

Badger Daylighting Ltd.

Interim Condensed Consolidated Financial Statements
(unaudited)

For the period ended September 30, 2013

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by Badger Daylighting Ltd. management.

The Corporation's independent auditor has not performed a review of the accompanying unaudited interim condensed consolidated financial statements in accordance with standards established by the CICA for a review of interim financial statements by an entity's auditor.

BADGER DAYLIGHTING LTD.**Unaudited Interim Consolidated Statement of Financial Position**

(Expressed in Canadian Dollars)

| As at | Notes | September 30, 2013 \$ | December 31, 2012 \$ |
|---|--------------|--------------------------------------|-------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,538,541 | 2,460,078 |
| Trade and other receivables | | 86,343,746 | 63,570,409 |
| Prepaid expenses | | 1,390,624 | 1,346,016 |
| Inventories | | 3,692,859 | 2,087,289 |
| | | <u>92,965,770</u> | <u>69,463,792</u> |
| Non-current Assets | | | |
| Property, plant and equipment | | 185,818,953 | 149,568,105 |
| Intangible assets | | 9,105,511 | 6,550,511 |
| | | <u>194,924,464</u> | <u>156,118,616</u> |
| Total Assets | | <u>287,890,234</u> | <u>225,582,408</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Trade and other payables | | 31,101,929 | 20,998,787 |
| Income taxes payable | | 3,309,243 | 3,421,007 |
| Dividends payable | | 1,110,207 | 1,109,397 |
| | | <u>35,521,379</u> | <u>25,529,191</u> |
| Non-current Liabilities | | | |
| Long-term debt | 5 | 55,720,201 | 29,773,229 |
| Deferred income tax | | 36,660,449 | 30,572,216 |
| | | <u>92,380,650</u> | <u>60,345,445</u> |
| Shareholders' Equity | | | |
| Shareholders' capital | 6 | 80,815,881 | 80,640,111 |
| Contributed surplus | 6 | 547,504 | 2,060,607 |
| Accumulated other comprehensive income (loss) | 6 | 239,026 | (2,239,192) |
| Retained earnings | | 78,385,794 | 59,246,246 |
| | | <u>159,988,205</u> | <u>139,707,772</u> |
| Total Liabilities and Shareholders' Equity | | <u>287,890,234</u> | <u>225,582,408</u> |

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

BADGER DAYLIGHTING LTD.**Unaudited Interim Consolidated Statement of Comprehensive Income**

(Expressed in Canadian Dollars)

| | | For the nine months ended | | For the three months ended | |
|--|-------|---------------------------|---------------|----------------------------|---------------|
| | | September 30, | September 30, | September 30, | September 30, |
| | | 2013 | 2012 | 2013 | 2012 |
| | Notes | \$ | \$ | \$ | \$ |
| Revenues | 8 | 230,354,348 | 169,980,090 | 87,542,558 | 61,961,587 |
| Direct costs | | 151,121,815 | 116,511,446 | 56,611,022 | 41,827,532 |
| Gross profit | | 79,232,533 | 53,468,644 | 30,931,536 | 20,134,055 |
| Depreciation of property, plant and equipment | | 17,254,915 | 13,378,873 | 6,152,734 | 4,742,718 |
| Amortization of intangible assets | | - | 49,002 | - | - |
| Selling, general and administrative | 7 | 17,225,706 | 10,007,111 | 7,206,039 | 3,643,606 |
| Operating profit | | 44,751,912 | 30,033,658 | 17,572,763 | 11,747,731 |
| Gain on sale of property, plant and equipment | | (111,679) | (112,636) | (59,905) | (29,780) |
| Finance cost | | 1,178,178 | 978,650 | 489,828 | 283,017 |
| Profit before tax | | 43,685,413 | 29,167,644 | 17,142,840 | 11,494,494 |
| Income tax expense | | 14,555,623 | 9,006,045 | 5,368,896 | 3,592,576 |
| Net profit for the period | | 29,129,790 | 20,161,599 | 11,773,944 | 7,901,918 |
| Other comprehensive income (loss) | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | | 2,478,218 | (2,549,068) | (1,667,978) | (2,771,853) |
| Total comprehensive income for the period attributable to shareholders of the Corporation | | 31,608,008 | 17,612,531 | 10,105,966 | 5,130,065 |
| Earnings per share | | | | | |
| Basic | 9 | 2.36 | 1.77 | 0.95 | 0.64 |
| Diluted | 9 | 2.36 | 1.77 | 0.95 | 0.64 |

