

HSE Integrated Ltd.

Consolidated Balance Sheets

(Stated in thousands), (unaudited)	March 31 2009	December 31 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 1,061	\$ 1,114
Accounts receivable (note 4)	23,452	25,740
Inventory	233	222
Prepaid expenses and other assets	1,488	1,897
	<u>26,234</u>	<u>28,973</u>
Property and equipment	34,660	36,173
Intangible assets	3,660	3,788
	<u>\$ 64,554</u>	<u>\$ 68,934</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 6,111	\$ 8,096
Income taxes payable	604	363
Current portion of obligations under capital lease (note 7)	663	922
Current portion of long-term debt (note 6)	63	98
Current portion of deferred gain (note 12)	137	137
	<u>7,578</u>	<u>9,616</u>
Deferred gain (note 12)	421	455
Obligations under capital lease (note 7)	277	370
Long-term debt (note 6)	11,626	11,628
Future income taxes	4,865	5,278
	<u>24,767</u>	<u>27,347</u>
SHAREHOLDERS' EQUITY		
Share capital (note 8)	60,040	60,040
Contributed surplus (note 9)	4,607	4,559
Deficit	(24,942)	(23,136)
Accumulated other comprehensive income	82	124
	<u>39,787</u>	<u>41,587</u>
	<u>\$ 64,554</u>	<u>\$ 68,934</u>

Commitments and contingencies (notes 12 and 15)

See accompanying notes to the consolidated financial statements.

HSE Integrated Ltd.

Consolidated Statements of Loss

Three month periods ended (Stated in thousands, except per share amounts),(unaudited)	March 31 2009	March 31 2008
REVENUE	\$ 22,401	\$ 27,569
COSTS		
Operating and materials	20,410	22,552
Selling, general and administrative	2,207	2,384
Amortization of property and equipment	1,611	1,868
Amortization of intangible assets	128	257
Stock-based compensation (notes 9 and 10)	50	135
Interest on long-term debt	131	267
Other interest and bank charges	18	30
Foreign exchange loss (gain)	(1)	(2)
Loss on disposal of property and equipment	93	-
	24,647	27,491
EARNINGS (LOSS) BEFORE INCOME TAX	(2,246)	78
Income taxes		
Current provision	-	236
Future reduction	(440)	(147)
	(440)	89
NET LOSS	\$ (1,806)	\$ (11)
Loss per share		
Basic and diluted	\$ (0.05)	\$ (0.00)
Weighted average shares outstanding		
Basic	37,576	37,568
Diluted	37,576	37,568

See accompanying notes to the consolidated financial statements.

HSE Integrated Ltd.

Consolidated Statements of Other Comprehensive Loss

Three month periods ended (Stated in thousands),(unaudited)	March 31 2009	March 31 2008
Net Loss	\$ (1,806)	\$ (11)
Other comprehensive loss		
Foreign currency loss on translating financial statements of self-sustaining foreign operations	(42)	-
Other comprehensive loss	<u>\$ (1,848)</u>	<u>\$ (11)</u>

Consolidated Statements of Deficit and Accumulated Other Comprehensive Income

Three month periods ended (Stated in thousands),(unaudited)	March 31 2009	March 31 2008
Deficit, beginning of period	\$ (23,136)	\$ (23,384)
Net Loss	(1,806)	(11)
Deficit, end of period	<u>\$ (24,942)</u>	<u>\$ (23,395)</u>
Accumulated other comprehensive income, beginning of period	\$ 124	\$ -
Foreign currency loss on translating financial statements of self-sustaining operations	(42)	-
Accumulated other comprehensive income, end of period	<u>\$ 82</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

HSE Integrated Ltd.

