Strad Energy Services Ltd.

Consolidated Financial Statements
December 31, 2012 and 2011

February 27, 2013

Independent Auditor's Report

To the Shareholders of
Strad Energy Services Ltd.

We have audited the accompanying consolidated financial statements of Strad Energy Services Ltd. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of income, comprehensive income, statement of changes in equity and cash flow for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Strad Energy Services Ltd. and its subsidiaries as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Calgary, Alberta

Strad Energy Services Ltd.
Consolidated Statement of Financial Position
As at December 31, 2012 and 2011

(in thousands of Canadian dollars)	As at December 31, 2012 $	As at December 31, 2011 $
Assets		
Current assets		
Trade receivables	33,418	49,466
Inventories (note 5)	12,022	7,950
Prepaids and deposits	2,379	4,263
Current portion of notes receivable (note 6)	665	1,352
Income taxes receivable	1,526	-
	50,010	63,031
Assets held for sale (note 7)	4,728	-
Non-current assets		
Property, plant and equipment (note 8)	157,042	126,439
Intangible assets (note 9)	2,721	2,752
Notes receivable (note 6)	729	683
Goodwill (note 10)	17,277	17,277
Deferred income tax assets	198	2,873
	232,705	213,055
Assets of disposal group classified as held for sale (note 21)	-	14,056
Total assets	232,705	227,111
Liabilities		
Current liabilities		
Bank indebtedness (note 11)	2,488	5,570
Accounts payable and accrued liabilities	24,244	30,812
Deferred revenue	160	2,245
Current portion of obligations under finance lease (note 12)	2,735	4,383
Current portion of note payable (note 13)	1,492	-
Income taxes payable	-	3,392
Dividend payable (note 16)	2,050	-
Restructuring provision (note 14)	3,813	-
	36,982	46,402
Non-current liabilities		
Long-term debt (note 15)	55,500	23,500
Obligations under finance lease (note 12)	2,285	3,282
Deferred income tax liabilities	9,279	13,666
	104,046	86,850
Liabilities of disposal group classified as held for sale (note 21)	-	6,988
Total liabilities	104,046	93,838
Equity		
Equity attributable to owners of the parent		
Share capital (note 16)	117,462	157,042
Contributed surplus (note 16)	11,016	3,017
Accumulated other comprehensive loss	(1,451)	(585)
Retained earnings (deficit)	1,632	(28,260)
	128,659	131,214
Non-controlling interests (note 17)	-	2,059
Total equity	128,659	133,273
Total liabilities and equity	232,705	227,111

Events after the reporting period (note 29)

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

Strad Energy Services Ltd.
Consolidated Statement of Income
For the years ended December 31, 2012 and 2011

(in thousands of Canadian dollars, except per share amounts)

	2012	2011
	$	$
Continuing operations		
Revenue	203,164	188,272
Expenses		
Operating expenses	122,071	106,417
Depreciation	26,715	17,785
Amortization of intangible assets	1,570	1,413
Selling, general administration	33,703	28,903
Share-based payments	819	643
Loss (gain) on disposal of property, plant and equipment	272	(185)
Foreign exchange loss (gain)	684	(262)
Finance fees	245	83
Interest expense	2,675	1,713
Impairment loss (note 19)	2,350	-
Restructuring expense (note 14)	4,129	-
Income before income tax from continuing operations	7,931	31,762
Income tax (note 20)	234	10,562
Net income from continuing operations for the year	7,697	21,200
Income (loss) from discontinued operations, net of tax (note 21)	437	(29,852)
Net income (loss) for the year	8,134	(8,652)
Net income (loss) attributable to:		
Owners of the parent	7,779	(10,025)
Non-controlling interests	355	1,373
	8,134	(8,652)
Earnings per share from continuing operations attributable to the equity owners of the Company:		
Basic	$0.20	$0.54
Diluted	$0.20	$0.54
Earnings per share from discontinued operations attributable to the equity owners of the Company:		
Basic	$0.01	($0.81)
Diluted	$0.01	($0.81)
Earnings per share from total operations attributable to the equity owners of the Company:		
Basic	$0.21	($0.27)
Diluted	$0.21	($0.27)

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

Strad Energy Services Ltd.

Consolidated Statement of Comprehensive Income
For the years ended December 31, 2012 and 2011

(in thousands of Canadian dollars)

	2012 $	2011 $
Net income (loss) for the year	8,134	(8,652)
Other comprehensive (loss) income		
Cumulative translation adjustment	(866)	274
Total other comprehensive (loss) income	(866)	274
Comprehensive income (loss) for the year	7,268	(8,378)
Comprehensive income (loss) attributable to:		
Owners of the parent	6,913	(9,778)
Non-controlling interests	355	1,400
	7,268	(8,378)

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

Strad Energy Services Ltd.

Consolidated Statement of Changes in Equity
For the years ended December 31, 2012 and 2011

(in thousands of Canadian dollars)

	Attributable to equity owners of the Company						
	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings (deficit) $	Total $	Non-controlling Interest $	Total equity $
Balance – January 1, 2012	157,042	3,017	(585)	(28,260)	131,214	2,059	133,273
Net income for the year	-	-	-	7,779	7,779	355	8,134
Other comprehensive loss (net of tax):							
Cumulative translation adjustment	-	-	(866)	-	(866)	-	(866)
Comprehensive (loss) income for the year	-	-	(866)	7,779	6,913	355	7,268
Reduction of stated capital (note 16)	(39,086)	9,234	-	29,852	-	-	-
Exercise of options	24	(60)	-	-	(36)	-	(36)
Shareholder loan repayment	271	-	-	-	271	-	271
Shareholder loans issued (note 27)	(772)	-	-	-	(772)	-	(772)
Interest on shareholder loans (note 27)	(17)	-	-	-	(17)	-	(17)
Purchase of non-controlling interest (note 17)	-	(1,854)	-	(1,592)	(3,446)	(2,418)	(5,864)
Dividends declared (note 16)	-	-	-	(6,147)	(6,147)	-	(6,147)
Employee share options:							
Value of services recognized	-	622	-	-	622	-	622
Reversal of cumulative translation adjustment on purchased non-controlling interest	-	61	-	-	61	-	61
Other	-	(4)	-	-	(4)	4	-
Balance – December 31, 2012	117,462	11,016	(1,451)	1,632	128,659	-	128,659
Balance – January 1, 2011	157,071	2,221	(832)	(18,235)	140,225	659	140,884
Net income for the year	-	-	-	(10,025)	(10,025)	1,373	(8,652)
Other comprehensive loss (net of tax):							
Cumulative translation adjustment	-	-	247	-	247	27	274
Comprehensive (loss) income for the year	-	-	247	(10,025)	(9,778)	1,400	(8,378)
Share issuance costs	(147)	-	-	-	(147)	-	(147)
Shareholder loan	118	-	-	-	118	-	118
Employee share options:							
Value of services recognized	-	796	-	-	796	-	796
Balance – December 31, 2011	157,042	3,017	(585)	(28,260)	131,214	2,059	133,273

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

Strad Energy Services Ltd.

