Gibson Energy Inc.

Consolidated Financial Statements
For the years ended December 31, 2015 and 2014
(in thousands of Canadian dollars)

March 1, 2016

Independent Auditor's Report

To the Shareholder of Gibson Energy Inc.

We have audited the accompanying consolidated financial statements of Gibson Energy Inc. which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise 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.

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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Gibson Energy Inc.
Consolidated Balance Sheet

(tabular amounts in thousands of Canadian dollars)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 82,775	$ 131,911
Trade and other receivables (note 6)	370,313	641,283
Inventories (note 7)	107,593	154,937
Income taxes receivable	16,130	12,100
Prepaid expenses and other assets	18,124	24,366
Net investment in finance leases (note 8)	1,045	908
Total current assets	595,980	965,505
Non-current assets		
Property, plant and equipment (note 9)	1,771,117	1,494,569
Long-term prepaid expenses and other assets (note 10)	4,564	39,778
Net investment in finance leases (note 8)	93,389	94,387
Deferred income tax assets (note 11)	1,596	3,532
Intangible assets (note 12)	145,433	191,537
Goodwill (note 13)	670,907	783,721
Total non-current assets	2,687,006	2,607,524
Total assets	$ 3,282,986	$ 3,573,029
Liabilities		
Current liabilities		
Credit facilities (note 14)	35,000	-
Trade payables and accrued charges (note 15)	418,732	581,463
Dividends payable (note 18)	40,363	37,346
Deferred revenue	7,690	19,042
Income taxes payable	7,775	122
Total current liabilities	509,560	637,973
Non-current liabilities		
Long-term debt (note 14)	1,291,423	1,165,368
Provisions (note 16)	155,343	136,347
Other long-term liabilities (note 17)	13,975	14,810
Deferred income tax liabilities (note 11)	145,684	191,351
Total non-current liabilities	1,606,425	1,507,876
Total liabilities	2,115,985	2,145,849
Equity		
Share capital (note 18)	1,672,323	1,634,001
Contributed surplus	34,959	23,841
Accumulated other comprehensive income	224,866	93,011
Deficit	(765,147)	(323,673)
Total equity	1,167,001	1,427,180
Total liabilities and equity	$ 3,282,986	$ 3,573,029

Commitments and contingencies (note 19)

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors:

(signed) "James M. Estey"
James M. Estey
Director

(signed) "Marshall L. McRae"
Marshall L. McRae
Director

Gibson Energy Inc.

Consolidated Statement of Operations

(tabular amounts in thousands of Canadian dollars, except per share amounts)

	Year ended December 31, 2015	Year ended December 31, 2014
Revenue (note 20)	$ 5,591,982	$ 8,573,529
Cost of sales (notes 7, 21, 22 and 28)	5,461,519	8,299,403
Gross profit	130,463	274,126
General and administrative expenses (notes 21 and 22)	71,702	56,245
Impairment of goodwill (note 13)	175,959	-
Other operating income (note 23)	(22,026)	(11,845)
Income (loss) from operating activities	(95,172)	229,726
Interest expense	79,580	67,598
Interest income	(558)	(832)
Foreign exchange loss on long-term debt (note 14)	113,150	35,431
Income (loss) before income taxes	(287,344)	127,529
Income tax provision (recovery) (note 11)	(6,688)	35,588
Net income (loss)	$ (280,656)	$ 91,941
Earnings (loss) per share (note 24)		
Basic	$ (2.23)	$ 0.74
Diluted	$ (2.23)	$ 0.73

See accompanying notes to the consolidated financial statements

Gibson Energy Inc.
Consolidated Statement of Comprehensive Income (Loss)

(tabular amounts in thousands of Canadian dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
Net income (loss)	$ (280,656)	$ 91,941
Other comprehensive income (loss)		
Items that may be reclassified subsequently to statement of operations		
Exchange differences on translating foreign operations	131,855	59,132
Items that will not be reclassified to statement of operations		
Remeasurements of post-employment benefit obligation, net of tax	184	(521)
Other comprehensive income, net of tax	132,039	58,611
Comprehensive income (loss)	$ (148,617)	$ 150,552

See accompanying notes to the consolidated financial statements

Gibson Energy Inc.

Consolidated Statement of Changes in Equity

(tabular amounts in thousands of Canadian dollars)

	Share capital (note 18)	Contributed surplus	Accumulated other comprehensive income	Deficit	Total Equity
Balance – January 1, 2014	$ 1,585,145	$ 16,130	$ 33,879	$ (266,520)	$ 1,368,634
Net income	-	-	-	91,941	91,941
Other comprehensive income, net of tax	-	-	59,132	(521)	58,611
Comprehensive income	-	-	59,132	91,420	150,552
Employee share options:					
Stock based compensation	-	13,977	-	-	13,977
Proceeds from exercise of stock options	5,942	-	-	-	5,942
Reclassification of contributed surplus on exercise of stock option and other stock awards	6,266	(6,266)	-	-	-
Issuance of common shares in connection with the dividend reinvestment and stock dividend programs	36,648	-	-	-	36,648
Dividends on common shares ($1.20 per common share)	-	-	-	(148,573)	(148,573)
Balance – December 31, 2014	$ 1,634,001	$ 23,841	$ 93,011	$ (323,673)	$ 1,427,180
Net loss	-	-	-	(280,656)	(280,656)
Other comprehensive income, net of tax	-	-	131,855	184	132,039
Comprehensive income (loss)	-	-	131,855	(280,472)	(148,617)
Employee share options:					
Stock based compensation	-	20,379	-	-	20,379
Proceeds from exercise of stock options	105	-	-	-	105
Reclassification of contributed surplus on exercise of stock option and other stock awards	9,261	(9,261)	-	-	-
Issuance of common shares in connection with the dividend reinvestment and stock dividend programs	28,956	-	-	-	28,956
Dividends on common shares ($1.28 per common share)	-	-	-	(161,002)	(161,002)
Balance – December 31, 2015	$ 1,672,323	$ 34,959	$ 224,866	$ (765,147)	$ 1,167,001

See accompanying notes to the consolidated financial statements

Gibson Energy Inc.

Consolidated Statement of Cash Flows

(tabular amounts in thousands of Canadian dollars)

	Year ended December 31, 2015	2014
Cash provided by (used in)		
Operating activities		
Income (loss) from operating activities	$ (95,172)	$ 229,726
Items not affecting cash		
Depreciation of property, plant and equipment (notes 9 and 21)	195,438	154,934
Amortization of intangible assets (notes 12 and 21)	87,554	54,991
Impairment of goodwill (note 13)	175,959	-
Stock based compensation (note 22)	20,379	13,977
Gain on sale of property, plant and equipment (note 23)	(2,515)	(2,717)
Other	640	(7,509)
Net (gain) loss on fair value movement of financial instruments (note 28)	1,491	(1,883)
Changes in items of working capital		
Trade and other receivables	297,699	4,819
Inventories	52,000	10,252
Other current assets	6,948	3,127
Trade payables and accrued charges	(226,809)	(63,264)
Deferred revenue	(11,382)	15,764
Income taxes paid, net	(44,163)	(75,989)
Net cash provided by operating activities	458,067	336,228
Investing activities		
Purchase of property, plant and equipment	(328,647)	(354,682)
Purchase of intangible assets	(10,728)	(19,123)
Acquisitions, net of cash acquired (note 5)	(39,772)	(128,440)
Proceeds on sale of assets	6,519	7,230
Net cash used in investing activities	(372,628)	(495,015)
Financing activities		
Payment of shareholder dividends	(157,985)	(144,832)
Proceeds from dividend reinvestment plans (note 18)	28,956	36,648
Interest paid	(84,665)	(62,058)
Interest received	556	850
Proceeds from exercise of stock options	105	5,942
Proceeds from long-term debt, net of debt discount and premium (note 14)	-	358,595
Payment of debt issue and financing costs	-	(7,072)
Proceeds from credit facilities	163,257	463,601
Repayment of credit facilities	(128,257)	(463,494)
Repayment of finance lease liabilities	(411)	(563)
Net proceeds on settlement of derivative financial instruments (note 28)	36,582	582
Net cash provided by (used in) financing activities	(141,862)	188,199
Effect of exchange rate on cash and cash equivalents	7,287	5,317
Net increase (decrease) in cash and cash equivalents	(49,136)	34,729
Cash and cash equivalents – beginning of year	131,911	97,182
Cash and cash equivalents – end of year	$ 82,775	$ 131,911

See accompanying notes to the consolidated financial statements

(tabular amounts in thousands of Canadian dollars, except where noted)

1 General Information

Gibson Energy Inc. (“Gibsons” or the “Company”) was incorporated pursuant to the Business Corporations Act (Alberta). The Company’s common shares are traded on the Toronto Stock Exchange under the symbol “GEI”.

Gibsons is engaged in the movement, storage, blending, processing and marketing and distribution of crude oil, condensate, natural gas liquids, water, oilfield waste and refined products. The Company also provides emulsion treating, water disposal, oil-field waste management services and propane distribution. The Company is incorporated and domiciled in Canada. The address of the Company’s principal place of business is 1700, 440 Second Avenue S.W., Calgary, Alberta, Canada.

2 Basis of preparation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants and as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved for issuance by the Company’s board of directors (“Board”) on March 1, 2016.

These consolidated financial statements are presented in Canadian dollars, the Company’s functional currency, and all values are rounded to the nearest thousands of dollars, except where indicated otherwise. All references to $ are to Canadian dollars and references to U.S.$ are to United States dollars.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items that are recorded at fair value as required by the respective accounting standards.

Basis of consolidation

These consolidated financial statements include the results of the Company and its subsidiaries together with its interest in joint operations.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date control ceases. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint operations and accordingly, the Company has recognized its proportionate share of revenues, expenses, assets and liabilities relating to these joint operations.

(tabular amounts in thousands of Canadian dollars, except where noted)

Foreign currency translation

The financial statements for each of the Company's subsidiaries and joint operations are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The presentation and functional currency of the parent company is Canadian dollars. Assets and liabilities of foreign operations are translated into Canadian dollars at the market rates prevailing at the balance sheet date. Operating results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of foreign operations are recorded in other comprehensive income (loss).

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. For acquisitions achieved in stages, previously held equity interests in the acquired company are remeasured at the acquisition date fair value and the resulting gain or loss is recognized in the statement of operations. Direct costs incurred by the Company in connection with an acquisition, such as finder's fees, advisors, legal, accounting, valuation and other professional or consulting fees, are expensed as general and administrative expenses when incurred. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition plus the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of the acquirer's previously held equity interest, if any, over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the statement of operations in the period of acquisition.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in the statement of operations. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

At the acquisition date, any goodwill acquired is allocated to each of the operating segments expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognized separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Intangible assets with a finite life are amortized on a straight-line basis over their expected useful lives as follows:

Brands	2 – 10 years
Customer relationships	1 – 12 years
Long-term customer contracts	6 – 10 years
Non-compete agreements	2 – 10 years
Technology	3 – 5 years
Software	3 – 7 years
License and permits	3 years

The expected useful lives and method of amortization of intangible assets are reviewed on an annual basis and, if necessary, changes in expected useful life are accounted for prospectively.

(tabular amounts in thousands of Canadian dollars, except where noted)

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other maintenance costs are expensed as incurred.

Depreciation is charged so as to write off the cost of assets, other than assets that are work in progress, using the straight-line method over their expected useful lives.

The useful lives of the Company’s property, plant and equipment are as follows:

Buildings	10 – 20 years
Equipment	3 – 20 years
Rolling stock	5 – 23 years
Pipelines	8 – 20 years
Tanks	20 – 33 years
Plant	7 – 25 years
Disposal wells	15 – 25 years

The expected useful lives, method of depreciation and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes are accounted for prospectively.

