RME ROCKY MOUNTAIN DEALERSHIPS

Condensed Consolidated Interim Financial Statements and Notes

Three and Nine Month Periods Ended September 30, 2016 and 2015 (Unaudited)

Condensed Consolidated Interim Balance Sheets
Expressed in thousands of Canadian dollars (unaudited)

	Note	**September 30, 2016 $**	December 31, 2015 $	September 30, 2015 $
Assets				
Current				
Cash		**13,680**	21,691	19,881
Restricted cash	**6**	**-**	879	879
Trade receivables and other		**27,384**	25,152	47,712
Inventory	**7**	**445,613**	499,760	489,690
Income taxes receivable		**774**	47	-
Prepaid expenses		**3,782**	5,513	4,384
Current portion of derivative financial assets	**14**	**277**	-	-
Assets held for sale	**8**	**-**	10,542	10,524
Total current assets		**491,510**	563,584	573,070
Non-current				
Property and equipment	**8**	**49,157**	39,888	36,295
Deferred tax asset	**12.2**	**1,827**	2,367	1,685
Derivative financial assets	**14**	**48**	-	-
Intangible assets		**548**	671	712
Goodwill		**18,776**	18,802	18,910
Total non-current assets		**70,356**	61,728	57,602
Total assets		**561,866**	625,312	630,672
Liabilities				
Current				
Bank indebtedness	**9**	**-**	5,001	10,344
Trade payables, accruals and other		**39,636**	33,963	45,362
Income taxes payable		**-**	-	172
Floor plan payable		**299,292**	356,568	352,135
Deferred revenue and advances		**1,634**	4,404	1,724
Current portion of long-term debt		**6,347**	4,852	2,454
Current portion of obligations under finance leases		**438**	71	93
Current portion of derivative financial liabilities	**14**	**1,674**	4,040	3,115
Liabilities associated with assets held for sale	**8**	**-**	1,562	2,595
Total current liabilities		**349,021**	410,461	417,994
Non-current				
Long-term debt		**35,159**	40,080	40,050
Obligations under finance leases		**632**	154	-
Derivative financial liabilities	**14**	**4,146**	4,859	4,765
Total non-current liabilities		**39,937**	45,093	44,815
Total liabilities		**388,958**	455,554	462,809
Shareholders' Equity				
Common shares		**87,709**	87,709	87,709
Contributed surplus		**6,047**	5,929	5,836
Accumulated other comprehensive loss		**(4,151)**	(3,609)	(3,060)
Retained earnings		**83,303**	79,729	77,378
Total shareholders' equity		**172,908**	169,758	167,863
Total liabilities and shareholders' equity		**561,866**	625,312	630,672

APPROVED BY THE BOARD

"Signed" Dennis Hoffman
Dennis Hoffman, Director

"Signed" Matthew Campbell
Matthew Campbell, Director

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

Condensed Consolidated Interim Statements of Net Earnings
For the three and nine month periods ended
Expressed in thousands of Canadian dollars except per share amounts (unaudited)

	Note	**Three Months Ended September 30, 2016 $**	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Sales					
New equipment		**69,173**	80,432	**260,946**	287,573
Used equipment		**105,815**	125,534	**267,949**	284,806
Parts		**37,737**	37,918	**88,393**	86,895
Service		**8,707**	10,711	**24,005**	27,151
Other		**1,215**	1,391	**3,393**	3,444
Total sales	**10**	**222,647**	255,986	**644,686**	689,869
Cost of sales	**7**	**185,786**	215,944	**545,395**	585,426
Gross profit		**36,861**	40,042	**99,291**	104,443
Selling, general and administrative	**11**	**23,619**	30,334	**73,543**	84,327
Interest on short-term debt		**3,262**	3,276	**9,652**	9,435
Interest on long-term debt		**438**	519	**1,345**	1,559
Earnings before income taxes		**9,542**	5,913	**14,751**	9,122
Income taxes					
Current		**2,256**	2,526	**3,770**	3,554
Deferred	**12.2**	**654**	(965)	**719**	(1,145)
Total income taxes	**12.1**	**2,910**	1,561	**4,489**	2,409
Net earnings		**6,632**	4,352	**10,262**	6,713
Earnings per share					
Basic		**0.34**	0.23	**0.53**	0.35
Diluted		**0.34**	0.23	**0.53**	0.35