Consolidated Statement of Cash Flow
For the years ended December 31, 2012 and 2011

(in thousands of Canadian dollars)

	2012 $	2011 $
Cash flow provided by (used in)		
Operating activities		
Net income (loss) for the year	8,134	(8,652)
Adjustments for:		
Depreciation and amortization	28,285	22,802
Deferred income tax	(1,628)	7,123
Share-based payments	651	796
Interest expense	2,675	1,860
Finance fees	245	83
Loss (gain) on disposal of property, plant and equipment	272	(222)
Loss/impairment on sale of investment in subsidiary	441	10,460
Loss/impairment on fair value adjustment of assets classified as held for sale	-	19,888
Impairment loss	2,350	-
Changes in items of non-cash working capital (note 23)	9,669	(8,194)
Net cash generated from operating activities	51,094	45,944
Investing activities		
Purchase of property, plant and equipment	(63,270)	(74,583)
Proceeds from sale of property, plant and equipment	961	995
Purchase of intangible assets	(1,557)	(768)
Proceeds on sale of subsidiaries (note 21)	7,129	6,000
Purchase of assets held for sale	(2,481)	-
Purchase of non-controlling interest (note 17)	(5,864)	-
Cash settlement on stock option exercises	(34)	-
Changes in items of non-cash working capital (note 23)	(2,433)	(4,897)
Net cash used in investing activities	(67,549)	(73,253)
Financing activities		
Proceeds on issuance of long-term debt	37,000	61,000
Repayment of long-term debt	(5,000)	(37,500)
Repayment of finance lease obligations (net)	(2,645)	(6,168)
Share issuance costs	-	(147)
Issue of share capital on exercise of stock options	24	-
Issue of shareholder loan	(772)	-
Repayment of shareholder loan	271	118
Interest paid on debt	(2,675)	(1,860)
Finance fees	(245)	(83)
Payment of dividends	(4,098)	-
Net cash generated from financing activities	21,860	15,360
Effect of exchange rate changes on cash and cash equivalents	(2,118)	(2,242)
Increase (decrease) in cash and cash equivalents	3,287	(14,191)
Cash and cash equivalents (including bank indebtedness) – beginning of year	(5,775)	8,416
Cash and cash equivalents – end of year	(2,488)	(5,775)
Cash and cash equivalents - included in liabilities of disposal group (note 21)	-	(205)
Cash and cash equivalents (including bank indebtedness) – end of year	(2,488)	(5,570)
Cash paid for income tax	6,415	-

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

(in thousands of Canadian dollars)

1 General information

Strad Energy Services Ltd. (the "Company"), is an energy services company that focuses on providing well-site infrastructure activation solutions to the oil and natural gas industry in Canada and the United States (U.S.).

The Company is a publicly listed company incorporated and domiciled in Canada under the legislation of the Province of Alberta. The consolidated financial statements of the Company as at and for the year-ended December 31, 2012, and 2011, comprise the Company and its subsidiaries.

The head office, principal address and records office of the Company are located at 440 2nd Avenue SW, Suite 1200, Calgary, Alberta, Canada, T2P 5E9.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors ("the Board") on February 27, 2013.

2 Basis of preparation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of February 27, 2013, the date the Board approved the financial statements.

3 Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention as modified by assets of disposal group classified as held for sale.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2012, that would be expected to have a material impact on the Company.

(in thousands of Canadian dollars)

(ii) New standards, amendments and interpretations issued but not yet effective for the first time for the financial year beginning on or after January 1, 2013.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning January 1, 2015.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this standard is not expected to have a material impact on the Company's financial statements and the Company intends to adopt IFRS 10 no later than the accounting period beginning January 1, 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard is not expected to have a material impact on the Company's financial statements and the Company intends to adopt IFRS 12 no later than the accounting period beginning January 1, 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning January 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(in thousands of Canadian dollars)

The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Company the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the 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 in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between the Company and its subsidiaries are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

(ii) Non-controlling interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(in thousands of Canadian dollars)

(iv) Disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive management that makes strategic decisions.

Foreign currency translation

(i) Functional and presentation currency

The Company's presentation currency is the Canadian dollar ("$"). The functional currencies of Strad Energy Services Ltd. and its U.S. subsidiaries are the Canadian Dollar and U.S. Dollar ("USD"), respectively. These consolidated financial statements have been translated to the Canadian Dollar in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting translation differences are recognized in other comprehensive income as "Cumulative Translation Adjustment".

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognized in the statement of income.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and bank indebtedness. In the consolidated balance sheet, bank indebtedness is classified as a current liability, separate from cash and cash equivalents.

(in thousands of Canadian dollars)

Financial instruments

All financial instruments are measured at fair value upon initial recognition of the transaction and measurement in subsequent periods is dependent on whether the instrument is classified as “fair value through profit and loss”, “available-for-sale”, “held-to-maturity”, “loans and receivables”, or “financial liabilities measured at amortized cost”.

Financial instruments classified as “fair value through profit and loss” are subsequently re-valued to fair market value with changes in the fair value being recognized into earnings; financial instruments classified as “available-for-sale” are subsequently re-valued to fair market value with changes in the fair value being recognized to other comprehensive income and financial instruments designated as “held-to-maturity”, “loans and receivables”, and “financial liabilities measured at amortized cost” are valued at amortized cost using the effective interest method of amortization.

Fair values

The Company’s financial instruments consist of cash and cash equivalents, trade receivables, notes receivable, bank indebtedness, accounts payable and accrued liabilities, finance lease obligations, notes payable, dividends payable, restructuring provision and long-term debt. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account and the loss is recognized in the consolidated statement of income.

(ii) Financial assets classified as available for sale: The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in other comprehensive income which is removed from accumulated other comprehensive income and recognized in the consolidated statement of income.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(in thousands of Canadian dollars)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, depreciation on property, plant and equipment, amortization of intangible assets, and related production overhead costs. Net realizable value is the estimated selling price less applicable selling expenses.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Land is not depreciated. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Building	20 years
Automotive equipment	5 years
Furniture and fixtures	5 years
Computer hardware	3 years
Tools and equipment	3 – 5 years
Leasehold improvements	Length of current lease
Rental equipment	3 – 15 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included as part of (gain) loss on disposal of property, plant and equipment in the consolidated statement of income.

Identifiable intangible assets

The Company's intangible assets include patented technology, customer relationships, non-competition covenants and computer software with finite useful lives. These assets are capitalized and amortized on a straight-line basis in the statement of income over the period of their expected useful lives as follows:

Customer relationships	5 – 10 years
Patent	10 years
Technology asset	7 - 10 years
Non-competition covenants	3 – 6 years
Computer software	3 years

(in thousands of Canadian dollars)

Development costs that are directly attributable to the design and testing of identifiable technology assets controlled by the Company are recognized as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the technology asset so that it will be available for use;
(ii) management intends to complete the technology asset and use or sell it;
(iii) there is an ability to use or sell the technology asset;
(iv) it can be demonstrated how the technology asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the technology asset are available; and
(vi) the expenditure attributable to the technology asset during its development can be reliably measured.

Directly attributable costs that are capitalized as part of technology assets include costs of employee wages and benefits, professional fees, direct materials and costs of testing required to bring the asset to its working condition.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Goodwill

Upon acquisition, goodwill is attributed to the applicable cash –generating unit ("CGU") or aggregate CGU's that are expected to benefit from the business combination's synergies. Goodwill is attributed to the CGU's that collectively form the Canadian Operations and U.S. Operations segments. This represents the lowest level that goodwill is monitored for internal management purposes. Subsequent measurement of goodwill is at cost less any accumulated impairments.

