Critical Control Energy Services Corp.

Q2 2015

Condensed Consolidated Interim Financial Statements

June 30, 2015

Critical Control provides solutions for the collection, control and analysis of measurement and operational data related to oil and gas wells across North America. We provide services to capture the data, cloud-based software to visualize and manage it and the business intelligence to make quicker and more informed operational decisions.

CRITICAL CONTROL

Critical Control Energy Services Corp.

Q2 2015 Condensed Consolidated Interim Financial Statements

June 30, 2015

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2015 (unaudited)
(In thousands of Canadian dollars, except share and per share data)

	Note	June 30, 2015	December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		3,151	1,805
Accounts receivable		9,450	9,095
Unbilled revenue		764	347
Inventory		3,667	3,779
Prepaid expenses		815	1,591
Total current assets		17,847	16,617
Tax credits recoverable		679	605
Deposits		104	129
Deferred income taxes		1,644	2,082
Property and equipment		4,877	2,956
Intangible assets and goodwill		19,251	20,546
TOTAL ASSETS		44,402	42,935
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness		6,435	2,631
Accounts payable and accrued liabilities		4,416	5,013
Deferred revenue		816	2,072
Provisions	4	682	563
Current portion of long-term debt	5	932	1,143
Current portion of deferred lease inducements		38	199
Total current liabilities		13,319	11,621
Provisions	4	418	255
Long term debt	5	1,790	2,312
Deferred lease inducements		102	185
Deferred income taxes		468	554
TOTAL LIABILITIES		16,097	14,927
Shareholders' Equity			
Share capital		31,558	31,463
Contributed surplus		1,635	1,590
Deficit		(5,987)	(5,679)
Accumulated other comprehensive income		1,099	634
Total shareholders' equity		28,305	28,008
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY		44,402	42,935
Contingencies, subsequent events and other matters	13		

(See Notes to the Condensed Consolidated Interim Financial Statements)

Condensed Consolidated Interim Statement of Earnings

For the three and six month periods ended June 30 (unaudited)
(In thousands of Canadian dollars, except share and per share data)

		Three months		Six months	
	Note	**2015**	**2014**	**2015**	**2014**
Continuing operations			(Restated - See Note 9)		(Restated - See Note 9)
Revenue		10,747	8,499	20,226	16,031
Cost of revenue		7,150	5,407	13,370	10,429
		3,597	3,092	6,856	5,602
Expenses					
Selling and administrative		3,635	2,860	6,880	5,557
Research and development		249	294	697	567
Finance (income)	7	172	309	(138)	237
Other expenses	8	678	19	695	93
		4,734	3,482	8,134	6,454
Loss before income taxes		(1,137)	(390)	(1,278)	(852)
Income taxes		(256)	(26)	(267)	(117)
Net loss from continuing operations		(881)	(364)	(1,011)	(735)
Discontinued operations					
Net (loss) earnings from discontinued operations	9	(16)	254	703	455
Net loss		(897)	(110)	(308)	(280)
Other comprehensive (loss) income					
Foreign currency translation adjustments, net of tax [1]		(133)	(176)	465	10
Comprehensive (loss) income		(1,030)	(286)	157	(270)
Earnings per share					
Net loss					
Basic and diluted	10	(0.02)	-	(0.01)	(0.01)
Discontinued operations					
Basic and diluted	10	-	-	0.01	0.01
Continuing operations					
Basic and diluted	10	(0.02)	(0.01)	(0.02)	(0.01)

[1] To be reclassified to earnings or loss if there is a disposition of foreign operation

(See Notes to the Condensed Consolidated Interim Financial Statements)

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30 (unaudited)
(In thousands of Canadian dollars, except share and per share data)

