CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CERF INCORPORATED

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2016.

CERF INCORPORATED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

IN THOUSANDS OF CANADIAN DOLLARS

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash	1,386	3,327
Accounts receivable	7,356	5,626
Inventory	1,524	1,594
Income taxes recoverable	1,069	1,187
Prepaid expenses and deposits	962	945
Assets held for sale (note 4)	3,659	—
	15,956	12,679
Non-current assets:		
Property and equipment (note 4)	89,934	77,315
Intangibles and goodwill (note 5)	9,577	9,854
Deferred income taxes	1,207	—
	100,718	87,169
Total assets	116,674	99,848
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	2,896	2,164
Dividends payable	—	728
Current portion of long-term debt (note 6)	44,150	1,000
Current portion of finance leases	248	273
	47,294	4,165
Non-current liabilities:		
Long-term debt (note 6)	—	30,500
Obligation under finance leases	3,526	3,577
Note payable (note 7)	3,813	—
Deferred income taxes	—	339
	7,339	34,416
Total liabilities	54,633	38,581
Shareholders' equity		
Share capital (Note 8)	107,481	102,610
Share purchase loans receivable	(11)	(22)
Contributed surplus	1,018	1,024
Deficit	(46,447)	(42,345)
	62,041	61,267
Total liabilities and shareholders' equity	116,674	99,848

See accompanying notes to the Condensed Consolidated Interim Financial Statements

CERF INCORPORATED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended March 31	
	2016	**2015**
Revenues	8,540	17,660
Direct expenses		
Direct operating costs	4,197	9,167
Cost of sales of equipment, fuel and parts	508	802
Depreciation of equipment (note 4)	2,952	2,737
	7,657	12,706
Gross margin	883	4,954
Operating expenses		
General and administrative	2,940	2,198
Depreciation of other property and equipment (note 4)	100	58
Amortization of intangible assets	277	501
Impairment of property and equipment (note 4)	5,152	—
Business acquisition expenses (note 3)	343	16
	8,812	2,773
Other expenses		
Finance costs (note 10)	652	446
Bargain purchase gain (note 3)	(2,108)	—
(Loss) income before income taxes	**(6,473)**	**1,735**
Income taxes		
Current expense	118	170
Deferred (recovery) expense	(2,489)	323
	(2,371)	**493**
Net (loss) income and comprehensive income for the period	**(4,102)**	**1,242**
Net income per share		
Basic	$(0.11)	$0.03
Diluted	$(0.11)	$0.03
Weighted average number of shares outstanding		
Basic	38,411,257	36,246,076
Diluted	38,411,257	36,246,076

See accompanying notes to the Condensed Consolidated Interim Financial Statements

CERF INCORPORATED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended March 31	
	2016	**2015**
Cash provided by (used in):		
Operating		
Net (loss) income	(4,102)	1,242
Depreciation of property and equipment (note 4)	3,276	2,853
Gain on disposal of property and equipment (note 4)	(224)	(58)
Amortization of intangible assets (note 5)	277	501
Impairment of property and equipment (note 4)	5,152	—
Bargain purchase gain (note 3)	(2,108)	—
Stock based compensation	(6)	41
Deferred income taxes	(2,489)	323
Cash flow from operating activities before changes in non-cash working capital	(224)	4,902
Changes in non-cash working capital	774	91
Cash flow from operating activities	550	4,993
Investing		
Change in non-cash working capital related to investing activities	471	(500)
Business acquisition (note 3)	(12,789)	—
Purchase of property and equipment (note 4)	(2,685)	(2,537)
Proceeds from sale of property and equipment (note 4)	677	229
Long term receivable	—	57
Cash flow (used by) investing activities	(14,326)	(2,751)
Financing		
Share issue costs	(51)	—
Dividends paid	(688)	(2,104)
Proceeds from long-term debt	12,900	—
Repayment of long-term debt	(250)	(249)
Repayment of obligations under finance leases	(76)	(82)
Cash flow from (used by) finance activities	11,835	(2,435)
Net change in cash in the period	(1,941)	(193)
Cash, beginning of year	3,327	1,603
Cash, end of period	1,386	1,410

