LOGAN INTERNATIONAL INC.
Consolidated Financial Statements
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Logan International Inc.

We have audited the accompanying consolidated financial statements of Logan International Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income (loss), 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 Logan International 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which indicates that Logan International Inc.'s amended credit facility matures in December 2016. This condition along with other matters as set forth in Note 2 in the consolidated financial statements indicate the existence of a material uncertainty that may cast significant doubt about Logan International Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants

March 30, 2016
Calgary, Canada

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LOGAN INTERNATIONAL INC.
Consolidated Statements of Financial Position
(in thousands of U.S. dollars)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 784	$ 3,545
Trade receivables, net [note 21]	19,355	33,365
Inventories, net [note 7]	67,303	78,610
Income tax receivable	5,987	1,360
Held for sale assets [note 6]	6,711	-
Prepaid expenses and other current assets	1,266	1,816
	101,406	118,696
Property, plant and equipment, net [note 8]	42,444	50,115
Intangible assets, net [note 9]	25,136	32,494
Goodwill [note 9]	49,227	67,909
Deferred tax assets [note 12]	2,847	2,344
Other assets	205	205
Total Assets	$ 221,265	$ 271,763
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade payables and accrued expenses	$ 6,937	$ 18,874
Income tax payable	342	1,142
Held for sale liabilities [note 6]	269	-
Current portion of loans and borrowings [notes 10 and 11]	50,821	873
	58,369	20,889
Loans and borrowings [notes 10 and 11]	374	48,454
Deferred tax liabilities [note 12]	11,878	13,829
Total liabilities	70,621	83,172
Shareholders' equity		
Share capital	99,282	98,814
Contributed surplus	3,914	3,356
Accumulated other comprehensive loss	(12,671)	(7,047)
Retained earnings	60,119	93,468
Total shareholders' equity	150,644	188,591
Total Liabilities and Shareholders' Equity	$ 221,265	$ 271,763

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

Approved by the Board of Directors on March 30, 2016, after review by the Audit Committee.

Signed *"David MacNeill"*
David MacNeill, President, CEO and Director

Signed *"David Kennedy"*
David Kennedy, Director

LOGAN INTERNATIONAL INC.

Consolidated Statements of Earnings (Loss) and Comprehensive Loss

(in thousands of U.S. dollars, except per share data)

	Years ended December 31,	
	2015	**2014**
Revenue [note 15]	$ 77,695	$ 147,187
Cost of goods sold [note 19]	53,327	90,001
Gross profit	24,368	57,186
Administrative expenses [note 19]	28,531	34,339
Impairment loss [notes 5 and 9]	6,535	10,590
Other expense (income)	(263)	243
Operating income (loss)	(10,435)	12,014
Finance income [note 24]	-	(22)
Finance expense [note 24]	3,721	4,241
Earnings (loss) from operations before income tax expense	(14,156)	7,795
Income tax expense (benefit) [note 12]	(1,216)	5,221
Net earnings (loss) from continuing operations	(12,940)	2,574
Net loss from discontinued operations [notes 5 and 6], net of tax	(20,409)	(2,363)
Net earnings (loss) for the period	(33,349)	211
Exchange differences on translation of foreign operations	(5,624)	(3,745)
Total comprehensive loss for the period	$ (38,973)	$ (3,534)
Earnings per share:		
Basic and Diluted-		
Earnings (loss) per share from continuing operations	$ (0.38)	$ 0.08
Loss per share from discontinued operations	$ (0.61)	$ (0.07)
Earnings (loss) per share	$ (0.99)	$ 0.01

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

LOGAN INTERNATIONAL INC.
Consolidated Statements of Changes in Shareholders' Equity
(in thousands of U.S. dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, January 1, 2014	$ 98,410	$ 2,779	$ 93,257	$ (3,302)	$ 191,144
Net earnings attributable to common shareholders	-	-	211	-	211
Exchange differences on translation of foreign operations	-	-	-	(3,745)	(3,745)
Total comprehensive income (loss) for the period	-	-	211	(3,745)	(3,534)
Vesting of restricted shares	180	(184)	-	-	(4)
Share-based compensation expense	-	829	-	-	829
Exercise of stock options	224	(68)	-	-	156
Balance, December 31, 2014	$ 98,814	$ 3,356	$ 93,468	$ (7,047)	$ 188,591
Net loss attributable to common shareholders	-	-	(33,349)	-	(33,349)
Exchange differences on translation of foreign operations	-	-	-	(5,624)	(5,624)
Total comprehensive loss for the period	-	-	(33,349)	(5,624)	(38,973)
Vesting of restricted shares	437	(437)	-	-	-
Share-based compensation expense	-	1,006	-	-	1,006
Exercise of stock options	31	(11)	-	-	20
Balance, December 31, 2015	$ 99,282	$ 3,914	$ 60,119	$ (12,671)	$ 150,644

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

LOGAN INTERNATIONAL INC.
Consolidated Statements of Cash Flows
(in thousands of U.S. dollars)

	Years ended December 31,	
	2015	**2014**
Cash flows from (used in) operating activities:		
Net earnings (loss) from continuing operations	$ (12,940)	$ 2,574
Adjustments:		
Income tax expense (benefit) [note 12]	(1,216)	5,221
Interest expense [note 24]	2,417	2,588
Bad debt expense	17	116
Loss on adjustment of inventory	456	335
Depreciation and amortization expense [notes 8 and 9]	10,368	10,910
Impairment loss on goodwill [notes 5 and 9]	6,535	10,590
Share-based compensation	882	373
Unrealized loss on foreign exchange	1,561	1,373
Gain on sale of property, plant and equipment	(270)	(282)
Net change in working capital [note 20]	(6,067)	(10,544)
Increase in non-current assets	-	(49)
Income tax payments	(1,931)	(7,507)
Income tax refunds	94	1,124
Interest payments	(1,867)	(2,081)
Net cash from (used in) continuing operating activities	(1,961)	14,741
Cash flows from (used in) continuing financing activities:		
Net draws on revolving loans and borrowings	5,872	17,748
Payments on term loans and borrowings	(396)	(24,206)
Payments of debt transaction costs	(480)	(531)
Proceeds from exercise of stock options	20	156
Payments of finance lease liabilities	(521)	(615)
Net cash from (used in) continuing financing activities	4,495	(7,448)
Cash flows used in continuing investing activities:		
Acquisition of property, plant and equipment	(4,277)	(5,049)
Proceeds from sale of property, plant and equipment	691	847
Proceeds from collection of notes receivable	-	144
Purchase of intangible software	(331)	(5)
Payments of acquisition consideration gross and net of cash acquired	-	(2,460)
Net cash used in continuing investing activities	(3,917)	(6,523)
Net cash from (used in) discontinued operations [note 6]	(1,212)	62
Net change in cash and cash equivalents	(2,595)	832
Cash and cash equivalents, beginning of period	3,545	2,764
Effect of exchange rate changes on cash and cash equivalents	(166)	(51)
Cash and cash equivalents, end of period	$ 784	$ 3,545

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

1. Incorporation and Operations

Logan International Inc. (the "Company", "Logan" or "LII") and its subsidiaries (together the "Group") is governed by the laws of the province of Alberta, Canada. Logan's common shares are listed on the Toronto Stock Exchange under the symbol "LII".

Effective March 1, 2010, Logan International Inc., formerly Destiny Resource Services Corp., completed a merger with Logan Holdings, Inc. ("Logan Holdings") in a reverse acquisition (the "Merger Transaction"). For legal purposes, LII was considered the acquirer since it issued its common shares to the Logan Holdings shareholders in the Merger Transaction. However, for accounting purposes, Logan Holdings was considered the acquirer because the former Logan Holdings shareholders acquired a majority of the outstanding common shares of LII.

The Company's business is conducted predominantly in North America in two reportable operating segments – the downhole tool segment and the rental tool segment. The downhole tool segment's operations include manufacturing, sales, and servicing of downhole tools to oilfield service and production companies. The rental tool segment's operations primarily include the rental of downhole tools to oilfield service and production companies. The Company's Canadian operations are seasonal as the ability to transport oilfield drilling and service equipment is dependent on weather conditions. The Canadian operations are normally strongest in the first quarter when the ground is frozen, enabling field personnel and equipment easy access to project sites, and weakest in the second quarter because, as the ground thaws, access to public roads is restricted.