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of operations in the period the item is derecognized.

Impairments

The Company carries out impairment reviews in respect of goodwill at least annually or if indicators of possible impairment exist. The Company also assesses during each reporting period whether there have been any events or changes in circumstances that indicate that property, plant and equipment and intangible assets may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. Such indicators include, but are not limited to changes in the Company’s business plans, changes in commodity prices leading to lower activity levels, an increase in the discount rate and evidence of physical damage. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Where impairment exists, the asset is written down to its recoverable amount, which is the higher of the fair value less costs of disposal and its value in use. Impairments are recognized immediately in the statement of operations.

The assessment for impairment entails comparing the carrying value of the asset or cash-generating unit with its recoverable amount, that is, the higher of fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. In the absence of such transactions, an appropriate valuation model is used.

An impairment loss in respect of goodwill is not reversible in the future. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

Non-derivative financial instruments – recognition and measurement

Financial assets

Financial assets include cash and cash equivalents and trade and other receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value, normally being the transaction price plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in the statement of operations when the loans and receivables are derecognized or impaired, as well as through the use of the effective interest method. This category of financial assets includes cash and cash equivalents and trade and other receivables.

A provision for impairment of trade receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days past the due date) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of operations. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents comprise cash on hand and short-term deposit, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value and maturity of three months or less from the date of acquisition.

Financial liabilities

Financial liabilities classified as other liabilities include amounts borrowed under credit facilities, trade payables and accrued charges, dividends payable and long-term debt. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are initially recognized at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized in statement of operations.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments

Derivative financial instruments, used periodically by the Company to manage exposure to market risks relating to commodity prices, interest rates, share based compensation and foreign currency exchange rates, are not designated as hedges. They are recorded at fair value and recorded on the Company's balance sheet as either an asset, when the fair value is positive, or a liability, when the fair value is negative. Changes in fair value are recorded immediately in the statement of operations.

(tabular amounts in thousands of Canadian dollars, except where noted)

Inventories

Inventories are carried at the lower of cost and net realizable value, with cost determined using a weighted average cost method. Net realizable value is the estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, a write down is recognized. The write down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Leases - lessee

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Assets acquired under finance leases are recorded in the balance sheet as property, plant and equipment at the lower of their fair value and the present value of the minimum lease payments and depreciated over the shorter of their estimated useful life or their lease terms. The corresponding rental obligations are included in other long-term liabilities as finance lease liabilities. Interest incurred on finance leases is charged to the statement of operations on an accrual basis.

All other leases are operating leases, and the rental of these is charged to the statement of operations as incurred over the lease term.

Leases - lessor

Contractual arrangements that transfer substantially all the risks and benefits of ownership of property to the lessee are recorded as a net investment in a finance lease. The present value of minimum lease receivable under such arrangements are recorded as an investment in finance lease and the finance income is recognized in a manner that produces a consistent rate of return on the investment in the finance lease and is included in revenue.

Operating lease income is recognized in the statement of operations as it is earned over the lease term.

Provisions and contingencies

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, 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. Where discounting is used, the increase in the provision due to the passage of time is recognized within finance costs.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably and outflow of cash is less than remote. Contingent assets are not recognized, but are disclosed when an inflow of economic benefits is probable.

Decommissioning

Liabilities for site restoration on the retirement of assets are recognized when the Company has an obligation to restore the site, and when a reliable estimate of that liability can be made. An obligation may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The present value is determined by discounting the expenditures expected to be required to settle the obligation using a risk-free discount rate. Actual expenditures incurred are charged against the accumulated liability.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. The amount capitalized in property, plant and equipment is depreciated over the useful life of the related asset. Increases in the decommissioning liabilities resulting from the passage of time are recognized as a finance cost in the consolidated statement of operations. Other than the unwinding of the discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

(tabular amounts in thousands of Canadian dollars, except where noted)

Environmental liabilities

Environmental liabilities are recognized when a remediation is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the completion of a feasibility study or a commitment to a formal plan of action. The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure using a risk-free discount rate.

Employee benefits

Defined benefit pension plan

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs or credits are recognised immediately in statement of operations.

Defined contribution pension plans

The Company's defined contribution plans are funded as specified in the plans and the pension expense is recorded as the benefits are earned by employees and funded by the Company.

Share-based payments

The Company's equity incentive plan allows for the granting of stock options, restricted share units with time based vesting (RSUs) and performance share units (PSUs) with performance based vesting conditions and deferred share units (DSUs) that vest on the date such employee redeems the DSUs after their cessation of employment with the Company.

The fair value of grants made under the employee share award plan is measured at the date of grant of the award. The resulting cost, as adjusted for the expected and actual level of vesting of the awards, is expensed over the period in which the awards vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

The movement in the cumulative expense since the previous balance sheet date is recognized in the statement of operations with a corresponding impact to contributed surplus.

The fair value of RSUs, PSUs and DSUs are equal to the Company five days weighted average share price at the date of grant.

The fair value of options is measured by using the Black-Scholes model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable and it requires the input of highly subjective assumptions. Expected volatility of the stock is based on a combination of the historical stock price of the Company and also of comparable companies in the industry. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the Government of Canada's Canadian Bond Yields with a remaining term equal to the expected life of the options used in the Black-Scholes valuation model.

(tabular amounts in thousands of Canadian dollars, except where noted)

Termination benefit

The Company recognizes termination benefits as an expense when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination.

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax. Interest and penalties relating to income tax are also included in income tax expense.

The income tax currently payable is based on the taxable income for the period. Taxable income differs from net income as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for using the liability method of accounting. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and income tax basis of assets and liabilities. These differences are then measured using enacted or substantially enacted income tax rates and laws that will be in effect when these differences are expected to reverse. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in income in the period that the change occurs. Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

Revenue recognition

Product revenues associated with the sales of crude oil, diluent, natural gas liquids, road asphalt, roofing flux, wellsite fluids and distillate owned by the Company are recognized when the risk of ownership passes to the customer and physical delivery occurs, the price is fixed and collection is reasonably assured. Sales terms are generally FOB shipping point, in which case the sales are recorded at the time of shipment, because this is when title and risk of loss are transferred. All payments received before delivery are recorded as deferred revenue and are recognized as revenue when delivery occurs, assuming all other criteria are met. Freight costs billed to customers are recorded as a component of revenue. Revenues from buy/sell transactions whereby the Company effectively is acting as an agent are recorded on a net basis.

Revenue associated with the provision of services such as transportation, terminalling and environmental services are recognized when the services are provided, the price is fixed and collection is reasonably assured. Revenue from pipeline tariffs and fees are based on volumes and rates as the pipeline is being used. Long-term take-or-pay contracts, under which shippers are obligated to pay fixed amounts ratably over the contract period regardless of volumes shipped, may contain make-up rights. Make-up rights are earned by shippers when minimum volume commitments are not utilized during the period but under certain circumstances can be used to offset overages in future periods, subject to expiry periods. The Company recognizes revenues associated with make-up rights at the earlier of when the make-up volume is shipped, the make-up right expires or when it is determined that the likelihood that the shipper will utilize the make-up right is remote. Revenue from pipeline tariffs and fees are based on volumes and rates as the pipeline is being used. Revenue from equipment rentals and non-refundable propane tank fees are recorded in deferred revenue and are recognized in revenue on a straight line basis over the rental period, typically one year.

Excise taxes are reported gross within sales and other operating revenues and taxes other than income taxes, while other sales and value-added taxes are recorded net in operating expenses.

Cost of sales

Cost of sales includes the cost of finished goods inventory (including depreciation, amortization and impairment charges), processing costs, costs related to transportation, inventory write downs and reversals, and gains and losses on derivative financial instruments relating to commodities.

Interest

Interest income and expense is recognized in the statement of operations using the effective interest method.

(tabular amounts in thousands of Canadian dollars, except where noted)

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of operations in the period in which they are incurred.

Share capital

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options and other equity awards were exercised or converted into common shares.

Dividends

Dividends on common shares are recognized in the period in which the dividends are approved by the Board.

Segmental reporting

The Company determines its reportable segments based on the nature of its operations, which is consistent with how the business is managed and results are reported to the chief operating decision maker. Each operating segment also uses a measure of profit and loss that represents segment profit. The chief operating decision maker, who is responsible for resource allocation and assessing performance of the operating segments, has been identified as the President and Chief Executive Officer.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value of assets and liabilities acquired in a business combination

In conjunction with each business combination, the Company must allocate the cost of the acquired entity to the assets and liabilities assumed based on their estimated fair values at the date of acquisition. Determining the fair value of assets and liabilities acquired, as well as intangible assets that relate to such items as customer relationships, brands and contracts involves professional judgment and is ultimately based on acquisition models and management's assessment of the value of the assets and liabilities acquired and, to the extent available, third party assessments. Uncertainties associated with these estimates include changes in production volumes, changes in commodity prices, fluctuations in capacity or product slates, economic obsolescence factors in the area and potential future sources of cash flow. During the measurement period, the fair value of assets acquired and liabilities assumed may be adjusted when the initial accounting for business combination is recorded based on provisional amounts. Although the resolution of these uncertainties has not historically had a material impact on the Company's results of operations or financial condition, the actual amounts may vary significantly from estimated amounts. Any excess of the cost of acquisition over the net fair value of the identifiable assets acquired is recognized as goodwill.

(tabular amounts in thousands of Canadian dollars, except where noted)

Impairment assessment of non-financial assets

The Company tests annually whether goodwill of an operating segment has suffered any impairment, in accordance with the Company's accounting policy. The recoverable amounts of the operating segments are determined based on fair value less costs of disposal calculations which require the use of estimates. The Company also assesses at least annually whether there have been any events or changes in circumstances that indicate that property, plant and equipment and other intangible assets may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable.

In the impairment analysis of the Company's assets, some of the key assumptions used in estimating future cash flows include revenue growth, future commodity prices, expected margin, expected sales volumes, cost structures and the outlook of market supply and demand conditions appropriate to the local circumstances and macro-economic environment. These assumptions and estimates are uncertain and are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Income taxes

The Company is subject to income taxes in Canada and the United States of America. Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires management to make some assumptions as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in statement of operations in the period in which the change occurs.

Fair value of derivatives financial instruments

The Company reflects the fair value of derivative financial instruments based on valuation information from third parties. The calculation of the fair value of certain of these instruments is based on proprietary models and assumptions of third parties because such instruments are not quoted on an active market. Additionally, estimates of fair value may vary among different models due to a difference in assumptions applied, such as the estimate of prevailing market prices, volatility, correlations and other factors, and may not be reflective of the price at which they can be settled due to the lack of a liquid market. As a result of changes in key assumptions, the actual amounts may vary significantly from estimated amounts.

Provisions

Accruals for decommissioning and environmental remediation are recorded when it is considered probable and the costs can be reasonably estimated. A number of factors affect the cost of environmental remediation, including the determination of the extent of contamination, the length of time remediation may require, the complexity of environmental regulations and the advancement of technology. Considering these factors, the Company has estimated the costs of remediation, which are likely to be incurred in future years. The Company believes the provisions made for environmental matters are adequate, however it is reasonably possible that actual costs may differ from the estimated accrual, if the selected methods of remediation do not adequately reduce the contaminates and if further remedial action is required. The Company uses third-party environmental evaluators, where possible, to obtain the estimates of decommissioning and environmental provision.

Critical judgements in applying the Company's accounting policies

Identification of cash-generating unit ("CGU")

For the purposes of impairment testing, assets are grouped at the lowest levels of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets, termed as a CGU. The allocation of assets into a CGU requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations.