Six months ended June 30, 2015

	Note	Share Capital	Contributed Surplus	Deficit	Cumulative translation account	Total
Balance at January 1, 2015		31,463	1,590	(5,679)	634	28,008
Comprehensive income		-	-	(308)	465	157
Employee share purchase plan proceeds, net of refunds		-	(5)	-	-	(5)
Shares issued from treasury for deferred common shares		92	(92)	-	-	-
Shares issued from treasury under employee						-
share purchase plan		3	(3)	-	-	-
Share-based payments		-	145	-	-	145
Balance at June 30, 2015		31,558	1,635	(5,987)	1,099	28,305

Six months ended June 30, 2014

	Note	Share Capital	Contributed Surplus	Deficit	Cumulative translation account	Total
Balance at January 1, 2014		29,047	1,093	(4,456)	79	25,763
Comprehensive income (loss)		-	-	(280)	10	(270)
Private placement proceeds		2,820	180	-	-	3,000
Employee share purchase plan proceeds		-	90	-	-	90
Share issue costs, net of $66 income tax benefit		(197)	-	-	-	(197)
Shares purchased under normal course issuer bid	6	(246)	39	-	-	(207)
Share-based payments		-	42	-	-	42
Balance at June 30, 2014		31,424	1,444	(4,736)	89	28,221

(See Notes to the Condensed Consolidated Interim Financial Statements)

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30 (unaudited)
(In thousands of Canadian dollars, except share and per share data)

	Note	2015	2014
Cash flows provided by (used in)			
Operating activities			
Net loss		(308)	(280)
Adjustments for:			
Depreciation of property and equipment		550	411
Amortization of intangible assets		768	977
Amortization of deferred lease inducements		(102)	(96)
Income taxes		(455)	(72)
Share-based payments		154	42
Tax credits recoverable		(74)	(147)
Tax credits applied against product development costs		42	73
Net additions to provisions	4	766	-
Gain on disposal of property and equipment		-	(16)
Gain on sale of discontinued operations, net of tax	9	(727)	-
Gain on acquisition	3	(762)	-
Interest expense at amortized cost	7	145	178
Unrealized foreign exchange gain		(389)	(26)
Interest paid		(131)	(142)
Income tax paid		(114)	(31)
Funds (used in) provided by operations		(637)	871
Change in non-cash working capital	11	(1,412)	(1,588)
		(2,049)	(717)
Investing activities			
Purchase of measurement services net assets		(1,973)	-
Purchase of property and equipment	5	(335)	(245)
Purchase of software		(14)	(24)
Proceeds from sale of discontinued operations, net of $67 selling costs	3	3,533	-
Proceeds on sale of property and equipment		-	47
Additions to product development costs		(441)	(273)
Deferred lease inducements		85	-
Change in non-cash working capital		(100)	(69)
		755	(564)
Financing activities			
Proceeds from private placement	6	-	3,000
Proceeds from employee share purchase plan, net of refunds	6	(5)	90
Proceeds from long-term debt		3,588	-
Repayment of long-term debt		(967)	(1,332)
Share issue and financing costs		-	(263)
Shares purchased under normal course issuer bid	6	-	(207)
Change in non-cash working capital		(18)	7
		2,598	1,295
Effect of translation of foreign currency cash		42	3
Net increase in cash		1,346	17
Cash and cash equivalents, beginning of period		1,805	434
Cash and cash equivalents, end of period		3,151	451

(See Notes to the Condensed Consolidated Interim Financial Statements)

1. Structure of the Corporation

Organization

Critical Control Energy Services Corp. (the "Corporation" or "Critical Control") is incorporated in Alberta and domiciled in Canada. The registered address of the Corporation is 2800, 715 – 5 Avenue SW, Calgary, Alberta T2P 2X6. Critical Control is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under symbol "CCZ".

The Corporation changed its name from "CriticalControl Solutions Corp." to "Critical Control Energy Services Corp." effective June 23, 2015.

These condensed consolidated interim financial statements ("interim financial statements") should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2014, which are available upon request from the Corporation's head office at Suite 800, 140 – 10th Avenue SE, Calgary, Alberta, Canada T2G 0R1, at www.criticalcontrol.com or at www.sedar.com.