Goodwill, which is calculated as the aggregate of the consideration transferred, the amount of any non-controlling interest, and the fair value of any previously held interest less the fair value of the net assets acquired, is not amortized. Rather, goodwill is tested for impairment at least annually and any resulting impairment loss is recognized in income in the year that it is identified. The carrying value of goodwill is compared to the recoverable amount, which is the greater of its fair value less costs to sell or value in use. Value in use is derived by estimating the discounted after-tax future net cash flows for the aggregated CGU's. Discounted future net cash flows are based on forecasted revenues and expenses over the expected economic life of the underlying revenue generating assets and discounted using market rates. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Impairment of non-financial assets

The carrying value of long-term assets, excluding goodwill, is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in net income.

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold for in an arm's length transaction.

(in thousands of Canadian dollars)

Reversals of impairments are recognized when the indicators that an impairment loss recognized in prior periods may no longer exist, or may have decreased. In this event, the carrying amount of the asset or CGU is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The recoverable amount is limited to the original carrying amount less depreciation and amortization as if no impairment had been recognized for the asset or CGU for prior periods.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which dividends are approved by the Company's Board.

Current and deferred income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(in thousands of Canadian dollars)

Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the cash bonus plan if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(ii) Share-based payments

The Company grants stock options to certain directors, officers and employees. The Company has two option plans. The new plan approved in 2010 includes options which vest over three years and expire after five years. The previous plan includes options which vest over four years and expire after six years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest, by increasing contributed surplus.

Provisions

Provisions for restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties, equipment relocation costs and employee termination payments. Provisions are not recognized for future operating losses. Provisions are measured based on the discounted expected future cash outflows.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. When a contingent liability is substantiated by confirming events, can be reliably measured and will likely result in an economic outflow, a liability is recognized in the consolidated financial statements as the best estimate required to settle the obligation.

Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

Leases

Leases or other arrangements entered into for the use of an asset are classified as either finance or operating leases. Finance leases transfer to the Company substantially all of the risks and rewards incidental to ownership of the leased asset. Finance leases are capitalized at the commencement of the lease term measured at the lower of the fair value of the leased property and the present value of the minimum lease payments. Capitalized leased assets are amortized over the estimated useful life of the assets. Each lease payment is allocated between the liability and finance charges. All other leases are classified as operating leases and the payments are recorded as an expense on a straight-line basis over the period of the lease.

(in thousands of Canadian dollars)

Revenue

(i) Services and rental:

The Company's services and rental equipment are generally sold based upon service orders or contracts with customers that include fixed or determinable prices based upon daily, hourly or job rates. Revenue is recognized when the service has been provided in accordance with the agreed arrangement, the rate is fixed and determinable, and the collection of the amounts billed to the customer is considered probable. Contract terms do not include a provision for significant post-service delivery obligations.

(ii) Sale of goods:

Revenue is recognized when it is probable that the economic benefits will flow to the Company and delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained.

(iii) Contract:

When the outcome of individual contracts can be estimated reliably, contract revenue and contract expenses are recognized as revenue and expenses respectively by reference to the stage of completion at the reporting date. This is measured by surveys of work performed to date. Full provision is made for all known expected losses on individual contracts once such losses are foreseen.

Operating expenses

Included in operating expenses are labour costs of direct field personnel, repair and maintenance costs, trucking costs and costs of sales. Cost of sales includes costs related to shipping, direct salaries and wages, repairs & maintenance, and the cost of finished goods inventory.

Interest expense

Interest expense comprises interest costs on the Company's borrowings and is recognized in profit and loss when incurred. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Company does not capitalize borrowing costs as the Company does not have any qualifying assets.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

(in thousands of Canadian dollars)

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options granted to directors, officers, and employees.

4 Critical accounting estimates and judgments

The timely preparation of the consolidated financial statements requires that Management make estimates and use judgment regarding the reported amounts of assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments made by Management in the preparation of these consolidated financial statements are outlined below.

The Company's assets are segregated into CGU's based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company's CGU's is subject to Management's judgment.

The Company tests annually whether goodwill has suffered any impairment. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. The recoverable amounts of assets or CGU's are determined using the greater of fair value less costs to sell and value-in-use. Fair value less costs to sell and value-in-use calculations require the use of estimates, assumptions and judgments. Value-in-use calculations require management to use assumptions regarding discount rates and estimated future cash flows. Fair value less costs to sell requires management to make judgments of fair value using market conditions as well as estimations of costs to sell.

Amounts recorded for depreciation and amortization are based on the estimated useful lives of the underlying assets. Useful lives are based on Management's best estimate using knowledge of past transactions, and as such are subject to measurement uncertainty. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear and legal or other limits to use. It is possible that changes in these factors may cause changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Compensation costs accrued for long-term stock-based compensation plans are subject to their fair value estimation by using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Inventory is to be carried at the lower of cost and net realizable value. Management's best estimate of net realizable value is the selling price prevailing in the market.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income 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.

(in thousands of Canadian dollars)

Restructuring provisions related to penalties for lease termination, equipment relocation costs and employee termination payments receive special attention from Management. Actual cash outlays may differ from those provided for. At December 31, 2012, restructuring provisions amounted to $3.8 million (2011 – nil). For further detailed information see note 14.

5 Inventories

	As at December 31, 2012	As at December 31, 2011
Raw materials	$ 4,924	$ 7,526
Work in progress	118	179
Finished goods	6,980	245
	12,022	7,950

The cost of inventories recognized as expense and included in ‘Operating expenses’ for the year-ended December 31, 2012, amounted to $45.3 million (2011 - $52.3 million).

During the year-ended December 31, 2012, the Company had no write-downs of inventories to net realizable value (2011 - $412 thousand).

6 Notes receivable

	As at December 31, 2012	As at December 31, 2011
Three-year notes receivable	$ 1,394	$ 1,000
Ninety-day note receivable	-	1,035
Less: Current portion	(665)	(1,352)
	729	683

On January 12, 2012, the Company sold its investment in Strad Production Services Ltd. and Sunwell Industries Ltd. (see note 21). As part of the consideration, the Company received a $1.0 million three-year note receivable due January 12, 2015.

On December 12, 2011, the Company sold its investment in Strad Controls Ltd. (see note 21). As part of the consideration, the Company received a ninety-day, non-interest bearing note receivable for $1.0 million, which was repaid in full March 11, 2012, and a second $1.0 million three-year note receivable due December 12, 2014.

The repayment terms of both three-year notes call for monthly blended payments of principal and interest of $30 thousand commencing January 12, 2012, and February 12, 2012, respectively, and ending December 12, 2014, and January 12, 2015, respectively. The three-year notes bear interest at 5.0% annually.

(in thousands of Canadian dollars)

7 Assets held for sale

	As at December 31, 2012	As at December 31, 2011
Land and building – U.S. Operations	$ 2,481	$ -
Equipment, net of impairment – Canadian Operations	648	-
Equipment and automotive equipment under finance lease, net of impairment – U.S. Operations	1,599	-
Assets held for sale	4,728	-

Assets held for sale are accounted for at the lower of carrying value and fair value less costs to sell.

Land and building

The Company intends to sell land and building with a collective carrying value of $2.5 million. The land and building were purchased in April 2012 for $1.4 million and improvements of $1.1 million were made to the property since initial acquisition. For the year-ended December 31, 2012, no impairment loss was recognized on the land and building held for sale.

