	$	394	$	98,346	$	294,427
Total profit		-		-		-		23,646		23,646
Share based compensation (Note 19)		-		2,135		-		-		2,135
Share options exercised (Note 19)		1,741		(448)		-		-		1,293
Translation of foreign operations		-		-		380		-		380
Dividends declared (Note 21)		-		-		-		(35,307)		(35,307)
Balance at December 31, 2014	$	185,592	$	13,523	$	774	$	86,685	$	286,574
Total loss		-		-		-		(832)		(832)
Share based compensation (Note 19)		-		1,717		-		-		1,717
Share options exercised (Note 19)		2,799		(789)		-		-		2,010
Translation of foreign operations		-		-		57		-		57
Issue of share capital (Note 19)		80,644		-		-		-		80,644
Share issue costs, net of tax (Note 19)		(3,168)		-		-		-		(3,168)
Dividends declared (Note 21)		-		-		-		(33,641)		(33,641)
Balance at December 31, 2015	$	265,867	$	14,451	$	831	$	52,212	$	333,361

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows
Twelve months ended December 31, 2015 and 2014

(000's)	December 31, 2015	December 31, 2014
Cash provided by (used in):		
Operating activities:		
(Loss) profit for the period	$ (832)	$ 23,646
Adjustments for:		
Depreciation (Note 13)	53,964	53,927
Amortization of intangible assets (Note 14)	-	2,968
Impairment loss (Note 14)	1,664	-
Share based compensation (Note 19)	1,717	2,135
Amortization of other assets (Note 15)	127	128
Gain on sale of property, plant and equipment	(2,811)	(6,101)
Earnings on equity investments	(674)	-
Unrealized foreign exchange	36	311
Finance costs (Note 9)	3,491	4,551
Income tax expense (Note 10)	2,466	9,305
Funds from operations	59,148	90,870
Income taxes paid	(3,343)	(63)
Interest paid	(3,241)	(4,232)
Changes in non-cash working capital items (Note 26)	47,431	(29,004)
Net cash flows from operating activities	99,995	57,571
Investing activities:		
Purchase of property, plant and equipment (Note 13)	(54,443)	(114,581)
Proceeds on sale of property, plant and equipment	9,800	14,946
Net cash flows used in investing activities	(44,643)	(99,635)
Financing activities:		
Proceeds from shares issued on exercise of options	2,010	1,293
Shares issued, net of share issue costs (Note 19)	76,326	-
(Repayment of) proceeds from loans and borrowings	(96,511)	74,118
Payment of dividends (Note 21)	(37,177)	(33,347)
Net cash flows from (used in) financing activities	(55,352)	42,064
Change in cash position	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

The accompanying notes are an integral part of the consolidated financial statements.

1. Reporting Entity

Horizon North Logistics Inc. ("Horizon" or the "Corporation") is a company registered and domiciled in Canada and is a publicly traded company, listed on the Toronto Stock Exchange under the symbol HNL. The Corporation's registered offices are at 1600, 505 – 3rd Street SW, Calgary, AB T2P 3E6. The consolidated financial statements of the Corporation as at and for the year ended December 31, 2015 comprise the Corporation and its subsidiaries and the Corporation's interest in associates and jointly controlled entities. Horizon provides camp & catering services and ground matting services to oil and gas exploration and production companies, oilfield service companies and mining companies working on oil sands, mineral exploration and development, and conventional oil and gas projects primarily in western Canada.

2. Basis of Presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were authorized for issue by the Board of Directors on February 24th, 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis. Certain prior period amounts have been amended to conform to current period presentation.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's and subsidiaries functional currency with the exception of a United States ("US") operational entity which has a US dollar functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments, estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are as follows:

Estimates

- Revenue Recognition Estimate – The Corporation uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires estimates of the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in Note 3(i)(iv).

- Construction Receivable Estimate – The Corporation recognizes that the value of many construction contracts increase over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions resulting in possible disputes or claims regarding additional amounts owing may arise. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

2. Basis of Presentation (continued)

(d) Use of estimates and judgments (continued)

Estimates (continued)

- Collectability of receivables – The Corporation estimates the collectability of accounts receivable, including unbilled accounts receivable related to current period service revenue. An analysis of historical bad debts, client credit-worthiness, the age of accounts receivable and current economic trends and conditions are used to evaluate the adequacy of the allowance for doubtful accounts and the collectability of receivables. Significant estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates.
- Asset Retirement Obligation ("ARO") – The Corporation recognizes an asset retirement obligation to account for future demobilisation and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized, in accordance with the accounting policy set out in Note 3(h).
- Impairment - Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Corporation bases its impairment calculation on maintainable earning levels. The VIU calculation is based on a discounted cash flow model. The cash flows are derived from the Corporation's forecast and do not include restructuring activities that the Corporation 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 discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Judgments

- Impairment - The Corporation is required to make a judgment regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Corporation. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions.

(ii) Special purpose entities

The Corporation has established a number of special purpose entities ("SPE") for operating purposes. An SPE is consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. SPE's controlled by the Corporation were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Corporation receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(iii) Joint ventures

The Corporation's joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement. Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognized at cost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

Financial Instrument	Category	Measurement Method
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loans and borrowings	Other financial liabilities	Amortized cost

(i) Non-derivative financial assets

The Corporation initially recognizes trade and other receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation uses the following non-derivative financial asset classifications: financial assets at fair value through profit or loss and loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value plus any directly attributable transaction costs. Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Corporation has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Costs related to assets under construction are capitalized when incurred. Assets under construction are not depreciated until they are completed and available for use in the manner intended by management. When this occurs, the asset is transferred to property, plant and equipment by the nature of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within operating expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a major component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced major component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3. Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated using the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Assets	Method	Residual Value	Useful Life
Camp facilities	Straight-line	20%	15 years
Camp setup & installation	Straight-line	-	2 to 5 years
Buildings	Straight-line	-	20 years
Automotive & trucking equipment	Straight-line	-	4 to 8 years
Mats	Straight-line	-	6 years
Furniture, fixtures & other equipment	Straight-line	-	2 to 10 years
Asset retirement obligation	Straight-line		2 to 17 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate. Land and assets under construction are not depreciated.

(d) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is not amortized but is tested at least annually for impairment.

