TERAGO INC.
Condensed Consolidated Financial Statements
Three and nine months ended September 30, 2016 and 2015
(unaudited)

Contents

TERAGO INC.
Condensed Consolidated Statements of Financial Position
(In thousands)
(unaudited)

		September 30 2016		December 31 2015
Assets				
Cash and cash equivalents (Note 5(a))	$	11,893	$	13,066
Accounts receivable (Note 5(b))		4,123		3,306
Prepaid expenses and other assets		2,833		3,351
Total current assets		18,849		19,723
Network assets, property and equipment (Note 6)		44,328		48,520
Intangible assets (Note 7)		19,890		21,824
Goodwill (Note 7)		19,566		19,063
Deferred income taxes (Note 12)		-		700
Restricted cash (Note 8)		-		172
Total non-current assets		83,784		90,279
Total Assets	$	102,633	$	110,002
Liabilities				
Accounts payable and accrued liabilities	$	9,559	$	9,128
Current portion of deferred revenue		296		211
Current portion of long-term debt (Note 9)		5,190		6,123
Current portion of other long-term liabilities (Note 10)		201		186
Total current liabilities		15,246		15,648
Decommissioning and restoration obligations		202		234
Deferred revenue		293		270
Long-term debt (Note 9)		36,829		39,658
Other long-term liabilities (Note 10)		1,968		1,977
Total non-current liabilities		39,292		42,139
Total Liabilities		54,538		57,787
Shareholders' Equity				
Share capital		86,012		85,636
Contributed surplus		25,581		25,408
Deficit		(63,498)		(58,829)
Total shareholders' equity		48,095		52,215
Total Liabilities and Shareholders' Equity	$	102,633	$	110,002

On behalf of the Board:

(signed) “Jim Nikopoulos”
Director

(signed) “Gary Sherlock”
Director

TERAGO INC.
Condensed Consolidated Statements of Comprehensive Loss
(In thousands, except per share amounts)
(unaudited)

		Three months ended September 30			Nine months ended September 30	
		2016	2015		2016	2015
Revenue	$	14,780	15,272	$	44,493	42,618
Expenses						
Cost of services		3,328	3,618		10,155	9,739
Salaries and related costs		7,050	4,982		16,535	15,880
Other operating expenses		2,912	2,371		8,606	7,395
Depreciation of network assets, property and equipment (Note 6)		2,990	2,928		8,937	8,466
Amortization of intangible assets (Note 7)		808	1,004		2,737	2,681
		17,088	14,903		46,970	44,161
Loss from operations		(2,308)	369		(2,477)	(1,543)
Foreign exchange gain (loss)		(2)	(66)		18	(160)
Finance costs		(441)	(845)		(1,503)	(2,080)
Finance income		1	16		8	26
Loss before income taxes	$	(2,750)	(526)	$	(3,954)	(3,757)
Income taxes						
Income tax recovery (expense) (Note 12)		(704)	94		(715)	1,133
Net loss and comprehensive loss	$	(3,454)	(432)	$	(4,669)	(2,624)
Deficit, beginning of period	$	(60,044)	(58,211)	$	(58,829)	(56,019)
Deficit, end of period	$	(63,498)	(58,643)	$	(63,498)	(58,643)
Basic loss per share (Note 13)	$	(0.24)	(0.03)	$	(0.33)	(0.21)
Diluted loss per share (Note 13)	$	(0.24)	(0.03)	$	(0.33)	(0.21)
Basic weighted average number of shares outstanding		14,190	14,119		14,161	12,733
Diluted weighted average number of shares outstanding		14,190	14,119		14,161	12,733