(tabular amounts in thousands of Canadian dollars, except where noted)

Investment in finance leases

In determining whether certain of the Company's long-term tank storage arrangements are, or contain, a lease, the Company must use judgement in assessing whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys the right to use the assets. For those arrangements considered to be a lease, further judgement is required to determine whether substantially all of the significant risks and rewards of ownership are transferred to the customer or remain with the Company, to appropriately account for the arrangement as a finance or operating lease. These judgements can be significant as to how the Company classifies amounts related to the arrangements as property, plant and equipment or net investment in finance lease on the balance sheet. The Company has determined, based on the terms and conditions of these arrangements, that the substantial risks and rewards to the ownership of certain storage tanks have been transferred to the customer, and accordingly, these storage tanks have been recognized as an investment in finance lease.

Current and deferred taxation

The computation of the Company's income tax expense involves the interpretation of applicable tax laws and regulations in many jurisdictions. The resolution of tax positions taken by the Company can take significant time to complete and in some cases it is difficult to predict the ultimate outcome. In addition, the Company has carry-forward tax losses in certain taxing jurisdictions that are available to offset against future taxable profit. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in statement of operations in the period in which the change occurs. However, deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. To the extent that actual outcomes differ from management's estimates, income tax charges or credits may arise in future periods.

4 Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The Company adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with applicable transitional provisions.

- The annual improvements process addresses issues in the 2010-2012 and 2011-2013 reporting cycles including changes to IFRS 13, Fair value measurements, IFRS 8, Operating segments and IAS 24, Related party transactions. These improvements are effective for annual periods beginning on or after July 1, 2014. The impact of adopting these improvements did not have a material impact on the consolidated financial statements.
- IAS 19, Employee benefits ("IAS 19"), has been amended to clarify the application of requirements to plans that require employees or third parties to contribute toward the cost of the benefits. The amendment to IAS 19 is effective for annual periods beginning on or after July 1, 2014. The impact of adopting this amendment did not have a material impact on the consolidated financial statements.

(tabular amounts in thousands of Canadian dollars, except where noted)

New standards and interpretations issued but not yet adopted

The following provides information requiring new standards and interpretations that have been issued but not yet adopted by the Company:

- The annual improvements process addresses issues in the 2012-2014 reporting cycles including changes to IFRS 5, Non-current assets held for sale and discontinued operations, IFRS 7, Financial instruments: Disclosures, IAS 19, Employee benefits, and IAS 34, Interim financial reporting. These improvements are effective for periods beginning on or after January 1, 2016. The adoption of these improvements will not have a material impact on the consolidated financial statements.
- IAS 1, Presentation of financial statements ("IAS 1"), has been amended to clarify the guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2016. The adoption of this amendment will not have a material impact on the consolidated financial statements.
- The IASB completed the final element of its comprehensive publication of IFRS 9 Financial Instruments in July 2014. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.
- IFRS 10, Consolidated financial statements ("IFRS 10"), and IAS 28, Investments in associates and joint ventures ("IAS 28"), has been amended to address an inconsistency between IFRS 10 and IAS 28 in regards to a sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when the transaction involves a business combination, and whereas a partial gain is recognized when the transaction involves the assets that do not constitute a business. Additionally, the amendments clarify the exception from preparing consolidated financial statements, the consolidation requirements for subsidiaries which act as an extension of an investment entity, and the requirements for equity accounting for investments in associates and joint ventures. The amendments to IFRS 10 and IAS 28 are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments will not have a material impact on the consolidated financial statements.
- IFRS 15, Revenue from contracts with customers ("IFRS 15"), has been issued as a new standard on revenue recognition and will supersede IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.
- IFRS 16, Leases ("IFRS 16"), has been issued as a new standard on leases and will supersede IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(tabular amounts in thousands of Canadian dollars, except where noted)

5 Business combinations

The Company completed the following business combinations in 2015:

Littlehawk Enterprises Ltd ("Littlehawk")

On February 1, 2015, the Company acquired all of the issued and outstanding common shares of Littlehawk for total cash consideration of $11.5 million. Littlehawk is a private Canadian company which operates hydrovac units that specialize in hydro excavation, pressure testing and water hauling for the construction and energy industries.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value
Trade and other receivables	$ 1,784
Inventories	128
Prepaid and other assets	57
Property, plant and equipment	8,123
Goodwill(1)	1,533
Intangible assets (2)	1,754
Other long-term assets	48
Trade payables and accrued charges	(505)
Deferred income tax liabilities	(1,391)
Net assets acquired	$ 11,531

The total consideration includes contingent consideration of $0.6 million that the Company has recorded as it expects that the specified targets will be achieved.
(1) The goodwill arising on the acquisition is not deductible for tax purposes.
(2) Consists of customer relationships of $0.2 million and non-compete agreements of $1.6 million.

The goodwill arising from the acquisition is attributable to the expected synergies with the Company's existing Truck Transportation segment. The goodwill for this acquisition is allocated to the Truck Transportation segment.

The fair value of trade receivables is $1.8 million, which approximates their gross contractual amount.

Ross Eriksmoen, Inc, GWCC, LLC, Frontier Ventures, LLC (collectively doing business as "T&R Transport")

On July 1, 2015, the Company acquired all of the issued and outstanding ownership interests of T&R Transport for total cash consideration of $34.9 million. T&R transports water and oil field waste and provides related transportation services to customers in the oil, gas, and petrochemical industry throughout the Bakken region of North Dakota.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value
Trade and other receivables	$ 8,501
Inventories	619
Prepaid and other assets	67
Property, plant and equipment	22,578
Goodwill(1)	6,226
Intangible assets (2)	3,133
Trade payables and accrued charges	(6,197)
Net assets acquired	$ 34,927

The total consideration includes contingent consideration of $6.2 million that the Company has recorded as it expects that the specified targets will be achieved.
(1) The goodwill arising on the acquisition is deductible for tax purposes.
(2) Consists of customer relationships of $1.3 million and non-compete agreements of $1.8 million.

The goodwill arising from the acquisition is attributable to the expected synergies with the Company's existing Environmental Services segment. The goodwill for this acquisition is allocated to the Environmental Services segment.

(tabular amounts in thousands of Canadian dollars, except where noted)

The fair value of trade receivables is $8.5 million, which approximates their gross contractual amount.

Additional Information

If the Littlehawk and T&R Transport acquisitions had occurred on January 1, 2015, the Company estimates that it would have reported combined revenue of $5,621.9 million and net loss before income taxes of $286.1 million for the year ended December 31, 2015. From the date that each acquisition was completed to December 31, 2015, the acquisitions contributed revenue of $23.7 million and net loss before income taxes of $0.4 million.

The Company completed the following business combinations in 2014:

Cal-Gas Inc. ("Cal-Gas")

On August 1, 2014, the Company acquired all of the issued and outstanding common shares of Cal-Gas for total cash consideration of $96.4 million, including final closing adjustments. Cal-Gas is a provider of propane and related equipment, service and delivery to commercial, industrial and residential customers in Western Canada and Northwestern Ontario.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value
Trade and other receivables	$ 11,314
Inventories	1,457
Prepaid and other assets	331
Property, plant and equipment	64,401
Goodwill(1)	29,152
Intangible assets (2)	7,534
Other long-term assets	105
Trade payables and accrued charges	(10,957)
Deferred revenue	(442)
Provisions	(90)
Deferred income tax liabilities	(6,420)
Net assets acquired	$ 96,385

(3) The goodwill arising on the acquisition is not deductible for tax purposes.
(4) Consists of customer relationships of $5.1 million and non-compete agreements of $2.4 million.

Acquisition-related costs of $0.3 million have been charged to general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2014.

The goodwill arising from the acquisition is attributable to the expected synergies with the Company's existing propane operations within the Propane and NGL Marketing and Distribution segment. The goodwill for this acquisition is allocated to the Propane and NGL Marketing and Distribution segment.

The fair value of trade receivables is $11.3 million, which approximates its gross contractual amount.

(tabular amounts in thousands of Canadian dollars, except where noted)

Stittco Energy Limited ("Stittco")

On April 1, 2014, the Company acquired all of the issued and outstanding common shares of Stittco for total cash consideration of $32.1 million including final closing adjustments. Stittco is a provider of propane and related equipment, service and delivery to commercial, industrial and residential customers in northern Manitoba and the Northwest Territories.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value
Trade and other receivables	$ 12,818
Inventories	4,922
Prepaid and other assets	253
Property, plant and equipment	15,653
Goodwill[1]	4,837
Intangible assets [2]	5,660
Trade payables and accrued charges	(4,068)
Income taxes payable	(1,270)
Other liabilities	(2,007)
Provisions	(734)
Deferred income tax liabilities	(4,009)
Net assets acquired	$ 32,055

(1) *The goodwill arising on the acquisition is not deductible for tax purposes.*
(2) *Consists of customer relationships of $5.4 million, and non-compete agreements of $0.3 million.*

Acquisition-related costs of $0.2 million have been charged to general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2014.

The goodwill arising from the acquisition is attributable to the expected synergies with the Company's existing propane operations within the Propane and NGL Marketing and Distribution segment. The goodwill for this acquisition is allocated to the Propane and NGL Marketing and Distribution segment.

The fair value of trade receivables is $12.8 million, which approximates its gross contractual amount.

6 Trade and other receivables

	December 31,	
	2015	2014
Trade receivables	$ 353,485	$ 599,546
Allowance for doubtful accounts	(1,950)	(4,678)
Trade receivables - net	351,535	594,868
Risk management assets (note 28)	8,415	18,702
Deposits held as collateral	43	898
Broker accounts receivable	1,561	4,554
Indirect taxes receivable	5,579	15,377
Other	3,180	6,884
	$ 370,313	$ 641,283

(tabular amounts in thousands of Canadian dollars, except where noted)

Allowance for doubtful accounts

	Year ended December 31, 2015	2014
Opening balance	$ 4,678	$ 4,092
Additional allowances	35	1,708
Receivables written off as uncollectible	(2,953)	(1,191)
Recoveries	(31)	(73)
Effect of changes in foreign exchange rates	221	142
Closing balance	$ 1,950	$ 4,678

7 Inventories

	December 31, 2015	2014
Crude oil	$ 46,876	$ 68,883
Diluent	1,244	2,889
Asphalt	10,928	15,922
Natural gas liquids	22,238	41,230
Wellsite fluids and distillate	8,856	11,727
Spare parts and other	17,451	14,286
	$ 107,593	$ 154,937

The cost of the inventory sold included in cost of sales was $4,351.6 million and $7,149.1 million for the year ended December 31, 2015 and 2014, respectively.