(ii) Assets acquired on business combinations

Non-operating intangible assets are intangible assets that are acquired as a result of a business combination, which arise from contractual or other legal rights and are not transferable or separable. On initial recognition they are measured at fair value. Amortization is charged on a straight line basis to the statement of comprehensive income over their expected useful lives which are:

	Estimated useful lives
Customer relationships	7 years
Other intangible assets	5 years

Amortization methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate. Other intangible assets that are acquired by the Corporation, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average or standard cost principle and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant Accounting Policies (continued)

(f) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Corporation considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The corporation has identified two CGU's: Camps and Catering and Matting. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that are expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the group of CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units), on a pro rata basis.

3. Significant Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(g) Employee benefits

(i) Defined contribution plan

The Corporation's defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under the short-term cash bonus plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share based compensation transactions

The grant date fair value of share based compensation awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards (vesting period). The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. As at December 31, 2015 and 2014 the Corporation has recognized a provision for Asset Retirement Obligation.

3. Significant Accounting Policies (continued)

(i) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards have transferred to the customer, collectability is reasonably assured, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For the sale of camps and mats, transfer usually occurs when the product is delivered to the customer's site; however, in instances where the customer has provided a certificate of insurance for undelivered assets, the Corporation will recognize revenue prior to delivery.

(ii) Services

The Corporation's services are generally provided based upon purchase orders or contracts with its customers that include fixed or determinable prices based upon monthly, daily, or hourly rates. Revenue is recognized when services are rendered and only when collectability is reasonably assured.

(iii) Rental income

Rental income is recognized in profit or loss on a straight line basis over the term of the arrangement, or on a daily or monthly rate.

(iv) Construction contracts

Contract revenue includes the initial amount agreed to in the contract plus any variations in contract work, claims, and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(j) Lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases in terms of which substantially all the risks and rewards of ownership are transferred to the Corporation are classified as finance leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease:

At inception of an arrangement, the Corporation determines whether such an arrangement is, or contains, a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Corporation the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Corporation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Corporation concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Corporation's incremental borrowing rate.

3. Significant Accounting Policies (continued)

(k) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Earnings per share

The Corporation presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the total profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which is comprised of share options granted to employees.

(n) Segment reporting

A segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment) which is subject to risks and returns that are different from those of other segments. The business segments are determined based on the Corporation’s management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Corporation’s headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

3. Significant Accounting Policies (continued)

(o) Foreign currency translation

The consolidated financial statements are presented in Canadian Dollars ("CAD").

Foreign currency transactions entered into are translated into the functional currency of the operations at the exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into the functional currency using the exchange rate on the period end date. Foreign currency translation gains and losses resulting from the settlement of transactions and the re-translation at period end are recognized in the statement of comprehensive income within total profit. Non-monetary items that originated in a foreign currency are translated at the exchange rate from the original transaction date.

The US entity has a US Dollar ("USD") functional currency and therefore are translated to be included in the consolidated financial statements in CAD as follows: income and expenses are translated into CAD using the exchange rates on the dates of the transactions and the assets and liabilities on the statement of financial position is translated into CAD at the period end exchange rate. The effect of translation is recognized in other comprehensive income and included as translation of foreign operations in accumulated other comprehensive income within equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than CAD, any accumulated exchange differences will be reclassified to the statement of comprehensive income within total profit.

(p) New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective on or after January 1, 2016.

IFRS 9 Financial Instruments - IFRS 9 Financial Instruments addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15 Revenue from Contracts with Customers - IFRS 15 Revenue from Contracts with Customers contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 Leases - IFRS 16 Leases eliminates the current operating/finance lease dual accounting model for lessees. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. Determination of fair values

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(b) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

(c) Other financial assets and liabilities

The fair value of other financial assets and liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(d) Share-based compensation transactions

The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments (based on historical experience and general option holder behavior), the expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

5. Revenue

	Twelve months ended December 31,	
(000's)	2015	2014
Rental and Catering revenue	$ 278,904	$ 308,368
Construction contract revenue	63,299	118,666
Rendering of services	21,251	28,420
Sales of goods	6,435	20,606
	$ 369,889	$ 476,060

Construction contract revenue has been determined based on the percentage of completion method. The amount of construction contract revenue results from the manufacture of camps and other modular facilities in the Camp & Catering segment. These units are based on specifically negotiated contracts with customers.

For construction contracts in progress, the aggregate amount of contract costs incurred and recognized profits, less recognized losses, as at December 31, 2015 were $7,719,000 (2014 - $48,599,000).

At December 31, 2015, advances received from customers under open construction contracts amounted to $734,000 (2014 - $1,509,000). Advances for which the related work has not been completed are presented as deferred revenue.

6. Direct Operating Expenses

(000's)	Twelve months ended December 31, 2015	2014
Labour	$ 157,335	$ 181,765
Job supplies	61,469	92,553
Rental equipment	13,628	17,365
Repairs & maintenance	10,040	12,465
Trucking costs	8,430	11,344
Other operating expenses	33,376	44,812
Direct costs	$ 284,278	$ 360,304
Depreciation	53,964	53,927
Impairment loss	1,664	-
Share based compensation	971	1,222
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
	$ 341,214	$ 411,787

The amount of inventories recognized as an expense during the twelve months ended December 31, 2015 is $17,103,000 (2014 - $62,148,000).

7. Selling & Administrative Expenses

(000's)	Twelve months ended December 31, 2015	2014
Salaries	$ 13,076	$ 13,546
Other selling & administrative expenses	10,075	9,344
Selling & administrative expenses	23,151	22,890
Amortization of intangible assets	-	2,968
Share based compensation	746	913
	$ 23,897	$ 26,771

8. Personnel expenses

(000's)	Twelve months ended December 31, 2015	2014
Wages, salaries & benefits	$ 166,067	$ 191,413
Contributions to defined contribution plans	4,345	3,898
Share based compensation	1,717	2,135
	$ 172,129	$ 197,446

The Corporation has two types of defined contribution plans: a registered defined contribution plan covering a number of its employees and a collectively bargained plan covering union employees. Under the registered defined contribution plan, the Corporation matches individual contributions up to a maximum of 5% of the employee's annual salary. Under the collectively bargained plan, the Corporation contributes a set amount per hour worked. The total amount expensed under both defined contribution plans for the year ended December 31, 2015 was $4,345,000 (2014 - $3,898,000).