See accompanying notes to the Condensed Consolidated Interim Financial Statements

CERF INCORPORATED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

	Common Shares	Preferred Shares	Share purchase loans	Contributed surplus	Deficit	Total
Balance – December 31, 2014	102,350	—	(93)	873	(6,485)	96,645
Stock based compensation	—	—	—	151	—	151
Share purchase loan	—	—	34	—	—	34
Share purchase loan cancellation	(37)	—	37	—	—	—
Dividends reinvested	297	—	—	—	—	297
Comprehensive (loss) income	—	—	—	—	(30,052)	(30,052)
Dividends declared	—	—	—	—	(5,808)	(5,808)
Balance – December 31, 2015	102,610	—	(22)	1,024	(42,345)	61,267
Stock based compensation	—	—	—	(6)	—	(6)
Share purchase loan cancellation	(11)	—	11	—	—	—
Shares issued on business acquisition (note 3)	1,799	3,080	—	—	—	4,879
Share issue costs net of deferred tax benefit of $14	(37)	—	—	—	—	(37)
Dividends reinvested	40	—	—	—	—	40
Comprehensive (loss) income	—	—	—	—	(4,102)	(4,102)
Balance – March 31, 2016	104,401	3,080	(11)	1,018	(46,447)	62,041

See accompanying notes to the Condensed Consolidated Interim Financial Statements

1. CORPORATE INFORMATION:

CERF Incorporated ("CERF" or the "Company") was formed under the laws of Alberta as a corporation on August 10, 2011. Prior to October 1, 2011, operations were carried on as Canadian Equipment Rental Fund Limited Partnership (the "Partnership"), which had been formed under the laws of Alberta as a limited partnership on January 21, 2005.

The Company is engaged in equipment rentals, equipment sales and service, and waste management services. CERF Incorporated is listed on the TSX Venture Exchange under the symbol CFL.

2. BASIS OF PREPARATION:

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full financial disclosure. The disclosures provided below are incremental to those included in the annual financial statements and certain disclosures, which are normally required to be included in the notes to annual financial statements, have been condensed or omitted. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the Company's annual financial statements for the year ended December 31, 2015. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2015.

These consolidated financial statements were approved by the Board of Directors on May 25, 2016 and are presented in Canadian dollars, which is the Company's functional currency.

In the presentation of financial statements, Management is required to identify where events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern.

After assessing internal budget, plans and forecasts for the coming year, Management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. See note 6 for significant judgments involved in reaching this conclusion.

3. BUSINESS ACQUISITION

On February 2, 2016, the Company acquired all the outstanding common and preferred shares of Zedcor Oilfield Rentals Ltd. ("Zedcor"). The purchase price consisted of the issuance by the Company of 3,049,968 common shares and 4,400,000 preferred shares both at a deemed price of $0.70 per share, the payout of approximately $12,789 in debt and the assumption of a $5,000 subordinated vendor take-back note.

The purchase price of $21,406 consisted of $1,799 of 3,049,968 CERF common shares issued at the market closing price of $0.59 per share on the acquisition date and $3,080 based on the issuance of 4,400,000 CERF preferred shares at a deemed price of $0.70, plus the payout of $12,789 in debt and the assumption of a $5,000 subordinated vendor take back note fair valued at $3,738. The purchase price was allocated to the net assets acquired based on their estimated fair values as follows:

IN THOUSANDS OF CANADIAN DOLLARS

Fair value of acquired net assets:	
Working capital	1,997
Deferred tax liability	(957)
Property and equipment	22,474
	23,514
Financed as follows:	
Common shares issued	1,799
Preferred shares issued	3,080
Note payable	3,738
Debt assumed	12,789
	21,406
Bargain purchase gain	2,108

The Company recorded a purchase gain for the excess of the provisional estimated fair value of the acquired net assets over the purchase price. Before recording the provisional estimates of fair values and concluding that a purchase gain was appropriate, a rigorous assessment of all identified assets acquired and liabilities assumed at the acquisition date was completed to determine whether any additional assets or liabilities should be recognized. All procedures in determining the provisional measurement of identified assets acquired and liabilities assumed at the acquisition date were appropriate and in accordance with IFRS 3 Business Combinations. It was concluded the measurements appropriately reflect the consideration of all available information at the acquisition date, and the purchase gain is appropriate considering the nature and circumstances of the acquisition. Such circumstances included Zedcor's relatively new asset base and its expanded geographic footprint.