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

Condensed Consolidated Interim Statements of Comprehensive Income
For the three and nine month periods ended
Expressed in thousands of Canadian dollars (unaudited)

	Note	**Three Months Ended September 30, 2016 $**	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Net earnings		**6,632**	4,352	**10,262**	6,713
Other comprehensive income (loss)					
Items which will subsequently be reclassified to net earnings:					
Unrealized gain (loss) on derivative financial instruments, net of tax	**14**	**207**	(175)	**(542)**	(976)
Total other comprehensive income (loss), net of tax		**207**	(175)	**(542)**	(976)
Comprehensive income		**6,839**	4,177	**9,720**	5,737

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

Condensed Consolidated Interim Statements of Changes in Equity

Expressed in thousands of Canadian dollars and thousands of common shares (unaudited)

	Note	Common shares					
		Number of shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings $	Total equity $
Balance, December 31, 2015		19,384	87,709	5,929	(3,609)	79,729	169,758
Equity-settled share-based payment expense	**11**	-	-	118	-	-	118
Net earnings		-	-	-	-	10,262	10,262
Other comprehensive loss		-	-	-	(542)	-	(542)
Dividends paid		-	-	-	-	(6,688)	(6,688)
Balance, September 30, 2016		19,384	87,709	6,047	(4,151)	83,303	172,908

	Note	Common shares					
		Number of shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings $	Total equity $
Balance, December 31, 2014		19,384	87,709	5,429	(2,084)	77,353	168,407
Equity-settled share-based payment expense	**11**	-	-	407	-	-	407
Net earnings		-	-	-	-	6,713	6,713
Other comprehensive loss		-	-	-	(976)	-	(976)
Dividends paid		-	-	-	-	(6,688)	(6,688)
Balance, September 30, 2015		19,384	87,709	5,836	(3,060)	77,378	167,863

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

Condensed Consolidated Interim Statements of Cash Flows
For the three and nine month periods ended
Expressed in thousands of Canadian dollars (unaudited)

	Note	**Three Months Ended September 30, 2016 $**	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Operating activities					
Net earnings		**6,632**	4,352	**10,262**	6,713
Adjustments for:					
Depreciation and amortization expense	**11**	**1,887**	2,084	**5,840**	5,841
Deferred tax expense (recovery)	**12.2**	**654**	(965)	**719**	(1,145)
Equity-settled share-based payment expense	**11**	**17**	81	**118**	407
Asset impairment loss	**8, 11**	**1,360**	-	**1,460**	-
(Gain) loss on disposal of property and equipment		**(173)**	(92)	**91**	(157)
(Gain) loss on derivative financial instruments	**14**	**(2,929)**	3,438	**(4,146)**	3,274
Changes in non-cash working capital		**13,142**	12,469	**(98)**	7,688
Total cash generated from operating activities		**20,590**	21,367	**14,246**	22,621
Financing activities					
Repayment of long-term debt		**(1,602)**	(6,893)	**(3,478)**	(19,032)
Proceeds from long-term debt		**-**	-	**-**	15,566
Net change in obligations under finance leases		**(107)**	(101)	**845**	(369)
Dividends paid		**(2,230)**	(2,230)	**(6,688)**	(6,688)
Deferred debt issuance costs		**17**	-	**52**	-
Total cash used from financing activities		**(3,922)**	(9,224)	**(9,269)**	(10,523)
Investing activities					
Purchase of property and equipment		**(1,907)**	(4,202)	**(9,880)**	(9,436)
Disposal of property and equipment		**1,021**	266	**1,893**	614
Acquisition of business, net of cash acquired and bank indebtedness assumed		**-**	(11)	**-**	(16,691)
Total cash used from investing activities		**(886)**	(3,947)	**(7,987)**	(25,513)
Net increase (decrease) in cash		**15,782**	8,196	**(3,010)**	(13,415)
Cash (cash deficiency), beginning of period		**(2,102)**	1,341	**16,690**	22,952
Cash, end of period		**13,680**	9,537	**13,680**	9,537
Taxes paid		**3,020**	784	**4,484**	10,043
Interest paid		**3,637**	3,795	**10,809**	10,994
Cash, end of period consists of:					
Cash		**13,680**	19,881	**13,680**	19,881
Bank indebtedness	**9**	**-**	(10,344)	**-**	(10,344)
		13,680	9,537	**13,680**	9,537

