



Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Enterprise Group, Inc.

The management of Enterprise Group, Inc. prepared these consolidated financial statements and is responsible for their reliability, completeness and integrity. They conform in all material aspects to International Financial Reporting Standards.

Management maintains the necessary accounting and internal control systems to ensure: the timely production of reliable and accurate accounting information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, who are recommended to the Shareholders by the Audit Committee and appointed by the Shareholders, conducted an audit of these consolidated financial statements in accordance with Canadian auditing standards. The Audit Committee reviewed these financial statements with the auditors in detail before recommending their approval.

St. Albert, Alberta
March 24, 2015

Signed "Leonard D. Jaroszuk"
Leonard Jaroszuk, President, Chief Executive Officer

Independent Auditor's report

To the Shareholders of
Enterprise Group, Inc.

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We have audited the accompanying consolidated financial statements of Enterprise Group, Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Enterprise Group, Inc. as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Edmonton, Canada

March 30, 2015



Chartered Accountants

ENTERPRISE GROUP, INC.
Consolidated Statements of Financial Position

As at December 31	2014	2013
Assets		
Cash and cash equivalents (note 4)	\$ 9,888,351	\$ 4,568,288
Trade and other receivables (note 4)	20,516,289	7,995,050
Unbilled revenue	3,090,705	2,683,241
Inventories	2,702,278	1,248,451
Deposits and prepaid expenses	1,388,482	2,484,648
	37,586,105	18,979,678
Property, plant and equipment (note 6)	94,704,359	32,858,230
Investment property (note 7)	3,910,000	3,565,000
Goodwill (note 8)	15,747,831	4,758,304
Intangible assets (note 9)	5,665,722	3,769,612
Deferred tax assets (note 10)	7,487,305	2,946,484
	127,515,217	47,897,630
Total assets	\$ 165,101,322	\$ 66,877,308
Liabilities		
Trade and other payables (note 4)	\$ 12,892,518	\$ 6,401,932
Income taxes payable (note 10)	2,024,464	389,712
Current portion of loans and borrowings (note 11)	11,001,090	2,510,112
	25,918,072	9,301,756
Long term portion of loans and borrowings (note 11)	44,058,448	23,812,918
Deferred tax liabilities (note 10)	13,521,286	4,217,338
	83,497,806	37,332,012
Equity		
Share capital	77,969,392	36,650,333
Warrants (note 13b)	4,007,454	453,916
Convertible debenture	63,479	221,242
Contributed surplus	4,346,621	2,734,634
Deficit	(4,783,430)	(10,514,829)
	81,603,516	29,545,296
Total equity and liabilities	\$ 165,101,322	\$ 66,877,308

Approved on behalf of the Board:

_____ (Signed) "Leonard D. Jaroszuk" Director

_____ (Signed) "John Pinsent, FCA, ICD.D." Director

Consolidated Statements of Income and Comprehensive Income

Years ended December 31	2014	2013
Revenue	\$ 79,629,450	\$ 34,849,266
Direct expenses	(47,037,006)	(19,536,846)
Gross margin	32,592,444	15,312,420
General and administrative expenses	(12,040,186)	(6,475,886)
Depreciation of property, plant and equipment	(6,539,570)	(2,357,085)
Finance expense	(3,053,769)	(1,439,079)
Share-based payments	(1,776,483)	(804,142)
Amortization of intangible assets	(608,890)	(314,172)
Acquisition costs (note 3)	(543,333)	(374,330)
Gain (loss) on sale of property, plant and equipment	452,479	(64,440)
Fair value adjustment on investment property (note 7)	345,000	1,515,000
Other income	236,754	22,699
Income before income tax	9,064,446	5,020,985
Income tax (expense) recovery (note 10)	(3,333,047)	761,441
Net income	5,731,399	5,782,426
Net income and comprehensive income	\$ 5,731,399	\$ 5,782,426
Earnings per share (note 14)		
Basic earnings per share	\$ 0.04	\$ 0.08
Diluted earnings per share	\$ 0.04	\$ 0.08

ENTERPRISE GROUP, INC.
Consolidated Statements of Cash Flows

Years ended December 31	2014	2013
Cash flows from operating activities:		
Income before income tax	\$ 9,064,446	\$ 5,020,985
Adjustments for:		
Depreciation of property, plant and equipment	6,539,570	2,357,085
Amortization of intangible assets	608,890	314,172
(Gain) loss on sale of property, plant and equipment and other assets	(452,479)	64,440
Share-based payments	1,776,483	804,142
Fair value adjustment	(345,000)	(1,515,000)
Finance expense	3,035,769	1,439,079
Change in non-cash working capital (note 16)	(3,913,929)	1,191,961
Net cash provided by operating activities	16,313,750	9,676,864
Cash flows from financing activities:		
Proceeds from bank loan facility	18,722,823	4,740,446
Proceeds from convertible debenture	-	5,999,000
Proceeds of mortgage facility	-	1,500,000
Interest and borrowing costs paid on loans and borrowings	(3,061,359)	(1,505,916)
Repayment of term loan	(317,975)	(319,983)
Repayment of mortgage facility	(386,733)	(73,792)
Repayment of finance lease liabilities	(4,403,928)	(171,145)
Repayment of vendor take-back loans	(1,055,000)	(520,000)
Issuance of common shares	42,601,200	-
Private placement of common shares	-	5,172,000
Share issue costs	(3,909,592)	(556,803)
Stock options exercised	348,000	421,500
Warrants exercised	171,342	3,147,035
Net cash provided by financing activities	48,708,778	17,832,342
Cash flows from investing activities:		
Cash paid for acquisition of subsidiaries (note 3)	(38,792,325)	(12,708,000)
Purchase of property, plant and equipment	(26,023,753)	(9,465,448)
Proceeds on sale of property, plant and equipment	4,213,885	130,914
Purchase of investment property (note 7)	-	(2,050,000)
Net cash used by investing activities	(60,602,193)	(24,092,534)
Change in cash and cash equivalents	4,420,335	3,416,672
Cash and cash equivalents, beginning of year	4,568,288	1,151,616
Cash on hand and balances with banks	\$ 8,988,623	\$ 4,568,288
Cash collected in conjunction with Westar Oilfield Rentals Inc. acquisition (note 3)	899,728	-
Cash and cash equivalents, end of year	\$ 9,888,351	\$ 4,568,288

ENTERPRISE GROUP, INC.

Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Warrants	Contributed surplus	Convertible debenture	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at December 31, 2012	56,933,363	\$25,921,249	\$310,797	\$2,106,922	\$-	\$(16,000)	\$(16,297,255)	\$12,025,713
Issuance of common shares on acquisition	727,908	500,000	-	-	-	-	-	500,000
Private placement	12,787,586	4,590,743	550,483	-	-	-	-	5,141,226
Stock options exercised	2,750,000	597,930	-	(176,430)	-	-	-	421,500
Share issuance costs	-	(394,522)	-	-	-	-	-	(394,522)
Warrants exercised	11,772,145	3,979,933	(832,898)	-	-	-	-	3,147,035
Issuance of broker warrants (Note 13b)	-	-	425,534	-	-	-	-	425,534
Sale of marketable securities	-	-	-	-	-	16,000	-	16,000
Issuance of convertible debenture, equity portion	-	-	-	-	300,395	-	-	300,395
Conversion of convertible debentures	2,910,000	1,455,000	-	-	(79,153)	-	-	1,375,847
Share-based payments	-	-	-	804,142	-	-	-	804,142
Net income	-	-	-	-	-	-	5,782,426	5,782,426
Balance as at December 31, 2013	87,881,002	\$36,650,333	\$453,916	\$2,734,634	\$221,242	\$-	\$(10,514,829)	\$29,545,296
Issuance of common shares to vendors on acquisition (note 3)	3,888,890	2,202,000	-	-	-	-	-	2,202,000
Issuance of common shares by prospectus	48,435,000	39,569,508	3,031,493	-	-	-	-	42,601,001
Stock options exercised	1,975,000	512,496	-	(164,496)	-	-	-	348,000
Share issue costs net of tax	-	(3,947,285)	589,674	-	-	-	-	(3,357,611)
Warrants exercised	276,736	238,970	(67,629)	-	-	-	-	171,341
Conversion of convertible debentures	5,800,000	2,743,370	-	-	(157,763)	-	-	2,585,607
Share-based payments	-	-	-	1,776,483	-	-	-	1,776,483
Net income	-	-	-	-	-	-	5,731,399	5,731,399
Balance as at December 31, 2014	148,256,628	\$77,969,392	\$4,007,454	\$4,346,621	\$63,479	\$-	\$(4,783,430)	\$81,603,516