2. Basis of Presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended December 31, 2015, were authorized for issue in accordance with a resolution of the board of directors on March 30, 2016.

Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis, except for contingent consideration liabilities, which are measured at fair value.

The Company has elected to use the U.S. dollar as its reporting currency which is the Company's functional currency. The Canadian dollar is the functional currency for the Canadian operations, the Colombian Peso is the functional currency for the Colombian operations and the U.S. dollar is the functional currency for all other operations.

These financial statements have been prepared on a going concern basis, which presumes that the Company will continue normal operations for the foreseeable future. The Company's 2015 Amended Credit Facility (the "Facility") matures in December 2016. The Company is dependent on the availability of credit as provided by the Facility.

The Company is considering alternatives which would provide for the refinancing of the borrowings under the Facility.

Any disruption in the Company's liquidity including the potential consequences of future breaches under the Facility or the Company's inability to replace or refinance the Facility upon maturity gives rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Use of Estimates and Judgment

The preparation of consolidated 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. Actual results may differ materially from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected. The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Cash generating units

In performing impairment assessments of long-lived assets, assets that cannot be assessed individually are grouped together into cash generating units, which are the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Judgment is required in identifying these cash generating units and they are based, in part, on how financial information is gathered and organized for review internally by management. The cash generating units that were identified by management are disclosed in Note 9.

Deferred income taxes

The calculation of current and deferred income taxes requires management to make certain judgment regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations about future operating results, the timing and reversal of temporary differences and possible audits of income tax and other tax filings to the tax authorities.

Business acquisitions

Business acquisitions are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets and liabilities are recognized based on the contractual terms, economic conditions, the Company's operating and accounting policies, and other factors existing as at the acquisition date.

Discontinued Operations

Classification of a disposal group's assets and liabilities as held for sale occurs when the sale is highly probable to occur within the next year and when certain other criteria are met. Classification of operating results as discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Determining when the held for sale criteria are met, and which operations relate to the disposal group require judgment on a case by case basis. If the disposal group meets the held for sale criteria, all assets and liabilities of the disposal group are classified as current and the operating results of the disposal group are excluded from earnings and cash flows from continuing operations.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in these consolidated financial statements:

Recoverability of indefinite-lived intangible assets

The Company assesses the carrying values of goodwill and other indefinite-lived intangible assets annually, or more frequently if warranted by a change in circumstances. If it is determined that the carrying value of an indefinite-lived intangible asset or goodwill cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and estimates regarding future sales, costs of production, sustaining capital requirements and tax rates. A material change in assumptions may significantly impact the potential impairment of these assets. Key assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins.

Valuation of assets and liabilities acquired in a business combination

Acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The determination of fair value of the acquired intangible assets (including

goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition as well as the useful lives of the acquired intangible assets and property, plant and equipment is largely based on projected cash flows, discount rates and market conditions existing at the date of acquisition.

Debt covenant compliance forecasting

In its assessment of whether the Company will continue operating as a going concern, management estimates future cash flows to determine if a breach of the Company's 2015 Amended Credit Facility is likely to occur. Future cash flows are estimated based on expected market conditions, historical information and changes from contemplated business acquisitions or disposals. A material change in assumptions may significantly impact the results of this estimate.

3. Significant Accounting Policies

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

a. Basis of Consolidation

Business combinations

The Group measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognized.

Transaction costs incurred in connection with a business combination, other than those associated with the issuance of debt or equity securities, are expensed.

Contingent consideration payable is measured at fair value as at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

b. Inventories

Inventories are measured at the lower of cost, determined primarily using the weighted average cost method, and estimated net realizable value. The cost of inventories includes all costs of purchase, production, conversion and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-process, costs include an appropriate share of production overhead 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.

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The costs of self-constructed assets include the borrowing costs on significant qualifying assets for which the commencement date for capitalization is on or after January 1, 2010. 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. The cost of replacing a part 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 Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds from disposal with the corresponding asset carrying amount and are recognized in other income / expense.

The cost of an asset, less its residual value, is depreciated over the asset's estimated useful life using the straight-line depreciation method.

Below are the useful lives and residual values used in estimating depreciation of property, plant and equipment:

	Estimated Useful Life	Residual Value
Machinery and equipment	3-25 years	0-10%
Buildings	7-30 years	0-10%
Rental assets	3-10 years	0-10%
Vehicles and trailers	5-10 years	0-10%
Office furniture and equipment	3-10 years	0-10%
Leasehold improvements	5-10 years	0-10%

d. Leased assets

Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Group are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to net earnings on a straight-line basis over the lease term. Leases for which the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the expected lease term.

e. Intangible assets

Goodwill may arise upon the acquisition of a business. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Other intangible assets are stated at cost less accumulated amortization and impairment losses.

Goodwill is recorded only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and trade names, are recognized in profit or loss as incurred.

The cost of an intangible asset is amortized on a straight-line basis over the intangible asset's estimated useful life, other than goodwill and other intangible assets which have an indefinite useful life, from the date that it is available for use.

Below are the useful lives used in estimating amortization of definite-lived intangible assets:

Customer relationships	10-15 years
Non-compete agreements	2-5 years
Patents	7-20 years
Software development	3 years

f. Impairment

i) Financial assets (including trade receivables)

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired when 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.

The objective evidence that financial assets may be impaired includes default or delinquency by a debtor, restructuring of an amount due on terms that the Group would not otherwise consider, indicators that a debtor or issuer has entered bankruptcy, or the disappearance of an active market for a security.

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

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets other than inventories and deferred tax assets to determine whether there is an indication of impairment. If an indication exists, the recoverable amount of the asset is estimated. The recoverable amount of goodwill and indefinite life assets is estimated annually in the fourth quarter. 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"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is 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 goodwill is monitored for internal reporting purposes. The Group'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 by the CGU to which the corporate asset belongs. The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss has occurred when the recoverable amount of an asset or CGU is estimated to be less than its carrying amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill and other indefinite-lived intangible assets allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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 carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately.

g. Revenue recognition

The Group's revenue consists of the sale of products and the provision of services and rental tools. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. The Group recognizes revenue when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sale is recognized. Often the Group requires deposits from customers prior to product shipments, which are included in trade payables and accrued expenses in the consolidated statement of financial position. The Group's services and rental tools are provided based upon orders and contracts with customers that include determinable prices and are based upon hourly or contracted rates. Revenue is recognized when services are rendered and when collectability of the consideration is probable.

h. Income taxes

Income taxes consist of current and deferred taxes. Current and deferred taxes are recognized in net earnings (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the tax currently payable or receivable based on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is recognized on the difference between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognized for temporary differences relating to 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. In addition, deferred tax is not recognized for temporary 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. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as future tax assets.

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.

Deferred tax liabilities are undiscounted and are recognized to the extent it is probable they will be recognized in future years. 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. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective periods of realization, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized as a component of tax expense in the consolidated statement of earnings (loss) and comprehensive loss, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

In determining the amount of current and deferred taxes, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

i. Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate on the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The functional currency for each of the Group subsidiaries is the currency of the primary economic environment in which they operate, which is generally the U.S. dollar for U.S. operations and the Canadian dollar for Canadian operations. Determining the primary economic environment in which an entity operates requires management to consider several factors and exercise judgment. For foreign subsidiaries whose functional currency is not the functional currency of the reporting entity, the Company translates assets and liabilities, including goodwill and fair value adjustments arising on acquisition, at period-end exchange rates and income and expense accounts at average exchange rates. Unrealized gains or losses resulting from these translations are reflected in the consolidated statements of earnings (loss) and comprehensive loss as exchange differences on translation of foreign operations.