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

BADGER DAYLIGHTING LTD.**Unaudited Interim Consolidated Statement of Changes in Equity**

(Expressed in Canadian Dollars)

| | | Shareholders' capital | Contributed surplus | Accumulated other comprehensive income (loss) | Retained earnings | Total equity |
|---|-------|--------------------------|------------------------|--|----------------------|--------------------|
| | Notes | \$ | \$ | \$ | \$ | \$ |
| As at January 1, 2012 | | 44,473,107 | 2,657,923 | (1,004,022) | 43,254,146 | 89,381,154 |
| Net profit for the period | | - | - | - | 20,161,599 | 20,161,599 |
| Other comprehensive income (loss) for the period | | - | - | (2,549,068) | - | (2,549,068) |
| Share-based payment transactions | 6,7 | - | 58,000 | - | - | 58,000 |
| Share options exercised | 6,7 | 205,170 | - | - | - | 205,170 |
| Options surrendered for cash | 6,7 | - | (655,316) | - | - | (655,316) |
| Shares issued pursuant to equity financing | 6 | 35,961,834 | - | - | - | 35,961,834 |
| Dividends | | - | - | - | (8,791,101) | (8,791,101) |
| As at September 30, 2012 | | 80,640,111 | 2,060,607 | (3,553,090) | 54,624,644 | 133,772,272 |
| As at January 1, 2013 | | 80,640,111 | 2,060,607 | (2,239,192) | 59,246,246 | 139,707,772 |
| Net profit for the period | | - | - | - | 29,129,790 | 29,129,790 |
| Other comprehensive income for the period | | - | - | 2,478,218 | - | 2,478,218 |
| Share options exercised | 6,7 | 175,770 | - | - | - | 175,770 |
| Options surrendered for cash | 6,7 | - | (1,513,103) | - | - | (1,513,103) |
| Dividends | | - | - | - | (9,990,242) | (9,990,242) |
| As at September 30, 2013 | | 80,815,881 | 547,504 | 239,026 | 78,385,794 | 159,988,205 |

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

BADGER DAYLIGHTING LTD.**Unaudited Interim Consolidated Statement of Cash Flows**

(Expressed in Canadian Dollars)

| | Notes | For the nine months ended | | For the three months ended | |
|---|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | September 30, 2013 \$ | September 30, 2012 \$ | September 30, 2013 \$ | September 30, 2012 \$ |
| Operating activities | | | | | |
| Net profit for the period | | 29,129,790 | 20,161,599 | 11,773,944 | 7,901,918 |
| Non-cash adjustments to reconcile profit from operations to net cash flows: | | | | | |
| Depreciation of property, plant and equipment | | 17,254,915 | 13,378,873 | 6,152,734 | 4,742,718 |
| Amortization of intangible assets | | - | 49,002 | - | - |
| Deferred income tax | | 5,347,700 | 3,606,000 | 2,259,500 | 1,783,000 |
| Share-based payment transaction expense | 6,7 | - | 58,000 | - | - |
| Equity-settled share plan settled in cash | 6,7 | (1,513,103) | (655,316) | - | - |
| Gain on sale of property plant and equipment | | (111,679) | (112,636) | (59,905) | (29,780) |
| Unrealized foreign exchange (gain) loss on deferred tax | | 740,533 | (1,250,392) | (492,906) | (767,292) |
| | | 50,848,156 | 35,235,130 | 19,633,367 | 13,630,564 |
| Net change in non-cash working capital relating to operating activities | | (14,289,033) | (2,227,629) | (10,648,478) | (5,634,007) |
| Net cash flows from operating activities | | 36,559,123 | 33,007,501 | 8,984,889 | 7,996,557 |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | | (51,326,464) | (39,236,318) | (19,050,263) | (14,010,974) |
| Purchase of intangible assets | 4 | (2,555,000) | - | - | - |
| Proceeds from sale of property, plant and equipment | | 267,494 | 132,566 | 80,066 | 37,643 |
| Net cash flows used in investing activities | | (53,613,970) | (39,103,752) | (18,970,197) | (13,973,331) |
| Financing activities | | | | | |
| Proceeds from issuance of shares, net of issuance costs | 6 | - | 35,961,834 | - | - |
| Proceeds received on the exercise of share options | 6,7 | 175,770 | 205,170 | 41,070 | - |
| Proceeds from long-term debt | | 25,946,972 | - | 11,688,987 | - |
| Repayment of long-term debt | | - | (20,373,089) | - | (19,033,392) |
| Dividends paid to owners | | (9,989,432) | (8,662,496) | (3,330,351) | (3,143,292) |
| Net cash flows from financing activities | | 16,133,310 | 7,131,419 | 8,399,706 | (22,176,684) |
| Net (decrease) increase in cash and cash equivalents | | (921,537) | 1,035,168 | (1,585,602) | (28,153,458) |
| Cash and cash equivalents, beginning of period | | 2,460,078 | 2,622,191 | 3,124,143 | 31,810,817 |
| Cash and cash equivalents, end of period | | 1,538,541 | 3,657,359 | 1,538,541 | 3,657,359 |
| Supplemental cash flow information: | | | | | |
| Interest paid | | 1,178,178 | 978,650 | 489,828 | 283,017 |
| Income tax paid | | 9,324,088 | 8,564,865 | 1,880,801 | 1,390,643 |