TERAGO INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	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 loss for the period	$ (3,454)	(432)	$ (4,669)	(2,624)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation of network assets, property and equipment (Note 6)	2,990	2,928	8,937	8,466
Amortization of intangible assets (Note 7)	808	1,004	2,737	2,681
Stock-based compensation expense (Note 11(d))	233	336	850	1,006
Finance costs	441	845	1,503	2,080
Finance income	(1)	(16)	(8)	(26)
Income tax expense (recovery)	704	(94)	715	(1,133)
Loss - on adjustments and disposal of network assets (Note 6)	52	44	312	131
Changes in non-cash working capital items:				
Accounts receivable	(1,086)	(15)	(817)	(19)
Prepaid expenses	404	371	518	219
Accounts payable and accrued liabilities	3,691	(834)	1,105	(75)
Deferred revenue	5	(13)	108	(232)
Cash from Operating Activities	4,787	4,124	11,291	10,474
Investing Activities				
Acquisitions, net of cash acquired	-	(910)	(1,250)	(31,910)
Change in restricted cash	-	(190)	-	(190)
Purchase of network assets, property and equipment (Note 6)	(1,572)	(1,525)	(4,920)	(6,307)
Purchase of intangible assets (Note 7)	(5)	(29)	(193)	(638)
Change in non-cash working capital related to network assets, property and equipment and intangible assets	(47)	(1,169)	(890)	(737)
Cash used in Investing Activities	(1,624)	(3,823)	(7,253)	(39,782)
Financing Activities				
Proceeds from exercise of stock options	39	470	96	827
Proceeds from equity offering	-	-	-	10,004
Equity offering costs incurred	-	-	-	(794)
Interest paid	(429)	(581)	(1,342)	(1,374)
Interest received	-	16	-	25
Proceeds from long term debt (Note 9)	-	-	-	31,500
Repayment of long-term debt (Note 9)	(1,308)	(1,326)	(3,965)	(2,724)
Financing costs incurred (Note 9)	-	-	-	(379)
Cash from (used in) Financing Activities	(1,698)	(1,421)	(5,211)	37,085
Net change in cash and cash equivalents, during the period	1,465	(1,120)	(1,173)	7,777
Cash and cash equivalents, beginning of period	10,428	11,763	13,066	2,866
Cash and cash equivalents, end of period	$ 11,893	10,643	$ 11,893	10,643
Supplemental cash flow disclosure				
Issuance of common shares in acquisition of RackForce Networks Inc.	$ -	-	$ -	2,351

TERAGO INC.
Condensed Consolidated Statements of Changes in Equity
(In thousands)
(unaudited)

	Share Capital				Contributed				
	Number		Amount		Surplus		Deficit		Total
Balance, January 1, 2016	14,133	$	85,636	$	25,408	$	(58,829)	$	52,215
Issuance of shares upon exercise of options	24		96		-		-		96
Stock-based compensation	-		-		173		-		173
Issuance of shares for directors' fees	55		280		-		-		280
Net loss and comprehensive loss	-		-		-		(4,669)		(4,669)
Balance, September 30, 2016	14,212	$	86,012	$	25,581	$	(63,498)	$	48,095

	Share Capital				Contributed				
	Number		Amount		Surplus		Deficit		Total
Balance, January 1, 2015	11,698	$	72,470	$	24,962	$	(56,019)	$	41,413
Issuance of shares upon exercise of options	185		827		-		-		827
Stock-based compensation	-		-		381		-		381
Issuance of shares for directors' fees	47		283		-		-		283
Issuance of shares for RackForce acquisition	329		2,351		-		-		2,351
Issuance of shares for equity offering – net of issuance costs	1,755		9,210		-		-		9,210
Net loss and comprehensive loss	-		-		-		(2,624)		(2,624)
Balance, September 30, 2015	14,014	$	85,141	$	25,343	$	(58,643)	$	51,841

1. Reporting Entity

TeraGo Inc. (the "Company") provides businesses across Canada and globally with network and voice services, data centre services and enterprise infrastructure cloud services. The Company's head office is located in Canada at Suite 800 – 55 Commerce Valley Drive West, Thornhill, Ontario. The Company was incorporated under the Canada Business Corporations Act on December 21, 2000 and owns and operates a carrier-grade, fixed wireless, fibre-based, IP communications network, as well as cloud and data centre facilities in Canada targeting enterprise customers that require broadband internet, data connectivity, voice, cloud and data centre services. The Company's common shares are listed on the Toronto Stock Exchange (TSX) under the symbol TGO.

2. Basis of Preparation and Presentation

(a) Basis of preparation

These unaudited condensed interim consolidated financial statements ("interim financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2015 (the "2015 Consolidated Financial Statements"). These interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in Note 2 of the Company's 2015 Consolidated Financial Statements. These interim financial statements should be read in conjunction with the Company's 2015 Consolidated Financial Statements.

The Company's operating results are subject to seasonal fluctuations that may materially impact quarter-to-quarter operating results and, thus, one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as at September 30, 2016. The Board of Directors authorized the interim financial statements for issue on November 10, 2016.

These interim financial statements include the accounts of TeraGo Inc. and its wholly-owned subsidiaries, TeraGo Networks Inc., RackForce Networks Inc. and Codeninja Ltd. (collectively the "Company"). The notes presented in these interim financial statements include only significant changes and transactions that have occurred since the last fiscal year end.