Consolidated Statements of Cash Flows

Three month periods ended (Stated in thousands),(unaudited)	March 31 2009	March 31 2008
Cash provided by (used in)		
Operations		
Net loss	\$ (1,806)	\$ (11)
Charges to income not involving cash:		
Amortization	1,739	2,125
Stock-based compensation (notes 9 and 10)	50	135
Future income tax reduction	(440)	(147)
Loss on disposal of property and equipment	93	-
Change in non-cash working capital (note 13)	945	(4,725)
Cash provided by (used in) operations	<u>581</u>	<u>(2,623)</u>
Financing		
Advances of operating line of credit	-	3,711
Repayment of bank indebtedness	-	(178)
Repayment of obligations under capital leases	(351)	(327)
Repayment of long-term debt	(37)	(63)
Cash provided by (used in) financing activities	<u>(388)</u>	<u>3,143</u>
Investing		
Purchase of property and equipment	(464)	(520)
Proceeds from disposal of property and equipment	209	-
Cash used in investing activities	<u>(255)</u>	<u>(520)</u>
Cash flow from operating, financing and investing activities	(62)	-
Effect of exchange rate on cash and cash equivalents	9	-
Net decrease in cash and cash equivalents	(53)	-
Cash and cash equivalents, beginning of period	<u>1,114</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 1,061</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

HSE Integrated Ltd.

Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008
(Stated in thousands of dollars)

NOTE 1 – BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of HSE Integrated Ltd. (“HSE” or “the Company”) have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements of the Company for the year ended December 31, 2008, except as outlined in note 2. The disclosures provided below are incremental to those included with the audited annual consolidated financial statements and certain disclosures which are normally required to be included in the notes to the annual consolidated financial statements have been condensed or omitted. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the Company for the year ended December 31, 2008.

These unaudited interim consolidated financial statements include the accounts of the Company and its subsidiaries which, with the exception of Boots & Coots HSE Services LLC (see note 3), are wholly owned. Unless otherwise specified all amounts are stated in thousands of Canadian dollars except for per-share amounts, which are stated in dollars per weighted-average share.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In preparing these consolidated financial statements, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

HSE’s business has two offsetting seasonal components. Revenue for Oilfield health and safety services is historically highest in the first and fourth quarters and lowest in the second quarter because this sector uses equipment that can only access well locations during certain times of the year and because of the effects of weather on field activity. Industrial revenue includes a mix of year-round contracts and “turnarounds” – scheduled major maintenance projects and repair activities on client facilities. These turnarounds tend to be scheduled during the second and third quarters to avoid the possibility of adverse effects from freezing weather. As a result, Industrial revenue tends to be highest in the second and third quarters.

NOTE 2 – CHANGE IN ACCOUNTING POLICIES

On January 1, 2009 the Company adopted the revised Canadian accounting standards regarding Goodwill and Intangible Assets. These standards provide guidance with respect to the recognition, measurement and disclosure of goodwill and intangible assets. The provisions of the new standards relating to the definition of intangible assets and their initial recognition have been changed to coincide with those in the equivalent International Financial Reporting Standard. This change had no effect on the Company’s reported results.

Accounting Standards pending adoption

In February 2008, the Accounting Standards Board (“AcSB”) confirmed the changeover to International Financial Reporting Standards (IFRS) from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The AcSB issued an “omnibus” exposure draft of IFRS with comments due by July 31, 2008, wherein early adoption by Canadian entities is also permitted. The Canadian Securities Administrators (“CSA”) has also issued Concept Paper 52-402, which requested feedback on the early adoption of IFRS as well as the continued use of US GAAP by domestic issuers. In March 2009, the AcSB issued a second exposure draft regarding the adoption of IFRS. This exposure draft clarified the definition of publicly accountable enterprises, proposed to provide additional introductory material for the CICA Handbook as part of the adoption of IFRS, and updated the IFRS standards to be included in the CICA Handbook to include those standards

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(Unaudited)

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which had changed since the initial omnibus exposure draft was issued.