8 Net investment in finance leases

The following summarizes the Company's net investment in arrangements whereby the Company has entered into fixed term contractual arrangements to allow customers to have dedicated use of certain tanks owned by the Company. These arrangements are accounted for as finance leases:

	December 31, 2015	2014
Total minimum lease payments receivable	$ 329,806	$ 353,392
Residual value	35,858	35,858
Unearned income	(271,230)	(293,955)
	94,434	95,295
Less: current portion	1,045	908
Net investment in finance lease : non-current portion	$ 93,389	$ 94,387

The minimum lease receivables are expected to be as follows:

2016	$ 23,548
2017	23,548
2018	23,548
2019	23,548
2020	23,548
2021 and later	212,066

(tabular amounts in thousands of Canadian dollars, except where noted)

9 Property, plant and equipment

	Land & Buildings	Pipelines and Connections	Tanks	Rolling Stock	Plant, Equipment & Disposal wells	Work in Progress	Total
Cost:							
At January 1, 2015	$ 159,631	$ 137,434	$ 430,153	$ 454,493	$ 668,425	$ 200,400	$ 2,050,536
Additions	7,964	4,222	57,372	2,144	26,671	278,106	376,479
Disposals	(1,506)	-	(177)	(13,676)	(2,197)	-	(17,556)
Acquisitions through business combinations (note 5)	5,741	-	-	6,773	18,187	-	30,701
Reclassifications	29,772	23,818	47,532	-	99,659	(200,781)	-
Change in decommissioning provision (note 16)	-	2,705	5,740	-	9,180	-	17,625
Effect of movements in exchange rates	5,917	-	2,130	42,212	23,186	12,857	86,302
At December 31, 2015	$ 207,519	$ 168,179	$ 542,750	$ 491,946	$ 843,111	$ 290,582	$ 2,544,087
Accumulated depreciation and impairment:							
At January 1, 2015	$ 25,599	$ 52,652	$ 78,211	$ 184,624	$ 214,881	$ -	$ 555,967
Depreciation	5,773	9,996	23,187	60,952	82,066	-	181,974
Impairment	385	-	-	1,034	12,045	-	13,464
Disposals	(324)	-	(247)	(11,531)	(1,450)	-	(13,552)
Effect of movements in exchange rates	508	-	5	16,506	18,098	-	35,117
At December 31, 2015	$ 31,941	$ 62,648	$ 101,156	$ 251,585	$ 325,640	$ -	$ 772,970
Carrying amounts:							
At January 1, 2015	$ 134,032	$ 84,782	$ 351,942	$ 269,869	$ 453,544	$ 200,400	$ 1,494,569
At December 31, 2015	175,578	105,531	441,594	240,361	517,470	290,582	1,771,117

(tabular amounts in thousands of Canadian dollars, except where noted)

	Land & Buildings	Pipelines and Connections	Tanks	Rolling Stock	Plant, Equipment & Disposal wells	Work in Progress	Total
Cost:							
At January 1, 2014	$ 113,292	$ 128,360	$ 266,947	$ 400,671	$ 524,655	$ 86,464	$ 1,520,389
Additions	25,535	3,971	9,155	38,438	50,454	263,717	391,270
Disposals	(22)	-	(798)	(11,670)	(2,050)	-	(14,540)
Acquisitions through business combinations (note 5)	13,150	-	53,879	8,016	5,009	-	80,054
Transfer to net investment in finance leases	-	-	(2,026)	-	-	-	(2,026)
Reclassifications	6,510	517	85,557	2,967	54,629	(150,180)	-
Change in decommissioning provision (note 16)	-	4,586	16,225	-	23,828	-	44,639
Effect of movements in exchange rates	1,166	-	1,214	16,071	11,900	399	30,750
At December 31, 2014	$ 159,631	$ 137,434	$ 430,153	$ 454,493	$ 668,425	$ 200,400	$ 2,050,536
Accumulated depreciation and impairment:							
At January 1, 2014	$ 20,706	$ 43,579	$ 58,377	$ 132,214	$ 145,657	$ -	$ 400,533
Depreciation	4,832	9,073	19,494	54,781	66,754	-	154,934
Disposals	(22)	-	(244)	(8,605)	(1,252)	-	(10,123)
Effect of movements in exchange rates	83	-	584	6,234	3,722	-	10,623
At December 31, 2014	$ 25,599	$ 52,652	$ 78,211	$ 184,624	$ 214,881	$ -	$ 555,967
Carrying amounts:							
At January 1, 2014	$ 92,586	$ 84,781	$ 208,570	$ 268,457	$ 378,998	$ 86,464	$ 1,119,856
At December 31, 2014	134,032	84,782	351,942	269,869	453,544	200,400	1,494,569

Additions to property, plant and equipment includes capitalization of interest of $12.2 million and $7.2 million for the year ended December 31, 2015 and 2014, respectively.

Property, plant and equipment are reviewed for impairment whenever events or conditions indicate that their net carrying amount may not be recoverable. As a result of the continued general market downturn in 2015, the Company recorded an impairment loss of $13.5 million that was recorded as additional depreciation. Of the impairment loss recorded, $12.8 million related to assets within the Environmental Services segment and $0.7 million related to assets within the Truck Transportation segment.

10 Long-term prepaid expenses and other assets

	December 31, 2015	December 31, 2014
Risk management assets (note 28)	$ -	$ 34,855
Long-term prepaid expenses	1,189	1,381
Defined benefit pension plan assets	1,084	989
Other assets	2,291	2,553
	$ 4,564	$ 39,778

(tabular amounts in thousands of Canadian dollars, except where noted)

11 Income tax

The major components of income tax are as follows:

	Year ended December 31, 2015	2014
Current tax provision		
Current tax on income for the year	$ 39,904	$ 48,274
Adjustments in respect of prior years	8,195	275
Total current tax provision	48,099	48,549
Deferred tax recovery	(48,892)	(12,886)
Origination and reversal of temporary differences	(5,895)	(75)
Total deferred tax recovery	(54,787)	(12,961)
Income tax provision (recovery)	$ (6,688)	$ 35,588

The income tax provision (recovery) differs from the amounts which would be obtained by applying the Canadian statutory income tax rate to income before income taxes. These differences result from the following items:

	Year ended December 31, 2015	2014
Income (loss) before income taxes	$ (287,344)	$ 127,529
Statutory income tax rate	26.13%	25.3%
Computed income tax provision	(75,083)	32,265
Increase (decrease) in income tax resulting from:		
Foreign exchange loss on long-term debt, net	14,622	4,646
Foreign exchange loss, other	15,227	4,704
Non-deductible expenses	1,015	484
Stock based compensation	5,325	3,533
Non-taxable dividends	(13,863)	(12,014)
Rate differential on foreign taxes	(8,237)	2,173
Goodwill impairment	45,978	-
Impact of corporate rate changes	6,825	-
Other, including revisions in previous tax estimates and rate reductions	1,503	(203)
	$ (6,688)	$ 35,588
Effective income tax rate	2.3%	27.9%
Current	48,099	48,549
Deferred	(54,787)	(12,961)
	$ (6,688)	$ 35,588

The increase in the statutory rate was due to higher provincial income tax rates in Canada in the current year.

(tabular amounts in thousands of Canadian dollars, except where noted)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Deferred tax asset to be settled after more than 12 months	$ 896	$ 1,532
Deferred tax asset to be settled within 12 months	700	2,000
	1,596	3,532
Deferred tax liabilities:		
Deferred tax liability to be settled after more than 12 months	124,284	172,851
Deferred tax liability to be settled within 12 months	21,400	18,500
	145,684	191,351
Deferred tax liabilities, net	$ 144,088	$ 187,819

The gross movement on the deferred income tax account is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Opening balance	$ 187,819	$ 185,918
Effect of changes in foreign exchange rates	9,600	4,609
Recognized through business combinations (note 5)	1,391	10,429
Income statement recovery	(54,787)	(12,961)
Tax charge (credit) relating to components of other comprehensive income	65	(176)
Closing balance	$ 144,088	$ 187,819

The movement in the significant components of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Non-capital losses carried forward	Asset retirement obligations	Retirement benefits obligations	Other	Total
At January 1, 2014	$ 21,493	$ 12,511	$ 1,480	$ 21,042	$ 56,526
Credited (charged) to the statement of operations	(5,062)	1,006	(213)	(9,350)	(13,619)
Credited to other comprehensive income	-	-	176	-	176
Effect of changes in foreign exchange rates	1,686	380	-	1,531	3,597
At December 31, 2014	$ 18,117	$ 13,897	$ 1,443	$ 13,223	$ 46,680
Credited (charged) to the statement of operations	10,449	3,093	34	5,785	19,361
Charged to other comprehensive income	-	-	(65)	-	(65)
Effect of changes in foreign exchange rates	1,577	420	-	(4,689)	(2,692)
At December 31, 2015	$ 30,143	$ 17,410	$ 1,412	$ 14,319	$ 63,284

(tabular amounts in thousands of Canadian dollars, except where noted)

Deferred tax liabilities	Timing of Partnership Income	Property, Plant and Equipment	Accounting and tax basis differences	Other	Total
At January 1, 2014	$ 47,468	$ 156,049	$ 38,927	$ -	$ 242,444
Credited (charged) to the statement of operations	(14,606)	(1,412)	(11,285)	723	(26,580)
Business combinations	-	10,429	-	-	10,429
Effect of changes in foreign exchange rates	-	5,934	1,272	1,000	8,206
At December 31, 2014	$ 32,862	$ 171,000	$ 28,914	$ 1,723	$ 234,499
Credited (charged) to the statement of operations	(20,729)	274	(13,958)	(1,013)	(35,426)
Business combinations	-	1,391	-	-	1,391
Effect of changes in foreign exchange rates	-	6,064	844	-	6,908
At December 31, 2015	$ 12,133	$ 178,729	$ 15,800	$ 710	$ 207,372

Income tax losses carry forward

At December 31, 2015 and 2014, the Company had losses available to offset income for tax purposes of $79.8 million and $48.8 million, respectively. At December 31, 2015, the Company has $1.6 million and $78.2 million of the losses available in Canada and the United States, respectively that expire as follows:

December 31, 2031	$ 39,895
December 31, 2032	14,719
December 31, 2033	-
December 31, 2034	1,332
December 31, 2035	23,874
	$ 79,820

No income tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries. As no income taxes are expected to be paid in respect of these differences related to Canadian subsidiaries, the amounts have not been determined. There are no taxable temporary differences associated with investments in non-Canadian subsidiaries.

(tabular amounts in thousands of Canadian dollars, except where noted)

12 Intangible assets

	Brands	Customer relationships	Long-term customer contracts	Non-compete agreements	Technology	Software	License and Permits	Total
Cost:								
At January 1, 2015	$ 51,330	$ 258,716	$ 37,380	$ 26,554	$ 2,667	$ 47,539	$ 3,716	$ 427,902
Additions	-	-	-	-	-	16,087	-	16,087
Acquisitions through business combinations (note 5)	-	1,419	-	3,468	-	-	-	4,887
Effect of movements in exchange rates	1,910	28,745	6,326	1,579	206	791	718	40,275
At December 31, 2015	$ 53,240	$ 288,880	$ 43,706	$ 31,601	$ 2,873	$ 64,417	$ 4,434	$ 489,151
Accumulated amortization and impairment:								
At January 1, 2015	$ 39,451	$ 136,796	$ 19,702	$ 20,923	$ 2,371	$ 14,452	$ 2,670	$ 236,365
Amortization	6,722	65,053	3,630	2,917	326	7,755	1,151	87,554
Effect of movements in exchange rates	1,903	12,220	3,178	1,385	176	327	610	19,799
At December 31, 2015	$ 48,076	$ 214,069	$ 26,510	$ 25,225	$ 2,873	$ 22,534	$ 4,431	$ 343,718
Carrying amounts:								
At January 1, 2015	$ 11,879	$ 121,920	$ 17,678	$ 5,631	$ 296	$ 33,087	$ 1,046	$ 191,537
At December 31, 2015	5,164	74,811	17,196	6,376	-	41,883	3	145,433

	Brands	Customer relationships	Long-term customer contracts	Non-compete agreements	Technology	Software	License and Permits	Total
Cost:								
At January 1, 2014	$ 50,465	$ 235,096	$ 34,653	$ 23,368	$ 2,579	$ 27,911	$ 3,448	$ 377,520
Additions	-	754	-	-	-	19,498	-	20,252
Acquisitions through business combinations (note 5)	-	10,602	-	2,592	-	-	-	13,194
Effect of movements in exchange rates	865	12,264	2,727	594	88	130	268	16,936
At December 31, 2014	$ 51,330	$ 258,716	$ 37,380	$ 26,554	$ 2,667	$ 47,539	$ 3,716	$ 427,902
Accumulated amortization:								
At January 1, 2014	$ 28,142	$ 101,478	$ 14,801	$ 17,468	$ 1,980	$ 9,944	$ 1,312	$ 175,125
Amortization	10,617	31,637	3,772	2,894	340	4,547	1,184	54,991
Effect of movements in exchange rates	692	3,681	1,129	561	51	(39)	174	6,249
At December 31, 2014	$ 39,451	$ 136,796	$ 19,702	$ 20,923	$ 2,371	$ 14,452	$ 2,670	$ 236,365
Carrying amounts:								
At January 1, 2014	$ 22,323	$ 133,618	$ 19,852	$ 5,900	$ 599	$ 17,967	$ 2,136	$ 202,395
At December 31, 2014	11,879	121,920	17,678	5,631	296	33,087	1,046	191,537

(tabular amounts in thousands of Canadian dollars, except where noted)

During the year ended December 31, 2015 the Company revised the useful lives for certain intangible assets within the Environmental Services segment. The net change on the current financial year was an increase to amortization expense of $30.5 million. Assuming the assets are held until the end of their estimated useful lives, amortization in future years in relation to these assets will be decreased by $13.7 million in 2016.