1. Reporting entity

Enterprise Group, Inc. (“Enterprise” or the “Company”) is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol “E”. Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to install underground utilities and to provide tunnelling services. Additionally, the Company rents heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise’s head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at December 31, 2014, and December 31, 2013, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2015.

2. Significant accounting policies

Statement of compliance

The Company prepares its financial statements in accordance with *International Financial Reporting Standards (IFRS)* as issued by the *International Accounting Standards Board (IASB)*.

Basis of presentation

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments recorded at fair value through profit or loss and available for sale financial assets which are measured at fair value.

Basis of consolidation

Included in these consolidated financial statements are the financial statements of Enterprise Group, Inc. and its wholly-owned subsidiaries: Enterprise Energy Services Inc., E One Limited., T.C. Backhoe & Directional Drilling Ltd., T.C. Backhoe & Directional Drilling Limited Partnership, T.C. Backhoe Holdings Inc., Artic Therm International Ltd., Calgary Tunnelling & Horizontal Augering Ltd., Pro Tech Construction Inc., Hart Oilfield Rentals Ltd., and Westar Oilfield Rentals, Inc. The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries have the same reporting periods as the Company. All significant inter-entity balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in full.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s and its subsidiaries functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses from the settlement of such transactions at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and comprehensive income and included in other income (expenses).

Critical accounting judgements in applying accounting policies

The following are significant management judgements, apart from those involving estimation uncertainty, in applying the accounting policies of the Company that have the most significant effect on the financial statements:

- i. Leases
Management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership. Management evaluates the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

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- ii. **Deferred taxes**
Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on the Company's forecasted budget. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then the asset is recognized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed by management based on specific circumstances.

Estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts included in the financial statements included, but were not limited to, the following:

- i. **Share-based payments**
The Company estimates the fair value of stock option awards and warrants using the Black-Scholes Option Pricing Model. Certain key assumptions used in the model include the expected interest rate, expected volatility, forfeitures, dividend yield and expected term.
- ii. **Property, plant and equipment and intangible assets**
The Company estimates useful life, residual value and depreciation methods based on industry norms, historical experience, market conditions and future cash flows. It is possible that future results could be materially affected by changes in the above factors.
- iii. **Investment property**
The determination of the fair value of the investment property requires the use of estimates based on local market conditions existing at the reporting date. In arriving at estimates of market values, the Company uses an expert in order to apply market knowledge and professional judgement.
- iv. **Convertible debentures**
The valuation of the liability and equity components of the convertible debenture requires the use of estimates in determining the fair value of the two components which include the interest rate that would be obtained on a similar instrument that is not convertible.
- v. **Business combinations**
In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property, plant and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property, plant and equipment, intangible assets and goodwill acquired, the Company may rely on independent third party valuers. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.
- vi. **Impairments**
An asset or cash generating unit (CGU) is impaired when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model, which incorporated the Company's budget and business plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections the Company uses estimates of economic and market information over the projection period, including growth rates in revenues, estimates of future expected changes in operating margins, and cash

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

expenditures. Other significant estimates and assumptions include future estimates of capital expenditures and changes in future working capital requirements.

vii. Impairment of financial assets

At the end of each reporting period, management reviews the individual balances in accounts receivable and assesses their recoverability based on the aging of outstanding balances, historical bad debt experience, indicators of change in customer credit worthiness, and change in customer payment terms, to identify and determine the extent of impairment, if any.

viii. Income tax

The Company follows the asset/liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

Financial instruments

The Company classifies financial assets and liabilities as either available-for-sale, loans and receivables or other financial liabilities. The classification of a financial asset or liability is determined at the time of initial recognition. Financial instruments are initially recognized at fair value and are measured subsequently as described below. The Company does not enter into derivative contracts.

i. Loans and receivables

The Company's cash and cash equivalents, trade and other receivables, and deposits are classified as loans and receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

ii. Other financial liabilities

The Company's loans and borrowings and trade and other payables are classified as other financial liabilities. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial instruments are classified into one of the following levels of fair value hierarchy:

Level 1 - Fair value measurements based on unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - Fair value measurements derived from valuation techniques that include unobservable inputs.

Cash and cash equivalents

Cash and cash equivalents include balances with Canadian Chartered Banks and short-term investments with original maturities of three months or less.

Inventories

Inventories of parts and supplies are measured at the lower of cost and net realizable value. The cost of inventories is measured on a first-in first-out basis with the exception of one entity of the Company which measures inventory using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, plus costs directly attributable to putting the asset in use and where applicable, an estimate of the costs of removing the item and site restoration.

Depreciation is calculated over the depreciable amount, which is the cost of asset less its residual value. Depreciation is not calculated for assets under construction until work is completed and the assets are put into use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	- 25 years
Small equipment	- 5 years
Light automotive equipment	- 5 years
Computers and communication equipment	- 4 years
Heavy automotive, construction, and portable rental equipment	- 7 - 10 years
Leasehold improvements	- Straight-line over term

The useful lives, depreciation methods and residual values are reviewed at each reporting date for consistency with the expected pattern of economic benefits from the assets.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating and payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Related fair value gains and losses arising from changes in the fair values are recorded in the statements of operations and comprehensive income in the period in which they arise. The fair value is determined by a formal independent appraisal completed at least once per year. The last formal appraisal was September 30, 2014.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the consideration transferred, measured at the acquisition date in addition to the fair value of any non-controlling interest in the acquired entity. All acquisition costs are expensed as incurred. Any contingent consideration expected to be paid will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognized in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain for the period. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assigned to the Company's CGU's that are expected to benefit from the combination, irrespective of whether the assets and liabilities of the acquired are assigned to that (those) CGU(s). If a business unit is disposed of, goodwill disposed of is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is tested for impairment annually or more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each operating segment to which the goodwill relates. Where the recoverable amount of the operating segment (including the carrying value of the allocated goodwill) is less than the carrying value, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Customer relationships are recorded at cost and amortized on a straight line basis over their estimated life of ten years. Patents are recorded at cost and amortized on a straight line basis, from the date of issuance, over their estimated life of seven years.

Share-based payments

The fair value of stock options and warrants are measured at the grant date using the Black-Scholes Option Pricing Model, and recognized over the vesting period. The fair value is included in the statement of income and comprehensive income, with a corresponding increase in contributed surplus. A forfeiture rate is estimated and is adjusted to reflect the actual number of options and warrants that vest. Consideration received on the exercise of stock options and warrants is credited to share capital and previously recorded compensation expense is transferred from contributed surplus to share capital to fully reflect the value of shares issued.