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

1. General information

Rocky Mountain Dealerships Inc. (the "Company") is incorporated under the *Business Corporations Act (Alberta)*. Through its wholly-owned subsidiaries, the Company sells, leases and provides product and warranty support for a wide variety of agriculture and industrial equipment in Western Canada. All of the Company's operating subsidiaries are incorporated in Alberta, Canada and all of the equipment dealership locations operate under the name "Rocky Mountain Equipment".

The head office, principal address, registered and records office of the Company are located at Suite 301, 3345 8th Street S.E., Calgary, Alberta, T2G 3A4.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting' and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS. These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on November 7, 2016.

3. Summary of significant accounting policies

The accounting policies adopted are consistent with those described in the annual consolidated financial statements for the year ended December 31, 2015 except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2016 and taxes on income in the interim periods which are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

No new standards, interpretations or amendments were adopted for the first time from January 1, 2016, which had a material impact on the Company's financial statements.

At the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee (IFRIC) have issued the following amendments which are not yet effective for the relevant reporting periods. These amendments are in addition to those disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2015. The Company has not early adopted these amendments, however the Company is currently assessing what impact the application of these amendments will have on the consolidated financial statements.

Amendment to IAS 7, *'Statement of cash flows'*

Amended to improve information provided to users of financial statements about an entity's financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

Amendment to IAS 12, *'Income taxes'*

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017.

4. Key estimates and judgements

The preparation of interim financial statements requires the use of estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the key estimates and judgements made by management in applying the Company's accounting policies were the same as those applied to the annual consolidated financial statements for the year ended December 31, 2015.

In thousands of Canadian dollars except per share and per option amounts (unaudited)

5. Seasonality

The Company's customers operate in industries that are affected by seasonality. The seasonal nature of our customers' businesses affects their demand for the Company's equipment and services. The Company generally experiences a lower volume of equipment sales during the first quarter of the calendar year, when winter weather makes certain types of agriculture work difficult to perform.

6. Restricted Cash

Restricted cash as at September 30, 2016 is $Nil (December 31, 2015 - $879, September 30, 2015 - $879). The entire amount of restricted cash at December 31, 2015 and September 30, 2015 was comprised of $879 related to a holdback on the Chabot acquisition that was held in trust. These funds were released during the second quarter of 2016.

7. Inventory

	September 30, 2016 $	December 31, 2015 $	September 30, 2015 $
New equipment	**151,411**	172,335	204,064
Used equipment	**249,478**	287,784	240,075
Parts	**41,213**	37,872	42,385
Work-in-progress	**3,511**	1,769	3,166
	445,613	499,760	489,690

For the three and nine months ended September 30, 2016, inventory recognized as an expense amounted to $182,304 and $535,828, respectively, (2015 – $211,539 and $574,272, respectively) which is included in cost of sales in the consolidated statement of net earnings.

For the three and nine months ended September 30, 2016, there were net write downs of inventory to net realizable value of $551 and $2,635, respectively, (2015 –$1,476 and $4,578, respectively) in cost of sales in the consolidated statement of net earnings. The Company's inventory has been pledged as security for its bank indebtedness, floor plan payable and long-term debt.

8. Assets held for sale

Real estate with an original net book value of $495 was classified as held for sale at June 30, 2016. During the second quarter of 2016, the fair value of the asset was assessed at $395, consequently the Company recorded a $100 asset impairment loss in selling, general and administrative expense. The real estate was disposed of during the third quarter of 2016, resulting in a loss of $36 recorded in selling, general and administrative expense. There was no debt associated with this real estate.