13 Goodwill

The changes in the carrying amount of goodwill are as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Balance as at January 1	$ 783,721	$ 726,148
Additions through business combinations (note 5)	7,759	33,989
Impairment	(175,959)	-
Effect of changes in foreign exchange rates	55,386	23,584
Balance as at December 31	$ 670,907	$ 783,721

Goodwill is monitored for impairment by management at the operating segment level. The following is a summary of goodwill allocated to each operating segment:

	December 31, 2015	December 31, 2014
Terminals and Pipelines	$ 200,464	$ 200,120
Environmental Services	111,860	234,731
Truck Transportation	57,908	54,474
Propane and NGL Marketing and Distribution	139,456	133,177
Processing and Wellsite Fluids	117,664	117,664
Marketing	43,555	43,555
	$ 670,907	$ 783,721

The goodwill recorded on the balance sheet represents the excess of the cost of acquisitions over the fair value of identifiable assets, liabilities and contingent liabilities acquired. Of the balance as at December 31, 2015 and 2014, $432.7 million, net of impairment, relates to goodwill recognized on the acquisition of the Company on December 12, 2008. Of the remaining balance, $145.8 million represents additional goodwill recorded on acquisitions completed and $92.4 million relates to the effect of changes in foreign exchange rates recorded by the Company since December 12, 2008.

The recoverable amount of goodwill is determined based on a fair value less costs of disposal calculation. This calculation involves comparing the fair value of each operating segment to its carrying value, including goodwill. To calculate a fair value, management uses an earning's multiple approach. In calculating earnings, the Company uses Board approved budgets to determine earnings before interest, taxes, depreciation and amortization ("EBITDA") by operating segment. To determine fair value, an implied forward multiple was applied to each operating segment's budgeted EBITDA less corporate expenses. The implied multiple was calculated by utilizing multiples of comparable public companies by operating segment. In calculating fair value for each operating segment, the Company used an implied average forward multiples that ranged from 8.1 to 11.1. The fair value of each of operating segment was categorized as Level 2 fair value based on the observables inputs.

On November 30, 2015, the Company carried out its annual impairment test with respect to goodwill. For all operating segments, except for Environmental Services, the fair value less costs of disposal was greater than the operating segments carrying value, including goodwill. The Company determined that the goodwill in the Environmental Services segment was impaired by $176.0 million. The impairment within this segment was due to the continued impact of lower crude oil prices resulting in a lower customer demand in the Environmental Services segment. Key assumptions used in the determination of the recoverable amount include utilizing Board approved budgeted EBITDA for the operating segment and the application of an implied forward multiple of 8.3. These assumptions represent management's assessment of future trends in the environmental services industry and were based on historical data from both external and internal sources.

(tabular amounts in thousands of Canadian dollars, except where noted)

14 Loans and Borrowings

Revolving Credit Facility

The Company has established an unsecured revolving credit facility of up to $500.0 million (the "Revolving Credit Facility"), with a maturity date of August 15, 2020, the proceeds of which are available to provide financing for working capital and other general corporate purposes. In addition, during the year ended December 31, 2015, the Company established three bilateral demand letter of credit facilities totaling $150.0 million.

The Revolving Credit Facility provides sub–facilities for letters of credit, swingline loans and borrowings in Canadian dollars and U.S. dollars. Borrowings under the Revolving Credit Facility bear interest at a rate equal to Canadian Prime Rate or U.S. Base Rate or LIBOR or Canadian Bankers Acceptance Rate as the case may be plus an applicable margin. The applicable margin for borrowings under the Revolving Credit Facility is subject to step up and step down based on the Company's total debt leverage ratio. In addition, the Company must pay a standby fee on the unused portion of the Revolving Credit Facility and customary letter of credit fees equal to the applicable margins based on the Company's total debt leverage ratio.

The Revolving Credit Facility contains certain covenants including financial covenants requiring the Company to maintain ratios of maximum senior debt leverage ratio of 4.0 to 1.0 until June 30, 2017 and 3.5 to 1.0 thereafter, maximum total debt leverage ratio of 4.0 to 1.0 and minimum interest coverage ratio of 2.5 to 1.0. As at December 31, 2015, the Company was in compliance with all covenants under the Revolving Credit Facility.

The Company has $35.0 million drawn against the Revolving Credit Facility as at December 31, 2015. The Company had issued letters of credit totalling $32.6 million and $57.5 million as at December 31, 2015 and December 31, 2014, respectively.

Long-term debt

	December 31,	
	2015	**2014**
U.S.$550.0 million 6.75% Notes due July 15, 2021	$ 761,200	$ 638,055
$250.0 million 7.00% Notes due July 15, 2020	250,000	250,000
$300.0 million 5.375% Notes due July 15, 2022	300,000	300,000
Unamortized issue discount and debt issue costs	(19,777)	(22,687)
Long-term debt: non-current portion	$ 1,291,423	$ 1,165,368

On June 28, 2013, the Company issued U.S.$500.0 million 6.75% Senior Unsecured Notes due July 15, 2021 at an issue price of 98.476% and $250.0 million 7.00% Senior Unsecured Notes due July 15, 2020 at an issue price of 98.633%. On June 12, 2014, the Company issued U.S.$50.0 million 6.75% Senior Unsecured Notes due July 15, 2021 at an issue price of 108% under its existing indenture and issued $300.0 million 5.375% Senior Unsecured Notes due July 15, 2022 at an issue price of par (collectively, the "Notes"). Interest is payable semi–annually on January 15 and July 15 of each year the Notes are outstanding.

The Notes agreements contain certain redemption options whereby the Company can redeem all or part of the Notes at prices set forth in the respective indebtedness from proceeds of an equity offering or on the dates specified in the respective indebtedness. In addition, the Notes holders have the right to require the Company to redeem the Notes at the redemption prices set forth in the respective indebtedness in the event of change in control or in the event certain asset sale proceeds are not re-invested in the time and manner specified in the respective indebtedness.

The Company's long-term debt contains non-financial covenants and customary events of default clauses. As of December 31, 2015 and December 31, 2014, the Company was in compliance with all of its covenants. As at December 31, 2015 and December 31, 2014, the fair value of long-term debt based on period end trading prices on the secondary market (Level 2) was $1,235.6 million and $1,193.6 million, respectively.

(tabular amounts in thousands of Canadian dollars, except where noted)

Foreign exchange loss on long-term debt

As a result of the movement in foreign exchange rates, the Company recorded foreign exchange losses, net, on long-term debt as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Foreign exchange loss on movement in exchanges rates on U.S. dollar long-term debt	$ 123,145	$ 52,000
Gain on financial instruments relating to long-term debt (note 28)	(9,995)	(16,569)
Foreign exchange loss on long-term debt	$ 113,150	$ 35,431

15 Trade payables and accrued charges

Trade payables and accrued charges include the following items:

	December 31, 2015	December 31, 2014
Trade payables	$ 322,347	$ 445,670
Accrued compensation charges	18,409	43,988
Indirect taxes payable	3,164	3,157
Risk management liabilities (note 28)	5,479	18,135
Broker accounts payable	-	183
Defined benefit plan obligations	465	493
Interest payable	39,251	36,892
Due to Hunting plc (note 19)	8,585	8,999
Other	21,032	23,946
	$ 418,732	$ 581,463

(tabular amounts in thousands of Canadian dollars, except where noted)

16 Provisions

The aggregate carrying amounts of the obligation associated with decommissioning and site restoration on the retirement of assets and environmental costs are as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Opening balance	$ 136,347	$ 91,424
Settlements	(4,247)	(4,462)
Assumed in a business combination (note 5)	-	824
Additions	6,774	4,152
Change in estimated future cash flows	2,240	14,584
Change in discount rate	8,611	25,903
Unwinding of discount	3,251	2,898
Effect of changes in foreign exchange rates	2,367	1,024
Closing balance	$ 155,343	$ 136,347

The Company currently estimates the total undiscounted future value amount, including an inflation factor of 2.0%, of estimated cash flows to settle the future liability for asset retirement and remediation obligations to be approximately $277.9 million and $265.7 million at December 31, 2015 and 2014, respectively. In order to determine the current provision related to these future values, the estimated future values were discounted using an average risk-free rate of 2.1% and 2.3% at December 31, 2015 and 2014, respectively. The provision is expected to be settled up to 40 years into the future. A one percent increase in the risk-free rate would decrease the provision by $34.6 million, with a corresponding adjustment to property, plant and equipment. A one percent decrease in the risk-free rate would increase the provision by $34.6 million, with a corresponding adjustment to property, plant and equipment.

17 Other long-term liabilities

	December 31, 2015	December 31, 2014
Defined benefit plan obligations	$ 1,530	$ 2,142
Risk management liabilities (note 28)	3,824	8,269
Other post-retirement benefits obligations	4,072	3,797
Other	4,549	602
	$ 13,975	$ 14,810

18 Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares.

Holders of common shares are entitled to one vote per common share at meetings of shareholders of the Company, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of the Company upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the common shares.

The preferred shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may from time to time determine. The preferred shares shall rank senior to the common shares with respect to the payment of dividends or distribution of assets or return of capital of the Company in the event of a dissolution, liquidation or winding up of the Company. There were no issued and outstanding preferred shares as at December 31, 2015 or 2014.

(tabular amounts in thousands of Canadian dollars, except where noted)

Common Shares - Issued and outstanding

The following table below sets forth the issued and outstanding common shares for the years ended December 31, 2015 and 2014.

	Common Shares	
	Number of Common Shares	Amount
Balance as at January 1, 2014	122,200,192	$ 1,585,145
Issuance of common shares in connection with the exercise of stock options	580,145	5,942
Issuance of common shares in connection with other equity awards	436,783	-
Issuance of common shares in connection with the dividend reinvestment and stock dividend programs	1,271,425	36,648
Transfer from contributed surplus on issue of equity awards	-	6,266
Balance as at December 31, 2014	124,488,545	$ 1,634,001
Issuance of common shares in connection with the exercise of stock options	12,162	105
Issuance of common shares in connection with other equity awards	412,054	-
Issuance of common shares in connection with the dividend reinvestment and stock dividend programs	1,222,805	28,956
Transfer from contributed surplus on issue of equity awards	-	9,261
Balance as at December 31, 2015	126,135,566	$ 1,672,323

A dividend of $0.32 per share, declared on November 3, 2015, was paid on January 15, 2016.

19 Commitments and contingencies

Commitments

Operating lease obligations primarily relate to office leases, rail cars, vehicles, field buildings, various equipment and terminal services arrangements. The minimum payments required under these commitments, net of sub-lease income, are as follows:

2016	$ 78,790
2017	68,165
2018	59,720
2019	46,435
2020	21,481
2021 and later	12,851
	$ 287,442

Expenses related to operating leases, net of sublease income, were $65.8 million and $39.6 million for the year ended December 31, 2015 and 2014, respectively.