Revenue recognition

Revenue from service agreements or unit price contracts are recognized based upon the actual services provided within the scope of the agreement, at the pre-determined price or rate for that service, and collectability is reasonably assured. Revenue from rental contracts is recognized in the period in which the rental services have been provided and collectability is reasonably assured. Revenue from rental contracts is measured at fair value net of trade discounts. The Company recognizes revenue when it can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met. The unbilled portion for work completed at the end of a reporting period are recorded as unbilled revenues using the pre-determined price or rate for that service.

Finance income and expense

Finance income is earned at the effective interest rate. Finance expense includes interest and loan transaction costs.

Income tax

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to the tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees, share purchase warrants and convertible debentures.

Impairment***Financial assets***

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency of payments;
- it is probable that the borrower will enter bankruptcy or financial re-organization; or
- significant or prolonged decline in the market value of investments below its cost.

For certain categories of financial assets, such as accounts receivable, the Company assesses for evidence of impairment at the specific asset level.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss or credited against the allowance account.

Non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

For the purposes of assessing impairment, assets are grouped into CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. CGUs are the smallest identifiable group of assets that generate cash flows that are independent of the cash flows of other groups of assets. The determination of CGUs was based on management's judgments in regard to the geographic location of operating divisions, product groups and shared infrastructure.

Changes in accounting policies

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2014. Information on these standards is presented below:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement mechanisms may be considered equivalent to net settlement.

As the Company does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made; and
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The Company has applied these amendments retrospectively.

IFRIC 21 - Levies

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date; and
- the same recognition principles apply in the annual and interim financial statements.

The Company has reviewed this new standard and concluded there is no significant impact on the consolidated financial statements for any period presented.

Accounting standards issued but not yet applied

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company's management has yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

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IFRS 11 - Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The Company's management does not expect this new standard to have a material impact on its consolidated financial statements. The amendments are effective for reporting periods beginning on or after January 1, 2016.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The Company's management has yet to assess the impact of IFRS 15 on these consolidated financial statements. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017.

3. Business acquisitions

Westar Oilfield Rentals Inc.

On October 1, 2014, the Company acquired all of the issued and outstanding common shares of Westar Oilfield Rentals Inc. ("Westar"), a privately held oilfield site service infrastructure company, for an aggregate purchase price of \$13,500,000 plus working capital and capital expenditure adjustments. The fair value of the total consideration paid was \$15,082,000. The acquisition of Westar is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of Westar have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with Westar comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital, approved capital commitments, and assets under construction. Goodwill and intangible assets acquired are \$7,499,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition are as follows:

Working capital	\$	596,000
Property, plant and equipment		8,234,000
Customer relationship - estimated useful life of ten years		1,560,000
Goodwill		5,939,000
Deferred tax liability		(1,247,000)
Net assets acquired	\$	15,082,000

The Company acquired the following in working capital:

Cash and cash equivalents	\$	246,000
Inventory, deposits and prepaids		393,000
Trade and other payables		(43,000)
Fair value	\$	596,000

Notes to Consolidated Financial Statements

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The Company acquired the following in property, plant and equipment:

Buildings	\$ 6,000
Leasehold improvements	80,000
Computers and communication equipment	17,000
Small equipment	16,000
Light automotive equipment	266,000
Heavy automotive, construction and portable rental equipment	7,849,000
Fair value	\$ 8,234,000

The fair value of the purchase consideration is comprised of the following:

Cash	\$ 12,176,000
Vendor take-back loans	1,436,000
Common shares - 2,500,000	2,000,000
Common shares - fair value adjustment	(530,000)
Total consideration paid	\$ 15,082,000

The Company incurred acquisition costs of \$299,091, which were expensed through the statement of income. This amount was comprised of due diligence, legal and consulting costs.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were \$nil. Westar's revenue and net income for the period since acquisition were \$2,458,000 and \$971,000 respectively. Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2014, the Company's consolidated revenues and net income for the year ended December 31, 2014 would have been \$86,548,000 and \$7,186,000 respectively.

Included in the cash and accounts payable at December 31, 2014 is \$899,728 owing to the vendor for the net of cash paid and cash received since the date of acquisition for accounts receivable and accounts payable not purchased by the Company.

Hart Oilfield Rentals Ltd.

On January 3, 2014, the Company acquired all of the issued and outstanding common shares of Hart Oilfield Rentals Ltd. ("Hart"), a privately held oilfield site service infrastructure company, for an aggregate purchase price of \$22,600,000 plus working capital adjustments. The fair value of the total consideration paid was \$26,618,000. The acquisition of Hart is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of Hart have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with Hart comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price is subject to adjustment based on working capital, long-term debt, approved capital commitments, and rental equipment under construction. Goodwill and intangible assets acquired are \$5,996,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition are as follows:

Working capital	\$ 2,881,000
Property, plant and equipment	21,560,000
Patent - estimated useful life of nine years	103,000
Customer relationship - estimated useful life of ten years	842,000
Goodwill	5,051,000
Finance lease liability	(736,000)
Deferred tax liability	(3,083,000)
Net assets acquired	\$ 26,618,000

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The Company acquired the following in working capital:

Trade and other receivables	\$ 3,792,000
Inventory, deposits and prepaids	440,000
Bank indebtedness	(976,000)
Trade and other payables	(375,000)
Fair value	\$ 2,881,000

The Company acquired the following in property, plant and equipment:

Leasehold improvements	\$ 353,000
Computers and communication equipment	9,000
Small equipment	251,000
Light automotive equipment	1,800,000
Heavy automotive, construction and portable rental equipment	19,147,000
Fair value	\$ 21,560,000

The fair value of the purchase consideration is comprised of the following:

Cash	\$ 25,886,000
Common shares - 1,388,890	1,000,000
Common shares - fair value adjustment	(268,000)
Total consideration paid	\$ 26,618,000

The Company incurred acquisition costs of \$244,242, which were expensed through the statement of income. This amount was comprised of due diligence, legal and consulting costs.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were \$3,792,000 of which 100% were estimated to be collectable.

Hart's revenue and net income for the period since acquisition were \$28,960,000 and \$8,976,000 respectively. Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2014, the Company's consolidated revenues and net income for the year would have been \$79,830,000 and \$5,863,000 respectively.

Calgary Tunnelling & Horizontal Augering Ltd.

On June 14, 2013, the Company acquired all of the issued and outstanding common shares of Calgary Tunnelling & Horizontal Augering Ltd. ("CTHA"), a privately held underground infrastructure construction company, for an aggregate purchase price of \$12,000,000 plus working capital. The fair value of the total consideration paid was \$15,722,000. The acquisition of CTHA is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of CTHA have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with CTHA comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital and inventory. This adjustment resulted in additional acquisition consideration receivable of \$44,050, which was outstanding at December 31, 2013. In the determination of the final working capital and other post closing adjustments, additional income of \$547,000 was recognized in other income during the year ending December 31, 2014. Goodwill and intangible assets acquired are \$6,070,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition as follows:

Working capital	\$ 4,185,000
Property, plant and equipment	7,291,000
Customer relationship - estimated useful life of ten years	2,870,000
Goodwill	3,200,000
Deferred tax liability	(1,824,000)
Net assets acquired	\$ 15,722,000

The Company acquired the following in working capital:

Cash and cash equivalents	\$ 1,622,000
Trade and other receivables	2,121,000
Inventory	646,000
Trade and other payables	(204,000)
Fair value	\$ 4,185,000

The Company acquired the following in property, plant and equipment:

Buildings	\$ 149,000
Computers and communication equipment	10,000
Small equipment	522,000
Light automotive equipment	550,000
Heavy automotive, construction and portable rental equipment	6,060,000
Fair value	\$ 7,291,000

The fair value of the purchase consideration is comprised of the following:

Cash	\$ 14,330,000
Vendor take-back loans	892,000
Common shares - 727,908 shares with a fair value of \$0.6869 per share based on share price at date of issue	500,000
Total consideration paid	\$ 15,722,000

The fair value of the 2,000,000 common shares issued was reduced by an illiquidity adjustment as the shares were subjected to a one year escrow agreement. The value of the illiquidity adjustment was determined using the Black-Scholes Model.