During the first quarter of 2016, two parcels of land with a net book value of $8,272 (December 31, 2015 - $8,272) were reclassified as long-term assets held for sale as they are no longer expected to be sold within the next twelve months. These assets have been recorded within property and equipment. During the third quarter of 2016, the fair value of the two parcels of land was assessed at $1,360 below their net book value, consequently the Company recorded a $1,360 asset impairment loss in selling, general and administrative expense in the third quarter of 2016.

As at December 31, 2015, three parcels of land with a net book value of $8,472 (September 30, 2015 – three parcels of land with a net book value of $10,524) were classified as held for sale. The debt associated with the land amounted to $Nil as at December 31, 2015 (September 30, 2015 – $2,595) and was classified as a current liability.

In thousands of Canadian dollars except per share and per option amounts (unaudited)

As at December 31, 2015, whole-goods and parts associated with a non-core product line were classified as assets held for sale in the amount of $2,070 (September 30, 2015 – $Nil). The floor plan associated with this inventory amounted to $1,562 as at December 31, 2015 (September 30, 2015 – $Nil) and was classified as a current liability. This transaction closed in early 2016.

9. Bank indebtedness

The Company's bank indebtedness is comprised of the Operating Facility made available to the Company through a syndicate of lenders. Advances under the Operating Facility are limited to the lesser of the established borrowing base and $60,000. The borrowing base is supported by otherwise unencumbered assets including certain accounts receivable, inventory and items of property and equipment, less priority payables. This facility may be used to finance general corporate operating requirements.

The Operating Facility is a revolving facility which matures on September 24, 2018, and which is secured in favour of the syndicate by a general security agreement. Advances under the Operating Facility may be made based on our lenders' prime rate or the U.S. base rate plus 1.0% – 2.5% or based on the banker's acceptance ("BA") rate plus 2.0% – 3.5%. The Company pays standby fees of between 0.4% – 0.7% per annum on any undrawn portion of the Operating Facility. The standby fees and premiums on base interest rates within the respective ranges are determined based on the Company's ratio of debt to tangible net worth.

10. Sales

The Company's sales for the three and nine months ended September 30 are comprised of:

	Three Months Ended September 30, 2016 $	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Agriculture equipment sales	**164,905**	191,960	**499,543**	531,695
Industrial equipment sales	**10,083**	14,006	**29,352**	40,684
Parts sales	**37,737**	37,918	**88,393**	86,895
Sale of goods	**212,725**	243,884	**617,288**	659,274
Rendering of services	**9,922**	12,102	**27,398**	30,595
Total sales	**222,647**	255,986	**644,686**	689,869

11. Selling, general and administrative

The Company's selling, general and administration expenses for the three and nine months ended September 30 are comprised of:

	Three Months Ended September 30, 2016 $	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Compensation and related expenses	**16,133**	16,975	**49,184**	51,010
Rent and other facility expenses	**3,073**	3,642	**10,055**	10,824
Administrative expenses	**4,105**	4,114	**8,927**	12,971
Depreciation and amortization expense	**1,887**	2,084	**5,840**	5,841
(Gain) loss on derivative financial instruments	**(2,929)**	3,438	**(4,146)**	3,274
Industrial restructuring costs	**1,333**	-	**3,565**	-
Equity-settled share-based payment expense	**17**	81	**118**	407
Total selling, general and administrative expenses	**23,619**	30,334	**73,543**	84,327

In thousands of Canadian dollars except per share and per option amounts (unaudited)

Included in compensation and related expenses for the three and nine months ended September 30, 2016 are variable sales commissions of $3,287 and $9,906, respectively (2015 – $4,042 and $10,540, respectively).

Depreciation and amortization expense for three and nine months ended September 30, 2016 is comprised of property and equipment depreciation of $1,846 and $5,717, respectively (2015 - $1,975 and $5,732, respectively) and intangible asset amortization of $41 and $123, respectively (2015 - $109 and $109, respectively).

Costs included in administrative expenses are marketing, training, insurance, travel, professional fees and other miscellaneous expenses. Also included in administrative expenses for the three and nine months ended September 30, 2016 are asset impairment charges of $1,360 and $1,460, respectively (2015 – $Nil and $Nil, respectively).