Accounting Standards pending adoption – continued

The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

NOTE 3 – UNITED STATES OPERATIONS

On May 7, 2008 the Company incorporated new US-based subsidiaries to pursue the expansion of Oilfield safety services in the continental United States. The Company owns 100% of the shares of HSE Integrated Inc. ("INC") a Delaware corporation which in turn owns a 90% interest in Boots & Coots HSE Services LLC ("BCHSE"), a Delaware Limited Liability Company. Boots & Coots International Well Control Inc. owns the remaining 10% of BCHSE. A non-controlling interest has not been recorded as BCHSE has accumulated losses.

Activity in the first quarter focused on sales and marketing of BCHSE's suite of services to potential customers in Oklahoma and Texas. BCHSE generated minimal amounts of revenue in the quarter and incurred an operating loss of approximately \$465.

NOTE 4 – FINANCIAL RISK MANAGEMENT

Overview

The Company is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management practices and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's risk management practices are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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 receivables from customers.

The Company's accounts receivable are due from customers in a variety of industries including a significant proportion with customers operating in the energy and manufacturing industries. The ability of customers within the energy industry to pay us is partially affected by fluctuations in the price they receive for various hydrocarbon products. Customers in both these industries may also face particular challenges in their ability to secure debt and equity financing. The maximum credit exposure associated with trade accounts receivable is the carrying value.

The Company follows a credit policy under which the Company reviews each new customer individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and trade references. Customers that fail to meet the Company's credit worthiness criteria may transact with the Company only on a prepayment basis. On an on going basis, the Company also

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Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008
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NOTE 4 – FINANCIAL RISK MANAGEMENT – (continued)

reviews the payment patterns of its existing customers and the customers' continued credit worthiness.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance by reviewing individual accounts past due for collectability, historical write-off experience, and overall account aging. The Company reviews its allowance for doubtful accounts on a continuous basis as new information becomes available and reviews past due amounts at least monthly.

		<u>March 31, 2009</u>	<u>December 31, 2008</u>
Trade accounts receivable	\$	24,942	27,145
Allowance for doubtful accounts		(1,490)	(1,405)
Total trade accounts receivable	\$	<u>23,452</u>	<u>25,740</u>

The aging of trade receivables is as follows:

		<u>March 31, 2009</u>		<u>December 31, 2008</u>	
		Gross	Allowance	Gross	Allowance
Current (0 – 30 days from invoice date)	\$	10,199	-	13,465	-
Past due 1-30 days		7,705	-	6,633	-
Past due 31-90 days		4,259	477	5,949	481
More than 90 days		2,779	1,013	1,098	924
Total	\$	<u>24,942</u>	<u>1,490</u>	<u>27,145</u>	<u>1,405</u>

The movement in the allowance for doubtful accounts receivables in respect of trade receivables during the quarter is as follows:

		<u>2009</u>	<u>2008</u>
Balance, January 1	\$	1,405	1,155
Bad debt provision		95	(21)
Write-offs net of recoveries		(10)	19
Balance, March 31	\$	<u>1,490</u>	<u>1,153</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company requires liquidity to meet financial obligations as they come due and to fund our investing activities.

The Company's contractual financial liabilities include interest payments, trade and other payables, bank indebtedness, secured equipment loans, an operating line of credit margined by accounts receivable, a revolving credit facility and capital leases for equipment (notes 6 and 7).

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without unacceptable losses or risking damage to the Company's reputation. The Company generally relies on operating cash flow to provide liquidity to meet

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Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008

(Stated in thousands of dollars)

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

its financial obligations. As well, the Company has access to operating lines of credit and a revolving credit facility (see note 6). At March 31, 2009 the Company had cash on hand of \$1,061 and undrawn operating lines of credit totalling \$7,500. In addition, the Company has access to \$14,171 of the unused revolving credit facility with its current lender available to fund capital expenditures and acquisitions. The operating facility is renewable annually, while the revolving facility matures on June 25, 2010.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income.