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

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

1 Incorporation and Operations

Badger Daylighting Ltd. and its subsidiaries (together “Badger” or the “Corporation”) provide non-destructive excavating services to the utility, transportation, industrial, engineering, construction and petroleum industries in Canada and the United States. Badger is a publicly traded corporation. The address of the registered office is 1000, 635 – 8th Avenue SW, Calgary, Alberta T2P 3M3.

The interim condensed consolidated financial statements of the Corporation for the period ended September 30, 2013 were authorised for issue in accordance with a resolution of the directors on November 12, 2013.

2 Basis of Preparation

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements should be read in conjunction with the Corporation’s annual consolidated financial statements for the year ended December 31, 2012, as well as the Corporation’s interim consolidated financial statements for the period ended June 30, 2013.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention.

Functional and presentation currency

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

3 Recent accounting pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

IFRS 9, as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Corporation will assess the impact of this standard in conjunction with the other phases, when the final standard including all phases is issued.

4 Purchase of intangible assets

In May 2013, the Corporation acquired the service rights from certain of its Canadian agents for cash consideration of \$2,555,000. The entire purchase price was allocated to intangible assets (service rights). Service rights have an indefinite life and therefore are not amortized.

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

5 Long-term debt

| | September 30, 2013 | December 31, 2012 |
|--------------------------------------|-----------------------|----------------------|
| | \$ | \$ |
| Extendable revolving credit facility | 55,720,201 | 29,773,229 |

The Corporation has established a \$90,000,000 extendable revolving credit facility. The purpose of the credit facility is to finance the Corporation's capital expenditure program and for general corporate purposes. The credit facility bears interest, at the Corporation's option, at either the bank's prime rate (December 31, 2012 – 3.00%) or bankers' acceptance rate plus 1.25% (December 31, 2012 – 2.44%). An additional stand-by fee calculated at an annual rate of 0.25% per annum is also required on the unused portion of the credit facility. This fee is expensed as incurred.

The credit facility has no required principal repayment. The credit facility expires on June 22, 2014 and is renewable by mutual agreement of the Corporation and the lender for an additional 364 day period, after which the entire amount must be repaid. If not renewed, interest is payable monthly on the facility for 364 days after which the entire amount is to be repaid.

The extendable revolving credit facility is collateralized by a general security interest over the Corporation's assets, property and undertaking, present and future.

Under the terms of the credit facilities, the Corporation must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2013, and as at September 30, 2013, the Corporation was in compliance with all of these covenants.

As at September 30, 2013, the Corporation has issued letters of credit in the amount of approximately \$1,360,000. The outstanding letters of credit reduce the amount available under the extendable revolving credit facility.