For the three and nine months ended September 30, 2016, the Company recognized $1,333 and $3,565, respectively, of non-recurring costs associated with the amalgamation of our Calgary and Red Deer industrial facilities into existing agriculture facilities in those areas. Included in these expenses are accruals associated with terminating the leases on these facilities. While the Company continues to negotiate these lease terminations with the landlords, one of whom is a related party (see Note 13), challenging market conditions have caused the Company to reassess its original accrual recognized during the second quarter of 2016 of $1,099, which approximated 50% of the $2,197 of remaining contractual obligation associated with the vacated facilities for the duration of the lease terms. During the third quarter of 2016, the Company recognized the remaining $1,098 of the contractual obligations.

12. Income taxes

12.1. Income tax recognized in net earnings

Total taxes recognized in net earnings were different than the amount computed by applying the combined statutory Canadian and Provincial tax rates to income before taxes. The difference resulted from the following:

	Three Months Ended September 30, 2016 $	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Earnings before income taxes	**9,542**	5,913	**14,751**	9,122
Computed tax at statutory tax rate of 27% (2015 – 26%)	**2,577**	1,538	**3,983**	2,372
Non-deductible expenses	**88**	15	**244**	203
Change in enacted rates	**-**	11	**-**	(46)
Adjustment from prior year income tax expenses	**-**	-	**56**	(49)
Other	**245**	(3)	**206**	(71)
	2,910	1,561	**4,489**	2,409

12.2. Deferred tax asset (liability)

	Share issue costs $	Cumulative eligible capital $	Property and equipment $	Intangible asset $	DSUs $	Interest rate swaps $	Total $
December 31, 2015	89	116	(183)	(181)	123	2,403	2,367
Added in acquisition	-	-	(21)	-	-	-	(21)
Recognized in net earnings	(30)	(21)	383	33	35	(1,119)	(719)
Recognized in equity	-	-	-	-	-	200	200
September 30, 2016	59	95	179	(148)	158	1,484	1,827

In thousands of Canadian dollars except per share and per option amounts (unaudited)

	Share issue costs $	Cumulative eligible capital $	Property and equipment $	Intangible asset $	DSUs $	Interest rate swaps $	Total $
December 31, 2014	187	139	(147)	-	170	837	1,186
Added in acquisition	-	-	(772)	(222)	-	-	(994)
Recognized in net earnings	(74)	(15)	304	30	(43)	943	1,145
Recognized in equity	-	-	-	-	-	348	348
September 30, 2015	113	124	(615)	(192)	127	2,128	1,685

The Company also has capital losses in the amount of $4,355 with no fixed expiry date and non-capital losses of $1,671 which expire between 2034 and 2035. No deferred future tax asset has been recognized for the capital or the non-capital losses as the Company does not expect to have sufficient future taxable profit against which the capital or the non-capital losses can be utilised.

13. Related party transactions

During the three and nine months ended September 30, the Company entered into the following transactions with related parties:

	Three Months Ended September 30, 2016 $	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Equipment and product support sales	**40**	446	**192**	1,315
Expenditures				
Rental payment on Company facilities	**1,463**	1,442	**4,358**	4,192
Equipment purchases	**146**	93	**195**	662
Flight costs	**30**	16	**46**	72
Contributions(1)	**107**	-	**107**	-
Other expenses	**-**	-	**33**	92

(1) – Contributions include payments to Ag for Life and Alberta Prosperity Fund.

All related parties are either directly or indirectly owned by a member of senior management of the Company and/or a close family member thereof. These transactions were made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated.

Amounts due from (to) related parties are included in the consolidated balance sheets under trade receivables and other (trade payables, accruals and other) and are as follows:

	September 30, 2016 $	December 31, 2015 $	September 30, 2015 $
Due from related parties	**33**	111	103
Due to related parties	**(988)**	(13)	(2)

The amounts due from related parties are not secured and are to be settled in cash. As at September 30, 2016, December 31, 2015, and September 30, 2015, the amounts due from related parties are considered collectible and therefore have not been provided for in the allowance for doubtful accounts. During the three and nine months ended September 30, 2016, $Nil and $Nil, respectively, has been recognized in bad debt expenses with respect to related party transactions (2015 – $Nil and $Nil, respectively).