The Company incurred acquisition costs of \$374,300 which were expensed through the statement of income in 2013. Acquisition costs include due diligence, legal and consulting charges.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were \$2,081,000 of which 100% were estimated to be collectable.

CTHA's revenues and net income for the seven months since acquisition to December 31, 2013 were \$8,465,000 and \$2,162,000 respectively. Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2013, the Company's consolidated revenues and net income for the year ended December 31, 2013 would have been \$39,809,000 and \$6,594,000 respectively.

4. Financial instruments and risk management

(a) Fair value of financial instruments

The estimated fair value of the Company's financial instruments approximates the amount for which the financial instrument could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The carrying value of trade and other receivables, deposits and trade and other payables, approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at December 31, 2014.

The carrying amounts presented in the balance sheet relate to the following categories of assets and liabilities:

	2014	2013
Financial assets		
Loans and receivables		
Cash and cash equivalents	\$ 9,888,351	\$ 4,568,288
Trade and other receivables	\$ 20,516,289	\$ 7,995,050
Deposits	\$ 421,304	\$ 557,801
Financial liabilities		
Trade and other payables	\$ 12,892,518	\$ 6,401,932
Loans and borrowings	\$ 55,059,538	\$ 26,323,030

The Company has two letters of credit in the amount of \$3,793,500 pledged as security against specific leased assets. The letters of credit are financed with redeemable GICs. The letters of credit are available to the Company to utilize against the specific outstanding finance lease liability.

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the utilities/infrastructure construction industry, as well as customers in the oil and gas industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis. Losses from trade accounts receivable have not historically been significant. As such the Company has recorded a provision of doubtful accounts at December 31, 2014, of \$300,419 (2013 - \$nil).

The majority of the non current accounts receivable relates to sub division underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon. Management is aware of uncollectible receivables in this category of \$nil, (2013 - \$nil) as at December 31, 2014, which is included in the \$300,419 above (2013 - \$nil, which is included in the \$nil above).

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At December 31, 2014, \$6,330,000 or 33% of trade receivables were from two customers compared to \$925,000 or 12% from one customer as at December 31, 2013.

	December 31, 2014	December 31, 2013
Current (less than 90 days)	\$ 19,196,611	\$ 6,638,227
Past due (more than 90 days)	1,319,678	1,356,823
Total	\$ 20,516,289	\$ 7,995,050

Included in trade receivables past due (more than 90 days) is \$193,000 (2013 - \$398,000) of holdback receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at December 31, 2014, and December 31, 2013:

December 31, 2014	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$12,892,518	\$12,892,518	\$12,892,518	\$ -	\$ -
Long term loans and borrowings including current portion	55,059,538	62,319,514	13,877,856	47,310,235	1,131,423
Operating lease commitments	-	4,325,194	1,123,530	3,201,664	-
	\$ 67,952,056	\$ 79,537,226	\$ 27,893,904	\$ 50,511,899	\$ 1,131,423
December 31, 2013	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 6,401,932	\$ 6,401,932	\$ 6,401,932	\$ -	\$ -
Long term loans and borrowings including current portion	26,323,030	28,977,648	3,827,516	23,885,266	1,264,866
Operating lease commitments	-	2,261,590	656,022	1,605,568	-
	\$ 32,724,962	\$ 37,641,170	\$ 10,885,470	\$ 25,490,834	\$ 1,264,866

(d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at December 31, 2014, to impact the Company's annual interest expense by approximately \$350,000 (2013 - \$166,000). The Company has not entered into any derivative agreements to mitigate this risk.

Notes to Consolidated Financial Statements
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Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include net debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants, convertible debenture and deficit), other than amounts in accumulated other comprehensive income relating to the marketable securities. Included in net debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below.

The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at December 31, 2014 the Company has met these objectives.

The Company's covenants are as follows:

	December 31, 2014	Minimum Required	December 31, 2013	Minimum Required
Fixed charge coverage ratio	2.02	To exceed 1.25	3.12	To exceed 1.25
Senior leverage ratio	2.15	Not to exceed 2.5	1.77	Not to exceed 3.5
		Not to exceed		Not to exceed
Capital expenditure	22,995,000	\$25,000,000	\$12,121,000	\$12,500,000

"Unfinanced Capital Expenditures" - 100% of capital expenditures less third party capital contributed for the specific purposes of financing those Capital Expenditures, less new third party debt advanced for the specific purpose of financing those Capital Expenditures

"Fixed Charge Coverage Ratio" - EBITDA¹ less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"Fixed Charges" - the total of all cash used to make interest payments and charges under the new bank loan, finance lease payments and any other debt payments incurred by the Company.

"Senior Leverage Ratio" - the result of the amount of Senior Funded Debt of the Company and its subsidiaries on a consolidated basis, to the trailing twelve month EBITDA¹ for the 12 month period ended as of such date.

"Senior Funded Debt" - the total of outstanding debt under the new bank loan, including finance leases and all other senior debt incurred by the Company.

As at December 31, 2014 the Company was in compliance with all financial covenants. The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis.

(1) Identified and defined in the segmented information note

Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Inventories

	December 31, 2014	December 31, 2013
Inventory, parts and supplies	\$ 2,702,278	\$ 1,248,451

Inventory, parts and supplies expensed in direct expenses during the year ended December 31, 2014 was \$7,132,000 (2013 - \$4,160,000) of which \$nil (2013 - \$63,000) is attributed to inventory writedown.

Notes to Consolidated Financial Statements
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6. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
Land	\$ 375,000	\$ -	\$ (375,000)	\$ -
Buildings	603,524	225,900	(359,360)	470,064
Leasehold improvements	185,642	601,411	-	787,053
Computers and communication equipment	231,479	262,564	-	494,043
Small equipment	2,611,574	589,085	(98,916)	3,101,743
Light automotive equipment	2,442,364	3,283,799	(391,973)	5,334,190
Heavy automotive, construction and portable rental equipment	34,237,668	66,378,027	(4,640,853)	95,974,842
Portable rental equipment under construction	1,215,941	2,022,261	(1,215,941)	2,022,261
	\$ 41,903,192	\$ 73,363,047	\$ (7,082,043)	\$ 108,184,196

Cost or deemed cost	Accumulated depreciation			Carrying amounts		
	Balance at December 31, 2013	Depreciation for the period	Disposals	Balance at December 31, 2014	Balance at December 31, 2013	Balance at December 31, 2014
Land	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ -
Buildings	20,999	7,702	(18,139)	10,562	582,525	459,502
Leasehold improvements	134,650	111,593	-	246,243	50,992	540,810
Computers and communication equipment	121,933	56,785	-	178,718	109,546	315,325
Small equipment	1,047,864	354,376	(28,896)	1,373,344	1,563,710	1,728,399
Light automotive equipment	845,947	700,215	(218,784)	1,327,378	1,596,417	4,006,812
Heavy automotive, construction and portable rental equipment	6,873,569	5,308,899	(1,838,876)	10,343,592	27,364,099	85,631,250
Portable rental equipment under construction	-	-	-	-	1,215,941	2,022,261
	\$ 9,044,962	\$ 6,539,570	\$ (2,104,695)	\$ 13,479,837	\$ 32,858,230	\$ 94,704,359