9. Finance Costs

(000's)	Twelve months ended December 31, 2015	2014
Interest expense	$ 3,280	$ 4,149
Accretion of discount on notes payable	-	168
Accretion of provisions	211	234
	$ 3,491	$ 4,551

10. Income Taxes

The provision for income taxes differs from that which would be expected by applying statutory rates. A reconciliation of the difference is as follows:

(000's)	Twelve months ended December 31, 2015	2014
Earnings before income taxes	$ 1,634	$ 32,951
Combined federal and provincial income tax rate	26%	25%
Expected income tax provision	425	8,238
Future rate differential	2,165	-
Non-deductible share based compensation	446	534
Revisions to prior year tax estimates	(506)	702
Share issuance costs	(224)	-
Impairment of goodwill	433	-
Differences in jurisdictional tax rates	(87)	5
Non-taxable portion of capital gain	(98)	(296)
Other	(88)	122
	$ 2,466	$ 9,305

For the year ended December 31, 2015 income tax expense was $2,466,000, an effective tax rate of 150.9%, for the year ended December 31, 2014 income tax expense was $9,305,000, an effective tax rate of 28.2%. The increased tax rate is mainly due to the Alberta provincial income tax rate increasing from 10% to 12% which became substantively enacted in June 2015. As a result, the Corporation revalued its deferred income tax balances, resulting in a deferred income tax expense adjustment of $2,165,000.

11. Trade and other receivables

(000's)	December 31, 2015	December 31, 2014
Trade receivables	$ 33,325	$ 57,652
Accrued receivables	8,332	20,634
Construction receivables	9,270	36,863
Loans and other receivables	159	1,183
Receivables due from related parties	32	475
	51,118	116,807
Allowance for doubtful accounts	(2,240)	(733)
Trade and other receivables	$ 48,878	$ 116,074

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed, amounts recognized as revenue under open construction contracts not billed to customers and highly probable claims. The Corporation estimates that the carrying value of financial assets within trade and other receivables approximate their fair value.

12. Inventories

(000's)	December 31, 2015	December 31, 2014
Raw materials	$ 4,467	$ 9,990
Finished goods	6,849	4,666
	$ 11,316	$ 14,656

13. Property, Plant and Equipment

Cost *(000's)*	Balance December 31, 2014	Additions	Disposals	Impact of Foreign Translation	Balance December 31, 2015
Camp facilities, setup & installation	$ 454,094	$ 28,808	$ (12,617)	$ 22	$ 470,307
Land & Buildings	46,552	8,584	(31)	-	55,105
Automotive & trucking equipment	46,022	1,588	(2,926)	-	44,684
Mats	14,138	9,648	(5,192)	-	18,594
Furniture, fixtures & other equipment	6,566	1,810	(313)	-	8,063
Asset retirement obligation	5,316	4,530	(520)	-	9,326
Assets under construction	4,477	4,005	-	-	8,482
	$ 577,165	$ 58,973	$ (21,599)	$ 22	$ 614,561

Accumulated Depreciation *(000's)*	Balance December 31, 2014	Depreciation	Disposals	Impact of Foreign Translation	Balance December 31, 2015
Camp facilities, setup & installation	$ 130,868	$ 36,977	$ (8,097)	$ 10	$ 159,758
Land & Buildings	8,137	1,840	(16)	-	9,961
Automotive & trucking equipment	22,450	5,493	(2,679)	-	25,264
Mats	9,174	6,728	(2,767)	-	13,135
Furniture, fixtures & other equipment	3,647	1,549	(306)	-	4,890
Asset retirement obligation	1,759	1,377	(310)	-	2,826
Assets under construction	-	-	-	-	-
	$ 176,035	$ 53,964	$ (14,175)	$ 10	$ 215,834

Carrying Amounts *(000's)*	Balance December 31, 2014	Balance December 31, 2015
Camp facilities, setup & installation	$ 323,226	$ 310,549
Land & Buildings	38,415	45,144
Automotive & trucking equipment	23,572	19,420
Mats	4,964	5,459
Furniture, fixtures & other equipment	2,919	3,173
Asset retirement obligation	3,557	6,500
Assets under construction	4,477	8,482
	$ 401,130	$ 398,727

13. Property, Plant and Equipment (continued)

Cost *(000's)*	Balance December 31, 2013	Additions	Disposals	Impact of Foreign Translation	Balance December 31, 2014
Camp facilities, setup & installation	$ 380,718	$ 82,628	$ (9,334)	$ 82	$ 454,094
Marine equipment	12,811	-	(12,811)	-	-
Land & Buildings	31,066	19,028	(3,542)	-	46,552
Automotive & trucking equipment	37,833	11,734	(3,545)	-	46,022
Mats	10,125	8,401	(4,388)	-	14,138
Furniture, fixtures & other equipment	6,849	1,003	(1,286)	-	6,566
Asset retirement obligation	5,316	-	-	-	5,316
Assets under construction	12,690	(8,213)	-	-	4,477
	$ 497,408	$ 114,581	$ (34,906)	$ 82	$ 577,165

Accumulated Depreciation *(000's)*	Balance December 31, 2013	Depreciation	Disposals	Impairment loss	Balance December 31, 2014
Camp facilities, setup & installation	$ 96,672	$ 39,067	$ (4,883)	$ 12	$ 130,868
Marine equipment	12,070	60	(12,130)	-	-
Land & Buildings	8,538	1,616	(2,017)	-	8,137
Automotive & trucking equipment	20,359	5,371	(3,280)	-	22,450
Mats	6,593	5,056	(2,475)	-	9,174
Furniture, fixtures & other equipment	3,557	1,365	(1,275)	-	3,647
Asset retirement obligation	367	1,392	-	-	1,759
Assets under construction	-	-	-	-	-
	$ 148,156	$ 53,927	$ (26,060)	$ 12	$ 176,035

Carrying Amounts *(000's)*	Balance December 31, 2013	Balance December 31, 2014
Camp facilities, setup & installation	$ 284,046	$ 323,226
Marine equipment	741	-
Land & Buildings	22,528	38,415
Automotive & trucking equipment	17,474	23,572
Mats	3,532	4,964
Furniture, fixtures & other equipment	3,292	2,919
Asset retirement obligation	4,949	3,557
Assets under construction	12,690	4,477
	$ 349,252	$ 401,130

During the year ended December 31, 2014, the Corporation disposed of its remaining marine equipment for a net gain on disposal of $2,569,000.