(b) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant Accounting Policies and Upcoming Accounting Pronouncements Not Yet Adopted

(a) Significant Accounting Policies

These interim financial statements were prepared using the same accounting policies and methods as those used in the 2015 Consolidated Financial Statements. The Company adopted the following new accounting standards and amendments effective January 1, 2016. These standards or amendments did not have a material impact on the interim financial statements.

i) Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

ii) Amendments to IAS 1 Presentation of Financial Statements

(b) Upcoming Accounting Pronouncements Not Yet Adopted

IFRS 15 Revenue from Contracts with Customers

On May 28 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The standard is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of this standard on the consolidated financial statements. The extent of the impact of IFRS 15 has not yet been determined.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39, Financial Instruments: recognition and measurement (“IAS 39”) standard. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is assessing the impact of this standard on the consolidated financial statements. The extent of the impact has not yet been determined.

IFRS 16 Leases

On January 23, 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception.

The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The extent of the impact of the adoption of this standard has not yet been determined.

4. Acquisition of AirVM Hosting Business

On May 26, 2016, the Company closed an asset purchase agreement to acquire the Hosting Business of Ottawa-based AirVM Inc. The acquisition brings expanded Infrastructure as a Service (IaaS) offerings to TeraGo from locations in the United States and the United Kingdom and will facilitate the Company’s growth in the IaaS cloud business through the addition of new international channel partners.

The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations, with the results of operations consolidated with those of the Company effective from the acquisition date. In connection with the acquisition, the Company recorded network assets, property and equipment of $137, customer relationships and other intangible assets of $610, and goodwill of $503.

(In thousands, except for per share amounts)

Goodwill recognized in the transaction represents the expected operational synergies with the acquiree including intangible assets that do not qualify for separate recognition. The goodwill and intangibles are tax deductible.

The identifiable intangible assets are being amortized over a period of 2 to 5 years.

5. Current Assets

Details of selected current asset balances are as follows:

(a) Cash and cash equivalents

The Company's cash and cash equivalents are comprised of bank balances at major Canadian financial institutions.

(b) Accounts receivable

The Company's accounts receivable is comprised of the following:

		September 30 2016		December 31 2015
Trade receivables	$	3,323	$	3,148
Allowance for doubtful accounts		(19)		(54)
Other		819		212
	$	4,123	$	3,306

6. Network Assets, Property and Equipment

Cost		Network assets		Cloud & data centre infrastructure		Computer equipment		Office furniture and equipment		Leasehold improvements		Vehicles		Total
Balance, January 1, 2016	$	114,869	$	13,752	$	2,173	$	2,211	$	1,602	$	49	$	134,656
Additions / reclassifications		3,959		575		268		97		21		-		4,920
Acquisitions		5	**$**	-	**$**	132	**$**	-	**$**	-	**$**	-	**$**	137
Disposals / Adjustments		(2,222)		(9)		-		-		-		-		(2,231)
Balance, September 30, 2016	**$**	116,611	**$**	14,318	**$**	2,573	**$**	2,308	**$**	1,623	**$**	49	**$**	137,482
Accumulated Depreciation														
Balance, January 1, 2016	$	80,080	$	888	$	2,133	$	2,132	$	854	$	49	$	86,136
Depreciation for the period		7,505		1,183		71		28		150		-		8,937
Disposals / Adjustments		(1,920)		1		-		-		-		-		(1,919)
Balance, September 30, 2016	**$**	85,665	**$**	2,072	**$**	2,204	**$**	2,160	**$**	1,004	**$**	49	**$**	93,154
Net Book Value, September 30, 2016	**$**	30,946	**$**	12,246	**$**	369	**$**	148	**$**	619	**$**	-	**$**	44,328

(In thousands, except for per share amounts)

7. Intangible Assets and Goodwill

Cost		**Radio spectrum licenses**		**Computer Software**		**Customer relationships**		**Other**		**Total Intangibles**		**Goodwill**		**Total Intangibles and Goodwill**
Balance, January 1, 2016	$	7,041	$	8,560	$	17,677	$	4,835	$	38,113	$	19,063	$	57,176
Additions		-		193		-		-		193		-		193
Acquisitions		-		-		565		45		610		503		1,113
Balance, September 30, 2016	**$**	7,041	**$**	8,753	**$**	18,242	**$**	4,880	**$**	38,916	**$**	19,566	**$**	58,482
Accumulated Depreciation														
Balance, January 1, 2016	$	2,371	$	7,178	$	5,385	$	1,355	$	16,289	$	-	$	16,289
Amortization for the period		-		646		1,626		465		2,737		-		2,737
Balance September 30, 2016	**$**	2,371	**$**	7,824	**$**	7,011	**$**	1,820	**$**	19,026	**$**	-	**$**	19,026
Net Book Value, September 30, 2016	**$**	4,670	**$**	929	**$**	11,231	**$**	3,060	**$**	19,890	**$**	19,566	**$**	39,456

8. Restricted Cash

Funds Held in escrow

During the three months ended September 30, 2016, the monies held back and in escrow related to the acquisition of BoxFabric in 2015, were released by the Company, all pursuant to the terms of the share purchase agreement.