Cost or deemed cost	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Land	\$ 375,000	\$ -	\$ -	\$ 375,000
Buildings	472,524	131,000	-	603,524
Leasehold improvements	126,930	58,712	-	185,642
Computers and communication equipment	147,174	84,305	-	231,479
Small equipment	1,991,104	620,482	(12)	2,611,574
Light automotive equipment	1,449,187	1,147,859	(154,682)	2,442,364
Heavy automotive, construction and portable rental equipment	18,135,248	16,221,089	(118,669)	34,237,668
Portable rental equipment under construction	-	1,215,941	-	1,215,941
	\$ 22,697,167	\$ 19,479,388	\$ (273,363)	\$ 41,903,192

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	Accumulated depreciation			Carrying amounts		
	Balance at December 31, 2012	Depreciation for the year	Disposals	Balance at December 31, 2013	Balance at December 31, 2013	
Land	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000
Buildings	14,975	6,024	-	20,999	457,549	582,525
Leasehold improvements	124,055	10,595	-	134,650	2,875	50,992
Computers and communication equipment	96,290	25,643	-	121,933	50,884	109,546
Small equipment	834,652	213,212	-	1,047,864	1,156,452	1,563,710
Light automotive equipment	724,557	220,930	(99,540)	845,947	724,630	1,596,417
Heavy automotive, construction and portable rental equipment	5,003,309	1,880,681	(10,421)	6,873,569	13,131,939	27,364,099
Portable rental equipment under construction	-	-	-	-	-	1,215,941
	\$ 6,797,838	\$ 2,357,085	\$ (109,961)	\$ 9,044,962	\$ 15,899,329	\$ 32,858,230

Included in the carrying amount of \$94,704,359 is \$2,022,261 (2013 - \$1,215,941) of heavy automotive, construction and portable rental equipment under construction, which is not being depreciated as it is not yet available for use.

Included in the additions of \$73,363,047 is \$8,234,000 of property plant and equipment related to the Westar acquisition and \$21,560,000 of property plant and equipment related to the Hart acquisition.

Depreciation and impairment charge

The depreciation and impairment of property, plant and equipment, and any eventual reversal thereof, are recognized in depreciation expense in profit or loss.

7. Investment property

On June 19, 2013, Enterprise acquired all of the issued and outstanding common shares of Pro Tech Construction Inc. for total consideration of \$2,050,000 which was subsequently valued at \$3,565,000 by an independent professionally qualified appraiser on September 30, 2013; as such the carrying value was increased by \$1,515,000 in the year ended December 31, 2013. This acquisition was not a business combination and the purchase price was allocated to the only asset acquired, which was investment property. The Company classified this asset as level 3 on the fair value hierarchy. On September 30, 2014, an independent professionally qualified appraiser valued the investment property at \$3,910,000 and as such the carrying value has been increased by \$345,000 in the current year to agree to the valuation of \$3,910,000 as reported.

The appraisal was carried out using the Direct Comparison Approach which involves comparing similar properties that have sold or are listed for sale, often on a unit basis, applying adjustments for differences between the properties. The significant unobservable input is the adjustment for factors specific to the property. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for the valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

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8. Goodwill

Carrying amount of goodwill allocated to each CGU	December 31, 2014	December 31, 2013
Artic Therm International Ltd.	\$ 1,558,530	\$ 1,558,530
Calgary Tunnelling & Horizontal Augering Ltd.	3,199,774	3,199,774
Hart Oilfield Rentals Ltd.	5,050,527	-
Westar Oilfield Rentals Inc.	5,939,000	-
	\$ 15,747,831	\$ 4,758,304

At December 31, 2014, the Company performed its annual goodwill impairment test in accordance with its policy as described in note 2. Based on the result of this test, the Company concluded that the recoverable amount of its CGUs exceeded their carrying amount and, therefore, goodwill was not impaired.

Management believes that the methodology used to test impairment of goodwill, which involves a significant number of judgments and estimates, provides a reasonable basis for determining whether an impairment has occurred. Many of the factors used in determining whether or not goodwill is impaired are outside management's control and involve inherent uncertainty. Therefore, actual results could differ from those estimated. It is reasonably likely that assumptions and estimates will change in future periods and could have a significant impact on the recoverable amount of a CGU, resulting in impairments. In performing the goodwill impairment test, the Company compares the recoverable amount of its CGUs to their respective carrying amounts. If the carrying amount of a CGU is higher than its recoverable amount, an impairment charge is recorded as a reduction in the carrying amount of the goodwill on the consolidated statements of financial position and recognized as a non-cash impairment charge in income.

The Company estimated the recoverable amount by using the value-in-use approach. It estimated fair value using market information and discounted after-tax cash flow projections, which is known as the income approach. The income approach used a CGU's projection of estimated operating results and discounted cash flows based on a discount rate that reflects current market conditions. The Company used cash flow projections from financial forecasts covering a five-year period. For its December 31, 2014 impairment test, the Company discounted its CGUs' cash flows using after-tax discount rates as follows: CTHA 25.2% (2013 - 18.75%); ATI 24.2% (2013 - 19.2%); Hart 28.5% (2013 - nil%); and Westar 22.5% (2013 - nil%). To arrive at cash flow projections, the Company used estimates of economic and market information over the projection period. If market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment, the Company may need to test its goodwill for impairment between its annual testing periods. In addition, it is possible that changes in the numerous variables associated with the judgments, assumptions, and estimates made by management in assessing the fair value of the Company's goodwill could cause its CGUs to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company's consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities, or debt covenants and will not have an impact on its future operations.

The calculation of value-in-use for all CGUs is most sensitive to the following assumptions:

- i. Operating margins based on actual experience and management's long-term projections.
- ii. The Company's weighted average cost of capital.
- iii. Growth rate estimates based on actual experience and market analysis. Projections use a compound annual growth rate over 5 years of: CTHA 4.86%, ATI 3.94%, Hart 7.36% and Westar 8.98%.

We performed sensitivity analyses on the revenue growth rate and the discount rate which are the key assumptions that impact the fair value calculations. We assumed a 5% decrease in 2015 forecast revenues and an increase of 2% to the discount rates. The change in the forecast 2015 revenues resulted in the following effects to goodwill impairment: CTHA, no impairment; ATI, no impairment, Hart, no impairment; Westar, impairment of \$286,000. The change in the discount rates resulted in the following effects to goodwill impairment: CTHA, no impairment; ATI, no impairment, Hart, no impairment; Westar, impairment of \$853,000.

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9. Intangible assets

Cost or deemed cost	Balance at December 31, 2012	Additions (note 3)	Balance at December 31, 2013	Additions (note 3)	Balance at December 31, 2014
Patent	\$ 350,284	\$ -	\$ 350,284	\$ 103,000	\$ 453,284
Customer relationships	1,719,638	2,870,000	4,589,638	2,402,000	6,991,638
	\$2,069,922	\$2,870,000	\$4,939,922	\$2,505,000	\$7,444,922

Amortization and impairment losses	Balance at		Accumulated amortization		Carrying amounts	
	December 31, 2012	Amortization for the year	December 31, 2013	Amortization for the year	December 31, 2014	December 31, 2014
Patent	\$ 16,026	\$ 38,185	\$ 54,211	\$ 55,509	\$ 109,720	\$ 296,073
Customer relationships	840,112	275,987	1,116,099	553,381	1,669,480	3,473,539
	\$ 856,138	\$ 314,172	\$1,170,310	\$ 608,890	\$1,779,200	\$3,769,612
						\$5,665,722

10. Income tax expense

The actual income tax provision differs from the expected amount calculated by applying the statutory provincial and federal income tax rates to income before tax. These differences result from the following:

Years ended December 31	2014	2013
Income before income tax	\$ 9,064,446	\$ 5,020,985
Expected tax rate	25.0 %	25.0 %
	2,266,112	1,255,246
Decrease resulting from		
Rate differences	103,430	(186,037)
Non taxable items	471,482	213,301
Other	(22,926)	(3,057)
Prior period adjustments	470,798	49,763
Change in unrecognized deferred tax assets	(17,590)	(2,090,657)
Income tax expense (recovery)	\$ 3,271,306	\$ (761,441)

(a) Components of income tax expense are:

Years ended December 31	2014	2013
Current tax expense	\$ 2,024,464	\$ 423,968
Deferred tax expense		
Origination and reversal of temporary differences	708,820	855,566
Change in tax rates	146,555	-
Prior period adjustments	470,798	49,763
Change in unrecognized deductible temporary differences	(17,590)	(2,090,738)
	1,308,583	(1,185,409)
Income tax expense (recovery)	\$ 3,333,047	\$ (761,441)

(b) Current year deferred tax assets and liabilities are attributable to the following:

Years ended December 31	2014	2013
Deferred tax assets		
Intangibles	\$ 1,038,990	\$ 1,563,767
Property, plant and equipment	128,981	-
Finance fees	123,244	20,013
Finance lease obligation	2,935,161	721,918
Share issue costs	906,522	107,331
Non-capital losses	2,556,841	1,474,348
Deferred tax assets	7,689,739	3,887,377
Offset by deferred tax liabilities below	(202,434)	(940,893)
Net deferred tax assets	\$ 7,487,305	\$ 2,946,484
Deferred tax liabilities		
Property, plant and equipment	\$ (11,194,411)	\$ (4,303,317)
Finance fees	(261)	(30,712)
Intangibles	(1,353,337)	(824,202)
Investment property	(232,500)	-
Unbilled revenue	(943,211)	-
Deferred tax liabilities	(13,723,720)	(5,158,231)
Offset by deferred tax assets above	202,434	940,893
Net deferred tax liabilities	\$ (13,521,286)	\$ (4,217,338)
Net deferred tax liability	\$ (6,033,981)	\$ (1,270,854)

Movement in temporary differences during the years ended December 31, 2013 and December 31, 2014:

	Balance December 31, 2013	Recognized in Profit and Loss	Recognized Directly in Equity	Acquired in a Business Combination	Balance December 31, 2014
For the year ended December 31, 2014					
Non capital losses	\$ 1,474,348	\$ 1,082,493	\$ -	\$ -	\$ 2,556,841
Share issue costs	107,331	-	799,191	-	906,522
Intangibles	739,582	299,408	-	-	1,038,990
Finance lease obligation	721,918	2,213,243	-	-	2,935,161
Property, plant and equipment	(4,303,317)	(3,153,379)	-	(3,608,734)	(11,065,430)
Finance fees	(10,699)	133,682	-	-	122,983
Unbilled revenue, net of AR holdbacks	-	(943,211)	-	-	(943,211)
Investment property	-	(232,500)	-	-	(232,500)
Intangibles	-	(708,337)	-	(645,000)	(1,353,337)
Marketable securities	-	-	-	-	-
Other	(17)	17	-	-	-
	\$ (1,270,854)	\$ (1,308,584)	\$ 799,191	\$ (4,253,734)	\$ (6,033,981)

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

For the year ended December 31, 2013	Balance December 31, 2012	Recognized in Profit and Loss	Recognized Directly in Equity	Acquired in a Business Combination	Balance December 31, 2013
Non capital losses	\$ (189,143)	\$ 1,663,491	\$ -	\$ -	\$ 1,474,348
Share issue costs	10,080	-	97,251	-	107,331
Intangibles	1,472,070	(732,488)	-	-	739,582
Finance lease obligation	-	721,918	-	-	721,918
Property, plant and equipment	(1,972,620)	(1,210,312)	-	(1,120,385)	(4,303,317)
Finance fees	(52,119)	41,420	-	-	(10,699)
Unbilled revenue, net of AR holdbacks	-	-	-	-	-
Investment property	-	-	-	-	-
Intangibles	-	703,389	-	(703,389)	-
Marketable securities	2,000	(2,000)	-	-	-
Other	(12)	(5)	-	-	(17)
	\$ (729,744)	\$ 1,185,413	\$ 97,251	\$ (1,823,774)	\$ (1,270,854)

The non-capital losses expire between 2028 and 2034. Deferred tax assets have been recognized in respect of these losses as it is possible that future taxable profit will be available against which the Company can utilize the benefits.

Deferred tax assets have not been recognized as at December 31, 2014 for deductible temporary differences of \$146,555 (2013 - \$157,276) and tax losses of \$1,500 (2013 - \$8,369). Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

11. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

Years ended December 31	2014	2013
Current portion of loans and borrowings		
Current portion of vendor take-back loans	\$ 1,262,125	\$ 1,025,878
Convertible debenture	1,584,024	-
Term loan facilities	326,818	332,118
Current portion of finance lease liabilities	7,749,885	1,051,189
Current portion of mortgage facilities	78,238	100,927
Total current portion of loans and borrowings	11,001,090	2,510,112
Non-current portion of loans and borrowings		
Bank loan facility	33,716,737	15,187,137
Vendor take-back loans	728,427	492,601
Convertible debenture	-	4,050,780
Term loan facilities	314,912	596,435
Finance lease liabilities	7,996,668	1,836,837
Mortgage facilities	1,301,704	1,649,128
Total non-current portion loans and borrowings	44,058,448	23,812,918
Total loans and borrowings	\$ 55,059,538	\$ 26,323,030

(a) Bank loan facility

On October 10, 2014, the Company increased its available bank loan facility from \$35,000,000 to a maximum of \$45,000,000, decreased its interest rate from prime plus 2% to prime plus 1.5%, and changed the capital expenditure covenant allowing the Company's 2014 capital expenditure program to grow from \$20,000,000 to \$25,000,000. As a result of the amendment, the Corporation is required to maintain on a rolling twelve-month basis, a senior leverage ratio (ratio of senior debt to trailing twelve month EBITDA ¹) of not greater than 2.5:1.0. All other terms and conditions of the facility have not changed. As at December 31, 2014, the Company is in compliance with the required covenants. The facility is secured by a first charge on all the Company's assets except those secured with other lenders as disclosed below.

The Company has drawn \$34,121,000 less transaction costs of \$404,000 at December 31, 2014, (2013 - \$15,398,000 less transaction costs of \$211,000) and the effective interest rate was 4.5% (2013 - 5.0%).

On January 3, 2014, the Company increased its available bank loan facility from \$20,000,000 to a maximum of \$35,000,000, and changed the capital expenditure covenant which allowed the Company's 2014 capital expenditure program to grow from \$11,000,000 to \$20,000,000. As a result of the amendment, the Corporation was required to maintain on a rolling twelve-month basis, a senior leverage ratio (ratio of senior debt to trailing twelve month EBITDA ¹) of not greater than 3.25:1.0, 3.00:1.0 beginning March 31, 2014, 2.75:1.0 beginning June 30, 2014, 2.50:1.0 beginning September 30, 2014, 2.25:1.0 beginning December 31, 2014 and thereafter 2.00:1.0 beginning March 31, 2015 until the facility matures, September 7, 2017.

On May 2, 2013, the Company increased its available bank loan facility from \$12,500,000 to a maximum of \$20,000,000 and changed the capital expenditure covenant allowing the Company's 2013 capital expenditure program to grow from \$3,000,000 to \$11,000,000.