Operations

Critical Control operates in Canada and the United States, providing solutions for the collection, control and analysis of measurement and operational data related to oil and gas wells across North America. The Corporation provides services to capture the data, cloud-based software to visualize and manage it and the business intelligence to make quicker and more informed operational decisions.

2. Basis of preparation

(a) Statement of compliance:

These are condensed consolidated interim financial statements ("interim financial statements") prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements. These interim financial statements were prepared using International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* as at June 30, 2015. These interim financial statements were authorized for issuance by the Board of Directors as of August 10, 2015.

The interim financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements for the year-ended December 31, 2014. The interim financial statements do not contain all of the disclosures required for annual financial statements. As a result, the interim financial statements should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2014, prepared in accordance with IFRS as issued by the IASB.

(b) Basis of measurement:

The interim financial statements have been prepared on the historical cost basis except as specifically noted within these notes to the interim financial statements.

(c) Functional and presentation currency:

The interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

(d) Use of estimates and judgments:

The preparation of the interim financial statements require management to make judgements and estimates that affect the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgements and estimates used by the Corporation are believed to be reasonable under current circumstances, actual results could differ.

The key sources of estimation uncertainty are the same as those applied in the December 31, 2014 audited consolidated financial statements. The areas involving a high degree of judgement and areas where assumptions and estimates are significant to the financial statements have been disclosed in Note 3 to the Corporation's December 31, 2014 audited consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(In thousands of Canadian dollars, except share and per share data)

3. Measurement services acquisition

Effective April 1, 2015, the Corporation acquired, through Gas Analytical Services, Inc. certain assets of a company based in Dallas, Texas relating to the interpretation of gas charts, the provision of gas and liquids analysis, and the provision of measurement related field services ("Measurement Services Acquisition"). The purchase price of US $2.0 million was paid 80% on first closing with the remainder payable on the second closing of December 15, 2015 or such earlier date agreed to.

The acquisition has been accounted for using the acquisition method under IFRS 3, and the results of operations have been included in the condensed consolidated interim statements of earnings and comprehensive income from the date of acquisition.

Bargain purchase gain	
Total consideration	2,466
Less fair value of net assets acquired	3,228
Gain on acquisition	762
Provision	
Onerous leases	(598)

The allocation described above are preliminary and subject to change upon final determination of the fair values of the net assets acquired.

The net assets acquired have been allocated to US Energy Services. Revenue generated from the net assets since the date of acquisition is $2.1 million. Earnings before income tax contributed from the net assets in 2015 is $0.1 million.

The gain on acquisition is attributed mainly to the onerous leases that were acquired as part of the acquisition related to three office leases in areas that the Corporation does not currently plan to utilize due to underdeveloped market opportunities in the area. These onerous leases were added to the provisions in the second quarter of 2015.

The Corporation incurred acquisition related costs in 2015 of $0.1 million related to external legal fees and due diligence costs. These costs have been included in selling and administrative expenses.

4. Provisions

	Onerous Lease	**Onerous Contract**	**Total**
Balance at January 1, 2015	618	200	818
Provisions used during the period	(263)	-	(263)
Change in estimate	268	(100)	168
Provisions acquired related to measurement services acquisition	598	-	598
Provision disposed of in discontinued operations	(225)	-	(225)
Effect of movement in exchange rates	4	-	4
Balance at June 30, 2015	1,000	100	1,100
Less current portion	582	100	682
Long-term portion	418	-	418

The onerous lease provision relates to discontinued operations, specifically excess space in Edmonton, Alberta that is expected to be subleased at rates lower than those being paid under the lease agreement with the landlord, which expires August 31, 2017. The onerous lease provision at January 1, 2015 was based on 12,188 square feet of excess space. In the second quarter of 2015, a portion of the onerous lease provision related to 5,000 square feet of excess space which was reallocated to disposal of discontinued operations, reducing the total to 7,188 square feet.