The Company incurred costs of $343 related to the Zedcor acquisition. These costs mainly relate to due diligence, legal fees and tax advisory fees. These costs have been included in business acquisition costs in the consolidated statements of income and loss.

The purchase price accounting has not been finalized at the time of the release of these financial statements and is subject to normal valuation adjustments.

IN THOUSANDS OF CANADIAN DOLLARS

4. PROPERTY AND EQUIPMENT:

Cost	Buildings	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2014	4,801	87,247	13,175	1,219	290	106,732
Additions	—	4,135	1,892	796	61	6,884
Disposals	—	(2,770)	(1,209)	(8)	(18)	(4,005)
At December 31, 2015	4,801	88,612	13,858	2,007	333	109,611
Additions	—	63	2,577	45	—	2,685
Business acquisition	—	21,922	515	37	—	22,474
Assets held for sale	—	(17,715)	—	—	—	(17,715)
Disposals	—	(903)	(364)	—	—	(1,267)
At March 31, 2016	4,801	91,979	16,586	2,089	333	115,788

Accumulated depreciation	Buildings	Rental equipment	Automotive and other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2014	1,486	14,652	6,760	494	150	23,542
Depreciation	274	9,056	1,801	271	37	11,439
Elimination on disposal	—	(1,744)	(926)	(3)	(12)	(2,685)
At December 31, 2015	1,760	21,964	7,635	762	175	32,296
Depreciation	69	2,661	443	94	9	3,276
Assets held for sale	—	(8,904)	—	—	—	(8,904)
Elimination on disposal	—	(614)	(200)	—	—	(814)
At March 31, 2016	1,829	15,107	7,878	856	184	25,854

Net Book Value	Buildings	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2015	3,041	66,648	6,223	1,245	158	77,315
At March 31, 2016	2,972	76,872	8,708	1,233	149	89,934

Depreciation of assets subject to finance lease obligations in the three months ended March 31, 2016 was $73 (2015 - $99).

IN THOUSANDS OF CANADIAN DOLLARS

During the three months ended March 31, 2016, the Company sold assets with a net book value of $453 for proceeds of $677, resulting in a gain of $224 (2015 - gain of $58) which has been included in depreciation of equipment in comprehensive income.

Assets Held for Sale

The Company has decided to sell certain under-utilized and obsolete rental assets in the Energy Services segment. As at March 31, 2016, the Company classified such equipment with a net realizable value of $3.7 million as assets held for sale. An impairment of $5.2 million was recognized prior to reclassification from property and equipment to assets held for sale. The Company is actively marketing these assets to potential buyers and expects the sale of these assets to be completed within one year.

5. INTANGIBLES AND GOODWILL:

Cost	Goodwill	Long term Contracts	Customer Relation-ships	Non-compete agreement	Brand names & other	Total
At December 31, 2014	**31,304**	**573**	**5,644**	**742**	**44**	**38,307**
Amortization	—	(423)	(1,378)	(95)	(28)	(1,924)
Impairment	(24,045)	—	(1,845)	(639)	—	(26,529)
At December 31, 2015	**7,259**	**150**	**2,421**	**8**	**16**	**9,854**
Amortization	—	(105)	(165)	(4)	(3)	(277)
At March 31, 2016	**7,259**	**45**	**2,256**	**4**	**13**	**9,577**

6. CREDIT FACILITIES:

	Effective interest rate	Final maturity	Facility maximum	Outstanding as at March 31, 2016	Outstanding as at December 31, 2015
Revolving operating facility	3.56%	2018	55,000	40,400	27,500
Revolving capital expenditure facility	3.91%	2018	10,000	3,750	4,000
				44,150	31,500
Current portion				(44,150)	(1,000)
Long term debt				—	30,500

IN THOUSANDS OF CANADIAN DOLLARS

On February 2, 2016, the Company's Syndicated Bank Credit Facility was amended under the Second Amending Agreement whereby consent was provided to proceed with the acquisition of Zedcor Oilfield Rentals Ltd., and to amend the financial covenant in respect of the Debt to EBITDA ratio as follows.