When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation where control is retained, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

j. Earnings per share

Basic earnings per common share is calculated by dividing net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated by adjusting the weighted average number of common shares outstanding for the effects of all dilutive equity instruments, which consist of stock options and restricted share units. In the calculation of diluted per share amounts, options under the stock option plan are assumed to have been exercised on the latter of the beginning of the period or the date granted. The treasury stock method, which assumes that proceeds received from the exercise of in-the-money stock instruments are used to repurchase common shares at the average market price for the period, is used to determine the dilutive effect of stock options.

k. Employee 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 short-term cash bonus or employee benefit plans if the Group has a 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.

l. Share-based payments

Expense of the fair value of share-based awards is recognized over the award's vesting period, which is the period over which all of the specified vesting conditions are satisfied and the employees become unconditionally entitled to the awards. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company assesses its estimates of the number of awards expected to vest and immediately recognizes the effect of the revisions through current operations. For further discussion of the types of share-based awards and how these awards are valued, please refer to note 4(e).

m. Financial instruments

(i) Non-derivative financial assets:

The Group initially recognizes accounts receivable 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 Group becomes a party to the contractual provisions of the instrument.

The Group 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.

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

The Group classifies non-derivative financial assets into the following two categories:

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and cash deposits with original maturities of three months or less.

Loans and receivables

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

As at December 31, 2015 and December 31, 2014, the fair value of these non-derivative financial assets approximated their carrying value.

(ii) Non-derivative financial liabilities

The Group initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities:

	Category	Measurement Method
Trade payable and accrued expenses	Other liabilities	Amortized cost
Finance leases	Other liabilities	Amortized cost
Loans and borrowings	Other liabilities	Amortized cost

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. As at December 31, 2015 and December 31, 2014, the fair value of these non-derivative financial liabilities approximated their carrying value, either because of the short maturity of the instruments or because there had not been a significant change in the Company's credit worthiness since the original date of the liability.

(iii) Derivative financial instruments

Derivatives are recognized initially at fair value, with related transaction costs recognized in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

From time to time, the Group assumes contingent consideration liabilities in connection with business acquisitions. These liabilities are typically based on future earnings of the acquired entity. These liabilities are re-measured each period based on management's best estimate, with the adjustment recorded to other income.

n. Share Capital

Common shares

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

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity until cancelled, which occurs shortly after the share capital is repurchased.

o. Provisions

A provision is recognized if, as a result of a past event, the Company has a 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 rate that reflects current market assessments of the time value of money and the risks specific to the liability.

p. Finance income and costs

Finance costs consist of interest expense on borrowings. 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.

Finance income consists primarily of finance income from a note receivable due.

Foreign currency gains and losses are reported on a net basis as finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

q. Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statements of earnings (loss) and comprehensive loss are presented as if the operation had been discontinued from the start of the comparative period.

r. Segment reporting

Segment operating results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mostly consist of corporate assets and expenses and income tax assets and liabilities. Segment capital expenditures are the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

s. Recent Accounting Pronouncements

Amended and New Accounting Standards Adopted in this Report

No amendments to existing standards or new accounting standards, have been adopted by the Company since December 31, 2014.

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2015 and have not been applied in preparing these consolidated financial statements. These new standards include:

IFRS 9

In November 2009, IFRS 9 "Financial Instruments" was published covering the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and a single impairment method replacing the multiple rules in IAS 39. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. The new requirements are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of IFRS 9 is not expected to have an impact on the Company's consolidated financial statements.

IFRS 15

In May 2014, the International Accounting Standards Board issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

IFRS 16

In January 2016, the International Accounting Standards Board issued IFRS 16, "Leases" ("IFRS 16"). The new standard eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and may be applied either retrospectively or by recognizing the cumulative effect of IFRS 16 in the year of adoption. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

4. Determination of Fair Values

A number of the Group's accounting policies and disclosures require determination of fair value for financial and non-financial assets and liabilities. Fair values have been determined 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.

Financial instruments carried at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

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

a. Property, plant and equipment

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

b. Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. 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 and eventual sale of the assets.

c. Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d. Trade and other receivables

The fair value of trade and other receivables is estimated based on 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 or when such assets are acquired in a business combination.

e. Share-based payment transactions

The fair value of restricted stock units is based on the closing price of the Company's stock on the day prior to the date of grant. The fair value of stock appreciation rights is based on the closing price of the Company's stock on the last day of the reporting period less the base price stated in the individual stock appreciation rights agreement. The fair value of employee stock options is measured using the Black-Scholes option valuation model. Measurement inputs for the Black-Scholes option valuation model include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, expected dividends, and the risk-free interest rate. Resulting share-based compensation expense for restricted stock units, stock appreciation rights, and employee stock options is recognized over the vesting period.

f. Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities.

5. Impairment

Impairment testing for the Xtend Energy Services cash-generating unit

As at December 31, 2015 ("Valuation Date"), the Company performed its annual impairment tests for goodwill and concluded that there was an impairment of goodwill in its Xtend Energy Services CGU (Xtend), which rents the Company's Xciter tool. The recoverable amount for this CGU was $18.3 million and represented the CGU's value in use, which was less than its carrying amount. This impairment occurred due to the downturn in drilling activities and subsequent demand for the Xciter tool. The amount of impairment loss recognized by this CGU was $6.5 million and was recognized as impairment loss on goodwill in the consolidated statement of earnings (loss) and comprehensive loss. Impairment expense for Xtend was offset against goodwill and related to the Company's rental tool segment.

Impairment testing for the Logan Completion Systems cash-generating unit

During Q3 2015, management analyzed the historical operating results of each of its Logan Completion Systems (LCS) locations and decided to close certain underperforming locations. In addition, management became aware that fewer operators were using the open hole ball drop completion methods performed by LCS and more were shifting to a "plug and perf" completion method. Management concluded that this shift to the "plug and perf" method will further increase due to low oil prices.

Accordingly, the Company noted that a triggering event had occurred for its LCS subsidiary and determined that certain inventory items had become impaired since an adequate market did not exist for these inventory items to be sold at or above their carrying value. After performing an analysis of these impaired inventory items, the Company recorded an inventory impairment of $5.7 million.

After recording the inventory impairment, the Company also performed a test of goodwill as at September 30, 2015 ("Valuation Date") for LCS and concluded that the goodwill for LCS was also impaired. In its impairment test, the recoverable amount for the LCS cash-generating unit (CGU) was $18.5 million and represented the CGU's value in use, which was less than its carrying amount. The amount of goodwill impairment loss recognized by this CGU was $3.2 million. Both the inventory and goodwill impairment amounts were recognized as discontinued operations in the consolidated statements of earnings (loss) and comprehensive loss. All inventory impairment and goodwill impairment were offset against assets held for sale. No reversals of impairment losses were recognized in the current period.

During December 2015, the Company committed to a plan to sell substantially all of the assets and operations of its Logan Completion Systems, Inc. ("LCS") subsidiary. Accordingly, the assets and liabilities the Company considered to be part of the disposal group were classified as held for sale as at December 31, 2015 and recorded at their fair value less cost to sell, which was less than the carrying value. Based on preliminary discussions with potential buyers of LCS, the Company determined that additional impairment was needed to record the net assets of LCS at their current fair value. Accordingly, the Company recorded additional impairment of $10.0 million.

Recoverable amount

The Company determined the recoverable amount for the LCS CGU as at December 31, 2015 on the basis of the CGU's fair market value less cost to sell. The Company determined this based on its preliminary discussion with potential buyers of LCS.

The Company determined the recoverable amounts for the LCS CGU as at September 30, 2015 and the Xtend CGU as at December 31, 2015 on the basis of the CGU's value in use ("VIU"). The VIU was determined by discounting the future cash flows generated from the CGU. The discounted cash flow model employed by the Group reflects the specific uncertainties of each CGU and its business environment. The model calculates the present value of the estimated future earnings of each CGU.

Estimating future earnings requires judgment and involves consideration of past and actual performance, as well as expected developments in both markets and the overall macro-economic environment. The calculation of the VIU was based on the assumptions outlined in the section below:

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value revenue growth rates and average revenue growth rates. The assumptions used are as follows:

(In percent)	**Discount rate**		**Terminal value growth rate**		**Revenue Growth Rate**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Xtend Energy Services..	15.0	18.5	3.0	3.0	23.6	10.3

Cash flows were projected based on past experience, actual operating results and the one-year business plan for the immediate year. Cash flows for a further four-year period were extrapolated using expected average revenue growth rates (as noted in the table above), forecasted increases in exploration and production activity and business conditions in the operating entity's respective markets. These cash flows represent the Company's best estimate of the set of economic conditions that are expected to exist over the forecast period.