9. Long-term Debt

		September 30 2016		**December 31 2015**
Term debt facility (a)	$	42,140	$	45,833
Equipment loans (b)		217		431
less: financing fees		(338)		(483)
		42,019		45,781
less: current portion		(5,190)		(6,123)
	$	36,829	$	39,658

(a) Term Debt Facility

In June 2014, the Company entered into an agreement with a syndicate led by the National Bank of Canada ("NBC") to provide a $50,000 credit facility that is principally secured by a general security agreement over the Company's assets.

In March 2015, the Company entered into an amended agreement with the syndicate led by NBC that increased the credit facility by $35,000 ($30,000 increase to the term debt facility and $5,000 increase to the revolving facility) and extended the term from June 6, 2017 to June 30, 2018. Other terms were substantially consistent with the existing credit facilities.

The total $85,000 facility that matures June 30, 2018 is made up of the following:

- $10,000 revolving facility which bears interest at prime plus a margin percent. As of September 30, 2016, $nil amount is outstanding. Letters of credit outstanding under the facility totaled $655 as of September 30, 2016.

- $50,000 term facility which bears interest at prime or Banker's Acceptance (at the Company's option) plus a margin percent and is repayable in quarterly principal installments of $1,250. This facility was fully drawn upon signing the amended agreement.

  On September 30, 2016, the $42,500 term facility principal was in a Banker's Acceptance. The Company has interest rate swap contracts on the Banker's Acceptance that mature June 29, 2018 that fix the interest rate at an average rate of 4.24%. The interest rate swap contract has not been designated as a hedge and will be marked-to-market each quarter. The fair value of the interest rate swap contract at September 30, 2016 was a liability of $410 (December 31, 2015 – ($612)) and is recorded in other long-term liabilities (Note 10), with a corresponding charge for the change in fair value recorded in finance costs.

(In thousands, except for per share amounts)

As at September 30, 2016, the Company prepaid interest in the amount of $360 which represents the net settlement of the Banker's Acceptance and is recorded as a reduction in the carrying value of the debt.

- $25,000 available for funding acquisitions and will bear interest at prime plus a margin percent and is repayable in quarterly principal installments of 2.5% of the aggregate amount outstanding. As of September 30, 2016, this facility remains undrawn.

The financing fees have been deferred and amortized using the effective interest method over the term of the facility.

The NBC facility is subject to certain financial and non-financial covenants which the Company is in compliance with at September 30, 2016. Under this facility, the Company is subject to a cash flow sweep that could accelerate a certain amount of principal repayment based on a calculation outlined by the credit agreement not later than 120 days after the end of each fiscal year.

(b) Equipment loans

The Company has certain equipment loans with financing companies that are secured by the underlying equipment. These debt facilities, which bear interest at fixed rates ranging from 5.97% to 6.23% over the respective terms, have maturity dates between September 2017 and December 2017 and have total monthly installments of $16.

10. Other Long-Term Liabilities

	September 30 2016	December 31 2015
Performance based share units (Note 11 (c))	$ 481	$ 309
Restricted share units (Note 11 (b))	640	441
Fair value of interest rate swap contract (Note 9 (a))	410	612
Lease inducement liability	293	331
Assumed liabilities - Vancouver Data Centre	345	470
	2,169	2,163
less: current portion	(201)	(186)
	$ 1,968	$ 1,977

11. Stock-Based Compensation

(a) Stock Options

For the three month and nine months ended September 30, 2016, the Company recorded stock-based compensation related to stock options of $60 and $173 (2015 - $120 and $381), respectively.

A summary of the status of the Company's stock option plan as at September 30, 2016 is presented below.

(In thousands, except for per share amounts)

	2016	
	Number of Options	**Weighted Average Exercise Price**
Outstanding - January 1, 2016	684	$5.94
Granted	40	$5.12
Exercised	(24)	$4.00
Forfeited / Expired	(5)	$5.25
Outstanding – September 30, 2016	695	$5.92
Exercisable	569	$5.99

(b) Restricted Share Units (RSUs)

For the three month and nine months ended September 30, 2016, the Company recorded compensation expense of $77 and $199, respectively (2015 - $62 and $183), related to the RSUs granted. As of September 30, 2016, a liability of $640 (December 31, 2015 - $441) related to the RSUs granted is included in other long-term liabilities (Note 10).