Second Amending Agreement	Dec 31 2015	Mar 31 2016	June 30 2016	Sept 30 2016	Dec 31 2016	Thereafter
Debt to EBITDA*	4.00:1	4.25:1	4.00:1	4.00:1	3.50:1	3.00:1
Interest Coverage Ratio**	3.25:1	3.25:1	3.25:1	3.25:1	3.25:1	3.50:1

On April 28, 2016, the Company's Syndicated Bank Credit Facility was amended under the Third Amending Agreement to amend the financial covenant in respect of the Debt to EBITDA and Interest Coverage ratios as follows.

Third Amending Agreement	Mar 31 2016	June 30 2016	Sept 30 2016	Dec 31 2016	Mar 31 2017	Thereafter
Debt to EBITDA*	5.75:1	5.50:1	5.50:1	4.00:1	3.50:1	3.00:1
Interest Coverage Ratio**	3.25:1	3.25:1	2.75:1	2.75:1	3.50:1	3.50:1

The Third Amending Agreement includes a $10.0 million reduction in the authorized amount of the total facility from $65.0 million to $55.0 million. The resulting authorized credit facility is now comprised of a $48.5 million revolving Operating Facility and a $6.5 million revolving Capex Facility.

The $44,150 borrowed against the credit facilities is recorded as a current liability as at March 31, 2016 as the Company was in breach of the Debt to EBITDA covenant under the Second Amending Agreement. The lending agents agreed to the Third Amending Agreement prior to the compliance reporting date thus ensuring covenant compliance under the Third Amending Agreement. However, in accordance with IAS 1.74, the debt is presented as a current liability for the quarter in accordance with the Second Amending Agreement.

Interest payable on all loans drawn under the credit facilities will range from bank prime rate plus 100 bps to bank prime rate plus 400 bps depending on the Company's Debt to EBITDA ratio. The Credit facilities may also be financed through Bankers' Acceptances at the Company's option with stamping fees of between 200 bps to 500 bps depending on the Company's Debt to EBITDA ratio. Under the terms of the Third Amending Credit Agreement, the Company was in compliance of its covenants at March 31, 2016 as follows.

	Requirement	**Actual at March 31, 2016**
Debt to EBITDA*	Maximum of 5.75 times EBITDA	5.57 times EBITDA
Interest Coverage Ratio**	Minimum of 3.25 times adjusted cash flow	4.00 times adjusted cash flow

IN THOUSANDS OF CANADIAN DOLLARS

* EBITDA is a defined bank term and includes EBITDA of the trailing twelve months plus the pre-acquisition EBITDA of business acquisitions in the trailing twelve month period, and adjustments for acquisition transaction costs and severances incurred.
** Interest Coverage ratio is calculated as finance costs for the trailing twelve months divided into the trailing twelve month adjusted cash flow which is defined as EBITDA less taxes paid and dividends paid in the trailing twelve months.

The Company anticipates that its existing capital resources including its Credit Facility and cash flows from operations will be adequate to satisfy its liquidity requirements through fiscal 2016. This expectation could be adversely affected by a material negative change or a longer than anticipated continued downturn in the oilfield service industry, which in turn could lead to the Company breaching the covenants in its Credit Facility. If the covenants were not met, this could limit the Company's access to the Credit Facility. If available liquidity is not sufficient to meet CERF's operating and debt servicing obligations as they come due, management's plans include further expenditure reductions, pursuing alternative financing arrangements, asset dispositions, or pursuing other corporate strategic alternatives.