13. Property, Plant and Equipment (continued)

(a) Assets under construction

At December 31, 2015, included in capital assets under construction is fleet equipment under construction for both maintenance and expansion purposes. At December 31, 2014, the Corporation had an office facility and fleet equipment under construction for both maintenance and expansion purposes. The Corporation has not capitalized any borrowing costs for the twelve months ended December 31, 2015 (2014 - $nil), due to the short term nature of construction.

(b) Capital commitments

At December 31, 2015 the Corporation had no outstanding commitments to purchase property, plant and equipment (2014 - $nil).

(c) Impairment loss

Property, Plant and Equipment assets are required to be tested for impairment when indicators are identified. The Corporation considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired. The Corporation noted the following indications of impairment for both Camp and Catering and Matting CGU's.

- During the year ended December 31, 2015 the market environment in which both CGU's operate has seen significant changes which are forecasted to have an adverse effect on the CGU's operation. As a result, management expects a decline in earnings in the subsequent year.

(d) Impairment testing for cash-generating units

For the purpose of impairment testing, the Corporation's assets are grouped and reviewed at the CGU level which represent the lowest level at which cash flows are generated.

The recoverable amounts of the CGU's were determined based on a value in use calculation which was determined by discounting future cash flows generated from the continuing use of the unit on a five year forecast which incorporates the Corporation's 2016 forecast approved by the Board of Directors. The calculation of the value in use was based on the following key assumptions:

- The approved 2016 forecast uses current contracts and market conditions to project revenue. Costs are calculated using historical gross margins and additional known or pending factors.
- The projections were based on a five year forecasted cash flow and extrapolated over the remaining useful life of the primary assets of 15 years and discounted at a pre-tax rate of 15.0% (2014 – 12.1%). The discount rate was estimated based on past experience, and industry average unlevered beta which was based on a debt leveraging of 12.0% at a market interest rate of 6%.
- Based on management's best estimates at December 31, 2015, a trailing five year average utilization, revenue per rentable day and profit margins, plus a 2% price inflation per year, were used to project cash flows from 2017 to 2020.
- The cash flows beyond 2020 have been extrapolated using a 2% per annum growth rate.
- The forecasted cash flows are based on management's best estimates of future pricing, asset utilization, rates for available equipment and costs to maintain that equipment.

The results of the tests indicated a recoverable amount of $357,500,000 that resulted in an impairment of $1,664,000 on the Camps & Catering CGU as at December 31, 2015 (2014 - $nil), which represented the total amount of goodwill related to the Camps & Catering CGU. The results of the tests indicated no impairment on the Matting CGU as at December 31, 2015 (2014 - $nil).

The most sensitive inputs to the value in use model used for all CGUs are the discount rate and the growth rate. All else being equal, a 1.0% increase in the discount rate would have resulted in the carrying amount exceeding the recoverable amount for the Camps & Catering and Matting CGUs by $30.8 million and $2.2 million, respectively. All else being equal, a 1.0% decrease in the discount rate would have resulted in the recoverable amount exceeding the carrying amount for the Camps & Catering and Matting CGUs by $32.5 million and $2.9 million, respectively. All else being equal, a 0.5% decrease in the growth rates would have resulted in the carrying amount exceeding the recoverable amount for the Camps & Catering and Matting CGUs by $3.3 million and $0.4 million, respectively. All else being equal, a 0.5% increase in the growth rates would have resulted in the recoverable amount exceeding the carrying amount for the Camps & Catering and Matting CGUs by $3.5 million and $0.4 million, respectively.

14. Intangible Assets and Goodwill

Intangible assets, other than goodwill, have finite useful lives. The amortization charges for intangible assets are included on the consolidated statement of comprehensive income. Goodwill has an infinite life and is not amortized.

Cost *(000's)*	Balance December 31, 2014	Additions	Impairment loss	Balance December 31, 2015
Customer relationships	$ -	$ -	$ -	$ -
Goodwill	1,664	-	(1,664)	-
	$ 1,664	$ -	$ (1,664)	$ -

Amortization *(000's)*	Balance December 31, 2014	Amortization	Impairment loss	Balance December 31, 2015
Customer relationships	$ -	$ -	$ -	$ -
Goodwill	-	-	-	-
	$ -	$ -	$ -	$ -

Carrying Amount *(000's)*	Balance December 31, 2014	Balance December 31, 2015
Customer relationships	$ -	$ -
Goodwill	1,664	-
	$ 1,664	$ -

Cost *(000's)*	Balance December 31, 2013	Additions	Removal of fully amortized	Balance December 31, 2014
Customer relationships	$ 22,679	$ -	$ (22,679)	$ -
Goodwill	1,664	-	-	1,664
	$ 24,343	$ -	$ (22,679)	$ 1,664

Amortization *(000's)*	Balance December 31, 2013	Amortization	Removal of fully amortized	Balance December 31, 2014
Customer relationships	$ 19,711	$ 2,968	$ (22,679)	$ -
Goodwill	-	-	-	-
	$ 19,711	$ 2,968	$ (22,679)	$ -

Carrying Amount *(000's)*	Balance December 31, 2013	Balance December 31, 2014
Customer relationships	$ 2,968	$ -
Goodwill	1,664	1,664
	$ 4,632	$ 1,664

14. Intangible Assets and Goodwill (continued)

(a) Impairment loss

Intangible assets with an indefinite useful life are required to be tested annually for impairment. The Corporation considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired.

(b) Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, good will is allocated to the Corporation's CGU which represent the lowest level at which goodwill is monitored for internal management purposes and which are not higher than the Corporation's operating segments.

The recoverable amounts of the CGU's were determined based on a value in use calculation which was determined by discounting future cash flows generated from the continuing use of the unit on a five year forecast which incorporates the Corporation's 2016 forecast approved by the Board of Directors. The calculation of the value in use was based on the same key assumptions disclosed in Note 13(d).

The test resulted in an impairment to goodwill of $1,664,000 on the Camps & Catering CGU as at December 31, 2015 (2014 - $nil).

15. Other Assets

The Corporation's other assets consists of a 25 year prepaid lease for a building and land to accommodate a portion of the Corporation's manufacturing operations in Kamloops, British Columbia. The amount expensed during the year ended December 31, 2015 related to the prepaid lease was $127,000 (2014 - $128,000) with 19 years remaining. Also included in other assets at December 31, 2015 is a $674,000 (2014 - $327,000) equity accounted investment in Arctic Oil & Gas Services Inc. ("AOGS") a joint venture that is 50% owned by the Corporation.