	Number of RSUs
Opening Balance, January 1, 2016	150
Granted	12
Vested	-
Ending Balance, September 30, 2016	162

(c) Performance Based Share Units (PSUs)

For the three and nine months ended September 30, 2016, the Company granted nil and 256 PSUs (2015 – nil and 152) to certain key executives.

For the three and nine months ended September 30, 2016, the Company recorded stock-based compensation expense (recovery) of $(5) and $198, respectively (2015 - $71 and $159), related to the PSUs outstanding. As at September 30, 2016, a liability of $481 (December 31, 2015 - $309) related to the PSUs granted is included in the other long-term liabilities (Note 10).

The following table is a summary of the number of outstanding PSUs as at:

	Number of PSUs
Opening Balance, January 1, 2016	252
Granted	256
Exercised	(5)
Forfeited/ Expired	(191)
Ending Balance, September 30, 2016	312

(d) Stock-Based Compensation Summary

The following table is a summary of the stock-based compensation:

(In thousands, except for per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2016	**2015**	**2016**	**2015**
Restricted share units	$ 77	$ 62	$ 199	$ 183
Performance-based share units	(5)	71	198	159
Stock options	60	120	173	381
Directors' fees paid in shares	101	83	280	283
	$ 233	$ 336	$ 850	$ 1,006

12. Income Taxes

During the three months ended September 30, 2016, the Company determined based on objective negative evidence in the form of cumulative net losses, that it was more likely than not that the Company would not have taxable profits with which to utilize recognized deferred income tax assets in the near term. As a result, the Company recorded a reduction of the deferred income tax asset of $0.7 million for the three and nine months ended September 30, 2016 with a corresponding charge to income tax expense.

13. Loss Per Share

The following table sets forth the calculation of basic and diluted loss per share.

	Three months ended September 30		Nine months ended September 30	
	2016	**2015**	**2016**	**2015**
Numerator for basic and diluted loss per share:				
Net loss for the period	$ (3,454)	$ (432)	(4,669)	(2,624)
Denominator for basic and diluted loss per share:				
Basic weighted average number of shares outstanding	14,190	14,119	14,161	12,733
Effect of stock options, RSUs and PSUs	-	-	-	-
Diluted weighted average number of shares outstanding	14,190	14,119	14,161	12,733
Loss per share:				
Basic	$ (0.24)	$ (0.03)	(0.33)	(0.21)
Diluted	$ (0.24)	$ (0.03)	(0.33)	(0.21)

Due to the loss for the three and nine months ended September 30, 2016, the impact of all options, RSUs and PSUs totaling 1,352 and 1,260, respectively (2015 – 1,317 and 1,507), were excluded from the calculation of diluted earnings per share because they were antidilutive.

The comparative basic and diluted weighted average number of shares outstanding for the nine months ended September 30, 2015 have been corrected to 12,733 shares outstanding, due to an immaterial arithmetic error. As a result, the basic and diluted earnings per share changed from ($0.22) to ($0.21).

(In thousands, except for per share amounts)

14. Fair value of financial instruments

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. These methodologies are described in Note 21 of the 2015 Consolidated Financial Statements.

The Company has classified its financial instruments as follows:

	September 30 2016		December 31 2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets:				
Loans and receivables, measured at amortized cost				
Cash and cash equivalents	$ 11,893	$ 11,893	$ 13,066	$ 13,066
Accounts receivable	4,123	4,123	3,306	3,306
Restricted cash	-	-	172	172
Financial liabilities:				
Accounts payable and accrued liabilities, measured at amortized cost	$ 9,559	$ 9,559	$ 9,128	$ 9,128
Fair value of interest rate swap contract	410	410	612	612
Long-term debt, measured at amortized cost	42,019	42,019	45,781	45,781

15. Related Party Transactions

Two former Directors of the Company, who retired effective June 23, 2016, also serve as Chairman of the Board and a Director of a customer of the Company. Revenue from this customer for the three months and nine months ended September 30, 2016 was nil and $40 (2015 - $17 and $51), respectively. Accounts receivable from this customer as at September 30, 2016 was nil (2015 - $5).

The terms governing these related party transactions are consistent with those negotiated on an arm's length basis with non-related parties.