7. NOTE PAYABLE

On February 2, 2016, the Company issued a $5,000,000 Canadian dollar vendor take-back note as part of the Zedcor acquisition purchase price (see Note 3). The vendor take-back note matures five years from the issue date at its nominal value and bears interest at five per cent per annum, accruing daily from the issue date. Interest is payable annually. The vendor take-back note is unsecured and subordinated to the Credit Facilities and interest payments are subject to certain restrictions in the Credit Facility.

As at March 31, 2016, the note payable had a carrying value of $3,813.

Fair value of note payable:	
Note payable at 5.0% due February 2, 2021	5,000
Note payable discount	(1,262)
Fair value of note payable as at February 2, 2016	3,738
Interest payable	42
Amortization of note payable discount	33
Balance, March 31, 2016	**3,813**

IN THOUSANDS OF CANADIAN DOLLARS

8. SHARE CAPITAL

Common shares issued and fully paid:	**Number of shares**	**$**
Balance, December 31, 2014	**36,213,917**	**102,350**
Issuance of common shares under dividend reinvestment program	182,360	297
Shares cancelled on forfeiture of share purchase loan	(15,817)	(37)
Balance, December 31, 2015	**36,380,460**	**102,610**
Issuance of shares under dividend reinvestment program	65,370	40
Shares cancelled on forfeiture of share purchase loan	(4,593)	(11)
Issued as consideration in a business acquisition	3,049,968	1,799
Share issue costs, net of deferred tax benefit of $14	—	(37)
Balance, March 31, 2016	**39,491,205**	**104,401**

Preferred shares issued:	**Number of shares**	**$**
Balance, December 31, 2015	**—**	**—**
Issued as consideration in a business acquisition	4,400,000	3,080
Balance, March 31, 2016	**4,400,000**	**3,080**

On February 2, 2016, the Company issued 4,400,000 preferred shares at a deemed price of $0.70 (the "Stated Value") per share as part of the Zedcor acquisition (see Note 3).

The Preferred Shares are non-voting and non-transferrable, have a stated value of $0.70 per share and a term of five years. The Preferred Shares have a cumulative dividend of 5% of the Stated Value commencing on January 31, 2017 until January 31, 2018 and a 10% cumulative dividend from January 31, 2018 thereafter, with dividend payments being subject to certain restrictions in CERF's existing secured credit facilities, and at the discretion of the Board of Directors. The dividend can be settled at the discretion of the Company in either cash or through the issuance of Common Shares based on the conversion price of $0.70.

After January 31, 2019, the Preferred Shares may be converted by the holder thereof into the Company's Common Shares at a conversion price of $0.70 per share, subject to the right of CERF to redeem the Preferred Shares prior to such conversion for a cash amount per share equal to the lesser of: (i) $2.00; and (ii) the current market price of the Common Shares.

CERF shall have the right to redeem the Preferred Shares at any time if the current market price of the Common Shares exceeds $2.00 by either, at CERF's sole option, (i) payment of cash of $2.00 per Preferred Share; or (ii) through the issuance of 4,400,000 Common Shares, subject to certain adjustments.

IN THOUSANDS OF CANADIAN DOLLARS

The Preferred Shares may be redeemed at the end of the term, at CERF's sole option, for either (i) a cash amount per share equal to the lesser of $2.00 and the current market price; or (ii) 4,400,000 Common Shares, subject to certain adjustments.

9. STOCK OPTIONS:

Changes in outstanding and exercisable employee options are as follows:

	Number of options	Vested	Exercise price	Remaining contractual life in years	Weighted average exercise price
Options as at December 31, 2015	**1,940,500**	**705,881**	—	**3.66**	**2.50**
Options forfeited	(628,677)	—	2.79	—	—
Options cancelled	(496,323)	(459,323)	3.03	—	—
Options granted	1,985,000	—	0.50	4.85	0.50
Options as at March 31, 2016	**2,800,500**	**246,558**	—	**4.51**	**0.93**

During the three months ended March 31, 2016, $(6) of stock based compensation related to these stock options was recorded in general and administrative expenses (2015 - $41).