Land and building held for sale are included in the U.S. Operations segment (note 24).

Communications equipment

The assets related to the Company's Communications business unit located in Canada and the U.S. have been presented as held for sale following the Company's December 4, 2012 Board approval of a sale and disposition of these assets. Upon initial classification as assets held for sale, Management determined that the carrying amount of the equipment exceeded the fair value less costs to sell and an impairment loss of $2.2 million was recognized for the year-ended December 31, 2012 (note 19).

Equipment held for sale is included in the Canadian Operations segment and U.S. Operations segment (note 24).

8 Property, plant and equipment

Cost

	Land	Buildings	Automotive equipment	Furniture & fixtures	Computers	Tools & equipment
As at December 31, 2011	172	310	4,691	1,010	1,352	5,796
Capital expenditures	(1)	18	3,479	221	183	2,831
Divestitures	-	-	(1,406)	(6)	-	(37)
Transfers	-	-	78	-	-	40
Foreign currency translation	(3)	-	(9)	(9)	(7)	(9)
Reclassification	-	-	(49)	1	-	(2,654)
Assets held for sale	-	-	(84)	-	(4)	(57)
As at December 31, 2012	168	328	6,700	1,217	1,524	5,910

(in thousands of Canadian dollars)

			Assets Under Finance Lease		
	Leasehold improvements	Rental equipment	Rental equipment	Automotive equipment	Total
As at December 31, 2011	576	132,279	9,874	6,593	162,653
Capital expenditures	838	55,703	(96)	2,420	65,596
Divestitures	-	(574)	-	(1,190)	(3,213)
Transfers	-	(1,934)	(130)	(98)	(2,044)
Foreign currency translation	(6)	(1,828)	-	(67)	(1,938)
Reclassification	(30)	2,954	(2,636)	2,414	-
Assets held for sale	-	(4,984)	-	(374)	(5,503)
As at December 31, 2012	1,378	181,616	7,012	9,698	215,551

Accumulated Depreciation

	Land	Buildings	Automotive equipment	Furniture & fixtures	Computers	Tools & equipment
	$	$	$	$	$	$
As at December 31, 2011	-	235	1,928	284	828	2,081
Depreciation	-	49	540	195	278	822
Divestitures	-	-	(675)	(3)	-	(8)
Transfers	-	-	23	-	-	20
Foreign currency translation	-	-	(2)	(2)	(2)	(5)
Reclassification	-	-	1,212	-	-	6
Assets held for sale	-	-	(13)	-	(1)	(25)
Impairment loss (note 19)	-	-	-	-	-	-
As at December 31, 2012	-	284	3,013	474	1,103	2,891
Net book value						
As at December 31, 2011	172	75	2,763	726	524	3,715
As at December 31, 2012	168	44	3,687	743	421	3,019

			Assets Under Finance Lease		
	Leasehold improvements	Rental equipment	Rental equipment	Automotive equipment	Total
As at December 31, 2011	302	24,542	4,579	1,435	36,214
Depreciation	288	21,256	777	2,510	26,715
Divestitures	-	(176)	-	(358)	(1,220)
Transfers	-	(1,914)	(130)	(42)	(2,043)
Foreign currency translation	(2)	(223)	-	(13)	(249)
Reclassification	(29)	(51)	(2,026)	888	-
Assets held for sale	-	(3,022)	-	(197)	(3,258)
Impairment loss (note 19)	-	2,062	-	288	2,350
As at December 31, 2012	559	42,474	3,200	4,511	58,509
Net book value					
As at December 31, 2011	274	107,737	5,295	5,158	126,439
As at December 31, 2012	819	139,142	3,812	5,187	157,042

(in thousands of Canadian dollars)

9 Intangible assets

Cost

	Customer relationships	Patent and technology asset	Non-competition covenants	Computer software	Total
As at December 31, 2011	7,200	1,900	800	1,047	10,947
Capital expenditures	-	752	100	705	1,557
Transfers	-	-	-	(7)	(7)
Foreign currency translation	-	-	-	(12)	(12)
As at December 31, 2012	7,200	2,652	900	1,733	12,485

Accumulated Amortization

	Customer relationships	Patent and technology asset	Non-competition covenants	Computer software	Total
As at December 31, 2011	6,003	1,013	783	396	8,195
Amortization	896	229	54	391	1,570
Transfers	-	-	-	(7)	(7)
Foreign currency translation		-	-	6	6
As at December 31, 2012	6,899	1,242	837	786	9,764

Net book value					
As at December 31, 2011	1,197	887	17	651	2,752
As at December 31, 2012	301	1,410	63	947	2,721

10 Goodwill

Management reviews the performance of the business based on its operating segments. Goodwill is monitored at the operating segment level. The Company’s operating segments are Canadian Operations, U.S. Operations, Product Sales and Corporate, as outlined in note 24. As at December 31, 2012, the aggregate carrying amount of goodwill is $17.3 million, and has been allocated to the Canadian Operations and U.S. Operations segments.

	As at December 31, 2012	**As at December 31, 2011**
Canadian Operations	$ 7,675	$ 7,675
U.S. Operations	9,602	9,602
	17,277	17,277

The recoverable amount of all CGU’s has been determined based on value-in-use calculations. It was concluded that the recoverable amount determined using a value-in-use calculation exceeded the carrying amount in both segments, and therefore no impairment was recorded.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the operating segments. Value-in-use in 2012 was determined similarly as in 2011. Future cash flows were projected over the remaining useful life of the primary assets within each CGU, which is greater than 5 years, using the estimated growth rates shown below.

(in thousands of Canadian dollars)

The key assumptions used for value-in-use calculations in 2012 are as follows:

	As at December 31, 2012	As at December 31, 2011
Gross margin	16% - 51%	25% - 77%
Growth rate	5% - 25%	5% - 20%
Discount rate	15%	18%

Projected gross margins and growth rates are based on historical costs and current and projected market conditions in both Canada and the U.S.

11 Bank indebtedness

On August 25, 2012, the Company amended its syndicated credit facility, increasing the operating facility by $10.0 million USD, decreasing standby rates charged on the undrawn portion of the committed facility and extending the maturity date to July 25, 2015. The Company's syndicated banking facility consists of an operating facility with a maximum principal amount of $15.0 million CAD and $10.0 million USD and an $85.0 million revolving facility, both of which are subject to certain limitations on accounts receivable, inventory and net book value of fixed assets and are secured by a general security agreement over the Company's assets. The syndicated credit facility bears interest at a variable rate which is dependent on the Company's funded debt to Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio. Based on the Company's current funded debt to EBITDA ratio, the interest rate on the syndicated credit facility is bank prime plus 1.25% on prime rate advances and at the prevailing rate plus a stamping fee of 2.25% on bankers' acceptances. For the year-ended December 31, 2012, the overall effective rate on the operating facility was 4.21%. At December 31, 2012, $2.5 million was drawn on the operating facility. All bank covenants are in compliance at December 31, 2012.

12 Obligations under finance lease

	As at December 31, 2012	As at December 31, 2011
Equipment under finance lease	$ 5,020	$ 7,665
Less: Current portion	(2,735)	(4,383)
	2,285	3,282

(in thousands of Canadian dollars)

Minimum lease payments for equipment under finance lease for the next five years are as follows:

	December 31, 2012	December 31, 2011
2012	$ -	$ 4,742
2013	2,962	2,237
2014	1,898	1,137
2015	330	209
2016	182	-
2017	-	-
Total minimum lease payments	5,372	8,325
Less: Amounts representing future interest at annual rates between 0.12% and 6.54%	(352)	(660)
	5,020	7,665

Included in the December 31, 2011, balance of 'Liabilities of disposal group classified as held for sale' are Obligations under finance lease totaling $1.1 million (see note 21).