16. Loans and Borrowings

(000's)		December 31, 2015		December 31, 2014
Committed credit facility	$	57,527	$	146,370
Notes payable		-		4,824
Vehicle and equipment financing		-		2,844
	$	57,527	$	154,038
Less current portion		-		(7,668)
	$	57,527	$	146,370

The carrying value of Horizon's debt approximates its fair value, as the majority of the debt bears interest at variable rates.

The Corporation's committed credit facility ("credit facility") has an available limit of $200,000,000 and is secured by a $400,000,000 first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the quarter end for the most recently completed calendar quarter and for the 12 months ended on such date. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.34% to 0.62%. Amounts borrowed under the facility become due on March 31, 2018, the maturity date of the facility. The credit facility is subject to the following financial covenants:

	Debt Covenants
Maximum Consolidated Senior debt (1) to Consolidated EBITDAS ratio (3)(4)	3.00:1.00 or less
Maximum Consolidated Total debt (2) to Consolidated EBITDAS ratio (3)(5)	4.25:1.00 or less
Minimum Consolidated Interest coverage ratio(6)	3.00:1.00 or more

(1) Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.
(2) Total debt is calculated as the sum of current and long-term portions of loans and borrowings.
(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.
(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.
(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.
(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

As at December 31, 2015, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility.

Notes Payable

Horizon incurred $10,850,000 of notes payable during 2009 as part of the purchase price for drill camp equipment and generators. The notes payable are non-interest bearing and are repayable over a term of up to 6 years. Actual payments on the note are dependent on utilization levels of specific equipment with minimum repayments of at least $1,000,000 per year. The fair value of these notes was initially measured at $8,771,000 using a discount rate of 9% which was consistent with market rates for debt with similar characteristics at the time. As at December 31, 2015, these notes have a remaining balance of $nil (2014 - $4,824,000).

Principal Repayments for Loans and Borrowings

(000's)		Amount
2016	$	-
2017		-
2018		57,527
2019		-
2020 and beyond		-
	$	57,527

17. Asset retirement obligations and commitments

(a) Provisions include constructive site restoration obligations for camp projects to restore lands to previous condition when camp facilities are dismantled and removed at the end of their useful lives.

(000's)	December 31, 2015	December 31, 2014
Balance, beginning of year	$ 5,890	$ 5,656
Additions	1,305	-
Discount rate change	725	-
Accretion of provisions	211	234
Revisions/settled	1,917	-
Balance, end of year	$ 10,048	$ 5,890

The estimated present value of rehabilitating the sites at the end of their useful lives has been estimated using existing technology, at current prices, and discounted using a risk free rate. The future value amount at December 31, 2015 was $11,122,000 (2014 - $7,561,000) and determined using risk free interest rates of 0.48% to 2% (2014 - 4%) and an inflation rate of 1% (2014 - 1%). The timing of these payments is dependent on various factors, such as the estimated lives of the equipment and industry activity in the region, but is anticipated to occur between 2016 and 2028.

(000's)	December 31, 2015	December 31, 2014
Current	$ 985	$ -
Non-current	9,063	5,890
Balance, end of year	$ 10,048	$ 5,890

(b) The Corporation has outstanding bank letters of credit as follows:

Maturity date	Amount *(000's)*
June 9, 2016	$ 74
August 25, 2016	75
September 22, 2016	84

(c) The Corporation rents premises and equipment under multiple operating lease contracts with varying expiration dates. The minimum lease payments under these leases over the next five years and beyond are as follows:

(000's)	Amount
2016	$ 3,025
2017	2,618
2018	1,533
2019	1,147
2020 and beyond	2,362
	$ 10,685

18. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets and liabilities have not been recognized in respect of the following items:

(000's)	December 31, 2015	December 31, 2014
Deductible temporary differences	$ 19	$ 36
Tax losses	419	392
Balance, end of year	$ 438	$ 428

Tax losses not recognized expire in 2028 and beyond. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary of the Corporation can utilize the benefits.

(b) The Corporation has net operating losses for Canadian tax purposes of $37,000 available to reduce future taxable income in Canada, and net operating losses for United States tax purposes of $757,000 available to reduce future taxable income in the United States, which will expire as follows:

(000's)	Amount
2016	$ -
2017	-
2018	-
2019	-
2020 and beyond	794
	$ 794

The components of net deferred tax asset (liability) recognized are as follows:

	Assets		Liabilities		Net	
(000's)	2015	2014	2015	2014	2015	2014
Property, plant and equipment	$ -	$ -	$ (45,701)	$ (37,221)	$ (45,701)	$ (37,221)
Intangibles	2,552	2,563	-	-	2,552	2,563
Goodwill	2,337	2,346	(151)	(151)	2,186	2,195
Deferred partnership income	-	-	-	(3,501)	-	(3,501)
Non-capital loss carry forwards	302	414	-	-	302	414
Net capital loss carry forwards	283	558	-	-	283	558
Restructuring costs	48	50	-	-	48	50
Asset retirement obligation	2,691	1,435	-	-	2,691	1,435
Reserves	148	1,073	(261)	(291)	(113)	782
Share issue costs	925	-	-	-	925	-
Deferred tax asset					283	414
Deferred tax liability					(37,110)	(33,139)
					$ (36,827)	$ (32,725)

18. Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year ended December 31, 2015 are as follows:

(000's)	December 31, 2014	Recognized in profit and loss	Recognized in equity	December 31, 2015
Property, plant and equipment	$ (37,221)	$ (8,480)	$ -	$ (45,701)
Intangibles	2,563	(11)	-	2,552
Goodwill	2,195	(9)	-	2,186
Deferred partnership income	(3,501)	3,501	-	-
Non-capital loss carry forwards	414	(112)	-	302
Net capital loss carry forwards	558	(275)	-	283
Restructuring costs	50	(2)	-	48
Asset retirement obligation	1,435	1,256	-	2,691
Reserves	782	(895)	-	(113)
Foreign exchange adjustments	-	(12)	-	-
Share issue costs	-	-	925	925
	$ (32,725)	$ (5,039)	$ 925	$ (36,827)

Movements in temporary differences during the year ended December 31, 2014 are as follows:

(000's)	December 31, 2013	Recognized in profit and loss	Recognized in equity	December 31, 2014
Property, plant and equipment	$ (32,558)	$ (4,663)	$ -	$ (37,221)
Intangibles	1,997	566	-	2,563
Goodwill	2,372	(177)	-	2,195
Deferred partnership income	(5,030)	1,529	-	(3,501)
Non-capital loss carry forwards	818	(404)	-	414
Net capital loss carry forwards	710	(152)	-	558
Restructuring costs	122	(72)	-	50
Asset retirement obligation	1,378	57	-	1,435
Reserves	386	396	-	782
	$ (29,805)	$ (2,920)	$ -	$ (32,725)

19. Share Capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of preferred shares issuable in series.

(b) Issued

	Number	Amount *(000's)*
Balance at December 31, 2013	110,084,884	$ 183,851
Share options exercised	416,767	1,741
Balance at December 31, 2014	110,501,651	$ 185,592
Share options exercised	600,000	2,799
Bought-deal equity financing	21,505,000	80,644
Share issue costs, net of tax of $1.1M	-	(3,168)
Balance at December 31, 2015	132,606,651	$ 265,867

On July 8, 2015, the Corporation closed a bought deal equity financing agreement with a syndicate of underwriters that purchased 21,505,000 common shares of the Corporation for resale to the public, including overallotment, at a price of $3.75 per common share for gross proceeds of $80,643,750. In connection with the offering, the Corporation incurred approximately $4,317,000 in transaction costs which included $4,032,000 in agent fees. Total transaction costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2015.

19. Share Capital (continued)

(c) Share option plan

The Corporation has a share option plan for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, subject to terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and were set at three years. The Corporation uses graded vesting for share options over the period in which the option vests. All share options are equity settled with a weighted average remaining contractual life of 3.2 years and all options granted have a maximum term of 5 years.

	Year ended December 31, 2015		Year ended December 31, 2014	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of year	5,319,987	$ 6.47	3,711,955	$ 5.46
Granted	3,655,000	2.37	2,383,518	7.54
Forfeited	(1,021,833)	5.34	(358,719)	7.14
Exercised	(600,000)	3.35	(416,767)	3.10
Balance, end of year	7,353,154	$ 4.84	5,319,987	$ 6.47

	Year ended December 31, 2015		Year ended December 31, 2014	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of year	2,043,706	$ 5.41	1,395,876	$ 4.06
Vested	1,676,047	6.78	1,087,929	6.27
Forfeited	(410,298)	6.21	(23,332)	6.25
Exercised	(600,000)	3.35	(416,767)	3.10
Balance, end of year	2,709,455	$ 6.59	2,043,706	$ 5.41

The exercise prices for options outstanding and exercisable at December 31, 2015 are as follows:

	Total options outstanding			Exercisable options	
Exercise price per share	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
$2.30 to $2.34	2,936,500	$ 2.30	4.2	-	$ -
$2.35 to $6.20	609,667	3.82	3.7	153,000	5.46
$6.21 to $6.27	1,702,586	6.25	1.3	1,702,586	6.25
$6.28 to $7.29	245,000	6.76	2.3	181,666	6.78
$7.30 to $9.01	1,859,401	7.64	3.4	672,203	7.66
	7,353,154	$ 4.84	3.2	2,709,455	$ 6.59

The weighted average share price at the date of exercise for share options exercised during the year ended December 31, 2015 was $3.95/share (2014 - $5.40/share).

19. Share Capital (continued)

(c) Share option plan (continued)

The Corporation calculated the fair value of the share options granted using the Black-Scholes pricing model to estimate the fair value of the share options issued at the date of grant. The weighted average fair market value of all options granted during the year and the assumptions used in their determination are as follows:

	December 31, 2015	December 31, 2014
Weighted average fair value per option	$ 0.30	$ 1.30
Weighted average forfeiture rate	7.41%	6.75%
Weighted average grant price	$ 2.37	$ 7.54
Weighted average expected life	3.0 years	3.0 years
Weighted average risk free interest rate	0.50%	1.18%
Weighted average dividend yield rate	13.7%	4.0%
Weighted average volatility	46.39%	33.94%

Expected volatility is estimated by considering historic average share price volatility. For the twelve months ended December 31, 2015, share based compensation for share options included in net earnings amounted to $1,717,000 (2014 - $2,135,000).

20. Earnings Per Share

The calculation of basic earnings per share for the twelve months ended December 31, 2015 was based on the total (loss) profit attributable to common shareholders of ($832,000) (2014 - $23,646,000).

A summary of the common shares used in calculating earnings per share for the twelve months ended December 31, 2015 and 2014 is as follows:

	2015	2014
Number of common shares, beginning of period	110,501,651	110,084,884
Weighted average effect of share options exercised	320,548	204,412
Weighted average effect of common shares issued	10,369,534	-
Weighted average common shares outstanding – basic	121,191,733	110,289,296
Effect of share purchase options[(1)]	-	387,988
Weighted average common shares outstanding – diluted	121,191,733	110,677,284

(1) The Corporation utilizes the treasury stock method for calculating the dilutive effect of share purchase options when the average market price of the Corporation's common stock during the period exceeds the exercise price of the option

For the twelve months ended December 31, 2015, 4,741,944 share options (2014 - 4,587,987) were excluded from the calculation of weighted average common shares outstanding - diluted as the result would be anti-dilutive.

21. Dividends

On October 28, 2015, the Corporation's Board of Directors declared the 2015 fourth quarter dividend of $0.04 per common voting share. For the twelve months ended December 31, 2015, the Corporation paid dividends totaling $37,177,000 (December 31, 2014 - $33,347,000).

(000's except per share amounts)	**2015**		**2014**	
Record Date	Amount per share	Total dividend amount	Amount per share	Total dividend amount
March 31	$ 0.08	$ 8,840	$ 0.08	$ 8,817
June 30	0.08	8,888	0.08	8,825
September 30	0.08	10,609	0.08	8,825
December 31	0.04	5,304	0.08	8,840
	$ 0.28	$ 33,641	$ 0.32	$ 35,307

On February 24, 2015, the Corporation's Board of Directors declared a dividend for the first quarter of 2016 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2016 to be paid on April 15, 2016.

22. Financial Risk Management

(a) Overview

The Corporation is exposed to a number of different financial risks arising from normal course business operations as well as through the Corporation's financial instruments comprised of cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. These risk factors include credit risk, liquidity risk, and market risk, including currency exchange risk and interest rate risk.