The terminal value revenue growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts. The CGU discount rate reflects its individual size, risk profile and circumstance and is based on past experience and industry-average weighted average cost of capital. The tax rates used in determining the future cash flows are those substantively enacted at the Valuation Date.

After recording the impairment loss, the carrying value of the Xtend CGU equals its recovery amount. However, any material adverse change in a key assumption would lead to further impairment.

6. Discontinued Operations

Logan Completion Systems Inc.

During December 2015, the Company committed to a plan to sell substantially all of the assets and operations of its Logan Completion Systems, Inc. ("LCS") subsidiary. Accordingly, the assets and liabilities the Company considered to be part of the disposal group have been separately presented as held for sale as at December 31, 2015. Also, the results of LCS's operations have been presented as discontinued operations for the years ended December 31, 2015 and 2014. LCS was previously classified in the Company's downhole tool segment.

The effects on the consolidated statements of earnings (loss) and comprehensive loss, cash flows and financial position as a result of this held for sale classification are presented below.

	Years ended December 31,	
	2015	2014
Results of discontinued operations:		
Revenue	$ 7,903	$ 23,519
Expenses	32,739	25,797
Loss from operations before income tax expense	(24,836)	(2,278)
Income tax expense (benefit)	(4,427)	85
Net loss from discontinued operations	(20,409)	(2,363)
Basic and diluted loss per share	$ (0.61)	$ (0.07)

Cash flows from (used in) discontinued operations:	Years ended December 31,	
	2015	2014
Net cash used in operating activities	$ (1,143)	$ (92)
Net cash used in financing activities	(239)	(484)
Net cash from investing activities	170	638
Effect on cash flows	$ (1,212)	$ 62

Financial position:	December 31, 2015
Inventories, net	$ 4,674
Property, plant and equipment, net	2,037
Loans and borrowings	(269)
Net assets held for sale	$ 6,442

7. Inventories, Net

	December 31, 2015	December 31, 2014
Raw Materials	$ 2,871	$ 2,716
Work in Process	1,768	11,912
Finished Goods	63,236	65,023
Reserve	(572)	(1,041)
Total Inventories	$ 67,303	$ 78,610

The reserve for slow moving inventory is based on the Group's historical usage of inventory on hand as well as the estimated product demand. The reserve is the amount necessary to reduce the cost of the inventory to its estimated net realizable value. The change in the reserve is related to the disposal by the Group of slow-moving inventory items previously included in the reserve balance.

8. Property, Plant and Equipment

	Land and leasehold improvements	Buildings	Machinery and equipment	Vehicles and trailers	Assets under finance leases	Office furniture and equipment	Assets under construction	Total
Cost								
At January 1, 2014……………	$ 2,913	$ 11,896	$ 53,000	$ 803	$ 4,507	$ 4,289	$ 3,646	$ 81,054
Additions through business acquisitions……………………	-	-	(76)	-	-	-	-	(76)
Additions………………………	-	-	502	-	556	-	5,465	6,523
Disposals………………………	-	-	(1,864)	(190)	(475)	-	-	(2,529)
Transfers from or to assets held for sale……………………	-	-	-	(1)	-	-	(326)	(327)
Reclassifications………………	6	78	5,494	5	-	134	(5,717)	-
Exchange rate effects…………	(38)	(82)	(1,644)	(14)	(189)	(79)	(22)	(2,068)
At December 31, 2014…………	2,881	11,892	55,412	603	4,399	4,344	3,046	82,577
Additions………………………	-	-	(1)	-	246	-	4,929	5,174
Disposals………………………	(162)	(3)	(1,677)	(57)	(832)	(7)	-	(2,738)
Transfers from or to assets held for sale……………………	(292)	(599)	(5,611)	(72)	(1,039)	(601)	(43)	(8,257)
Reclassifications………………	684	30	5,064	-	-	210	(5,988)	-
Exchange rate effects…………	(65)	(148)	(3,034)	(24)	(311)	(146)	(5)	(3,733)
At December 31, 2015…………	$ 3,046	$ 11,172	$ 50,153	$ 450	$ 2,463	$ 3,800	$ 1,939	$ 73,023

Accumulated Depreciation	Land and leasehold improvements	Buildings	Machinery and equipment	Vehicles and trailers	Assets under finance leases	Office furniture and equipment	Assets under construction	Total
At January 1, 2014……………	$ 527	$ 2,200	$ 16,853	$ 622	$ 2,053	$ 2,453	$ -	$ 24,708
Additions………………………	174	498	7,993	59	735	516	-	9,975
Disposals………………………	-	-	(671)	(164)	(354)	-	-	(1,189)
Transfers from or to assets held for sale……………………	-	-	(142)	-	-	-	-	(142)
Exchange rate effects…………	(17)	(17)	(725)	(12)	(79)	(40)	-	(890)
At December 31, 2014…………	684	2,681	23,308	505	2,355	2,929	-	32,462
Additions………………………	142	493	7,132	30	632	444	-	8,873
Disposals………………………	(110)	(1)	(1,263)	(53)	(681)	(2)	-	(2,110)
Transfers from or to assets held for sale……………………	(177)	(175)	(5,122)	(65)	(662)	(413)	-	(6,614)
Exchange rate effects…………	(37)	(36)	(1,680)	(23)	(166)	(90)	-	(2,032)
At December 31, 2015…………	$ 502	$ 2,962	$ 22,375	$ 394	$ 1,478	$ 2,868	$ -	$ 30,579
Carrying amount								
At January 1, 2014……………	$ 2,386	$ 9,696	$ 36,147	$ 181	$ 2,454	$ 1,836	$ 3,646	$ 56,346
At December 31, 2014…………	$ 2,197	$ 9,211	$ 32,104	$ 98	$ 2,044	$ 1,415	$ 3,046	$ 50,115
At December 31, 2015…………	$ 2,544	$ 8,210	$ 27,778	$ 56	$ 985	$ 932	$ 1,939	$ 42,444

The Group recorded depreciation expense of $7.8 million and $7.9 million related to continuing operations for the years ended December 31, 2015 and 2014, respectively. Interest is capitalized only during the period of time required to complete and prepare the asset for its intended use. For the years ended December 31, 2015 and 2014, the Group did not capitalize any interest.

9. Goodwill and Intangible Assets

Cost	Customer relationships	Non-compete agreements	Patents	Software development	Trade names	Intellectual Property	Goodwill	Total
At January 1, 2014.............	$ 23,636	$ 2,740	$ 13,698	$ 202	$ 11,102	$ 920	$ 80,646	$ 132,944
Additions through business acquisitions....................	-	-	-	5	257	154	1,428	1,844
Disposals.......................	-	(919)	-	-	(200)	-	-	(1,119)
Exchange rate effects..........	(974)	(117)	(491)	-	(210)	-	(3,575)	(5,367)
At December 31, 2014..........	22,662	1,704	13,207	207	10,949	1,074	78,499	128,302
Additions.......................	-	-	-	331	-	-	-	331
Disposals.......................	-	-	-	-	-	-	-	-
Transfers from or to assets held for sale................	(2,802)	-	(3,247)	-	-	-	(7,483)	(13,532)
Exchange rate effects..........	(1,738)	(208)	(875)	-	(374)	-	(6,378)	(9,573)
At December 31, 2015..........	$ 18,122	$ 1,496	$ 9,085	$ 538	$ 10,575	$ 1,074	$ 64,638	$ 105,528