13 Note payable

	As at December 31, 2012	As at December 31, 2011
1.5 year note payable	$ 1,492	$ -
Less: Current portion	(1,492)	-
	-	-

On May 31, 2012, a note payable of $1.5 million was issued as part of consideration paid for the acquisition of the remaining shares of the non-controlling interest in a subsidiary (note 17).

The repayment terms of the 1.5 year note are principal payments of $0.5 million due February 28, 2013, and $1.0 million to be paid on November 30, 2013. Accumulated interest will be paid at the end of the term on November 30, 2013. The note bears interest at 3.0% annually.

14 Restructuring provision

In response to year-over-year declines in U.S. margins, management implemented a restructuring of Strad U.S. Operations. Strad's restructuring plan consists of three strategic decisions; exiting non-core resource plays where Strad does not have a significant market share, re-aligning the U.S. cost structure with current market conditions and ceasing to offer Communications as a product line.

	As at December 31, 2012	As at December 31, 2011
Opening balance	$ -	$ -
Additions	3,813	-
Closing balance	3,813	-

(in thousands of Canadian dollars)

Restructuring expense

For the year-ended December 31, 2012, the Company incurred cash outlays relating to restructuring expenses in the U.S. Operations segment of $316 thousand (2011 – nil).

	Year-ended December 31, 2012	Year-ended December 31, 2011
Restructuring expenses incurred	$ 316	$ -
Restructuring expenses provided for	3,813	-
Restructuring expense	4,129	-

15 Long-term debt

	As at December 31, 2012	As at December 31, 2011
Revolving facility	$ 55,500	$ 23,500
Less: Current portion	-	-
	55,500	23,500

As at December 31, 2012, the Company had access to the maximum available $85.0 million revolving facility (see note 11) of which $55.5 million was drawn. Monthly payments are interest only with the principal due July 25, 2015. The overall effective rate on the revolving facility at December 31, 2012, was 3.77% (2011 – 4.34%).

16 Share capital

a) Authorized

An unlimited number of Classes A, B, C, D, E and F shares without nominal or par value.

As at December 31, 2012, there are no Class B, C, D, E or F shares outstanding.

b) Issued and outstanding

	Year-ended December 31, 2012		Year-ended December 31, 2011	
	Number of shares	Amount $	Number of shares	Amount $
Balance, beginning of period	37,246,384	157,042	37,246,384	157,071
Shareholder loan – repayment	-	271	-	118
Shareholder loan – issuance	-	(772)	-	-
Interest on shareholder loans	-	(17)	-	(147)
Reduction of stated capital	-	(39,086)	-	-
Exercise of options	4,917	24	-	-
Total common shares, end of period	37,251,301	117,462	37,246,384	157,042

(in thousands of Canadian dollars)

c) Share-based payments

Options to purchase common shares may be granted by the Board of Directors to directors, officers and employees of the Company. The Company has two option plans. In November 2010, the Board of Directors approved a new stock option plan with options with a term of five years and each stock option provides the employee with the right to purchase one common share. Options vest one-third on each of the first, second and third anniversary dates of the grant date.

Options granted under the previous plan have a term of six years and either vest one-third on each of the second, third and fourth anniversary dates of the grant date or one-half on each of the first and second anniversary dates of the grant date.

	As at December 31, 2012		As at December 31, 2011	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	2,209,499	$4.10	1,826,667	$4.05
Granted	1,002,500	$4.46	619,000	$4.09
Exercised	(39,994)	$3.83	-	-
Expired – vested	(380,000)	$5.54	-	-
Forfeited – vested	(301,329)	$4.85	(35,333)	$5.70
Forfeited – unvested	(345,342)	$3.60	(200,835)	$3.36
Balance, end of period	2,145,334	$3.99	2,209,499	$4.10

Details of the exercise prices and expiry dates of options outstanding and exercisable at December 31, 2012, are as follows:

	December 31, 2012					
Exercise Price	Outstanding options	Weighted average exercise price	Remaining contractual life (years)	Vested options	Remaining contractual life (years)	Weighted average exercise price
$2.50 - $3.99	397,833	$2.50	3.01	151,835	3.01	$2.50
$4.00 - $4.99	1,599,501	$4.22	3.23	456,633	1.91	$4.03
$5.00 - $5.99	106,000	$5.17	4.44	-	-	$0.00
$6.00 - $6.99	42,000	$6.50	-	42,000	-	$6.50
	2,145,334	$3.99		650,468		$3.83

	December 31, 2011					
Exercise Price	Outstanding options	Weighted average exercise price	Remaining contractual life (years)	Vested options	Remaining contractual life (years)	Weighted average exercise price
$2.50 - $3.99	574,500	$2.50	4.01	15,750	4.01	$2.50
$4.00 - $4.99	1,022,999	$4.05	3.36	268,668	2.45	$4.00
$5.00 - $5.99	475,000	$5.45	0.62	475,000	0.62	$5.45
$6.00 - $6.99	137,000	$6.50	1.01	137,000	1.01	$6.50
	2,209,499	$4.10		896,418		$5.12

(in thousands of Canadian dollars)

The Company recognized compensation expense of $622 thousand net of recoveries (expense) included in income (loss) from discontinued operations (2011 - $796 thousand) during the year-ended December 31, 2012, based on the Black-Scholes option pricing model with the following assumptions: risk free interest rate between 1% and 4%, expected volatility between 40.45% and 55.96% and an expected quarterly dividend of 5.5 cents per share.

d) Contributed surplus

	Year-ended December 31, 2012	Year-ended December 31, 2011
Balance, beginning of year	$ 3,017	$2,221
Share-based payments expense - continuing operations	819	643
Share-based payments (recovery) expense – discontinued operations	(197)	153
Exercise of options	(60)	-
Reduction of stated capital (note 16(g))	9,234	-
Repurchase of minority interest	(1,854)	-
Reversal of cumulative translation adjustment on purchased non-controlling interest	61	-
Other	(4)	-
Balance, end of period	11,016	3,017

e) Per share amounts

	Year-ended December 31, 2012	Year-ended December 31, 2011
Basic weighted average shares outstanding	36,655,222	36,692,058
Dilutive effect of stock options	300,347	305,505
Dilutive effect of shareholder loans	593,961	-
Diluted weighted average shares outstanding	37,549,530	36,997,563

f) Dividend payable

On July 13, 2012 and October 12, 2012, the Company paid a dividend of 5.5 cents per share. On November 12, 2012, the Company's Board of Directors declared a dividend of 5.5 cents per share, payable on January 11, 2013, to shareholders of record at the close of business on December 31, 2012.

g) Reduction of stated capital

On May 9, 2012, the shareholders of the Company approved a reduction in stated capital of the Company in the amount of $39.1 million. The reduction of stated capital resulted in an increase in contributed surplus of $9.2 million as disclosed in note 16(d), with the remaining amount eliminating the Company's deficit of $28.3 million as at December 31, 2011.