At September 30, 2013, the Corporation had available \$32,919,799 (December 31, 2012 - \$24,591,771) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

6 Shareholders' capital and reserves

A) Authorized shares

An unlimited number of voting common shares are authorized without nominal or par value.

B) Issued and outstanding

| | Number of Shares | Amount \$ |
|---|------------------|--------------|
| At December 31, 2011 | 10,813,631 | 44,473,107 |
| Shares issued pursuant to equity financing, net of issuance costs | 1,500,000 | 35,961,834 |
| Shares issued pursuant to the share option plan | 13,000 | 205,170 |
| At December 31, 2012 | 12,326,631 | 80,640,111 |
| Shares issued pursuant to the share option plan | 9,000 | 175,770 |
| At September 30, 2013 | 12,335,631 | 80,815,881 |

C) Accumulated other comprehensive income (loss)

The accumulated other comprehensive income (loss) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

6 Shareholders' capital and reserves (continued)

D) Contributed surplus

The contributed surplus reserve is used to recognise the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital. Refer to Note 7 for further details of these plans.

| | September 30, 2013 \$ | December 31, 2012 \$ |
|---|-----------------------------|----------------------------|
| Opening balance | 2,060,607 | 2,657,923 |
| Share-based payment transactions | - | 58,000 |
| Equity-settled share plan settled in cash | (1,513,103) | (655,316) |
| Closing balance | 547,504 | 2,060,607 |

7 Share-based payment plans

Share plan (equity-settled)

Under the Share Plan, directors, officers, employees and consultants of the Corporation are eligible to receive share options to acquire ordinary shares of the Corporation, with terms not to exceed 10 years from the date of the grant. The exercise price shall not be less than the closing price of the shares traded on the Toronto Stock Exchange on the first date preceding the date of the grant. Under the Share Plan, vesting periods are determined by the directors of the Corporation at the time of the grant. All share options granted through to September 30, 2013 vest equally over a period of three years from the date of grant. The maximum number of shares to be issued under this plan may not exceed 250,000 shares.

A summary of the share-based payment transactions for the period ended September 30, 2013 and the year ended December 31, 2012 are as follows:

| | September 30, 2013 | | December 31, 2012 | |
|------------------------------------|----------------------|---|----------------------|---|
| | Number of options | Weighted average exercise price \$ | Number of Options | Weighted average exercise price \$ |
| Outstanding at beginning of period | 110,375 | 21.54 | 187,750 | 19.00 |
| Share options exercised | (9,000) | 19.53 | (13,000) | 15.78 |
| Options surrendered for cash | (92,375) | 22.45 | (52,375) | 13.69 |
| Forfeited | - | - | (12,000) | 22.45 |
| Outstanding at end of period | 9,000 | 14.20 | 110,375 | 21.54 |

Pursuant to the share plan during the first quarter of 2013, the Corporation had 92,375 vested share options surrendered by employees in return for a cash settlement of \$1,513,103.

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

7 Share-based payment plans (continued)

Deferred Unit Plan (cash-settled)

In May 2011, the Corporation established the Deferred Unit Plan (“DUP”), which was approved by the shareholders at the September 22, 2011 Annual General Meeting. The DUP was established to reward officers and employees. Directors may also participate in the plan whereby they will be paid 60% to 100% of the annual retainer in the form of deferred units. Pursuant to the terms of the DUP, participants are granted deferred units with a value equivalent to the value of a Badger share. The deferred units granted earn additional deferred units for the dividends that would otherwise have been paid on the deferred units as if they instead had been issued as Badger shares on the date of the grant. The deferred units granted other than to the directors, which vest immediately, vest equally over a period of three years from the date of the grant. Upon vesting, the participant may elect to redeem the deferred units for an equal number of Badger shares or the cash equivalent. The DUP has been accounted for as a cash-settled plan. The compensation expense is based on the estimated fair value of the deferred units outstanding at the end of each quarter and recognized using graded vesting throughout the term of the vesting period, with a corresponding credit to liabilities. The Corporation has recorded a compensation expense of \$6,624,000 for the nine months ended September 30, 2013 (September 30, 2012 - \$1,667,000), which is included in selling, general and administrative expenses.