10. FINANCE COSTS:

Finance costs are comprised of the following:

	For the three months ended March 31,	
	2016	**2015**
Bank charges and interest	20	55
Interest on long term debt	408	247
Interest on finance leases	104	111
Loan syndication fees	120	36
Interest on long term receivable	—	(3)
	652	446

11. OPERATING SEGMENTS:

The Company structures its operations in three operating and reportable segments: (i) General Rentals; (ii) Energy Services; and (iii) Waste Management, based on the way that management organizes the Company's businesses for making operating decisions and assessing performance.

The General Rentals segment includes the operations of 4-Way Equipment Rentals Corp. The Energy Services segment includes the aggregate operations of TRAC Energy Services Ltd and Zedcor Oilfield Rentals Ltd, which now operates as Zedcor Energy Services. The Waste Management segment includes the operations of MCL Waste Systems & Environmental Inc.

IN THOUSANDS OF CANADIAN DOLLARS

Information regarding the results of the segments is included below. Performance is measured based on segment profit as included in internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment profit is calculated as revenue less operating expenses, administrative expenses, and depreciation expense.

The following is a summary of the Company's results by segment for the three months ended March 31, 2016 and 2015:

	Three months ended March 31, 2016				
	General Rentals	Energy Services	Waste Management	Corporate	Total
Total segment revenue	2,362	3,311	2,867	—	8,540
Segment profit (loss)	(405)	(950)	135	(1,280)	(2,500)
Depreciation of property and equipment	686	2,016	341	9	3,052
Amortization of intangible assets	—	165	112	—	277
Impairment of property and equipment	—	5,152	—	—	5,152
Finance costs	113	80	6	453	652
Income taxes expense (recovery)	(245)	(2,158)	(106)	138	(2,371)
Additions to property and equipment	10	132	2,455	88	2,685

	Three months ended March 31, 2015				
	General Rentals	Energy Services	Waste Management	Corporate	Total
Total segment revenue	4,956	9,673	3,031	—	17,660
Segment profit (loss)	1,080	2,286	240	(924)	2,682
Depreciation of property and equipment	932	1,559	298	6	2,795
Amortization of intangible assets	—	357	144	—	501
Finance costs	198	137	50	61	446
Income taxes expense (recovery)	169	327	(15)	12	493
Additions to property and equipment	674	1,533	277	53	2,537

IN THOUSANDS OF CANADIAN DOLLARS

Goodwill	General Rentals	Energy Services	Waste Management	Corporate	Total
As at March 31, 2016	—	5,746	1,513	—	7,259
As at December 31, 2015	—	5,746	1,513	—	7,259

Total assets and liabilities of the reportable segments are as follows:

As at March 31, 2016	General Rentals	Energy Services	Waste Management	Corporate	Total
Total assets	21,112	85,411	12,996	(2,845)	116,674
Total liabilities	4,188	796	1,254	48,395	54,633

As at December 31, 2015	General Rentals	Energy Services	Waste Management	Corporate	Total
Total assets	23,748	66,026	10,079	(5)	99,848
Total liabilities	5,508	(103)	639	32,537	38,581

A reconciliation of segment (loss) profit to income (loss) before taxes is as follows:

	Three months ended March 31, 2016	2015
Segment (loss) profit	(2,500)	2,682
Deduct:		
Finance costs	652	446
Amortization of intangibles	277	501
Impairment of property and equipment	5,152	—
Bargain purchase gain	(2,108)	—
Income (loss) before taxes	(6,473)	1,735

12. SUBSEQUENT EVENTS

On May 6, 2016, the Company acquired the assets of Summit Star Energy Services Inc. ("Summit Star") for $750,000. The purchase price was funded by the issuance of 1,713,318 CERF common shares based on the volume weighed average price of $0.45 per common share over the 30 trading days up to and including May 5, 2016. No debt was assumed and no cash was paid in conjunction with the transaction. The accounting for the purchase price adjustment has not been completed at the time of the release of these financial statements.