Accumulated Amortization	Customer relationships	Non-compete agreements	Patents	Software development	Trade names	Intellectual Property	Goodwill	Total
At January 1, 2014.............	$ 5,225	$ 1,643	$ 7,984	$ 163	$ 33	$ 99	$ -	$ 15,147
Additions.......................	1,548	403	1,478	40	200	130	-	3,799
Impairment......................	-	-	-	-	-	-	10,590	10,590
Disposals.......................	-	(919)	-	-	(200)	-	-	(1,119)
Exchange rate effects..........	(196)	(59)	(263)	-	-	-	-	(518)
At December 31, 2014..........	6,577	1,068	9,199	203	33	229	10,590	27,899
Additions.......................	1,447	299	1,369	36	-	152	-	3,303
Impairment......................	-	-	-	-	-	-	6,535	6,535
Transfers from or to assets held for sale................	(1,054)	-	(2,635)	-	-	-	-	(3,689)
Exchange rate effects..........	(450)	(140)	(579)	-	-	-	(1,714)	(2,883)
At December 31, 2015..........	$ 6,520	$ 1,227	$ 7,354	$ 239	$ 33	$ 381	$ 15,411	$ 31,165
At January 1, 2014.............	$ 18,411	$ 1,097	$ 5,714	$ 39	$ 11,069	$ 821	$ 80,646	$ 117,797
At December 31, 2014..........	$ 16,085	$ 636	$ 4,008	$ 4	$ 10,916	$ 845	$ 67,909	$ 100,403
At December 31, 2015..........	$ 11,602	$ 269	$ 1,731	$ 299	$ 10,542	$ 693	$ 49,227	$ 74,363

The Group recorded amortization expense from continuing operations related to finite-lived intangible assets of \$2.6 million and \$3.0 million, respectively, during the years ended December 31, 2015 and 2014. Amortization expense has been recognized in administrative expenses in the consolidated statements of earnings (loss) and comprehensive loss. In addition, the Company recorded impairment loss related to continuing operations of \$6.5 million and \$10.6 million during the years ended December 31, 2015 and 2014.

Impairment testing for cash-generating units containing goodwill and indefinite-lived intangibles

For the purpose of impairment testing, goodwill and other indefinite-lived intangibles are allocated to the Group's operating divisions. The carrying amounts of goodwill allocated to each CGU are as follows:

	December 31, 2015	December 31, 2014
Logan Oil Tools	$ 31,568	$ 31,568
Xtend Energy Services	15,421	21,956
Logan Completion Systems	-	11,245
Logan Jar	5,274	5,274
Scope Production Developments	2,909	2,909
Kline Oilfield Equipment	2,247	2,247
Foreign exchange fluctuations	(8,192)	(7,290)
Total goodwill	$ 49,227	$ 67,909

The carrying amounts of indefinite-lived intangible assets allocated to each CGU are as follows:

	December 31, 2015	December 31, 2014
Logan Oil Tools	$ 7,356	$ 7,356
Xtend Energy Services	2,513	2,513
Logan Jar	850	850
Kline Oilfield Equipment	400	400
Scope Production Developments	181	181
Foreign exchange fluctuations	(758)	(384)
Total indefinite-lived intangibles	$ 10,542	$ 10,916

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value revenue growth rates and average revenue growth rates. The assumptions used are as follows:

(In percent)	Discount rate		Terminal value growth rate		Revenue Growth Rate	
	2015	2014	2015	2014	2015	2014
Logan Oil Tools	15.3	19.7	3.0	2.5	16.7	3.5
Kline Oilfield Equipment	15.3	19.0	3.0	3.0	20.1	9.3
Logan SuperAbrasives.	15.3	18.5	3.0	3.0	26.5	8.1
Scope Production Developments Ltd.	14.4	18.4	3.0	2.0	10.8	4.1
Xtend Energy Services	15.0	18.5	3.0	3.0	23.6	10.3
Logan Jar, LLC	15.0	23.3	3.0	3.0	33.2	51.0

Cash flows were projected based on past experience, actual operating results and the one-year business plan for the immediate year. Cash flows for a further four-year period were extrapolated using expected average revenue growth rates (as noted in the table above), forecasted increases in exploration and production activity and business conditions in the operating entity's respective markets. These cash flows represent the Company's best estimate of the set of economic conditions that are expected to exist over the forecast period.

The terminal value revenue growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.

Each CGU discount rate reflects its individual size, risk profile and circumstance and is based on past experience and industry-average weighted average cost of capital. The tax rates used in determining the future cash flows are those substantively enacted at the Valuation Date.

CGU's where a reasonably possible change in key assumptions would result in impairment

Based on the results of its impairment testing, the Company determined that a reasonably possible change in key assumptions would result in impairment in its Logan Jar, LLC CGU. This CGU's recoverable amount exceeded its carrying amount by $0.4 million. A

discount rate of 15.5% or revenue growth rate of 32.7% would have resulted in the recoverable amount of the CGU equaling its carrying amount.

10. Finance Leases

The Group leases vehicles and distribution facilities under agreements that meet the recognition criteria of finance leases. Below is a listing of the Group's types of finance leases:

	December 31, 2015	December 31, 2014
Real property lease liabilities	5	17
Vehicle lease liabilities	608	1,480
Total finance lease liabilities	612	1,496

11. Loans and Borrowings

2015 Amended Credit Amendment

In December 2015, the Company and its wholly owned subsidiary, Logan Holdings, amended its 2014 Amended Credit Agreement (defined below) and entered into an omnibus amended credit agreement (the "2015 Amended Credit Agreement") that provides for U.S.-based revolving credit facility of up to $40 million and a Canadian-based credit facility of up to $20 million. Both credit facilities mature in December 2016. The borrowing base under the credit facilities is defined as 85% of the Company's eligible equipment, 80% of the Company's eligible receivables, 55% of Company's eligible finished goods inventory, and 25% of the Company's remaining eligible inventory.

Borrowings under the Canadian-based revolving credit facility are available in Canadian funds and bear interest at the Canadian prime lending rate plus a defined margin of 3.50% or at the Eurocurrency rate plus a defined margin of 4.50%. Borrowings under the U.S.-based revolving credit facility are available in U.S. funds and, at the Company's election, bear interest at the U.S. base rate plus a defined margin of 3.50% or at the Eurocurrency rate plus a defined margin of 4.50%. The Company is obligated to pay a fee of 0.75% on the unborrowed commitment, which is paid at the end of each quarter and is included in interest expense. The 2015 Amended Credit Facility is collateralized by the assignment of security agreements covering substantially all of the Company's and its subsidiaries' North American assets. All outstanding borrowings are due under the 2015 Amended Credit Agreement when the facility matures on December 23, 2016.

The terms of the 2015 Amended Credit Agreement include a financial covenant of an interest coverage ratio equal to at least 1.25:1, 1.5:1 and 2.0:1 for the quarters ended December 31, 2015, March 31, 2016 and June 30, 2016 (and thereafter), respectively. The interest coverage ratio measures the Company's earnings before interest, tax, depreciation and amortization, other non-cash items and certain acquisition costs ("EBITDA") to its interest expense. As at December 31, 2015, the Company was in compliance with this financial covenant.

As at December 31, 2015, the borrowings under the Canadian-based and U.S.-based revolving credit facilities were $15.5 million and $35.6 million, respectively. In addition, there were outstanding letters of credit of $35 thousand under the U.S.-based revolving credit facility, resulting in borrowing availability of $4.4 million and $3.3 million under the Canadian-based credit facility and the U.S. based credit facility, respectively.

2014 Amended Credit Agreement

In December 2014, the Company and its wholly owned subsidiary, Logan Holdings, entered into an amended and restated credit agreement (the "2014 Amended Credit Agreement") that provided for a $75 million U.S.-based revolving credit facility and a $40 million Canadian-based credit facility with several banks. Subject to the terms of the Amended Credit Agreement, the Company has the ability to increase the commitment by an additional $30 million. The 2014 Amended Credit Facility was scheduled to mature in December 2016.

Borrowings under the Canadian-based revolving credit facility were available in Canadian funds and bore interest at the Canadian prime lending rate plus defined margins of 1.0% to 2.0% based on the Company's financial leverage. Borrowings under the U.S.-based revolving credit facility were available in U.S. funds and, at the Company's election, bore interest at the U.S. base rate plus

defined margins of 1.0% to 2.0%, or at the Eurocurrency rate plus defined margins of 2.0% to 3.0%, based on the Company's financial leverage. The Company was obligated to pay a fee between 0.375% and 0.5% (depending on the Company's financial leverage) of the unborrowed commitment, which was paid at the end of each quarter and is included in interest expense. The 2014 Amended Credit Facility was collateralized by the assignment of security agreements covering substantially all of the Company's and its subsidiaries' North American assets.