The liability of deferred units outstanding as at September 30, 2013 is \$10,547,000 (December 31, 2012 - \$3,923,000). The intrinsic value of deferred units exercisable as at September 30, 2013 is \$8,572,135 (December 31, 2012 - \$1,437,644).

Changes in the number of deferred units under the Badger DUP were as follows:

| | Units |
|--|----------------|
| At December 31, 2011 | 131,178 |
| Granted | 48,170 |
| Dividends earned | 4,067 |
| Redeemed | (5,003) |
| Forfeited | (12,287) |
| At December 31, 2012 | 166,125 |
| Granted | 33,850 |
| Dividends earned | 4,166 |
| Redeemed | (5,951) |
| Forfeited | (2,207) |
| At September 30, 2013 | 195,983 |
| Exercisable at September 30, 2013 | 131,414 |

8 Revenues

| | For the nine months ended | | For the three months ended | |
|-----------------------|---------------------------|-----------------------|----------------------------|-----------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| | \$ | \$ | \$ | \$ |
| Rendering of services | 228,901,464 | 169,002,968 | 87,033,782 | 61,890,657 |
| Truck placement fees | 1,452,884 | 977,122 | 508,776 | 70,930 |
| | 230,354,348 | 169,980,090 | 87,542,558 | 61,961,587 |

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

9 Earnings per share

Basic earnings per share (“EPS”)

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of shares) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

The calculation of basic earnings per share for the nine months ended September 30, 2013, was based on the net profit available to common shareholders of \$29,129,790 (2012 - \$20,161,599), and a weighted average number of common shares outstanding of 12,333,268 (2012 – 11,387,653).

The calculation of basic earnings per share for the three months ended September 30, 2013, was based on the net profit available to common shareholders of \$11,773,944 (2012 - \$7,901,918), and a weighted average number of common shares outstanding of 12,335,501 (2012 – 12,326,631).

The weighted average number of common shares is calculated as follows:

| | For the nine months ended | | For the three months ended | |
|---|---------------------------|--------------------|----------------------------|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| Issued common shares outstanding, beginning of period | 12,326,631 | 10,813,631 | 12,332,631 | 12,326,631 |
| Effect of equity financing | - | 563,869 | - | - |
| Effect of share options exercised | 6,637 | 10,153 | 2,870 | - |
| Weighted average number of common shares, end of period | 12,333,268 | 11,387,653 | 12,335,501 | 12,326,631 |

Diluted EPS

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Corporation is in a loss position.

The calculation of diluted earnings per share for the nine months ended September 30, 2013, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 12,339,492 (2012 – 11,402,296).

The calculation of diluted earnings per share for the three months ended September 30, 2013, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 12,342,203 (2012 – 12,345,740).

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

9 Earnings per share (continued)

The weighted average number of dilutive potential common shares is calculated as follows:

| | For the nine months ended | | For the three months ended | |
|--|---------------------------|--------------------|----------------------------|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| Weighted average number of common shares (basic) | 12,333,268 | 11,387,653 | 12,335,501 | 12,326,631 |
| Effect of share options | 6,224 | 14,643 | 6,702 | 19,109 |
| Weighted average number of common shares (diluted) | 12,339,492 | 11,402,296 | 12,342,203 | 12,345,740 |

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

10 Segment reporting

The Corporation operates in two geographic/reportable segments providing non-destructive excavating services to each of these segments. The following is selected information for the periods ended September 30, 2013 and 2012 based on these geographic segments.