In the second quarter of 2015, as part of the Measurement Service Acquisition, Critical Control assumed responsibility for three onerous leases located in Carlsbad, New Mexico, Elk City, Oklahoma, and Muncy, Pennsylvania. The Corporation does not currently plan to utilize the leased locations due to underdeveloped market opportunities.

The net obligation of the onerous leases has been estimated based on sublease agreements expected to be in place. The provision is based on management's best estimate of the sublease rates that will be negotiated, the timing and the discount rates.

(In thousands of Canadian dollars, except share and per share data)

The onerous contract provision relates to a significant ProMonitor Schematics implementation project in the Canadian Energy Services segment. The provision is reviewed and reassessed on a periodic basis by management. In the first quarter of 2015, it was determined that a reduction of $0.1 million was appropriate based on revised estimates of costs to complete and future revenue to be recognized.

5. Long-term debt

	June 30, 2015	December 31, 2014
Current liabilities		
Secured bank term loans	696	658
Secured finance contracts	164	169
Finance lease liabilities	72	316
	932	1,143
Non-current liabilities		
Secured bank term loans	1,671	1,865
Secured finance contracts	117	182
Finance lease liabilities	2	265
	1,790	2,312

During the six months ended June 30, 2015, items of property and equipment costing $Nil (2014: $0.5 million) were acquired by way of finance contracts or finance leases and have been excluded from the statement of cash flows.

The bank facility and related term loans require adherence to certain financial covenants, including a maximum Debt to EBITDA ratio of 2.75 and a minimum Adjusted Debt Service ratio of 1.25. As at June 30, 2015, the Corporation is in compliance with its financial covenants.

6. Share capital and contributed surplus

Normal course issuer bid

On August 13, 2013, the Corporation received regulatory approval from the TSX to carry out a normal course issuer bid ("NCIB"). The Corporation was authorized to purchase, through the facilities of the TSX, up to 3,858,000 issued and outstanding common shares. In accordance with TSX rules, a maximum daily purchase of 8,805 common shares was established. The common shares that the Corporation has purchased pursuant to the NCIB have been cancelled, and the NCIB expired on August 15, 2014. Transactions are summarized as follows:

	Six months ended June 30, 2015	2014
Number of common shares purchased under NCIB, beginning of year	-	461,000
Number of common shares purchased under NCIB during the period	-	438,500
Number of common shares purchased under NCIB, end of period	-	899,500
Amount deducted from share capital during the period, based on average book value per share	-	246
Amount paid to purchase common shares during the period	-	207
Amount added to contributed surplus during the period	-	39

(In thousands of Canadian dollars, except share and per share data)

7. Finance (income)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
		(Restated - See Note 9)		(Restated - See Note 9)
Interest on bank indebtedness	28	34	47	53
Interest on long-term debt	48	57	98	120
Bank charges	26	35	59	73
Foreign exchange	66	172	(368)	(21)
Accounts receivable impairment	3	11	24	11
Other	1	-	2	1
	172	309	(138)	237

8. Other expenses

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
		(Restated - See Note 9)		(Restated - See Note 9)
Termination costs	703	15	707	49
Gain (loss) on disposal of property and equipment	-	4	-	(6)
Provisions on onerous leases	598	-	598	-
Gain on acquisition	(762)	-	(762)	-
Cost of acquisition	139	-	152	-
Other non-recurring expense	-	-	-	50
	678	19	695	93

9. Discontinued operations

On March 12, 2015, the Corporation announced the sale of a portion of its Service Bureau Operations, specifically the operations based in Quebec, Ontario and Manitoba, for gross proceeds of $1.0 million under an asset sale. On March 27, 2015, the Corporation announced closing of the sale of another component of its Service Bureau Operations, specifically the operations consisting of reselling imaging equipment, preventative maintenance contracts and third party document imaging software, for gross proceeds of $1.7 million. On May 4, 2015, the Corporation announced the sale of the final component of its Service Bureau Operations, specifically the operations based in Edmonton, Alberta, for gross proceeds of $1.3 million, $0.4 million of which is due six months from closing. Under the terms of the three asset purchase agreements, all accounts receivable, liabilities and certain other working capital associated with the businesses prior to the sale were retained by the Corporation, other than a portion of the Corporation's onerous lease obligation that was assumed by the purchaser and certain assets that are recoverable from the purchaser.