With respect to capital expenditures, at December 31, 2015, the Company had an estimated amount of $264.7 million remaining to be spent that relates to projects approved at that date.

Contingencies

The Company is currently undergoing income tax related and excise tax audits. While the final outcome of such audits cannot be predicted with certainty, it is the opinion of management that the resolution of these audits will not have a material impact on the Company's consolidated financial position or results of operations.

At December 31, 2015 and 2014 the Company recorded $8.6 million in both income tax receivable and trade payables and accrued charges whereby the Company paid tax assessments relative to certain of these audits that were funded by Hunting plc who owned the Company prior to December 12, 2008. The Company has assumed that the remaining assessment amounts paid in connection with these audits will be refunded to the Company and although the timing is uncertain, will be settled within a year.

(tabular amounts in thousands of Canadian dollars, except where noted)

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. These requirements, in addition to the contractual agreements and management decisions, result in the recognition of estimated decommissioning provisions. Estimates of decommissioning costs can change significantly based on such factors as operating experience and changes in legislation and regulations.

The Company is involved in various legal actions, which have occurred in the ordinary course of business. Management is of the opinion that losses, if any, arising from such legal actions would not have a material impact on the Company's consolidated financial position or results of operations.

20 Revenue

	Year ended December 31,	
	2015	2014
Products	$ 4,734,340	$ 7,507,013
Services	857,642	1,066,516
	$ 5,591,982	$ 8,573,529

21 Depreciation, amortization, and impairment

	Year ended December 31,	
	2015	2014
Depreciation of property, plant and equipment	$ 195,438	$ 154,934
Amortization of intangible assets	$ 87,554	$ 54,991
	$ 282,992	$ 209,925

Depreciation and impairment of property, plant and equipment and amortization of intangible assets have been expensed as follows:

	Year ended December 31,	
	2015	2014
Cost of sales	$ 276,008	$ 205,043
General and administrative	6,984	4,882
	$ 282,992	$ 209,925

22 Employee salaries and benefits

	Year ended December 31,	
	2015	2014
Salaries and wages	$ 295,149	$ 292,188
Post-employment benefits	8,254	6,394
Share based compensation	20,379	13,977
Termination benefits	2,904	1,365
	$ 326,686	$ 313,924

(tabular amounts in thousands of Canadian dollars, except where noted)

Employee salaries and benefits have been expensed as follows:

	Year ended December 31, 2015	2014
Cost of sales	$ 287,835	$ 280,730
General and administrative	38,851	33,194
	$ 326,686	$ 313,924

23 Other operating income

	Year ended December 31, 2015	2014
Gain on sale of property, plant and equipment	$ 2,515	$ 2,717
Other income	4,770	-
Foreign exchange gain	14,741	9,128
	$ 22,026	$ 11,845

24 Per share amounts

The following table shows the number of shares used in the calculation of earnings per share:

	Year ended December 31, 2015	2014
Weighted average common shares outstanding - Basic	125,652,815	123,591,547
Dilutive effect of:		
Stock options and other awards	-	2,004,643
Weighted average common shares – Diluted	125,652,815	125,596,190

The dilutive effect of 2.0 million stock options and other awards for the year ended December 31, 2015 has not been included in the determination of the weighted average number of common shares outstanding as the inclusion would be anti-dilutive to the net loss per share.

25 Related party transactions

Joint operations

On August 11, 2011, the Company formed a partnership to jointly construct and own pipeline and emulsion treating, water disposal and oilfield waste management facilities in the Plato area of Saskatchewan. The partnership commenced operations in 2012. The Company's interest in the partnership is 50%. A member of the Company's Board is also a director of the other party with the 50% interest in the partnership. At December 31, 2015 and 2014, the Company's proportionate share of property, plant and equipment was $9.4 million and $10.2 million, respectively. The impact of the Company's share of the other financial position and results of the partnership is not material to the Company's consolidated financial statements.

(tabular amounts in thousands of Canadian dollars, except where noted)

Compensation of key management

Key management includes the Company's directors, executive officers, business unit leaders and other non-business unit senior vice presidents. Compensation awarded to key management was:

	Year ended December 31, 2015	Year ended December 31, 2014
Salaries and short-term employee benefits	$ 4,571	$ 7,597
Post-employment benefits	1,123	1,068
Share based compensation	6,262	4,639
	$ 11,956	$ 13,304

26 Post-retirement benefits

Defined benefit plans

The Company maintains a funded defined benefit pension plan that is funded based upon the advice of independent actuaries. The Company is required to file an actuarial valuation of the defined benefit pension plans with the provincial regulator every three years, with the most recent actuarial valuation filing as at December 31, 2013. Based on the actuarial valuations as at December 31, 2015 and 2014, the status of the defined benefit plans was as follows:

Accrued benefit obligation

	Year ended December 31, 2015	Year ended December 31, 2014
Accrued benefit obligation, beginning of year	$ 16,342	$ 15,187
Current service cost	216	212
Interest cost	608	674
Benefits paid	(571)	(518)
Actuarial loss (gain)	(167)	773
Other	12	14
Accrued benefit obligation, end of year	$ 16,440	$ 16,342

Plan assets

	Year ended December 31, 2015	Year ended December 31, 2014
Fair value of pension plan assets, beginning of year	$ 14,696	$ 12,939
Interest on plan assets	513	536
Actual contributions	809	1,211
Actual benefits paid	(571)	(518)
Actuarial gain	82	528
Fair value of pension plan assets, end of year	$ 15,529	$ 14,696

(tabular amounts in thousands of Canadian dollars, except where noted)

Accrued benefit liability

	Year ended December 31, 2015	2014
Accrued benefit obligation	$ (16,440)	$ (16,342)
Fair value of plan assets	15,529	14,696
Accrued benefit liability	$ (911)	$ (1,646)

The significant weighted average actuarial assumptions adopted in measuring the Company's defined benefit plan obligation are as follows:

	Year ended December 31, 2015	2014
Discount rate	4.0%	4.0%
Rate of compensation increase	3.0%	4.0%

The assumed discount rate has an effect on the amounts reported for the defined benefit plan obligations. A one-percentage point change in the discount rate would have the following impact:

	One % point increase	One % point decrease
Increase/(decrease) in defined benefit plans obligations	$ 2,381	$ 2,381

Defined contribution pension plan

The Company operates defined contribution plans whereby, in some cases, contributions made by participants are matched by the Company up to specified annual limits and in other cases, contributions are fully funded by the Company. The total expense recorded for the defined contribution pension plans was $7.1 million and $6.2 million for the year ended December 31, 2015 and 2014, respectively.

27 Share based compensation

The Company has established an equity incentive plan which permits the award of stock options, RSUs, PSUs' and DSUs for executives, directors, employees and consultants of the Company. Stock options provide the holder with the right to exercise an option to purchase a common share upon vesting at a price determined on the date of grant. RSUs give the holder the right to receive, upon vesting, either a common share or a cash payment, subject to consent of the Board, or its equivalent in fully paid common shares equal to the fair market value of the Company's common shares at the date of such payment. The RSUs granted in 2015 and 2014 were expected to be settled by delivery of common shares and accordingly, were considered an equity–settled award for accounting purposes. Stock options and RSUs granted generally vest equally each year over a three year period. RSUs granted with specific performance criteria are designated as PSUs. PSU's vest at the end of the three year period and granting depends on the achievement of certain performance criteria. DSUs are similar to RSUs except that DSUs may not be redeemed until the holder ceases to hold all offices, employment and directorships.

At December 31, 2015, awards available to grant under the equity incentive plan totalled approximately 7.5 million.

(tabular amounts in thousands of Canadian dollars, except where noted)

A summary of stock options activity is as follows:

	Number of Shares	Weighted-Average Exercise Price (in dollars)
Balance at January 1, 2014	1,928,985	16.22
Granted	1,159,259	28.72
Exercised	(580,145)	10.24
Forfeited	(22,884)	25.94
Balance at December 31, 2014	2,485,215	$ 23.33
Granted	852,192	25.00
Exercised	(12,162)	8.64
Forfeited	(8,077)	26.44
Balance at December 31, 2015	3,317,168	$ 23.81
Vested and exercisable at December 31, 2015	1,557,276	$ 20.53
Vested and exercisable at December 31, 2014	847,530	$ 15.03

Additional information regarding stock options outstanding as of December 31, 2015 is as follows:

Outstanding			Exercisable		
Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Exercise Price (in dollars)	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Exercise Price (in dollars)
524,970	3.0	$ 8.64	524,970	3.0	$ 8.64
38,608	6.2	17.06	26,247	6.0	17.06
33,681	3.4	20.67	30,053	3.4	20.67
57,981	4.4	22.37	57,981	4.4	22.37
21,930	4.5	24.44	16,082	4.5	24.44
1,456,424	5.3	25.61	468,017	4.3	25.61
1,100,727	5.2	28.24	385,543	5.3	28.24
82,847	5.6	34.44	48,383	5.6	34.44
3,317,168	4.9		1,557,276	4.1	

A summary of RSUs, PSUs and DSUs activity is set forth below:

	Number of Shares		
	RSUs	PSUs	DSUs
Balance at January 1, 2014	727,611	223,160	95,021
Granted	270,308	438,590	52,955
Issued for common shares	(429,526)	(7,257)	-
Forfeited	(22,012)	(24,542)	(1,190)
Issued for cash	(1,628)	(992)	-
Balance at December 31, 2014	544,753	628,959	146,786
Granted	345,508	555,383	108,665
Issued for common shares	(241,299)	(106,254)	(64,501)
Forfeited	(38,547)	(50,042)	-
Issued for cash	(264)	(204)	-
Balance at December 31, 2015	610,151	1,027,842	190,950
Vested, Balance at December 31, 2015	106,240	-	167,406
Vested, Balance at December 31, 2014	110,652	-	146,786

Stock based compensation expense was $20.4 million and $14.0 million for the years ended December 31, 2015 and 2014, respectively, and is included in general and administrative expenses.

(tabular amounts in thousands of Canadian dollars, except where noted)

The fair value of the options granted was estimated at $2.42 and $2.46 per option for the year ended December 31, 2015 and 2014, respectively. The fair value of options was calculated by using the Black-Scholes model with the following weighted average assumptions:

	Year ended December 31,	
	2015	**2014**
Expected dividend rate	5.2%	4.3%
Expected volatility	24.2%	19.5%
Risk-free interest rate	0.5%	1.2%
Expected life of option (years)	3.0	3.0

The fair value of RSUs, PSUs and DSUs was determined using the five days weighted average stock price prior to the date of grant.

28 Financial instruments

Non-Derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, net investment in finance lease, trade payables and accrued charges, amount borrowed under the credit facilities, dividends payable, and long-term debt.

Cash and cash equivalents, trade and other receivables, trade payables and accrued charges, dividends payable and amount borrowed under the credit facilities are recorded at amortized cost which approximates fair value due to the short term nature of these instruments.

Long-term debt is recorded at amortized cost using the effective interest method of amortization. As at December 31, 2015, the carrying amount of long-term debt was $1,311.1 million less debt discount and issue costs of $19.8 million and the fair value of long-term debt based on period end trading prices on the secondary market (Level 2) was $1,235.6 million. As at December 31, 2014, the carrying amount of long-term debt was $1,188.1 million less debt discount and issue costs of $22.7 million and the fair value of long-term debt based on period end trading prices on the secondary market (Level 2) was $1,193.6 million.