The terms of the 2014 Amended Credit Agreement included the following financial covenants: (i) maintenance of a financial leverage ratio, which measures the Company's total borrowed debt to its EBITDA, no greater than 3.00:1; (ii) maintenance of an interest coverage ratio of at least 3.00:1, which measures the Company's EBITDA to its interest expense; and (iii) maintenance of an asset coverage ratio of at least 1.33:1, which measures the sum of certain Company assets to its total borrowed debt. The 2014 Amended Credit Agreement was amended by the 2015 Amended Credit Agreement in December 2015.

2012 Credit Facility

On March 1, 2012, the Company and its wholly-owned subsidiary, Logan Holdings, Inc., entered into a $95 million senior credit agreement (the "2012 Credit Agreement"), providing for a Canadian-based $25 million revolving credit facility, a $10 million Canadian-based term loan facility, a $40 million U.S.-based revolving credit facility and a $20 million U.S.-based term loan facility (collectively, the "2012 Credit Facility"). The remaining balance of the term loan and revolving credit facilities plus accrued interest were originally due March 1, 2015. All borrowings under the 2012 Credit Facility were repaid with proceeds received from the 2014 Amended Credit Facility, and the 2012 Credit Facility was subsequently cancelled.

The following schedule presents the outstanding balances of the Group's loans and borrowings:

	December 31, 2015	December 31, 2014
Current portion of loans and borrowings:		
Term and other loans	$ 117	$ 174
Revolving loans	51,101	-
Finance lease liabilities [note 10]	327	756
Current portion of unamortized debt transaction costs	(724)	(57)
Total current portion of loans and borrowings	$ 50,821	$ 873

	December 31, 2015	December 31, 2014
Loans and borrowings:		
Term and other loans	$ 89	$ 34
Revolving loans	-	48,211
Finance lease liabilities [note 10]	285	740
Long-term unamortized debt transaction costs	-	(531)
Total loans and borrowings	$ 374	$ 48,454

The following is a summary of the scheduled future maturities of the Group's loans and borrowings:

Year ending December 31, 2016	$ 51,545
Year ending December 31, 2017	188
Year ending December 31, 2018	82
Year ending December 31, 2019	104
Year ending December 31, 2020 and thereafter	-
Total future maturities of loans and borrowings	$ 51,919

12. Income Taxes

Deferred tax assets totaling $2.8 million and $2.3 million as at December 31, 2015 and 2014, respectively, consist primarily of temporary differences arising from inventory valuation, share-based compensation and losses carried forward.

Recognized deferred tax assets and liabilities consist of the following:

	December 31, 2015			December 31, 2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Allowance for doubtful accounts……………………	$ 62	$ -	$ 62	$ 37	$ -	$ 37
Inventory valuation…………………………………….	1,431	-	1,431	737	-	737
Losses carried forward………………………………	532	-	532	1,078	-	1,078
Basis difference in intangible assets…………………	-	(5,031)	(5,031)	-	(6,374)	(6,374)
Share-based compensation……………………………	514	-	514	357	-	357
Basis difference in property, plant and equipment….	-	(6,847)	(6,847)	-	(7,395)	(7,395)
Deferred partnership income………………………..	88	-	88	-	(60)	(60)
Other…………………………………………………..	220	-	220	135	-	135
Total…………………………………………………	$2,847	$ (11,878)	$ (9,031)	$ 2,344	$ (13,829)	$ (11,485)

The following tables summarize the movement of temporary differences during the years ended December 31, 2015 and 2014:

	Balance January 1, 2015	Recognized in earnings from continuing operations	Recognized in earnings from discontinued operations	Exchange differences on translation of foreign operations	Balance December 31, 2015
Allowance for doubtful accounts………………………………	$ 37	$ 25	$ -	$ -	$ 62
Inventory valuation……………………………………………	737	(85)	810	(31)	1,431
Losses carried forward………………………………………	1,078	(485)	51	(112)	532
Basis difference in intangible assets……………………………	(6,374)	53	781	509	(5,031)
Share-based compensation………………………………………	357	157	-	-	514
Basis difference in property, plant and equipment………………	(7,395)	341	49	158	(6,847)
Deferred partnership income……………………………………	(60)	150	-	(2)	88
Other……………………………………………………………	135	99	-	(14)	220
Total……………………………………………………………	$ (11,485)	$ 255	$ 1,691	$ 508	$ (9,031)

	Balance January 1, 2014	Recognized in earnings from continuing operations	Recognized in earnings from discontinued operations	Exchange differences on translation of foreign operations	Balance December 31, 2014
Allowance for doubtful accounts………………………………	$ 9	$ 28	$ -	$ -	$ 37
Inventory valuation……………………………………………	560	177	-	-	737
Losses carried forward………………………………………	987	170	-	(79)	1,078
Basis difference in intangible assets……………………………	(7,188)	317	202	295	(6,374)
Accrued profit sharing…………………………………………	95	(95)	-	-	-
Share-based compensation………………………………………	324	33	-	-	357
Basis difference in property, plant and equipment………………	(7,733)	377	(121)	82	(7,395)
Deferred partnership income……………………………………	(413)	375	-	(22)	(60)
Other……………………………………………………………	141	(7)	-	1	135
Total……………………………………………………………	$ (13,218)	$ 1,375	$ 81	$ 277	$ (11,485)

The Company recorded an income tax benefit of $1.2 million and income tax expense of $5.2 million for the years ended December 31, 2015 and 2014, respectively, and was comprised of current and deferred tax as follows:

	December 31, 2015	December 31, 2014
Current	$ (961)	$ 6,596
Deferred	(255)	(1,375)
Total income tax expense from continuing operations	$ (1,216)	$ 5,221

The Company's consolidated effective tax rate was 8.6% for the year ended December 31, 2015 and 67.0% for the year ended December 31, 2014.

A reconciliation of the effective tax rate and the Canadian statutory tax rate follows:

	December 31, 2015	December 31, 2014
Earnings from continuing operations before income tax expense	$ (14,156)	$ 7,795
Statutory rate	26.00%	25.00%
Income tax expense at statutory rate	(3,681)	1,949
Differences:		
Foreign rate differential	(700)	1,448
State taxes, net of federal tax benefit	278	413
Impairment loss on goodwill	1,734	2,648
Non-deductible expenses	255	25
U.S. domestic manufacturing deduction	-	(386)
Unrecognized deferred tax benefit	905	-
Other	(7)	(876)
Total income tax expense	$ (1,216)	$ 5,221

The Company has not recognized the effect of non-capital losses of $3.4 million and $nil as at December 31, 2015 and December 31, 2014, respectively, as it not probable that it will utilize these losses in the foreseeable future.

13. Share Capital

a. Authorized

Common shares — Unlimited in amount with no par value

Preferred shares — Unlimited in amount with no par value

b. Common shares issued

	Shares
Issued and outstanding common shares as at January 1, 2014	33,518,428
Shares issued from vesting of restricted share units and exercise of stock options	81,068
Issued and outstanding common shares as at December 31, 2014	33,599,496
Shares issued from vesting of restricted share units and exercise of stock options	85,890
Issued and outstanding common shares as at December 31, 2015	33,685,386

14. Earnings per Share

Following are calculations for the basic and diluted shares used in computing the earnings per share amounts presented in the accompanying consolidated statements of earnings (loss) and comprehensive loss:

	December 31, 2015	December 31, 2014
Basic weighted average number of shares oustanding	33,637,927	33,566,119
Dilutive items:		
Effect of outstanding stock options	-	301,039
Effect of outstanding restricted share units	-	96,063
Diluted weighted average number of shares oustanding	33,637,927	33,963,221

The effects of 1.7 million outstanding stock options as at December 31, 2015 and 0.6 million outstanding stock options as at December 31, 2014 were excluded from the calculation of diluted earnings per share because they were anti-dilutive. All outstanding stock options during 2015 were considered anti-dilutive due to the Company's net loss during the period. Outstanding stock options excluded in 2014 were considered anti-dilutive due to their exercise price exceeding the Company's average stock price during the applicable periods.

15. Revenue

	Years ended December 31,	
	2015	2014
Product sales revenue	$ 70,365	$ 129,762
Service revenue	2,097	3,827
Rental revenue	5,233	13,598
Total revenue	$ 77,695	$ 147,187

16. Share-based Payments

a. Restricted Share Unit Plan

In May 2010, the board of directors approved a long-term incentive plan that provides for the awarding of restricted share units ("RSU's") to certain employees and directors (the "RSU Plan"). Grants under the RSU Plan are subject to vesting periods of one to three years and are exchangeable for LII common shares upon vesting.