(in thousands of Canadian dollars)

17 Transactions with non-controlling interests

On March 1, 2012, the Company acquired the remaining 25% of the issued shares of one of its subsidiaries for purchase consideration of $2.7 million. The Company now holds 100% of the equity share capital of the subsidiary. The carrying amount of the non-controlling interest in the subsidiary on the date of acquisition was $1.1 million. The Company recorded a decrease in equity attributable to owners of the parent of $1.6 million, representing the excess between the consideration and the carrying amount of the non-controlling interest.

On May 31, 2012, the Company acquired the remaining 10% of the class B issued shares of one of its subsidiaries for share purchase consideration of $1.9 million USD. Consideration was in the form of a $0.4 million USD cash payment and a $1.5 million USD note payable (note 13). The Company now holds 100% of the equity share capital of the subsidiary. The carrying amount of the non-controlling interest in the subsidiary on the date of acquisition was $1.1 million. The Company recorded a decrease in equity attributable to owners of the parent of $0.8 million, representing the excess between the consideration and the carrying amount of the non-controlling interest.

On October 1, 2012, the Company acquired the remaining 10% of the class B issued shares of one of its subsidiaries for share purchase consideration of $1.2 million. The Company now holds 100% of the equity share capital of the subsidiary. The carrying amount of the non-controlling interest in the subsidiary on the date of acquisition was $0.2 million. The Company recorded a decrease in equity attributable to owners of the parent of $1.0 million, representing the excess between the consideration and the carrying amount of the non-controlling interest.

The effect of changes in the ownership interests in the subsidiaries on the equity attributable to owners of the Company during the year is summarized as follows:

	Year-ended December 31, 2012	**Year-ended December 31, 2011**
Carrying amount of non-controlling interests acquired	$ 2,418	$ -
Less: consideration paid to non-controlling interests	5,864	-
Excess of consideration paid recognized in owner’s equity	(3,446)	-

As of October 1, 2012, there are no non-controlling interests remaining in the Company.

18 Employee benefits expense

Included in ‘Operating expenses’ and ‘Selling, general and administration’ are the following employee benefits expenses:

	Year-ended December 31, 2012	**Year-ended December 31, 2011**
Salaries and short-term employee benefits	$ 43,323	$ 33,002

(in thousands of Canadian dollars)

The Company does not have a pension plan. For the year-ended December 31, 2012, termination payments of $1.3 million, related to the Company's restructuring (see note 14), were included in 'Restructuring expense.' For the year-ended December 31, 2011, termination payments of $252 thousand were included in 'Selling, general administration.'

19 Impairment loss

	Year-ended December 31, 2012,	Year-ended December 31, 2011
Equipment held for sale – Canadian Operations segment	$ 648	$ -
Equipment held for sale – U.S. Operations segment	1,414	-
Automotive equipment under finance lease held for sale – U.S. Operations segment	99	-
Automotive equipment under finance lease – U.S. Operations segment	189	-
Impairment loss	2,350	-

Communications equipment classified as held for sale

For the year-ended December 31, 2012, the Company recorded an impairment loss upon initial classification of equipment held for sale of $2.2 million (see note 7).

Automotive equipment under finance lease

For the year-ended December 31, 2012, the Company recorded an impairment loss on automotive equipment under finance lease of $189 thousand.

20 Income tax

	Year-ended December 31, 2012	Year-ended December 31, 2011
Current income tax expense	$ 1,862	3,271
Deferred income tax (recovery) expense	(1,628)	7,291
Income tax expense	234	10,562

(in thousands of Canadian dollars)

The income taxes reported differ from the amounts computed by applying the statutory federal and provincial income tax rates to income before income taxes. The reasons for these differences and the related tax effects are as follows:

	Year-ended December 31, 2012	Year-ended December 31, 2011
Net income from continuing operations before income taxes and non-controlling interests	$ 7,931	$ 31,762
Income taxes at statutory rate (2012 – 25%, 2011 – 26.5%)	1,983	8,417
Permanent differences	(654)	(250)
Prior period amendments	(87)	(280)
Adjustments related to filed and amended tax returns	-	603
Tax in higher rate foreign jurisdictions	(709)	2,145
Change in income tax rates	(246)	(61)
Other	(53)	(12)
Income tax expense	234	10,562

The Company has provided for deferred income taxes on differences between values at which assets and liabilities are recorded in the consolidated financial statements and their values for tax filing purposes.

The components of deferred income taxes are as follows:

	As at December 31, 2012	As at December 31, 2011
Property, plant and equipment	$ (33,059)	$ (28,828)
Intangible assets	(396)	(556)
Allowance for doubtful accounts	383	168
Prepaids and accruals	(98)	(846)
Share-based payments	118	-
Share issue costs	470	584
Lease obligations	743	1,581
Loss carry-forwards	21,306	17,268
ITC credits	(49)	-
Restructuring provision	1,501	-
Other	-	(164)
Deferred tax liability (net)	9,081	10,793

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company recognized deferred income tax assets of $21.3 million (2011 - $17.3 million) in respect of losses amounting to $53.9 million (2011 - $42.2 million) that can be carried forward against future taxable income and are due to expire between 2028 and 2032.

(in thousands of Canadian dollars)

21 Discontinued operations and disposal groups held for sale

Discontinued operations

On December 1, 2011, the Company announced its decision to initiate the sale of its Production Services Division.

On December 12, 2011, the Company sold its 100% shareholding in Strad Controls Ltd. for proceeds of $8.0 million consisting of $6.0 million cash and $2.0 million in notes receivable (see note 6). The results and cash flows of the subsidiary are disclosed as a discontinued operation in accordance with IFRS.

On January 12, 2012, the Company completed the sale of its Production Services Division with the sale of its 100% shareholding in Strad Production Services Ltd. and Sunwell Industries Ltd. to a related party, being a former executive of the Company (see note 27). The Company received proceeds of $8.4 million consisting of $7.4 million cash and a $1.0 million note receivable (see note 6).

Consolidated statement of income from discontinued operations

	Year-ended December 31, 2012	Year-ended December 31, 2011
Income from ordinary activities of discontinued operations	$ 171	$ 870
Tax (recovery) expense	(707)	374
Income after taxation of ordinary activities of discontinued operations	878	496
Impairment of goodwill	-	(18,727)
Impairment of intangible assets	-	(6,018)
Pre-tax (loss) recognized on re-measurement of assets of disposal group to fair value less costs to sell	-	(6,190)
Pre-tax (loss) recognized on sale of investment in subsidiary	(441)	(945)
Tax recovery	-	1,532
After-tax income (loss) from discontinued operations (1)	437	(29,852)

(1) All of the income (loss) from discontinued operations is attributable to owners of the parent.

	Year-ended December 31, 2012	Year-ended December 31, 2011
Current income tax (recovery) expense from discontinued operations	$ (707)	$ 541
Deferred income tax (recovery) from discontinued operations	-	(1,699)
Income tax (recovery) from discontinued operations	(707)	(1,158)

(in thousands of Canadian dollars)

Consolidated statement of cash flow from discontinued operations

	Year-ended December 31, 2012	Year-ended December 31, 2011
The net cash flows attributable to the operating, investing and financing activities of discontinued operations:		
Operating cash flows	$ 205	$ (25)
Investing cash flows	-	(183)
Financing cash flows	-	(339)
Total cash outflow	205	(547)

Disposal group held for sale

As at December 31, 2011, the Company reclassified the assets and liabilities of Strad Productions Services Ltd., the disposal group, as held for sale in accordance with IFRS.