Financial assets and liabilities are only offset if the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. The following table provides a summary of the Company's offsetting trade and other receivables and trade payables and accrued charges:

	December 31, 2015		December 31, 2014	
	Trade and other receivables	**Trade payable and accrued charges**	**Trade and other receivables**	**Trade payable and accrued charges**
Gross amounts	$ 268,602	$ 228,022	$ 430,794	$ 417,337
Amount offset	(169,351)	(169,351)	(316,703)	(316,703)
Net amount included in the consolidated financial statements	$ 99,251	$ 58,671	$ 114,091	$ 100,634

(tabular amounts in thousands of Canadian dollars, except where noted)

Derivative financial instruments (recurring fair value measurements)

The following is a summary of the Company's risk management contracts outstanding:

	December 31, 2015		December 31, 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Commodity futures	$ 1,105	$ 337	$ 4,850	$ 490
Commodity swaps	6,545	3,165	13,847	16,928
Commodity options	765	13	-	-
Equity swaps	-	5,390		
Foreign currency forwards	-	398	34,860	717
Foreign currency options	-	-	-	8,269
Total	$ 8,415	$ 9,303	$ 53,557	$ 26,404
Less non-current portion:				
Equity swaps	-	3,824	-	-
Foreign currency forward contracts	-	-	34,855	-
Foreign currency options	-	-	-	8,269
	-	3,824	34,855	8,269
Current portion	$ 8,415	$ 5,479	$ 18,702	$ 18,135

The fair value of financial instruments are classified as a non-current asset (long-term prepaid expense and other assets) or liability (other long-term liabilities) if the remaining maturity is more than 12 months and, as a current asset or liability, if the maturity is less than 12 months.

(i) Commodity financial instruments

Futures, options and swaps

The Company enters into futures, options and swap contracts to manage the price risk associated with sales, purchases and inventories of crude oil, natural gas liquids and petroleum products.

(ii) Currency financial instruments

The Company enters into forward and options contracts to buy and sell U.S. dollars in exchange for Canadian dollars to fix the exchange rate on its estimated future net cash inflows denominated in U.S. dollars and long-term borrowings denominated in U.S. dollars.

At December 31, 2014, the Company had U.S. dollar forward contracts to buy U.S. dollars on a notional amount of U.S.$250.0 million at a weighted average rate of $1.0242 for U.S.$1.00 expiring on September 15, 2017 and the Company had also sold U.S. dollar options at a strike price of $1.295 for U.S.$1.00 on a notional amount of U.S.$250.0 million. During the year ended December 31, 2015, the Company received cash of $53.3 million on the settlement of U.S. dollar forward contracts for a notional amount of U.S.$250.0 million. Additionally, the Company paid cash of $16.7 million to settle U.S dollar options for a notional amount of U.S. $250.0 million. At December 31, 2015, the Company had no forward and options contracts to buy and sell U.S. dollars in exchange for Canadian dollars to fix the exchange rate on its long-term borrowings denominated in U.S. dollars.

(tabular amounts in thousands of Canadian dollars, except where noted)

(iii) Equity price financial instruments

During the year ended December 31, 2015, the Company entered into equity swap contracts to help manage equity price and dilution exposure to shares that it issues under its stock based compensation programs. At December 31, 2015, the Company had entered into equity swaps on a total of 550,000 notional common shares, at an initial price of $23.65 per share for settlement over a three year period.

The value of the Company's derivative finance instruments are determined using inputs that are either readily available in public markets or are quoted by counterparties to these contracts. In situations where the Company obtains inputs via quotes from its counterparties, these quotes are verified for reasonableness via similar quotes from another source for each date for which financial statements are presented. The Company has consistently applied these valuation techniques in all periods presented and the Company believes it has obtained the most accurate information available for the types of financial instrument contracts held. The Company has categorized the inputs for these contracts as Level 1, defined as observable inputs such as quoted prices in active markets; Level 2 defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; or Level 3 defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions.

The Company used the following techniques to value financial instruments categorized in Level 2:

- The fair value of commodity options and swaps is calculated as the present value of the estimated future cash flows based on the difference between contract price and commodity price forecast.
- The fair value of foreign currency options and forward contracts is determined using the forward exchange rates at the measurement date, with the resulting value discounted back to present values.

The fair value of financial instrument contracts by fair value hierarchy at December 31, 2015 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity futures	$ 1,105	$ 1,105	$ -	$ -
Commodity swaps	6,545	-	6,545	-
Commodity options	765	-	765	
Total assets	$ 8,415	$ 1,105	$ 7,310	$ -
Liabilities from financial instrument contracts				
Commodity futures	$ 337	$ 337	$ -	$ -
Commodity swaps	3,165	-	3,165	-
Commodity options	13	-	13	-
Equity swaps	5,390	5,390	-	-
Foreign currency forwards	398	-	398	-
Total liabilities	$ 9,303	$ 5,727	$ 3,576	$ -

(tabular amounts in thousands of Canadian dollars, except where noted)

The fair value of financial instrument contracts by fair value hierarchy at December 31, 2014 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity futures	$ 4,850	$ 4,850	$ -	$ -
Commodity swaps	13,847	-	13,847	-
Foreign currency forwards	34,860	-	34,860	-
Foreign currency options	-	-	-	-
Total assets	$ 53,557	$ 4,850	$ 48,707	$ -
Liabilities from financial instrument contracts				
Commodity futures	$ 490	$ 490	$ -	$ -
Commodity swaps	16,928	-	16,928	-
Foreign currency forwards	717	-	717	-
Foreign currency options	8,269	-	8,269	-
Total liabilities	$ 26,404	$ 490	$ 25,914	$ -

The impact of the movement in the fair value of financial instruments has been expensed in the consolidated statement of operations as follows:

	Year ended December 31, 2015	2014
Cost of sales	$ (3,899)	$ (1,883)
General and administrative	5,390	-
Foreign exchange gain on long-term debt (note 14)	(9,995)	(16,569)
	$ (8,504)	$ (18,452)

Financial Risk Management

The Company's activities expose it to certain financial risks, including foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company's risk management strategy seeks to reduce potential adverse effects on its financial performance. As a part of its strategy, both primary and derivative financial instruments are used to hedge its risk exposures.

There are clearly defined objectives and principles for managing financial risk, with policies, parameters and procedures covering the specific areas of funding, banking relationships, interest rate exposures and cash management. The Company's treasury function is responsible for implementing the policies and providing a centralised service to the Company for identifying, evaluating and monitoring financial risks.

a) Foreign currency exchange risk

Foreign exchange risks arise from future transactions and cash flows and from recognized monetary assets and liabilities that are not denominated in the functional currency of the Company's operations.

The exposure to exchange rate movements in significant future transactions and cash flows is managed by using foreign currency forward contracts and options. These financial instruments have not been designated in a hedge relationship. No speculative positions are entered into by the Company.

(tabular amounts in thousands of Canadian dollars, except where noted)

Foreign currency exchange rate sensitivity

If the Canadian dollar strengthened or weakened by 5% relative to the U.S. dollar and all other variables, in particular interest rates remain constant, the impact on net income and equity would be as follows:

	December 31, 2015	December 31, 2014
U.S. Dollar Forwards and Options		
Favorable 5% change	$ 1,180	$ 3,223
Unfavorable 5% change	(1,180)	(3,223)
U.S. Dollar long-term debt Forwards and the related Options		
Favorable 5% change	$ -	$ 10,694
Unfavorable 5% change	-	(10,694)

The movement is a result of a change in the fair value of U.S. dollar forward contracts and options. The sensitivity relating to the Company's long-term debt includes the change in the carrying value of the Company's U.S. dollar denominated long-term debt, the U.S. dollar forward contracts on the principal and the related U.S. dollar call options.

The impact of translating the net assets of the Company's U.S operations into Canadian dollars is excluded from this sensitivity analysis.

b) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will be affected by changes in market interest rates. At December 31, 2015, the Company has exposure to changes to market interest rates that relate to the $35.0 million drawn on the Company's credit facility as at December 31, 2015. A 1% increase or decrease in interest rates in relation to the amounts drawn at December 31, 2015 would impact net income by $0.3 million, when annualized, and assuming a consistent balance over the duration of the year.

c) Commodity price risk

The Company is exposed to changes in the price of crude oil, NGLs, oil related products and electricity commodities, which are monitored regularly. Crude oil and NGL priced futures, options and swaps are used to manage the exposure to these commodities' price movements. These financial instruments are not designated as hedges. Based on the Company's risk management policies, all of the financial instruments are employed in connection with an underlying asset/liability and/or forecasted transaction and are not entered into with the objective of speculating on commodity prices.

The following table summarizes the impact to net income and equity due to a change in fair value of the Company's derivative positions because of fluctuations in commodity prices leaving all other variables constant, in particular foreign currency rates. The Company believes that a 15% volatility in crude oil and NGL related prices is a reasonable assumption.

	December 31, 2015	December 31, 2014
Crude oil and NGL related prices		
Favorable 15% change	$ 6,747	$ 5,634
Unfavorable 15% change	(6,092)	(5,634)

d) Credit risk

The Company's credit risk arises from its outstanding trade receivables, including receivables from customers who have entered into fixed term contractual arrangements to have dedicated use of certain of the Company's tanks. A significant portion of the Company's trade receivables are due from entities in the oil and gas industry. Concentration of credit risk is mitigated by having a broad customer base and by dealing with credit-worthy counterparties in accordance with established credit approval practices. The Company actively monitors the financial strength of its customers and in select cases has tightened credit terms to minimize the risk of default on trade receivables.

(tabular amounts in thousands of Canadian dollars, except where noted)

At December 31, 2015 and 2014, approximately 3% and 6%, respectively, of net trade receivables are past due but not considered to be impaired. The Company considers trade receivables as past due when they are 30 days past the due date. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in these financial statements.

The Company establishes guidelines for customer credit limits and terms. The Company review includes financial statements and external ratings when available. The Company does not usually require collateral in respect of trade and other receivables. The Company provides adequate provisions for expected losses from the credit risks associated with trade receivables. The provision is based on an individual account-by-account analysis and prior credit history.

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

The Company's cash equivalents are placed in time deposits with investment grade international banks and financial institutions.

e) Equity price risk

The Company is exposed to changes in the Company's share price with respect to equity swap contracts. If the Company's share price increased or decreased by 10%, the impact on net income and equity would be as follows:

	December 31, 2015	December 31, 2014
Equity Swaps		
Favorable 10% change	$ 558	$ -
Unfavorable 10% change	(558)	-

f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due. The Company's process for managing liquidity risk includes preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorization of contractual agreements. The Company may seek additional financing based on the results of these processes. The budgets are updated with forecasts when required and as conditions change. Cash on hand and the Revolving Credit Facility are available to satisfy the Company's requirements over the next 12 months, and are expected to be available to satisfy the Company's long term requirements. The Company has a Revolving Credit Facility of $500.0 million and three bilateral demand letter of credit facilities totaling $150.0 million. At December 31, 2015, $35.0 million was drawn against the Revolving Credit Facility and the Company had outstanding issued letters of credit of $32.6 million.

The terms of the Notes and Revolving Credit Facility require the Company to comply with certain covenants. If the Company fails to comply with these covenants the lenders may declare an event of default. At December 31, 2015 and December 31, 2014, the Company was in compliance with these covenants.

(tabular amounts in thousands of Canadian dollars, except where noted)

Set out below is maturity analyses of certain of the Company's financial contractual obligations as at December 31, 2015. The maturity dates are the contractual maturities of the obligations and the amounts are the contractual undiscounted cash flows.