HSE is exposed to currency risk on US dollar denominated financial assets and liabilities. The Company adjusts the reported amounts of foreign currency denominated financial assets and liabilities to their Canadian dollar equivalent at each balance sheet date. For amounts held directly by the Company, any related foreign exchange gains and/or losses are recognized in the consolidated statement of earnings. For amounts held by the Company's self-sustaining foreign operations, the amount is included in other comprehensive income. At March 31, 2009 the extent of this exposure was not material.

HSE is exposed to interest rate risk on its prime based operating facility and bankers' acceptance based revolving credit facility. No prime-based amounts are outstanding at March 31, 2009. Based on amounts outstanding at March 31, 2009, a 1% increase in the average of bankers' acceptance rates for a year would cost the Company \$108 in additional interest expense.

NOTE 5 – CAPITAL MANAGEMENT

Management's policy is to maintain an appropriate capital base that allows the Company to maintain investor, creditor and market confidence and to sustain future development of the business. The Company seeks to manage its capital structure to ensure that we have the financial capacity and liquidity to fund our operating and investment activities. The Company generally relies on operating cash flows to fund capital expenditures, but may occasionally need to use external sources to facilitate acquisition or expansionary activities.

To ensure that the Company maintains an appropriate balance between long-term debt and shareholders' equity, we monitor the ratio of long-term debt to total capital. As at March 31, 2009 and December 31, 2008, these ratios were:

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Long-term debt	\$ 11,689	11,726
Shareholders' equity	39,787	41,587
Total capitalization	<u>\$ 51,476</u>	<u>53,313</u>
Long-term debt to total capitalization	0.23	0.22

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Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008

(Stated in thousands of dollars)

NOTE 6 – OPERATING FACILITIES and LONG-TERM DEBT

The Company's credit facilities include a \$25 million three-year interest-only revolving facility and a \$7.5 million operating facility.

The credit facilities bear interest at the bank's prime rate (or U.S. base rate) plus a margin varying between 0.25 percent and 1.50 percent, or at bankers' acceptance rates with a variable stamping fee of 1.75 to 3.00 percent. An additional standby fee ranging from 0.35 to 0.65 percent per annum is also required on any unused portion of the credit facilities. The applicable margin is dependent on the Company's consolidated debt to trailing 12 month cash flows ratio (as defined in the agreement). For each quarter, interest is paid based on the ratio at the immediately preceding quarter end. At March 31, 2009 the applicable margin for interest to be paid during the second quarter of 2009 is a stamping fee of 2.5 per cent on banker's acceptances issued on behalf of the Company.

Deferred financing costs associated with the financing facilities have been shown as a reduction in the carrying value of long term debt and are being expensed over the term of the debt using the effective interest rate method.

The revolving facility matures on June 25, 2010, with an ability to extend the term at the lender's option. The operating facility is renewable annually and is margined to accounts receivable. Both the operating facility and the revolving facility are subject to certain covenants including a covenant regarding the ratio of senior debt to cash flows (as defined in the agreement), a current ratio covenant, an interest coverage covenant and certain other positive and negative covenants that are typical for these types of facilities. The credit facilities are collateralized under a general security agreement.

The Company complied with all externally imposed debt covenants at March 31, 2009. However, management has identified a risk that, depending on levels of activity between March 31 and the end of 2009, the Company may fail to comply with its debt covenants within the next twelve month period. The Company is currently negotiating with its lender to vary the terms of its credit agreement in a manner that would modify the covenant requirements or replace them with others that are acceptable to the lender.

	March 31 2009	December 31 2008
Equipment financing contracts bearing interest at rates averaging 3.15% (2008 – 2.93%), payable in blended monthly payments of \$11 (2008 - \$12) secured by specific equipment.	\$ 88	\$ 131
Three year interest only revolving credit facility	10,829	10,829
Accrued consideration on share purchase acquisition	10,917	10,960
	810	810
	11,727	11,770
Less current portion	(63)	(98)
	11,664	11,672
Less unamortized debt issue costs	(38)	(44)
	\$ 11,626	\$ 11,628

HSE Integrated Ltd.

Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008

(Stated in thousands of dollars)

NOTE 6 – OPERATING FACILITIES and LONG-TERM DEBT (continued)

Outstanding principal repayments are due as follows:

Years ending March 31:		
2010	\$	63
2011		11,658
2012		6
		<u>11,727</u>
Less: current portion		(63)
	\$	<u>11,664</u>

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASE

Amounts due under capital lease arrangements are repayable in blended monthly payments of \$102 (2008 - \$105) and bear interest at rates averaging 5.51% (2008 – 5.45%) per annum. On certain leases, the Company has options to acquire the leased assets at various times through 2012.

Outstanding repayment terms are as follows:

Years ended March 31		
2010	\$	715
2011		226
2012		71
2013		1
		<u>1,013</u>
Less: interest		(73)
		<u>940</u>
Less: current portion		(663)
	\$	<u>277</u>

HSE Integrated Ltd.

Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008
(Stated in thousands of dollars)

NOTE 8 – SHARE CAPITAL

a) **Authorized:**

Unlimited number of common shares without par value.
Unlimited number of preferred shares, issuable in series.

b) **Issued and outstanding:**

	March 31, 2009		December 31, 2008	
	Shares (in thousands)	\$ Amount	Shares (in thousands)	\$ Amount
Common shares				
Balance, beginning of period	37,576	\$ 60,040	37,568	\$ 60,036
Changes (net of share issue costs):				
Issued on exercise of options	–	–	8	4
Balance, end of period	37,576	\$ 60,040	37,576	\$ 60,040

c) **Per share amounts:**

Basic per common share amounts are computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted per common share amounts are computed by dividing earnings by the diluted weighted average number of common shares outstanding during the period.

NOTE 9 – CONTRIBUTED SURPLUS

	March 31 2009	December 31 2008
Balance, beginning of period	\$ 4,559	\$ 4,144
Stock compensation expense	48	415
Balance, end of period	\$ 4,607	\$ 4,559

NOTE 10 – STOCK-BASED COMPENSATION PLANS

Incentive stock option plan

The weighted average fair value of options granted for the quarter ended March 31, 2009 was \$Nil (2008 – \$1.88). The fair value of each option granted was estimated on the date of grant using the Modified Black-Scholes option-pricing model with the following assumptions:

	March 31 2009	December 31 2008
Vesting period (years)	–	3
Risk-free interest rate	–	2.11%
Expected life (years)	–	5
Price volatility	–	89.70%

HSE Integrated Ltd.

Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008

(Stated in thousands of dollars)

NOTE 10 – STOCK-BASED COMPENSATION PLANS

Pursuant to the stock option plan, a maximum of 10% of the issued and outstanding common shares of the Company are reserved from time to time, for issuance to eligible participants. Option prices and vesting terms are determined by the directors at the time of granting at an exercise price no less than market on the grant date. The term of options granted does not exceed five years.

Information about outstanding stock options is as follows:

	Quarter ended March 31, 2009		Year ended December 31, 2008	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,533,499	\$ 1.88	2,379,998	\$ 2.15
Granted	–	–	735,000	0.99
Exercised	–	–	(8,000)	0.50
Forfeited	(85,668)	1.83	(573,499)	1.86
Outstanding, end of period	2,447,831	\$ 1.89	2,533,499	\$ 1.88
Exercisable at end of period	1,452,145	\$ 2.16	1,335,810	\$ 2.16

The following table summarizes information about stock options outstanding at March 31, 2009:

Options outstanding	Exercise prices \$	Weighted average remaining life	Number exercisable
605,000	0.50-1.05	4.01	20,000
677,499	1.06-1.69	1.42	542,497
716,999	1.70-2.50	2.35	554,651
448,333	2.51-3.50	2.01	334,997
2,447,831	1.89	2.45	1,452,145

Deferred share unit plan

On January 16, 2007, 15,000 deferred share units (“DSUs”) were granted to non-executive directors. An additional 15,000 DSUs were granted on May 15, 2008. On December 15, 2008 3,000 of the DSUs were settled for \$1.