(b) Convertible debenture

On May 21, 2013, the Company completed a private placement of unsecured subordinated convertible debentures of the Company for gross proceeds of \$5,999,000 less transaction costs of \$473,000. The debentures have a two year term and bear contractual interest at 6% per annum payable June 30, 2013 and quarterly thereafter. The debentures are convertible into common shares of the Company at a price of \$0.50 per share and have an effective rate of 13.2% per annum. All securities issued in connection with this offering were subject to a statutory four-month hold period from the date of issuance. At initial recognition, the Company allocated the proceeds between liability and equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature using a market rate of 9%. The Company then used the residual method to determine the value of the equity component represented by the conversion feature. The amounts allocated between equity and liability, net of transaction costs were \$301,000 and \$5,225,000 respectively. Subsequent to initial recognition, the liability component is amortized using the effective interest method. The equity component is not re-measured after initial recognition. As at December 31, 2014, \$4,198,000 (2013 - \$1,455,000), of debentures were converted into common shares.

(c) Vendor take-back loans

In connection with the financing of the Westar acquisition per note 3, the Company agreed to vendor take-back loans of a fair value of \$1,436,000 (face value of \$1,500,000). The loans bear interest at an effective rate of 5% (stated rate of prime (3%)) and are payable over two years. Principal payments will be \$750,000 plus accrued interest on October 1, 2015 and 2016.

In connection with the financing of the CTHA acquisition in 2013, the Company agreed to vendor take-back loans of a fair value of \$892,000 (face value of \$1,000,000). The loans bear interest at an effective rate of 8% (stated rate of prime (3%)) and are payable over two years. The first installment of \$500,000 plus \$15,000 accrued interest was paid on the first anniversary of the effective date of the purchase agreement of June 14, 2013. The second and final installment is due on the the second anniversary date.

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In connection with the financing of the acquisition of Artic Therm International, Ltd. in 2012, the Company agreed to vendor take-back loans payable in the total amount of \$1,000,000 plus accrued interest. The loans were recognized at the acquisition date at cost and bear interest at 4%. The first installment of \$500,000 plus \$20,000 accrued interest was paid on the first anniversary of the effective date of the purchase agreement of September 1, 2012. The second and final installment of \$500,000 plus \$40,000 accrued interest was paid on the the second anniversary date.

(d) Term loan facilities

The Company has outstanding term loan facilities at December 31, 2014 of \$641,730 (2013 - \$928,553). The facilities are secured by specific equipment, a general security agreement on all assets of the Company and guarantees by both the Company and an officer and director. Terms of the facilities are outlined below.

	Date of origin	Original face value	Original fair value	Effective interest rate	Stated interest rate	Term of facility	Net book value of collateral	Carrying value net of transaction costs 2014	Carrying value net of transaction costs 2013
Term loan facility #1	Dec 2012	\$1,091,100	\$997,530	5.735%	0%	48 months	\$1,153,136	\$508,427	\$708,255
Term loan facility #2	May 2012	\$410,000	\$380,047	5.475%	0%	48 months	\$397,907	133,303	220,298
								\$641,730	\$928,553

(e) Finance lease liabilities

The Company has outstanding lease liabilities on various equipment of \$15,746,553 as at December 31, 2014 (2013 - \$2,888,026). The leases bear interest from 0 - 10.98%, have cumulative monthly payments of \$711,798 (2013 - \$101,950) and mature at various times over the next 1 - 5 years. The leases are secured by specific equipment with a net book value of \$19,256,594 (2013 - \$3,072,582) of which \$2,050,641 (2013 - \$505,308) pertains to light automotive equipment and \$17,205,953 (2013 - \$2,567,274) pertains to heavy automotive, construction and portable rental equipment.

	Totals	Due within one year	Two-five years	More than five years
Present value of minimum lease payments	\$15,746,553	\$7,749,885	\$7,996,668	\$ -
Interest	1,906,515	1,085,174	821,341	-
Future minimum lease payments	\$17,653,068	\$8,835,059	\$8,818,009	\$ -

(f) Mortgage facility

On October 15, 2014, the Company sold its land and buildings for gross proceeds of \$1,000,000 less transaction costs of \$40,698 and paid out its previous mortgage facility. The outstanding balance of the facility was \$286,169 plus interest. At the time of the sale, the land and building had a net book value of \$701,322 and the Company recorded a gain on sale of \$268,678.

In connection with the acquisition of the investment property described in note 7, the Company obtained a demand mortgage facility in the amount of \$1,500,000. The loan is repayable over 180 months and bears interest at prime plus 1% with monthly blended payments of \$11,095. The mortgage is secured by a promissory note, first charge on the investment property and corporate guarantees. The outstanding balance at December 31, 2014 was \$1,379,942 (2013 - \$1,455,054). The facility is secured by land with a fair value of \$3,910,000 (2013 - \$3,565,000) The lender has waived the demand provision for the next 365 days after year end provided there are no events of default.

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

12. Share capital

Authorized:

Unlimited Common shares
Unlimited Preferred shares, issuable in series, terms to be set at issuance

Changes in issued share capital are described in the Share-based payments note contained in these financial statements.

13. Share-based payments

(a) Stock option program (equity-settled)

The Company has a stock option plan to purchase common shares over a period ranging from two to five years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

Outstanding stock options December 31, 2014	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	8,100,000	\$ 0.56	27
Granted	7,635,000	\$ 0.83	31
Exercised	(1,275,000)	\$ 0.16	4
Forfeited	(100,000)	\$ 0.95	-
Stock options, end of the year	14,360,000	\$ 0.73	26
Exercisable stock options, December 31, 2014	5,816,298	\$ 0.64	21

Outstanding stock options December 31, 2013	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	4,550,000	\$ 0.16	9
Granted	6,850,000	\$ 0.63	31
Expired	(275,000)	\$ 0.19	-
Exercised	(2,750,000)	\$ 0.15	5
Forfeited	(275,000)	\$ 0.21	-
Stock options, end of year	8,100,000	\$ 0.56	27
Exercisable stock options, December 31, 2013	4,543,889	\$ 0.41	31

For the year ended December 31, 2014, a forfeiture rate of 10.0% (2013 - 12.0%) was used when recording share-based compensation for options that vest over time. This estimate is adjusted to the actual forfeiture rate. The Company recorded share-based compensation expense of \$1,176,483 for the year ended December 31, 2014 (2013 - \$804,142).

The weighted average fair value of options granted during the year ended December 31, 2014 was \$0.36 (2013 - \$0.30) which was estimated using the Black-Scholes Option Pricing Model, under the following assumptions:

	2014	2013
Expected term	1-3 years	1 - 3 years
Risk-free interest	1.08 - 1.13%	1.09 - 1.20%
Expected dividends	nil	nil
Expected volatility	80%	80 - 93%
Forfeiture rate	10%	nil - 12%

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

(b) Share purchase warrants

	December 31, 2014			December 31, 2013		
	Number	Weighted average exercise price	Value	Number	Weighted average exercise price	Value
Warrants outstanding, beginning of year	1,411,541	\$ 0.76	\$ 453,916	7,218,331	\$ 0.21	\$ 310,797
Issued	11,797,500	\$ 1.00	\$ 3,621,167	5,965,355	\$ 0.46	976,017
Exercised	(276,736)	\$ 0.62	\$ (67,629)	(11,772,145)	\$ 0.27	(832,898)
Warrants outstanding, end of year	12,932,305	\$ 0.98	\$4,007,454	1,411,541	\$ 0.76	\$ 453,916

On March 25, 2014, the Company closed a bought deal of 27,600,000 common shares, at a price of \$1.00 per common share for aggregate gross proceeds of \$27,600,000. In addition, the Company issued to the Underwriters 1,380,000 of non-transferable common share purchase warrants (broker warrants) equal to 5% of the total number of common shares issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of \$1.00 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at \$589,674 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2014
Share price	\$0.99
Exercise price	\$1.00
Expected term	24 months
Risk-free interest	1.06%
Expected dividends	nil
Volatility	80%

On December 13, 2013, the Company closed an overnight marketed public offering (the Offering) of subscription receipts of the Company. On January 3, 2014, proceeds from the offering were released from escrow and the 20,835,000 subscription receipts, at a price of \$0.72 per subscription receipt for aggregate gross proceeds of \$15,001,200, were converted into 20,835,000 common shares and 10,417,500 common share purchase warrants. Each share purchase warrant will entitle the holder thereof to acquire one common share at an exercise price of \$1.00 per share for a period of 24 months following closing of the Offering. The share purchase warrants were valued at \$3,031,493 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2013
Share price	\$0.79
Exercise price	\$1.00
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

In addition, the Company issued to the Underwriters 1,250,100 of non-transferable common share purchase warrants (broker warrants) equal to 6% of the total number of subscription receipts issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of \$0.80 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at \$425,534 using the Black-Scholes Option Pricing Model.