The Service Bureau Operations segment was not previously classified as held-for-sale or as discontinued operations, but has been classified as such in these interim financial statements. The comparative condensed consolidated interim statement of earnings for the three and six months ended June 30, 2014 and related disclosures have been restated to present the discontinued operations separately from continuing operations.

(In thousands of Canadian dollars, except share and per share data)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Earnings from discontinued operations, net of tax				
Revenue	453	4,225	3,280	8,353
Expenses	648	3,949	3,493	7,853
(Loss) earnings from operations, before income taxes	(195)	276	(213)	500
Income taxes	184	(22)	189	(45)
Net (loss) earnings from operations	(11)	254	(24)	455
Gain on sale of discontinued operations	12	-	1,468	-
Income tax on gain on sale of discontinued operations	(17)	-	(741)	-
Earnings (loss), net of tax	(16)	254	703	455

The gain on sale of discontinued operations includes a goodwill impairment loss of $0.3 million.

The Corporation is in the process of finalizing the allocation of sale proceeds for income tax purposes, and as such the income tax provision related to the gain on sale of discontinued operations may change.

A significant amount of goodwill in relation to the Service Bureau Operations has no tax basis. In accordance with IFRS, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. This explains the higher effective tax rate related to the gain on sale of discontinued operations.

The gain on sale of discontinued operations was determined as follows:

Proceeds of sale	3,533
Net assets and liabilities sold:	
Inventories	6
Prepaid expenses	211
Deposits	20
Property and equipment	784
Software	14
Goodwill	1,719
Provisions	(225)
Deferred lease inducement	(227)
Net assets and liabilities	2,065
Gain on sale of discontinued operations	1,468

	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash flows from (used in) discontinued operations		
Operating activities	(173)	175
Investing activities	3,534	(78)
Net cash flow	3,361	97

10. Earnings per share

The following information was used for the net earnings (loss) per share calculations:

(In thousands of Canadian dollars, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Weighted average number of shares outstanding:				
Basic	57,544,368	51,379,842	57,522,067	51,501,667
Diluted	57,544,368	51,379,842	57,522,067	51,501,667
Diluted - discontinued operations	57,544,368	52,041,828	58,438,148	52,226,668
Diluted - continuing operations	57,544,368	51,379,842	57,522,067	51,501,667

The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted - continuing operations) for the three and six months ended June 30, 2015 because they were antidilutive:

- 1,024,413 deferred common shares;
- 238,215 shares reserved under the Employee Share Purchase Plan;
- 125,000 common shares to be issued from treasury on September 27, 2016; and
- 3,000,000 warrants to purchase common shares at $0.70 per share.

The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted, other than continuing operations) for the three and six months ended June 30, 2015 because they were antidilutive:

- 475,000 deferred common shares;
- 125,000 common shares to be issued from treasury on September 27, 2016; and
- 3,000,000 warrants to purchase common shares at $0.70 per share.

11. Supplemental information

Change in non-cash working capital balance:

	Six months ended June 30,	
	2015	**2014**
Accounts receivable	1,429	(766)
Unbilled revenue	(476)	37
Inventory	344	(1,364)
Prepaid expenses	477	(277)
Accounts payable and accrued liabilities	(1,901)	879
Provisions	(263)	(16)
Deferred revenue	(1,022)	(81)
	(1,412)	(1,588)

12. Operating segments

Critical Control has two reportable segments, as described below, which are the Corporation's strategic business units. The strategic business units offer some differing services, and one of them operates in the US with the other in Canada. The reportable segments are managed separately because of the unique characteristics and requirements of each business.