The Corporation's risk management practices include identifying, analyzing, and monitoring the risks faced by the Corporation. The following presents information about the Corporation's exposure to each of the risks and the Corporation's objectives, policies, and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk that a customer will be unable to pay amounts due, causing a financial loss; as a result, the Corporation's maximum exposure to credit risk is the amount of trade and other receivables and cash and cash equivalents. The Corporation's practice is to manage credit risk by examining each new customer individually for credit worthiness before the Corporation's standard payment terms are offered. The Corporation's review may include financial statement review, credit references, or bank references. Customers that lack credit worthiness transact with the Corporation on a prepayment only basis.

The Corporation constantly monitors individual customer trade receivables, taking into consideration industry, aging profile, maturity, payment history, and existence of previous financial difficulties in assessing credit risk. A formal review is performed each month for each subsidiary, focusing on amounts which have been outstanding for periods which are considered abnormal for each customer. The Corporation establishes an allowance for doubtful accounts for specifically identifiable customer balances which are assessed to have credit risk exposure.

The following shows the aged balances of trade and other receivables:

(000's)	December 31, 2015	December 31, 2014
Neither impaired nor past due	$ 24,283	$ 36,511
Outstanding 31-60 days	6,345	14,994
Outstanding 61-90 days	1,045	4,761
Outstanding more than 90 days	1,684	1,861
Total	33,357	58,127
Accrued revenue	8,332	20,634
Construction receivables	9,270	36,863
Other receivables	159	1,183
Allowance for doubtful accounts	(2,240)	(733)
Total trade and other receivables	$ 48,878	$ 116,074

In the twelve months ended December 31, 2015, the Corporation provided an allowance for $1,524,000 of receivables aged greater than 90 days and collected $nil that had previously been allowed for. The Corporation also applied $17,000 of allowance for doubtful accounts against the associated receivable balance. As at February 24, 2016, the Corporation has collected $330,000 on amounts outstanding more than 90 days.

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed, amounts recognized as revenue under open construction contracts not billed to customers and highly probable claims. At December 31, 2015, included in construction receivables were holdbacks of $850,500 (2014 - $6,800,000). The total of construction receivables aged less than 90 days was 53% at December 31, 2015 (2014 – 68%).

22. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation believes that it has access to sufficient capital through internally generated cash flows and committed credit facilities to meet current spending forecasts.

To manage liquidity risk, the Corporation forecasts operational results and capital spending on a regular basis. Actual results are compared to these forecasts to monitor the Corporation's ability to continue to meet spending forecasts.

As at December 31, 2015, the Corporation has $142,473,000 of available room on its committed credit facility (Note 16). The following shows the timing of cash outflows relating to trade and other payables and loans and borrowings:

	December 31, 2015			December 31, 2014		
	Trade and other payables(1)	Loans and borrowings(2)	Total	Trade and other payables(1)	Loans and borrowings(2)	Total
2016	$ 31,611	$ -	$ 31,611	$ 58,069	$ 7,668	$ 65,737
2017	-	57,527	57,527	-	146,370	146,370
2018	3,136	-	3,136	-	-	-
2019	-	-	-	-	-	-
2020 and beyond	5,927	-	5,927	5,890	-	5,890
	$ 40,674	$ 57,527	$ 98,201	$ 63,959	$ 154,038	$ 217,997

(1) Trade and other payables include trade and other payables, income taxes payable, and asset retirement provisions.

(2) Loans and borrowings include non-interest bearing notes payable, vehicle and equipment financing and committed credit facility. Cash flows of Horizon's note payable have been recorded according to estimated utilization of specific equipment.

(d) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on future performance of the Corporation. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities, and expected future cash flows include foreign currency exchange risk and interest rate risk. As the Corporation's exposure to foreign currency exchange risk and interest rate risk is limited, the Corporation does not currently hedge its financial instruments.

(i) Foreign currency exchange risk

The Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and a foreign operational entity with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the twelve months ended December 31, 2015 by approximately $83,000 (December 31, 2014 - $136,000). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Amounts drawn on the credit facility incur interest at bank prime plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $886,000 for the twelve months ended December 31, 2015 (December 31, 2014 - $1,254,000). This assumes that the amount and mix of fixed and floating rate debt in the year remains unchanged and that the change in interest rates is effective from the beginning of the year.

23. Capital Management

The Corporation's main objective is to build a profitable, growth-oriented company. Therefore, the Corporation's primary capital management objective is to maintain a conservative balance sheet to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Corporation monitors capital through two key ratios: total loans and borrowings to EBITDAS*(1)* and total loans and borrowings to total loans and borrowings plus shareholders' equity.

Total loans and borrowings to EBITDAS*(1)* is calculated as current loans and borrowings plus long-term loans and borrowings divided by trailing 12 months EBITDAS*(1)*. Total loans and borrowings to EBITDAS*(1)* is monitored from both a historical and anticipated EBITDAS*(1)* perspective.

Total loans and borrowings to total loans and borrowings plus shareholders equity is calculated as current loans and borrowings plus long-term loans and borrowings divided by current loans and borrowings plus long-term loans and borrowings plus shareholders' equity.

The Corporation's strategy during the twelve months ended December 31, 2015, which was unchanged from 2014, is to maintain an appropriate level of loans and borrowings in comparison to EBITDAS*(1)* and total loans and borrowings plus shareholders' equity.

(000's)	December 31, 2015	December 31, 2014
Statement of financial position components of ratios		
Current loans and borrowings*(2)*	$ -	$ 7,668
Loans and borrowings*(2)*	57,527	146,370
Total loans and borrowings	57,527	154,038
Shareholders' equity	333,361	286,574
Total loans and borrowings plus shareholders' equity	$ 390,888	$ 440,612
Statement of comprehensive income components of ratios (trailing 12 months)		
Operating earnings	$ 4,778	$ 37,502
Depreciation	53,964	53,927
Amortization	-	2,968
Impairment loss	1,664	-
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
Share based compensation	1,717	2,135
EBITDAS*(1)*	$ 62,460	$ 92,866
Total loans and borrowings to EBITDAS*(1)*	0.92	1.66
Total loans and borrowings to total loans and borrowings plus shareholders' equity	0.15	0.35

(1) EBITDAS (Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS and operating earnings (loss) may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(2) The Corporation's loans and borrowings include the committed credit facility, vehicle and equipment financing and notes payable. The Corporation's variable-rate committed credit facility approximates its carrying value, as it is at a floating market rate of interest. The Corporation's notes payables and vehicle and equipment financing are non-interest bearing without a fixed term of repayment and have been initially measured at fair value.