	December 31, 2011
Trade receivables	8,301
Inventory	5,552
Prepaids and other	203
Assets of disposal group classified as held for sale	$ 14,056

Bank indebtedness	205
Accounts payable and other	4,971
Income taxes payable	394
Deferred revenue	282
Current and long-term finance lease obligations	1,136
Liabilities of disposal group classified as held for sale	$ 6,988

22 Commitments

The Company has operating lease commitments for equipment and buildings for the next five years as follows:

	December 31, 2012	December 31, 2011
2012	$ -	$ 4,023
2013	3,477	3,082
2014	2,310	2,292
2015	2,122	2,251
2016	1,874	5,160
2017 and thereafter	3,767	-
	13,550	16,808

Included in commitments as at December 31, 2011, are operating leases totaling $3.7 million (2012 – nil) related to a subsidiary that was sold on January 12, 2012 (see note 21).

(in thousands of Canadian dollars)

23 Changes in non-cash working capital

	December 31, 2012	December 31, 2011
Trade receivables	$ 16,048	$ (7,766)
Inventories	(4,072)	7,221
Prepaids and deposits	1,884	(1,376)
Income taxes receivable	(1,526)	241
Notes receivable	1,642	-
Accounts payable and accrued liabilities	(4,135)	8,954
Deferred revenue	(2,085)	(1,142)
Notes payable	1,492	-
Income taxes payable	(3,392)	3,356
Restructuring provision	3,813	-
Net working capital change of disposal group held for sale	-	(9,673)
Net working capital change on sale of subsidiary	-	(8,009)
Operating activities	9,669	(8,194)
Accounts payable and accrued liabilities – investing activities	(2,433)	(4,897)
Operating and investing activities	7,236	(13,091)

24 Segment information

The Executive Management team is the Company's chief operating decision-maker. Management has determined the operating segments to be Canadian Operations, U.S. Operations, Product Sales and Corporate based on the information reviewed by the Executive Management team for the purposes of allocating resources and assessing performance.

The Executive Management team views the business as two separate sources of revenue. The primary source of revenue is generated from the Company's core business of providing well-site infrastructure activation solutions to exploration and production companies in the oil and natural gas industry. The Company's core business is split geographically between Canada and the U.S. The Company's second source of revenue, Product Sales, is derived from manufactured Product Sales to external customers, third party equipment sales to existing customers plus sales of equipment from the Company's existing fleet to customers.

The Corporate segment consists of costs incurred to operate a public company, including a portion of the Executive Management team, corporate accounting, rent and utilities and external professional services.

A portion of corporate costs directly related to the Company's core business are allocated to Canadian Operations, U.S. Operations and Product Sales.

The Executive Management team assesses the performance of the operating segments based on EBITDA results. Interest expense is allocated to the operating segments based on the portion of lending required to fund capital expenditures during the year.

(in thousands of Canadian dollars)

For the year-ended December 31, 2012	Canadian Operations	U.S. Operations	Product Sales	Corporate	Total
Revenue	$ 73,053	$ 71,481	$ 58,630	$ -	$ 203,164
Depreciation and amortization	14,901	12,295	624	465	28,285
Net interest expense	4,711	5,056	157	(7,249)	2,675
Finance fees	-	-	-	245	245
Earnings before income tax and non-controlling interests	6,366	(7,240)	3,582	5,223	7,931
Income tax expense (recovery)	1,470	(2,456)	549	671	234
Capital expenditures (1)	29,493	32,547	1,148	82	63,270
Goodwill	7,675	9,602	-	-	17,277
Total Assets	108,841	112,880	6,377	4,607	232,705

For the year-ended December 31, 2012	Continuing Operations	Discontinued Operations	Total
Capital expenditures (1)	$ 63,270	$ -	$ 63,270
Goodwill	17,277	-	17,277
Total assets	232,705	-	232,705

(1) Capital expenditures do not include purchases of intangible assets or assets acquired under finance lease.

For the year-ended December 31, 2011	Canadian Operations	U.S. Operations	Product Sales	Corporate	Total
Revenue	$ 58,021	$ 63,860	$ 66,391	$ -	$ 188,272
Depreciation and amortization	10,699	7,872	268	359	19,198
Net interest expense	1,298	576	8	(169)	1,713
Finance fees	-	-	-	83	83
Earnings before income tax and non-controlling interests	11,399	15,772	8,653	(4,062)	31,762
Income tax expense	2,813	6,005	1,204	540	10,562
Capital expenditures (1)	28,568	45,106	293	745	74,712
Goodwill	7,675	9,602	-	-	17,277
Total Assets	99,216	101,319	6,495	6,025	213,055

For the year-ended December 31, 2011	Continuing Operations	Discontinued Operations	Total
Capital expenditures (1)	$ 74,712	$ (129)	$ 74,583
Goodwill	17,277	-	17,277
Total assets	213,055	14,056	227,111

(1) Capital expenditures do not include purchases of intangible assets or assets acquired under finance lease.

(in thousands of Canadian dollars)

Revenue from continuing operations by geography	**Year-ended December 31, 2012**	**Year-ended December 31, 2011**
Canada	$ 127,591	$ 110,063
U.S.	75,573	78,209
Total	203,164	188,272

			As at December 31, 2012			**As at December 31, 2011**
	Capital assets & goodwill	**Other assets**	**Total assets**	**Capital assets & goodwill**	**Other assets**	**Total assets**
Canada	$ 81,823	$ 38,001	$ 119,824	$ 68,302	$ 43,434	$ 111,736
U.S.	95,217	17,664	112,881	78,164	23,155	101,319
Total	177,040	55,665	232,705	146,466	66,589	213,055

During the year-ended December 31, 2012, the Product Sales segment had intercompany sales of $8.7 million (2011 - $14.4 million) to the Canadian Operations segment and $9.3 million (2011 - $7.8 million) to the U.S. Operations segment, not included in the revenue figures above. Intercompany sales consist of in-house manufactured capital assets and inventory which are sold to the Canadian Operations and U.S. Operations segments. These transactions are eliminated upon consolidation.

25 Capital structure

The Company's objectives when managing capital are to provide flexibility so as to maximize opportunities and to finance the growth of the Company, and to mitigate downside risk in changing economic environments. The Company's capital structure consists of shareholders' equity, an operating line of credit, long-term debt, note payable and finance leases.

	As at December 31, 2012	**As at December 31, 2011**
Operating line of credit	$ 2,488	$ 5,570
Long-term debt	55,500	23,500
Note payable	1,492	-
Finance leases	5,020	7,665
Total debt	64,500	36,735
Total equity	128,659	133,273
Total capitalization	193,159	170,008

The Company manages capital and makes adjustments taking into consideration changing market conditions and other opportunities, while remaining cognizant of the cyclical nature of the energy services sector. In order to maintain or adjust capital structure, the Company may modify its capital spending, issue shares, and add or repay debt. The Company may also revise the terms of its debt facilities as a result of expansion and growth activities.