Outstanding restricted share units were as follows:

	Number	Weighted average fair value (CDN)
Restricted share units outstanding, January 1, 2014	63,818	$ 4.57
Granted	80,684	$ 6.01
Vested	36,609	$ 4.95
Forfeited	2,857	$ 4.48
Restricted share units outstanding, December 31, 2014	105,036	$ 4.57
Granted	274,388	$ 2.89
Vested	79,466	$ 5.43
Forfeited	1,000	$ 3.56
Restricted share units outstanding, December 31, 2015	298,958	$ 3.15

The compensation expense included in administrative expenses related to RSU's was $0.5 million and $0.3 million for the years ended December 31, 2015 and December 31, 2014, respectively. The offset has been recorded as contributed surplus. When the RSU's vest and the underlying shares are issued to the employees, the amounts previously credited to contributed surplus are reclassified to share capital.

b. Stock Option Plan

In February 2010, the Company's shareholders approved the Stock Option Plan (the "2010 Stock Option Plan"). The 2010 Stock Option Plan reserves up to 10% of the number of issued and outstanding common shares for the issuance of stock options and restricted stock units, as authorized by the Company's board of directors, to directors, officers, employees, consultants and other service providers. The 2010 Stock Option Plan provides that the stock options have a term of five years, unless otherwise determined by the board, have an exercise price equal to the grant date market price of a share of common stock and vest over a period determined by the board, among other things.

All options granted so far under the 2010 Stock Option Plan have provided for vesting periods of one to three years. Options granted during the years ended December 31, 2015 and December 31, 2014 have had an average term of seven years.

Outstanding options as at December 31, 2015 and December 31, 2014 were as follows:

	Number	Weighted average exercise price
Share options outstanding, January 1, 2014	1,140,062	$ 4.42
Granted	566,986	$ 6.51
Exercised	45,171	$ 3.79
Expired	26,725	$ 4.82
Forfeited	93,294	$ 4.39
Share options outstanding, December 31, 2014	1,541,858	$ 5.15
Granted	550,500	$ 2.75
Exercised	7,000	$ 3.58
Expired	273,387	$ 4.56
Forfeited	122,278	$ 5.35
Share options outstanding, December 31, 2015	1,689,693	$ 4.46
Share options exercisable, December 31, 2014	746,863	$ 4.73
Share options exercisable, December 31, 2015	779,780	$ 4.95

The range of exercise prices for options outstanding as at December 31, 2015, was as follows:

	Share Options Outstanding			Share Options Exercisable	
Range of exercise prices	Number	Weighted average remaining contractual life (years)	Weighted average exercise price (CDN)	Number	Weighted average exercise price (CDN)
$2.75 to $4.99	1,063,099	5.07	$ 3.32	451,769	$ 3.96
$5.00 to $6.49	280,754	4.59	$ 5.98	129,645	$ 5.71
$6.50 to $7.05	345,840	4.45	$ 6.70	198,366	$ 6.72
$2.75 to $7.05	1,689,693	4.86	$ 4.46	779,780	$ 4.95

The following weighted average assumptions were used to determine the fair value of options issued in 2015 and 2014 under the 2010 Stock Option Plan on the date of grant:

	2015	2014
Fair value per option (CDN)	$ 1.52	$ 2.73
Exercise price (CDN)	2.75	6.49
Expected dividend (CDN)	0.00	0.00
Risk free interest rate	1.04%	1.82%
Expected life	7 years	7 years
Forfeiture rate	15.00%	5.00%
Expected share price volatility	55.73%	37.70%

Compensation expense included in administrative expenses related to share options was $0.5 million and $0.6 million for the years ended December 31, 2015 and December 31, 2014, respectively, with the offsetting amounts recorded as contributed surplus.

c. Stock Appreciation Rights

Beginning in 2012, the Company began granting stock appreciation rights ("SAR's"). The SAR's have vesting periods 0 to 36 months and upon exercise are settled in cash.

Outstanding SAR's as at December 31, 2015 and December 31, 2014 were as follows:

	Number	Weighted average base price (CDN)
Stock appreciation rights outstanding, January 1 and December 31, 2014	355,000	$ 3.84
Forfeited	40,000	$ 3.68
Expired	80,000	$ 3.68
Stock appreciation rights outstanding, December 31, 2015	235,000	$ 3.92

Compensation amounts included in administrative expenses related to SAR's were $0.1 million and $0.5 million of income for the years ended December 31, 2015 and December 31, 2014, respectively, with the offsetting amounts recorded as a liability reduction.

17. Personnel Costs

	Years ended December 31, 2015	Years ended December 31, 2014
Wages, salaries and benefits	$ 39,721	$ 57,018
Contributions to defined contribution plans	631	1,115
Severance costs	357	401
Share-based payment transactions	882	373
Total personnel costs	$ 41,591	$ 58,907

18. Operating Leases

Future payments on non-cancellable operating leases are as follows:

	Years ended December 31, 2015	Years ended December 31, 2014
Less than one year	$ 3,699	$ 2,993
Between one and five years	10,589	7,024
More than five years	10,137	5,197
Total future payments for non-cancellable operating leases	$ 24,425	$ 15,214

The Group leases warehouses, office facilities and equipment under operating leases with terms of three to ten years and, in certain leases, renewal options are present. Certain leases provide for additional rental payments or escalation in rental payments based on increases in a local price index. Rent expense for the years ended December 31, 2015 and December 31, 2014 was $4.3 million and $3.9 million, respectively.

19. Nature of Expenses

The nature of expenses included in cost of goods sold, impairment loss and administrative expenses was as follows:

	Years ended December 31,	
	2015	2014
Consumption of materials used in manufacturing goods	$ 24,248	$ 53,999
Increase in inventories of manufactured goods	(12,451)	(24,681)
Personnel costs	41,591	58,907
Depreciation and amortization	10,368	10,909
Impairment loss	6,535	10,590
Maintenance, tooling, and supplies	4,064	8,526
Contract services and professional fees	2,530	3,043
Occupancy costs	4,736	4,427
Other	6,772	9,210
Total expenses from cost of goods sold, impairment loss and administrative expenses	$ 88,393	$ 134,930

20. Supplemental Cash Flow Information

The following schedule presents the changes in the components of working capital:	Years ended December 31,	
	2015	2014
Trade receivables	$ 10,705	$ 351
Inventories	(3,868)	(11,523)
Prepaid expenses and other current assets	526	431
Trade payables and accrued expenses	(13,430)	197
Net change in working capital	$ (6,067)	$ (10,544)

The following schedule presents non-cash transactions:	Years ended December 31,	
	2015	2014
Property, plant and equipment acquired through capital lease [note 8]	$ 246	$ 309
Assets acquired through issuance of notes payable	325	-
Non-cash value ascribed to vesting of restricted share units and exercise of stock options	437	180

21. Financial Instruments and Risk Management

The Group's operating activities expose it to a variety of financial risks. These financial risks consist of certain credit, liquidity, and foreign currency risks associated with the Group's financial assets and financial liabilities. The Group has established and follows certain policies and procedures to mitigate these risks and continually monitors its exposure to all significant risks to assess the impact on its operating activities. The Group does not hold or use any derivative financial instruments for trading or speculative purposes. The following details the Group's exposure to credit, liquidity and foreign currency risks.

Credit Risk

Credit risk refers to the risk of loss that a counter party will fail to meet its contractual obligations. Credit risk arises from the Company's trade receivables balances, which are owed by entities in the energy exploration and production industry or by companies that provide services to this industry. The Company assesses the credit-worthiness of its customers, as well as monitors the age and balances outstanding on an ongoing basis. Payment terms with most customers are 30 days from invoice date, however industry practice can extend these terms. As at and for the years ended December 31, 2015 and December 31, 2014, no single customer accounted for more than 10% of the Company's total revenue or trade receivables. Approximately $7.6 million of trade receivables as at December 31, 2015 and $7.0 million as at December 31, 2014 were more than 90 days past due and the Company has recorded an allowance for doubtful accounts of $345 thousand and $307 thousand, respectively. The Company sells and delivers tools and products to remote international locations. Since customers defer payment until the product is received, international accounts are

seldom settled within normal domestic payment periods. Historically, the Company has not recorded material losses of accounts receivable because the majority of its sales are to large, financially strong, international companies.