24. Operating segments

The Corporation operates in Canada and the United States through two business segments: Camps & Catering and Matting. The Camps & Catering segment includes camp rental and catering services, as well as the manufacture, sale and repair of camps. Matting includes mat rental, installation and fleet management services, as well as the manufacture and sale of mats. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

Information regarding the results of all segments is included below. Inter-segment pricing is determined on an arm's length basis.

Twelve months ended December 31, 2015 *(000's)*	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 329,724	$ 41,269	$ -	$ (1,104)	$ 369,889
EBITDAS[(1)]	66,339	9,090	(12,969)	-	62,460
Depreciation and amortization	43,994	9,173	930	(133)	53,964
Impairment loss	1,664	-	-	-	1,664
Loss on disposal of assets	337	-	-	-	337
Share based compensation	759	212	746	-	1,717
Operating earnings (loss)	19,585	(295)	(14,645)	133	4,778
Total assets	433,796	28,550	5,979	1,179	469,504
Capital expenditures	43,269	10,752	422	-	54,443

Twelve months ended December 31, 2014 *(000's)*	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 410,499	$ 67,172	$ -	$ (1,611)	$ 476,060
EBITDAS[(1)]	91,181	15,505	(13,820)	-	92,866
Depreciation and amortization	48,102	7,972	1,015	(194)	56,895
Gain on disposal of assets	(3,682)	25	(9)	-	(3,666)
Share based compensation	1,014	208	913	-	2,135
Operating earnings (loss)	45,747	7,300	(15,739)	194	37,502
Total assets	492,461	44,377	3,140	-	539,978
Capital expenditures	98,158	15,412	1,011	-	114,581

The Corporation has two major customers in the Camps & Catering segment which generated a combined 25% of total revenues for the year ended December 31, 2015 (December 31, 2014 – 11%).

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

25. Related Parties

(000's)		December 31, 2015		December 31, 2014
Joint venture				
Recovery of administrative overhead	$	60	$	60
Included in accounts receivable		32		-
Key management personnel interests				
Sales	$	2,134	$	1,285
Included in accounts receivable		54		475

The Corporation earned a management fee for the year ended December 31, 2015 of $60,000 (2014 - $60,000) for the recovery of administrative overhead relating accounting and management services provided to Arctic Oil & Gas Services Ltd ("AOGS"), a joint venture that is 50% owned by the Corporation.

AOGS earned revenue during the year ended December 31, 2015 of $2,134,000 (2014 – $1,285,000) for catering services provided to E. Gruben's Transport Ltd, a company whereby a director of the Corporation is the Chief Executive Officer. The amounts included in trade receivables of AOGS as at December 31, 2015 is $54,000 (2014 – $475,000).

All related party transactions are in the normal course of operations and have been measured at the agreed exchange amounts, which is the amount of consideration established and agreed to by the related parties and is similar to those negotiated with third parties. All outstanding balances are to be settled with cash, and none of the balances are secured.

Key management personnel include the directors and officers of Horizon that are also directors or officers of other companies. Key management personnel compensation for the year ended December 31, 2015 and 2014 is comprised as follows:

(000's)		December 31, 2015		December 31, 2014
Short-term employee benefits	$	2,501	$	3,600
Post-employment benefits		106		102
Termination benefits		-		925
Other long-term benefits		-		-
Share based compensation		552		754

26. Supplemental Information

Components of change in non-cash working capital balances related to operating activities:

(000's)		December 31, 2015		December 31, 2014
Accounts receivable	$	67,196	$	(25,218)
Inventory		3,340		982
Prepaid expenses		(65)		(611)
Trade and other payables		(21,415)		(3,060)
Deferred revenue		(1,436)		(1,179)
Finance cost payable		(189)		82
	$	47,431	$	(29,004)

27. Significant Subsidiaries

The consolidated financial statements of Horizon North Logistics Inc., the parent company, include the accounts of the Corporation and its one wholly-owned partnership, as well as four special purpose entities:

Subsidiary Name	Country of Incorporation	Ownership Interest (%) December 31, 2015	December 31, 2014
Horizon North Camp & Catering Partnership ("Partnership")	Canada	100	100
Kitikmeot Caterers Ltd ("Kitikmeot")	Canada	49	49
Acho Horizon North Camp Services Limited Partnership ("Acho")	Canada	49	49
Secwepemc Camps & Catering Limited Partnership ("Secwepemc")	Canada	49	49
Halfway River Horizon North Limited Partnership ("HRHN")	Canada	49	-

The Partnership is the primary operating entity of the Corporation.

(a) Special purpose entities

The Corporation has a 49% interest in the ownership and voting rights of Kitikmeot, Acho, Secwepemc and HRHN and maintains two out of four board of director seats in these special purpose entities ("SPE"). These SPE's are consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. The SPE's do not generate profit but rather have limited assets and the only non-flow through expenses are management fees paid to the partners. An aboriginal billing vehicle or partnership is required to achieve aboriginal participation and secure projects in specific regions of Canada. The Corporations control is established under terms that impose strict limitations on the decision-making powers of the SPE's management. The control results in the Corporation receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

The summarized aggregate financial information of the special purpose entities is provided below.

(000's)	Total Assets	Total Liabilities	Revenue	Profit or (Loss)
Kitikmeot Caterers Ltd	$ 918	$ 918	$ 3,160	$ -
Acho Horizon North Camp Services Limited Partnership	2,981	2,981	15,296	-
Secwepemc Camps & Catering Limited Partnership	1,661	1,661	9,169	-
Halfway River Horizon North Limited Partnership	1,769	1,769	1,739	-
December 31, 2015	$ 7,329	$ 7,329	$ 29,364	$ -

(000's)	Total Assets	Total Liabilities	Revenue	Profit or (Loss)
Kitikmeot Caterers Ltd	$ 1,590	$ 1,590	$ 2,178	$ -
Acho Horizon North Camp Services Limited Partnership	2,594	2,594	17,890	-
Secwepemc Camps & Catering Limited Partnership	2,481	2,481	12,529	-
December 31, 2014	$ 6,665	$ 6,665	$ 32,597	$ -