In thousands of Canadian dollars except per share and per option amounts (unaudited)

The amount due to related parties reflects the estimated net costs associated with vacating one of the industrial facilities which is currently leased from a related party. While the Company continues to negotiate this early lease termination with the landlord, challenging market conditions have caused the Company to reassess its original accrual of $533 that was recorded in the second quarter of 2016, which equated to approximately 50% of the remaining contractual obligation of $1,066. During the third quarter of 2016, the Company recognized the remaining $533 of contractual obligation associated with the vacated facility.

The Company has contractual obligations to related parties in the form of facility leases. As at September 30, 2016, these contractual obligations and due dates, inclusive of the aforementioned vacated facility which is presented at its gross amount, are as follows:

	Total **$**	Remainder of 2016 $	2017-2018 $	2019-2020 $	Thereafter $
Operating lease obligations	**28,158**	1,473	9,927	7,533	9,225

14. Derivative financial instruments and hedges

The Company has long and short-term debt raised at floating interest rates based on the prevailing Bankers' Acceptance rate and hedges a portion of this risk by using floating-to-fixed interest rate swaps. Under the interest rate swaps, the Company hedges interest rate risk by exchanging, at monthly intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. The interest rate swaps hedge the Company's exposure to interest rate fluctuations on portions of the Term and Flooring Facilities. The accumulated amounts recognized within accumulated other comprehensive loss will be reversed into net earnings over the remainder of the term of the derivatives. Future changes in fair value will be recognized within net earnings in the period in which they arise.

Interest rate swaps outstanding at September 30, 2016 are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Notional amount	**$ 130,125**	$ 134,115	$ 85,809
Effective fixed interest rate	**4.9%**	4.8%	4.8%
Effective floating interest rate	**3.5%**	3.5%	3.0%
Maturity dates	**April 2017 – September 2022**	May 2016 – September 2022	May 2016 – September 2020

The Company has several total return swaps to hedge the exposure associated with increases in its share value on its outstanding Director Share Units (DSUs) and Share Appreciation Rights (SARs). The Company does not apply hedge accounting to these relationships and as such, gains and losses arising from marking the derivatives to market are recognized in earnings in the period in which they arise.

Derivative financial instruments recognized as (assets) liabilities:

	September 30, 2016 **$**	December 31, 2015 $	September 30, 2015 $
Current portion – total return swap	**(277)**	2,130	1,486
Current portion – interest rate swap	**1,674**	1,910	1,629
Long-term portion – total return swap	**(48)**	1,476	1,782
Long-term portion – interest rate swap	**4,146**	3,383	2,983
	5,495	8,899	7,880

In thousands of Canadian dollars except per share and per option amounts (unaudited)

Losses (gains) on derivative financial instruments are as follows:

	Three Months Ended September 30, 2016 $	Three Months Ended September 30, 2015 $	**Nine Months Ended September 30, 2016 $**	Nine Months Ended September 30, 2015 $
Opening net derivative financial liability	**8,707**	4,205	**8,899**	3,282
(Gain) loss recognized in net earnings	**(2,929)**	3,438	**(4,146)**	3,274
(Gain) loss recognized in other comprehensive income (loss) – net of tax	**(207)**	175	**542**	976
Tax on (gain) loss recognized in other comprehensive income (loss)	**(76)**	62	**200**	348
Ending net derivative financial liability	**5,495**	7,880	**5,495**	7,880

These accumulated losses will be continuously released to the consolidated statement of net earnings within interest on short-term debt, long-term debt and selling, general and administrative expenses until full repayment of the underlying debt.

15. Segmented Reporting

The Company had two reportable operating segments, the agriculture segment and the industrial segment. As part of the amalgamations of the industrial facilities during the second quarter of 2016, the majority of the Company's industrial equipment distribution assets were transferred to agriculture branches. The assets remaining within the industrial segment are quantitatively insignificant and consequently, the Company has ceased to present the segmentation of its financial results for the current period.

See Note 10 for total industrial equipment sales for the three and nine months ended September 30, 2016 and 2015.