The Canadian Energy Services business provides the following services to its upstream and midstream oil and gas clients:

- Field Data Capture: Gas chart integration and reporting; real-time SCADA information; and cost-efficient data validation.
- Regulatory Compliance and Risk Management: Integrated pipeline and asset profiles management; intelligent fluid analysis management; and streamlined, auditable meter calibration.
- Production and Financial Accounting: Production accounting; financial and joint interest accounting; capital projects management; land and contracts management; production asset management; and facility processing contract management.

The US Energy Services business provides the following services to its upstream and midstream oil and gas clients:

- Field Data Capture: Gas chart integration and reporting; real-time SCADA information; and cost-efficient data validation.
- Gas measurement field services, inclusive of natural gas meter installation, calibration and monitoring.

- Fabrication, assembly and sale of gas measurement and related equipment.
- Gas and liquid analysis.

All public company costs, interest, unrealized foreign exchange and other expenses not directly attributed to the two operating segments are included in Corporate.

(In thousands of Canadian dollars, except share and per share data)

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin and earnings (loss) before tax directly attributable to each segment. All of the Corporation's identifiable assets are located in Canada and the US.

The following presents the results of Critical Control's operating segments:

	Canadian Energy Services		US Energy Services		Corporate		Discontinued Operations		Total	
Three months ended June 30,	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
								(Restated - See Note 9)		(Restated - See Note 9)
Revenue	3,573	3,317	7,174	5,182	-	-	-	-	10,747	8,499
Cost of revenue	1,798	1,712	5,352	3,695	-	-	-	-	7,150	5,407
	1,775	1,605	1,822	1,487	-	-	-	-	3,597	3,092
Expenses										
Selling and administrative	820	773	1,394	917	1,421	1,170	-	-	3,635	2,860
Research and development	196	192	53	102	-	-	-	-	249	294
Finance costs	3	(3)	-	8	169	304	-	-	172	309
Other operating	(3)	12	(12)	4	693	3	-	-	678	19
	1,016	974	1,435	1,031	2,283	1,477	-	-	4,734	3,482
Earnings (loss) before income tax	759	631	387	456	(2,283)	(1,477)	-	-	(1,137)	(390)

	Canadian Energy Services		US Energy Services		Corporate		Discontinued Operations		Total	
Six months ended June 30,	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
								(Restated - See Note 9)		(Restated - See Note 9)
Revenue	7,089	6,503	13,137	9,528	-	-	-	-	20,226	16,031
Cost of revenue	3,415	3,525	9,955	6,904	-	-	-	-	13,370	10,429
	3,674	2,978	3,182	2,624	-	-	-	-	6,856	5,602
Expenses										
Selling and administrative	1,599	1,526	2,448	1,852	2,833	2,179	-	-	6,880	5,557
Research and development	593	408	104	159	-	-	-	-	697	567
Finance costs	3	5	21	8	(162)	224	-	-	(138)	237
Other operating	-	46	(11)	(6)	706	53	-	-	695	93
	2,195	1,985	2,562	2,013	3,377	2,456	-	-	8,134	6,454
Earnings (loss) before income tax	1,479	993	620	611	(3,377)	(2,456)	-	-	(1,278)	(852)
Segment assets	14,543	12,048	25,811	18,170	3,056	1,204	992	9,549	44,402	40,971

13. Contingencies, subsequent events and other matters

Bell Mobility ("BELL"), the Corporation's roaming partner, is in the process of shutting down their CDMA EVDO network in parts of British Columbia and Alberta. It is expected that the Corporation will continue to receive wireless service on BELL's 1xRTT CDMA network until at least January 1, 2017. Approximately 460 modems using the CDMA network have been replaced to-date, and management estimates that an additional 675 currently active on NetFlow use the CDMA network. The replacement cost for the remaining 675 modems and antennas is estimated to be $0.4 million in total, and the replacement of these is being planned over the next twelve months. It is expected that the cost of hardware replacements will be recovered through reduced monthly charges from BELL and increased monthly charges to NetFlow customers.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.