The fair value of the common share purchase warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2013
Share price	\$0.79
Exercise price	\$0.80
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

The fair value of the common share purchase warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

On May 28, 2013, the Company closed a non-brokered private placement of 8,587,586 common shares of the Company at a price of \$0.48 per share for aggregate gross proceeds of \$4,122,000. The Company also issued to the agents 515,255 common share purchase warrants (broker warrants). Each broker warrant entitles the holder to acquire one common share at a purchase price of \$0.49 per share at any time prior to the date that is 12 months from closing. The broker warrants were valued at \$90,686 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using the Black-Scholes Options Pricing Model with the following weighted average inputs:

	2013
Share price	\$0.56
Exercise price	\$0.49
Expected term	12 months
Risk-free interest	1.09%
Expected dividends	nil
Volatility	66%

On February 12, 2013, the Company closed a non-brokered private placement of 4,200,000 units of the Company at a price of \$0.25 per unit for aggregate gross proceeds of \$1,050,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.35 per warrant. The common share purchase warrants expired on August 12, 2013, subject to accelerated expiry in certain circumstances. The private placement included 310,000 units issued to related parties of the Company. The warrants were valued at \$459,797 using the Black-Scholes Option Pricing Model.

Notes to Consolidated Financial Statements
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The fair value of the warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2013
Share price	\$0.43
Exercise price	0.35
Expected term	6 months
Risk-free interest	1.13%
Expected dividends	nil
Volatility	55%

14. Earnings per share

The income available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted earnings per share are:

Years ended December 31	2014	2013
Weighted average common shares outstanding – basic	138,401,957	74,138,301
Effect of stock options	2,292,622	1,581,840
Effect of warrants	50,734	32,801
Weighted average common shares – diluted	140,745,313	75,752,942
Net income	\$5,731,399	\$5,782,426
Basic earnings per share	\$0.04	\$0.08
Diluted earnings per share	\$0.04	\$0.08

In calculating diluted earnings per common share for the twelve months ended December 31, 2014, the Company excluded 3,865,000 stock options, the convertible debentures and 11,797,500 warrants (2013 – 3,700,000 stock options, the convertible debentures and 1,215,000 warrants respectively), as their impact was anti-dilutive.

15. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company and corporations that have common ownership. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to companies controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Doug Bachman, Chief Operating Officer as compensation for serving the Company in those roles. In 2013, equipment rental fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, to rent and purchase equipment the Company required for operating activities that Mr. Jaroszuk purchased in 2012 when the Company did not have sufficient funds to do so.

Years ended December 31	2014	2013
Rental / purchase of equipment	\$ -	\$ 523,042
Management and consulting fees	1,013,640	728,555
	\$ 1,013,640	\$ 1,251,597

During the first quarter of 2013, the Company advanced \$100,000 to a corporation controlled by two officers, three directors and a former director of the Company. The note beared interest at 12% per annum. The Company was repaid in full during the third quarter of 2013 and the balance outstanding at December 31, 2013, was \$nil. The Company earned \$6,313 of interest during the life of the note.

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

Key management compensation

Years ended December 31	2014	2013
Salaries and directors' fees	\$1,635,659	\$1,026,917
Share-based payments	895,726	566,135
	\$2,531,385	\$1,593,052

16. Supplemental cash flow information

Years ended December 31	2014	2013
(a) Changes in non-cash working capital:		
Trade and other receivables	\$ (8,729,239)	\$ 202,533
Unbilled revenue	(407,464)	(2,268,743)
Inventories	(620,996)	(11,245)
Deposits and prepaid expenses	670,790	(1,399,697)
Trade and other payables	5,172,980	4,669,113
	\$ (3,913,929)	\$ 1,191,961
(b) Other non-cash transactions:		
Equipment purchased under finance leases	16,526,718	2,722,892
	\$ 16,526,718	\$ 2,722,892

(c) Cash taxes paid

Cash taxes paid for the year ended December 31, 2014 was \$389,712 (2013 - \$nil).

17. Segmented information

The Company operates in two main business segments in Western Canada, utilities/infrastructure construction and equipment rental. The business segments presented reflect the management structure of the Company and the way the Company's management reviews business performance.

The accounting policies and practices of the reportable segments are the same as those described in note 2.

Year ended ended December 31, 2014	Utilities/ infrastructure construction	Equipment rental	Corporate	December 31, 2014
Revenues	\$ 39,854,678	\$ 39,774,772	\$ -	\$ 79,629,450
EBITDA ¹	10,021,555	15,054,413	(4,830,289)	20,245,679
Depreciation and amortization	2,023,451	5,099,301	25,708	7,148,460
Interest expense	1,349,553	1,336,524	367,692	3,053,769
Loss (gain) on sale of property, plant and equipment	392,314	(844,793)	-	(452,479)
Fair value adjustments	-	-	(345,000)	(345,000)
Share-based payments	-	-	1,776,483	1,776,483
Income (loss) before taxes	\$ 6,256,237	\$ 9,463,381	\$ (6,655,172)	\$ 9,064,446
Total assets	\$ 55,624,058	\$ 93,053,266	\$ 16,423,998	\$ 165,101,322

For the year ended December 31, 2014, the Company generated 39% of revenue from two customers (23% from one customer in the equipment rental division and 16% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

Notes to Consolidated Financial Statements
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Year ended ended December 31, 2013	Utilities/ infrastructure construction	Equipment rental	Corporate	December 31, 2013
Revenues	\$ 26,622,211	\$ 8,227,055	\$ -	\$ 34,849,266
EBITDA ¹	10,373,477	3,780,998	(5,669,572)	8,484,903
Depreciation and amortization	1,173,533	1,440,687	57,037	2,671,257
Interest expense	441,746	799,328	198,005	1,439,079
Loss (gain) on sale of property, plant and equipment	40,240	24,200	-	64,440
Fair value adjustments	-	-	(1,515,000)	(1,515,000)
Share-based payments	-	-	804,142	804,142
Income (loss) before taxes	\$ 8,717,958	\$ 1,516,783	\$ (5,213,756)	\$ 5,020,985
Total assets	\$ 36,718,521	\$ 21,490,556	\$ 8,668,231	\$ 66,877,308

For the year ended December 31, 2013 the Company generated 30% of revenue from one customer in the utilities/infrastructure construction division. No other customers comprise more than 10% of revenues.

⁽¹⁾ EBITDA is defined as earnings before finance expense, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses and share-based payments. Management believes that EBITDA is a useful measure used by management when evaluating the Company's principal business activities. EBITDA is not a standard measure that has any standardized meaning prescribed by *IFRS* and is considered to be a non-IFRS measure. Therefore, this measure may not be comparable to similar measures presented by other companies. This measure has been described and presented in the same manner in which the chief operating decision-maker makes operating decisions and assesses performance.