Impairment losses arise when trade receivables are written off directly against the financial asset, which results from customers who cannot pay their outstanding balance. The Group establishes, on a specific account basis, an allowance for impairment loss that represents its estimate of potential losses in respect of trade receivables.

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	December 31, 2015	December 31, 2014
Neither past due nor impaired	$ 5,676	$ 10,849
Past due 1-30 days	2,802	8,293
Past due 31-90 days	3,579	7,555
Past due more than 90 days	7,643	6,975
Allowance for doubtful accounts	(345)	(307)
Trade receivables, net	$ 19,355	$ 33,365

The Company maintains cash balances in excess of the insured limits at certain financial institutions. Management believes that the Company's exposure to uninsured cash balances is mitigated by minimizing account balances held at small financial institutions.

Interest Rate Risk

Since the Company's credit borrowings bear interest at a floating rate, the Company is exposed to changes in interest rates. The Company prepared a sensitivity analysis and determined that a change of 1% in the interest rate would result in a change in net income of approximately $360 thousand for the year ended December 31, 2015 and $345 thousand for the year ended December 31, 2014.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk through its budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations. In addition, the Company's objective is to maintain a strong capital structure so that it is able to secure external funding when needed. The Company's Amended Credit Facility matures in December 2016. The Company is dependent on the availability of credit as provided by the Facility. The Company is considering alternatives which would provide for the refinancing of the borrowings under the Facility.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

December 31, 2015	Carrying amount	Contractual cash flows	Less than one year	One to two years	Three to five years	More than five years
Secured bank loans	$ 50,583	$ 51,069	$ 51,069	$ -	$ -	$ -
Finance lease liabilities	612	1,041	695	258	88	-
Trade payables and accrued expenses	6,937	6,937	6,937	-	-	-
Income tax payable	342	342	342	-	-	-
Total	$ 58,474	$ 59,389	$ 59,043	$ 258	$ 88	$ -

December 31, 2014	Carrying amount	Contractual cash flows	Less than one year	One to two years	Three to five years	More than five years
Secured bank loans	$ 47,831	$ 51,180	$ 1,875	$ 49,091	$ 214	$ -
Finance lease liabilities	1,496	1,551	808	521	222	-
Trade payables and accrued expenses	18,874	18,874	18,874	-	-	-
Income tax payable	1,142	1,142	1,142	-	-	-
Total	$ 69,343	$ 72,747	$ 22,699	$ 49,612	$ 436	$ -

Foreign Currency Risk

The Company's Canadian operations purchase certain products in U.S. dollars. As a result, fluctuations in the value of the Canadian dollar relative to the U.S. dollar can result in foreign exchange gains and losses. The Company does not currently have any agreements to fix or hedge the exchange rate of the Canadian dollar to the U.S. dollar, as any third-party amounts exposed to foreign currency fluctuations are relatively small and immaterial.

Capital Management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and manage capital that will maintain compliance with its financial covenants so that it can continue to provide returns for shareholders and benefits for other stakeholders, as well as to provide an adequate return to shareholders by pricing products and services commensurately with their level of risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new debt, sell assets to reduce debt, or issue new shares. The Group is not subject to externally imposed capital requirements.

22. Geographic Information

The following segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Below are the Company's revenues, property, plant and equipment, and goodwill by geographic region for years ending December 31, 2015 and December 31, 2014:

Revenue	**Years ended December 31,**	
	2015	**2014**
United States	$ 66,976	$ 123,535
Canada	4,653	12,759
Other	6,066	10,893
Total revenue	$ 77,695	$ 147,187

Property, Plant and Equipment	**December 31, 2015**	**December 31, 2014**
United States	$ 31,067	$ 38,003
Canada	11,104	11,857
Other	273	255
Total property, plant and equipment	$ 42,444	$ 50,115

Goodwill	**December 31, 2015**	**December 31, 2014**
United States	$ 39,088	$ 39,088
Canada	10,139	28,821
Total goodwill	$ 49,227	$ 67,909

23. Operating Segments

The Company has two reportable operating segments: a downhole tool segment and a rental tool segment. The downhole tool segment manufactures and sells tools that are used in the drilling and completion of oil and gas wells. It also provides well completion services. The rental tool segment rents tools used in the drilling and completion of oil and gas wells. The customers of both segments are oilfield service companies, energy exploration and production companies and drilling contractors.

The Company reports segment information based upon how management organizes the operating segments in making operational decisions and in assessing financial performance. The Company does not allocate corporate finance and administrative costs or

income taxes to its reporting units. The accounting policies of the reporting segments are the same as those used in the preparation of the consolidated financial statements.

The following segment disclosures include financial information for the years ended December 31, 2015 and December 31, 2014:

December 31, 2015	**Downhole Tool**	**Rental Tool**	**Corporate**	**Total**
Revenue	$ 71,779	$ 5,916	$ -	$ 77,695
Intersegment revenue	1,907	149	-	2,056
Earnings (loss) from operations	8,180	(10,868)	(7,747)	(10,435)
Net finance cost	715	309	2,697	3,721
Income (loss) from continuing operations before income taxes	7,465	(11,177)	(10,444)	(14,156)

December 31, 2014	**Downhole Tool**	**Rental Tool**	**Corporate**	**Total**
Revenue	$ 133,388	$ 13,799	$ -	$ 147,187
Intersegment revenue	2,186	197	-	2,383
Earnings (loss) from operations	30,768	(12,454)	(6,300)	12,014
Net finance cost	452	73	3,694	4,219
Income (loss) from continuing operations before income taxes	30,316	(12,527)	(9,994)	7,795

Segment Assets:	**December 31, 2015**	**December 31, 2014**
Downhole tool	$ 178,047	$ 214,513
Rental tool	42,164	54,673
Other corporate assets	1,054	2,877
Total assets	$ 221,265	$ 271,763

Segment Liabilities:	**December 31, 2015**	**December 31, 2014**
Downhole tool	$ 16,447	$ 32,519
Rental tool	3,315	2,864
Other corporate liabilities	50,859	47,789
Total liabilities	$ 70,621	$ 83,172

24. Finance income and cost

All finance income presented in the accompanying consolidated statements of earnings (loss) and comprehensive loss consists of interest income. The components of finance cost are shown below:

	Years ended December 31,	
	2015	**2014**
Interest expense	$ 2,417	$ 2,468
Loss on foreign exchange	1,304	1,773
Finance cost	$ 3,721	$ 4,241

25. Capital Commitments

As at December 31, 2015 and December 31, 2014, the Group was committed to purchase property, plant and equipment of $nil and $0.8 million, respectively.

26. Related Party Disclosures

(i) Related party transactions

The Company recorded $0.8 million in sales during the year ended December 31, 2015 and $3.3 million during the year ended December 31, 2014 to an entity controlled by a significant shareholder of the Company. In addition, the Company was owed $0.2 million and $0.5 million as at December 31, 2015 and December 31, 2014, respectively, related to these sales. The terms for these sales were similar to those charged to other customers. No other ongoing commitments resulted from these transactions.

(ii) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the business activities of the Group, and include all directors and certain executives. Compensation for directors includes an annual cash retainer, share-based payments and payments for attending meetings. The compensation program for executives (defined as CEO, CFO and COO) is comprised of base salary and benefits, incentive payments and share-based compensation. All executives have employment agreements. In addition, key management personnel participate in the share-based compensation plan.

Total remuneration to key management personnel, including directors' fees, salaries and benefits, incentive compensation and share-based compensation expense, was as follows:

	Years ended December 31,	
	2015	**2014**
Salaries and benefits (including directors' fees)	$ 1,261	$ 1,819
Contributions to defined contribution plans	55	9
Share-based payments	465	176
Total key management personnel compensation	$ 1,781	$ 2,004

The amount of share-based payments to key management personnel reflects the decrease in the fair value of stock appreciation rights due to the decrease in the Company's stock price. No forfeitures of share-based payments to key management personnel occurred during 2015.