Each segment is responsible for its operating results.

| For nine months ended: | September 30, 2013 | | | September 30, 2012 | | |
|---|--------------------|-------------|-------------|--------------------|------------|-------------|
| | Canada (\$) | U.S. (\$) | Total (\$) | Canada (\$) | U.S. (\$) | Total (\$) |
| Revenues | 118,981,607 | 111,372,741 | 230,354,348 | 91,770,544 | 78,209,546 | 169,980,090 |
| Direct costs | 76,116,779 | 75,005,036 | 151,121,815 | 58,124,196 | 58,387,250 | 116,511,446 |
| Depreciation of property, plant and equipment | 8,192,909 | 9,062,006 | 17,254,915 | 6,633,434 | 6,745,439 | 13,378,873 |
| Amortization of intangible assets | - | - | - | 49,002 | - | 49,002 |
| Selling, general and administrative | 14,427,692 | 2,798,014 | 17,225,706 | 7,934,938 | 2,072,173 | 10,007,111 |
| Profit before tax | 19,288,784 | 24,396,629 | 43,685,413 | 18,186,837 | 10,980,807 | 29,167,644 |

| For three months ended: | September 30, 2013 | | | September 30, 2012 | | |
|---|--------------------|------------|------------|--------------------|------------|------------|
| | Canada (\$) | U.S. (\$) | Total (\$) | Canada (\$) | U.S. (\$) | Total (\$) |
| Revenues | 42,618,315 | 44,924,243 | 87,542,558 | 33,096,872 | 28,864,715 | 61,961,587 |
| Direct costs | 27,149,346 | 29,461,676 | 56,611,022 | 21,021,115 | 20,806,417 | 41,827,532 |
| Depreciation of property, plant and equipment | 2,855,015 | 3,297,719 | 6,152,734 | 2,313,485 | 2,429,233 | 4,742,718 |
| Selling, general and administrative | 5,923,840 | 1,282,199 | 7,206,039 | 2,873,122 | 770,484 | 3,643,606 |
| Profit before tax | 6,317,914 | 10,824,926 | 17,142,840 | 6,644,313 | 4,850,181 | 11,494,494 |

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

Nine months ended September 30, 2013

(Unaudited – Expressed in Canadian Dollars)

10 Segment reporting (continued)

Selected Consolidated Statement of Financial Position Information

| | Canada (\$) | U.S. (\$) | Total (\$) |
|---------------------------------|-------------|-------------|-------------|
| As at September 30, 2013 | | | |
| Property, plant and equipment | 89,582,650 | 96,236,303 | 185,818,953 |
| Intangible assets | 9,105,511 | - | 9,105,511 |
| Total assets | 148,908,621 | 138,981,613 | 287,890,234 |
| As at December 31, 2012 | | | |
| Property, plant and equipment | 77,969,436 | 71,598,669 | 149,568,105 |
| Intangible assets | 6,550,511 | - | 6,550,511 |
| Total assets | 126,315,547 | 99,266,861 | 225,582,408 |

Selected Consolidated Statement of Cash Flow Information

| For nine months ended: | September 30, 2013 | | | September 30, 2012 | | |
|----------------------------------|---------------------------|------------|------------|---------------------------|------------|------------|
| | Canada (\$) | U.S. (\$) | Total (\$) | Canada (\$) | U.S. (\$) | Total (\$) |
| Additions to non-current assets: | | | | | | |
| Property, plant and equipment | 19,323,492 | 32,002,972 | 51,326,464 | 20,044,668 | 19,191,650 | 39,236,318 |
| Intangible assets | 2,555,000 | - | 2,555,000 | - | - | - |
| For three months ended: | September 30, 2013 | | | September 30, 2012 | | |
| | Canada (\$) | U.S. (\$) | Total (\$) | Canada (\$) | U.S. (\$) | Total (\$) |
| Additions to non-current assets: | | | | | | |
| Property, plant and equipment | 7,787,281 | 11,262,982 | 19,050,263 | 7,482,945 | 6,528,029 | 14,010,974 |
| Intangible assets | - | - | - | - | - | - |

11 Subsequent event

In November 2013, the Corporation acquired the business and operating assets of Fieldtek Holdings Ltd. Fieldtek Holdings Ltd. is a privately owned company based in Lloydminster, Alberta providing general vacuum truck and auxiliary services to the oil and gas industry, focused primarily on production tank cleaning and removal of waste oil and sand. The aggregate purchase price was approximately \$19,200,000 in cash financed with the Corporation's existing extendable revolving credit facility.

As at the date of issuance of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2013, the preliminary accounting for the acquisition of Fieldtek Holdings Ltd. was incomplete, therefore it was impracticable to provide disclosures required by IFRS 3 – Business Combinations.