(in thousands of Canadian dollars)

The Company also manages capital to ensure compliance with the margin requirements and financial covenants on its credit facilities. The Company monitors compliance with these requirements on an ongoing basis and forecasts regularly to assess how certain activities may impact compliance in future periods. As at December 31 2012, the Company is in compliance with respect to these covenants. The Company also monitors non-GAAP measures, specifically EBITDA, which is calculated as net income/(loss) plus interest, taxes, depreciation and amortization, loss on foreign exchange, loss on disposal of property, plant and equipment, restructuring expense, impairment loss, finance fees, less gain on foreign exchange, and gain on disposal of property, plant and equipment. The Company's management uses EBITDA to evaluate the financial performance of each division.

On December 20, 2011, the Company obtained approval to make a normal course issuer bid (the "Bid") to purchase, from time to time, as it considers advisable, up to 1,862,319 of its issued and outstanding common shares on the open market. Common shares acquired by the Company under the Bid will be cancelled. The Bid expired December 19, 2012, and the Company had not purchased, or engaged an agent to begin to purchase, any of its issued and outstanding common shares prior to expiry.

26 Financial instruments

The Company's financial instruments consist of trade receivables, notes receivable, bank indebtedness, accounts payable and accrued liabilities, long-term debt, note payable, obligations under finance lease, dividends payable and restructuring provision. The fair value of trade receivables, notes receivable, bank indebtedness, accounts payable and accrued liabilities, note payable, obligations under finance lease, dividends payable and restructuring provision approximate their carrying amounts due to their short terms to maturity. The Company's long-term debt carries interest based on specified benchmark interest rates plus a spread. The fair values of the Company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates and there have been no significant changes in the Company's own credit risk.

	As at December 31, 2012		As at December 31, 2011	
	Fair value amount	Carrying amount	Fair value amount	Carrying amount
Loans and receivables:				
Trade receivables	33,418	33,418	49,466	49,466
Notes receivable	1,394	1,394	2,035	2,035
Financial liabilities:				
Bank indebtedness	2,488	2,488	5,570	5,570
Accounts payable and accrued liabilities	24,244	24,244	30,812	30,812
Note payable	1,492	1,492	-	-
Long-term debt	55,500	55,500	23,500	23,500
Obligations under finance lease	5,020	5,020	7,665	7,665
Dividends payable	2,050	2,050	-	-
Restructuring provision	3,813	3,813	-	-

(in thousands of Canadian dollars)

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, and arises principally from the Company's trade receivables.

The vast majority of the Company's trade receivables are customers involved in the oil and natural gas industry, and the ultimate collection of trade receivables is dependent on both industry related factors and customer specific factors. Industry related factors that may affect collection include commodity prices and access to capital. Customer specific factors that may affect collection include commodity prices, the success of drilling programs, well reservoir decline rates and access to capital.

	As at December 31, 2012	**As at December 31, 2011**
Under 30 days	$ 20,251	$ 32,235
31-60 days	7,419	12,520
61-90 days	3,425	3,000
Over 90 days	2,323	1,711
Trade receivables	33,418	49,466

As at December 31, 2012, the Company had an allowance for doubtful accounts of $1.0 million (2011 - $0.5 million) with respect to potentially uncollectible accounts. The Company does not have a significant exposure to any individual customer or counter party. No customer accounted for more than 10% of revenue from continuing operations for the years ended December 31, 2012 or December 31, 2011.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The maximum exposure to credit risk at the reporting date is the carrying value of the trade and note receivables. None of these financial assets, other than the $1.0 million of trade receivables above for which a reserve balance has been taken, are past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating capital and operating budgets, forecasting cash flows and maintaining sufficient credit facilities to meet financing requirements.

(in thousands of Canadian dollars)

The timing of cash flows relating to financial liabilities is outlined in the table below:

	2013 Less than 1 year	2014 1 – 2 years	2015 2 - 3 years	2016 3 – 4 years	2017 4 – 5 years
Accounts payable and accrued liabilities	$ 24,244	$ -	$ -	$ -	$ -
Bank indebtedness (1)	2,488	-	-	-	-
Long-term debt (1)	2,093	2,093	56,681	-	-
Obligations under finance lease (1)	2,962	1,852	284	182	-
Note payable (1)	1,549	-	-	-	-
Total	33,336	3,945	56,965	182	-

(1) Includes principal and interest

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's net earnings or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign exchange risk associated with its U.S. Operations where revenues, costs, and purchases of capital assets are denominated in USD. The Company is also exposed to foreign exchange risk as certain balances within working capital may fluctuate due to changing Canada/U.S. exchange rates. The Company does not utilize derivative financial instruments with respect to foreign exchange. For the year-ended December 31, 2012, if the exchange rate had weakened by 1% against the Canadian dollar with all other variables constant, after tax net earnings would have decreased by $24 thousand (2011 - $148 thousand). An equal and opposite impact would have occurred to after tax net earnings if the exchange rate had strengthened by 1% against the Canadian dollar.

ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its borrowings which are at floating rates. For the year ended December 31, 2012, if interest rates had been 1% lower with all other variables constant, after tax net earnings for the period would have been approximately $401 thousand higher (2011 - $149 thousand), due to lower interest expense. An equal and opposite impact would have occurred to net earnings had interest rates been 1% higher.

The Company had no interest rate swap or financial contracts in place as at or during the year-ended December 31, 2012.

(in thousands of Canadian dollars)

27 Related party transactions

i) Compensation of key management

Key management includes the Company's directors and members of the Executive Management team. The compensation paid or payable to key management for services is shown below:

	Year-ended December 31, 2012	**Year-ended December 31, 2011**
Salaries and short-term employee benefits	$ 2,036	$ 2,897
Share-based payments	703	778
Termination payments	600	252
	3,339	3,927

ii) Loans to key management

The share purchase loans outstanding with key management are shown below:

	Year-ended December 31, 2012	**Year-ended December 31, 2011**
Opening balance	$ 1,157	$ 1,275
Share purchase loans issued in 2012	772	-
Repayment of share purchase loans in 2011	-	(118)
Repayment of share purchase loans in 2012	(101)	-
Interest charged in 2012	17	-
	1,845	1,157

Certain key management personnel and a director have loans outstanding totaling $1.8 million from the Company. Proceeds of the loans were used to purchase common shares in the Company. The loan balances are non-interest bearing for the first three years the loan balances are outstanding.

The opening balance of share purchase loans for the year-ended December 31, 2011, pertain to share purchase loans issued during the year-ended December 31, 2009, and 2010.

For the year-ended December 31, 2012, interest of $17 thousand was charged by the Company on loans to key management (2011 – nil).

On June 1, 2012, a member of key management was granted a non-interest bearing forgivable loan of $100 thousand from the Company. The loan is forgiven in $20 thousand dollar increments annually over the next five years on each anniversary of the effective date of the loan based on continuous employment.

iii) Sale of subsidiary

On January 12, 2012, the Company completed the sale of its Production Services Division with the sale of its 100% shareholding in Strad Production Services Ltd. and Sunwell Industries Ltd. to a related party, being a former executive of the Company (see note 21). The Company received proceeds of $8.4 million consisting of $7.4 million cash and a $1 million note receivable.

(in thousands of Canadian dollars)

28 Comparative figures

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2012. The comparative Statement of Income distinguishes between discontinued operations and continuing operations to conform to the presentation required under IFRS 5 Non-current assets held for sale and discontinued operations (see note 21). Finance fees for the previous period have been reclassified to conform to the change in presentation in these December 31, 2012 financial statements.

29 Events after the reporting period

On February 15, 2013, the Company sold a portion of the Communications equipment classified as assets held for sale for cash proceeds of $1.8 million (see note 7).