	On demand or within one year	Between one and five years	After five years	Total
Trade payables and accrued charges, excluding derivative financial instruments and accrued interest	$ 374,002	$ -	$ -	$ 374,002
Dividend payable	40,363	-	-	40,363
Credit facilities	-	35,000	-	35,000
Long-term debt	-	250,000	1,061,200	1,311,200
Interest on long-term debt	85,006	340,024	237,785	662,815
Commodity futures	337	-	-	337
Commodity swaps	3,165	-	-	3,165
Commodity options	13	-	-	13
Equity swap	1,566	3,824	-	5,390
Foreign currency forwards	398	-	-	398
	$ 504,850	$ 628,848	$1,298,985	$ 2,432,683

Capital management

The Company's objectives when managing its capital structure are to maintain financial flexibility so as to preserve the Company's ability to meet its financial obligations and to finance internally generated growth as well as potential acquisitions.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity, long-term debt, the Revolving Credit Facility and working capital. To maintain or adjust the capital structure, the Company may draw on its revolving credit facility, issue notes or issue equity and/or adjust its operating costs and/or capital spending to manage its current and projected debt levels.

Financing decisions are made by management and the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans. Factors considered when determining whether to issue new debt or to seek equity financing include the amount of financing required, the availability of financial resources, the terms on which financing is available and consideration of the balance between shareholder value creation and prudent financial risk management.

Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as net debt plus share capital as shown in the consolidated balance sheet.

	December 31, 2015	December 31, 2014
Total financial liability borrowings	$ 1,291,423	$ 1,165,368
Less: cash and cash equivalents	(82,775)	(131,911)
Net debt	1,208,648	1,033,457
Total share capital	1,672,323	1,634,001
Total capital	$ 2,880,971	$ 2,667,458

If the Company is in a net debt position, the Company will assess whether the projected cash flow and availability under the Revolving Credit Facility and the bilateral demand letter of credit facilities are sufficient to service this debt and support ongoing operations.

(tabular amounts in thousands of Canadian dollars, except where noted)

29 Segmental information

The Company has defined its operations into the following operating segments: (i) Terminals and Pipelines, (ii) Environmental Services, (iii) Truck Transportation, (iv) Propane and NGL Marketing and Distribution, (v) Processing and Wellsite Fluids and (vi) Marketing.

Terminals and Pipelines include fee-based storage and terminalling services and tariff-based pipeline services for crude oil, condensate and refined products. The Company owns and operates major storage terminals located at Edmonton and Hardisty, which are the principal hubs for aggregating and exporting oil and refined products out of the Western Canadian Sedimentary Basin; pipelines, which are connected to the Hardisty Terminal; and injection stations, which are located in the United States.

Environmental Services includes the provision of environmental and production services, such as emulsion hauling and treating, water hauling and disposal services and oilfield waste management, as well as exploration support services and accommodation facilities to the oil and gas industry.

Truck Transportation includes provision of hauling services for crude oil, condensate, propane, butane, asphalt, sulfur, petroleum coke, gypsum, emulsion, waste water and drilling fluids, as well as hydrovac services for customers in Western Canada and the United States.

Propane and NGL Marketing and Distribution includes an industrial propane distribution operation and a wholesale business that includes wholesale propane distribution and an NGL marketing business. The industrial operation sells propane to oil and gas, commercial and residential customers, while the wholesale operations sell to larger customers who are not usually the end users of the product.

Processing and Wellsite Fluids includes the processing of crude oil and marketing of a variety of products, including road asphalt, roofing flux, frac oils, light and heavy straight run distillates, combined vacuum gas oil, oil based mud product and tops.

Marketing includes, purchasing, selling, storing and blending of crude oil and condensate, providing aggregation services to producers and earning margins through aggregation and/or capturing quality, locational or time-based arbitrage opportunities.

These operating segments of the Company have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. No operating segments were aggregated to arrive at the reportable segments.

Inter-segmental transactions are eliminated upon consolidation. No margins are recognized on inter-segmental transactions.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company’s consolidated financial statements.

(tabular amounts in thousands of Canadian dollars, except where noted)

Year ended December 31, 2015	**Terminals & Pipelines**	**Environmental Services**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Total**
Statement of operations							
Revenue - external	$ 133,349	$ 307,243	$ 391,671	$ 799,391	$ 294,366	$ 3,665,962	$ 5,591,982
Revenue - inter-segmental	50,830	27,206	54,298	124,720	101,421	665,016	1,023,491
Revenue - external and inter-segmental	184,179	334,449	445,969	924,111	395,787	4,330,978	6,615,473
Segment profit	$ 142,796	$ 57,257	$ 52,034	$ 94,192	$ 37,207	$ 35,271	$ 418,757

Corporate & other reconciling balances

Depreciation of property, plant and equipment	195,438
Amortization of intangible assets	87,554
Impairment of goodwill	175,959
General and administrative	39,569
Stock based compensation	20,379
Corporate foreign exchange gain	(4,970)
Interest expense	79,580
Interest income	(558)
Foreign exchange loss on long-term debt	113,150
Net loss before income tax	(287,344)
Income tax recovery	(6,688)
Net loss	$ (280,656)

Year ended December 31, 2014	**Terminals & Pipelines**	**Environmental Services**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Total**
Statement of operations							
Revenue - external	$ 97,100	$ 368,910	$ 495,090	$1,190,636	$ 474,771	$ 5,947,022	$ 8,573,529
Revenue - inter-segmental	60,869	62,243	62,645	162,105	193,022	1,058,023	1,598,907
Revenue - external and inter-segmental	157,969	431,153	557,735	1,352,741	667,793	7,005,045	10,172,436
Segment profit	$ 116,524	$ 100,273	$ 83,178	$ 70,271	$ 51,675	$ 65,180	$ 487,101

Corporate & other reconciling balances

Depreciation of property, plant and equipment	154,934
Amortization of intangible assets	54,991
General and administrative	37,385
Stock based compensation	13,977
Corporate foreign exchange gain	(3,912)
Interest expense	67,598
Interest income	(832)
Foreign exchange loss on long-term debt	35,431
Net income before taxes	127,529
Income tax provision	35,588
Net income	$ 91,941

(tabular amounts in thousands of Canadian dollars, except where noted)

The breakdown of additions to property, plant and equipment and intangible assets, including through business combinations, by operating segment are as follows:

	December 31			
	2015		2014	
	Property, plant and equipment	Intangible Assets	Property, plant and equipment	Intangible Assets
Terminals and Pipelines	$ 247,893	$ 2,426	$ 224,401	$ 1,971
Environmental Services	76,904	3,868	76,761	1,281
Truck Transportation	45,396	5,210	42,469	3,670
Propane & NGL Marketing & Distribution	9,744	30	98,060	14,251
Processing & Wellsite Fluids	23,996	-	20,065	77
Corporate & other	3,247	9,440	9,568	12,196
	$ 407,180	$ 20,974	$ 471,324	$ 33,446

Geographic Data

Based on the location of the end user, approximately 19% and 18% of revenue was from customers in the United States for the year ended December 31, 2015 and 2014, respectively.

The Company's non-current assets, excluding investment in finance leases and deferred tax assets, are primarily concentrated in Canada with 22% and 27% in the United States at December 31, 2015 and 2014, respectively.

30 Subsequent Events

Subsequent to year end, the Company reached an agreement with its bank syndicate to amend its $500M revolving credit facility maturing in August 2020. These amendments included an increase to the maximum consolidated senior and total debt leverage ratio covenants from 4.0:1.0 to 4.85:1.0 until December 31, 2017, with such threshold decreasing to 4.25:1.0 for the period beginning January 1, 2018 and ending on March 31, 2018, and decreasing thereafter to 4.0:1.0 for total debt and 3.5:1.0 for senior debt.

On March 1, 2016, the Company announced that the Board declared a quarterly dividend of $0.33 per common share for the quarter ending March 31, 2016 on its outstanding common shares. The common share dividend is payable on April 15, 2016 to shareholders of record at the close of business on March 31, 2016.

(tabular amounts in thousands of Canadian dollars, except where noted)

31 Principal subsidiaries

The Company had the following subsidiaries as at December 31, 2015:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares owned by the Company
A&A Tank Truck Co.	USA	Transportation and Waste Disposal	100%
B.E.G. Liquid Mud Services Corp.	USA	Oil & Gas Support Services	100%
Cal-Gas Inc.	Canada	Industrial propane	100%
Canwest Propane Partnership	Canada	Industrial propane	100%
Canwest Propane ULC	Canada	Industrial propane	100%
Charles Houston Inc.	USA	Oil & Gas Support Services	100%
Chief Hauling Contractors ULC	Canada	Transportation Services	100%
Frontier Ventures LLC	USA	Oil & Gas Support Services	100%
GEP ULC	Canada	Transportation and Storage	100%
Gibson (U.S) Acquisition Corp.	USA	Holding Company	100%
Gibson (U.S) Finco Corp.	USA	Holding Company	100%
Gibson (U.S) Holdco Corp.	USA	Holding Company	100%
Gibson Energy (US) Inc.	USA	Wholesale petroleum products	100%
Gibson Energy Inc.	Canada	Holding Company	100%
Gibson Energy Infrastructure, LLC	USA	Holding Company	100%
Gibson Energy Corp.	USA	Holding Company	100%
Gibson Energy Marketing, LLC	USA	Wholesale petroleum products	100%
Gibson Energy Partnership	Canada	Transportation and Storage	100%
Gibson Energy Sask Ltd.	Canada	Transportation and Storage	100%
Gibson Energy ULC	Canada	Holding Company	100%
Gibson Energy LLC	USA	Transportation	100%
Gibson Energy ULC Pension Plan	Canada	Pension Fund	100%
Gibson Finance Ltd.	Canada	Holding Company	100%
Gibson Gas Liquids Partnership (Alberta)	Canada	Wholesale propane	100%
Gibson Gas Liquids ULC	Canada	Wholesale propane	100%
Gibson GCC Inc.	Canada	Inactive	100%
Gibson Offshore Services, LLC	USA	Oil & Gas Support Services	100%
Gibson Omni Parent Inc.	USA	Holding Company	100%
Griswold Management, Inc.	USA	Inactive	100%
GWCC, LLC	USA	Oil & Gas Support Services	100%
Industrial Lift Truck & Equipment Co, Inc.	USA	Oil & Gas Support Services	100%
Keeton Services, Inc.	USA	Oil & Gas Support Services	100%
Link Petroleum Inc.	USA	Wholesale propane	100%
Link Petroleum Services Ltd.	Canada	Inactive	100%
Littlehawk Enterprises Ltd.	Canada	Oil & Gas Support Services	100%
Moose Jaw Refinery Partnership	Canada	Fluids and refining	100%
Moose Jaw Refinery ULC	Canada	Fluids and refining	100%
OMNI Energy Seismic Services, LLC	USA	Oil & Gas Seismic Services	100%
OMNI Energy Services Corp.	USA	Oil & Gas Support Services	100%
OMNI Energy Transportation Corp.	USA	Oil & Gas Support Services	100%
OMNI Labor Corp.	USA	Inactive	100%

(tabular amounts in thousands of Canadian dollars, except where noted)

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares owned by the Company
OMNI Properties Corp.	USA	Inactive	100%
Plato Services Partnership	Canada	Waste Disposal Services	50%
Preheat, Inc.	USA	Oil & Gas Support Services	100%
Rig Tools, Inc.	USA	Oil & Gas Support Services	100%
Ross Eriksmoen Inc.	USA	Oil & Gas Support Services	100%
Stittco Energy Ltd.	Canada	Industrial propane	100%
Stittco Utilities Man Ltd.	Canada	Industrial propane	100%
Stittco Utilities NWT Ltd.	Canada	Industrial propane	100%
Taylor Transfer Services, LLC	USA	Transportation	100%
TPG Leasing, LLC	USA	Rental and Leasing	100%
TPG Transport, LLC	USA	Transportation	100%
Trussco, Inc.	USA	Oil & Gas Support Services	100%
WISCO Inc.	USA	Oil & Gas Support Services	100%