The units are revalued quarterly and any change in value is included as an increase or decrease in stock based compensation expense and accrued liabilities. The expense recognized for the quarter ended March 31, 2009 was \$3 (March 31, 2008 - \$1).

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Notes to the consolidated financial statements

(Unaudited)

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NOTE 11 – RELATED PARTY TRANSACTIONS

During the quarter, the Company had the following transactions with related parties, all of which are measured at exchange amounts, which approximate an arm's length equivalent at fair market value:

- During the first quarter of 2009, the Company paid rent for a regional office to a corporation related to a Director of the Company in the amount of \$57 (2008 – \$57)
 - During the first quarter of 2009, the Company also paid rent of \$74 (2008 – \$74) for a regional office to a corporation controlled by a Senior Manager of the Company.
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NOTE 12 – COMMITMENTS

The Company leases certain shop and office space and vehicles and equipment under operating leases for periods ending between 2009 and 2013. Future minimum lease payments under these leases in each of the next five years are as follows:

Years ending March 31	Rental facilities	Operating leases	Total
2010	\$ 2,823	2,423	5,246
2011	2,188	2,220	4,408
2012	1,265	1,296	2,561
2013	986	292	1,278
2014	574	1	575

In May 2008, the Company sold three of its buildings as part of a sale/lease back arrangement. The net proceeds on the sale were \$1.7 million, resulting in gains on sale of \$0.7 million. The resulting gains have been deferred and are being amortized over the 60 month lives of the leases.

NOTE 13 – SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months ended March 31	
	2009	2008
Increase (decrease) in non-cash working capital from operations		
Accounts receivable	\$ 2,289	(5,849)
Inventory	(11)	(3)
Prepaid expenses and other assets	409	153
Income tax recoverable/payable	241	229
Accounts payable and accrued liabilities	(1,983)	745
Net change in non-cash working capital	\$ 945	(4,725)

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Notes to the consolidated financial statements

(Unaudited)

For the three month periods ended March 31, 2009 and 2008

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NOTE 14 – SEGMENT INFORMATION

Management has determined that the Company operates in a single industry segment, which involves the provision of industrial health, safety and environmental monitoring services. Substantially all of the Company's operations, assets, revenues, and employees are in Canada. For the quarter ended March 31, 2009, the Company had one customer representing more than 10% of revenue (March 31, 2008 – none). The Company had sales of approximately \$2.3 million to the customer during the quarter.

At March 31, 2009 US operations comprised less than 1% of revenues and assets of the Company.

The Company provides services to two main groups of customer industries. "Oilfield" services are provided to customers in the conventional upstream, or "wellhead", sector of the oil and gas industry. "Industrial" services are provided to customers in a variety of other industries including: non-conventional upstream oil development and production (including oil sands extraction); oil and gas processing; petrochemicals; pulp and paper; utilities; power generation; and manufacturing. It also includes worker safety training and safety management and consulting services. The Company tracks revenues provided to each customer group as a method to predict future operating activity. Revenue by customer group is as follows:

	Three Months ended March 31	
	2009	2008
Oilfield	\$ 10,260	\$ 15,961
Industrial	12,141	11,608
Total Revenue	\$ 22,401	27,569
As a % of Revenue:		
Oilfield	45.8%	57.9%
Industrial	54.2%	42.1%
Total Revenue	100.0%	100.0%

NOTE 15 – CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers, former employees, and third parties. Management believes that adequate provisions have been recorded in the accounts where applicable. Although it may not be possible to estimate accurately the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material effect on the financial position of the Company.
